

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your Mulpha Shares, you should at once hand this Abridged Prospectus together with the NPA and the RSF to the agent/ broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Symphony Share Registrars Sdn Bhd (378993-D) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus together with the NPA and the RSF have also been lodged with the Registrar of Companies, who takes no responsibility for the contents.

The approval from our shareholders for the Rights Issue was obtained at our EGM held on 12 February 2016. The approval from Bursa Securities has also been obtained vide its letter dated 28 December 2015 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. The listing of and quotation for the Rights Shares to be issued on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue. The listing of and quotation for the Rights Shares will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renounee(s) have been duly credited and notices of allotment have been despatched to them.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus.

Our Board has seen and approved all the documentation relating to the Rights Issue, including this Abridged Prospectus, together with the NPA and the RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus together with the NPA and the RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and have provided our Share Registrar with an address in Malaysia not later than 5.00 p.m. on Tuesday, 17 May 2016. This Abridged Prospectus together with the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. The Entitled Shareholders and/ or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue would result in a contravention of any laws of such countries or jurisdictions. Neither we, RHBIB nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation made by the Entitled Shareholders and/ or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

RHBIB, being our Adviser for the Rights Issue, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.



MULPHA INTERNATIONAL BHD

(Company No.: 19764-T)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE TWO (2)-CALL RIGHTS ISSUE OF 1,066,826,679 NEW ORDINARY SHARES OF RM0.50 EACH IN MULPHA INTERNATIONAL BHD ("MULPHA") ("MULPHA SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING MULPHA SHARES HELD AS AT 5.00 P.M. ON TUESDAY, 17 MAY 2016, AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE, OF WHICH THE FIRST CALL OF RM0.25 PER RIGHTS SHARE IS PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.25 PER RIGHTS SHARE IS TO BE CAPITALISED FROM THE SHARE PREMIUM RESERVES OF THE COMPANY

Adviser



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	: Tuesday, 17 May 2016 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Tuesday, 24 May 2016 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Friday, 27 May 2016 at 4.00 p.m.
Last date and time for acceptance and payment	: Wednesday, 1 June 2016 at 5.00 p.m.*
Last date and time for excess application and payment	: Wednesday, 1 June 2016 at 5.00 p.m.*

* or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time

This Abridged Prospectus is dated 17 May 2016

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE REGISTRATION OF THIS ABRIDGED PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE RIGHTS ISSUE OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS ABRIDGED PROSPECTUS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

BURSA SECURITIES HAS APPROVED THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES TO BE ISSUED ON THE MAIN MARKET OF BURSA SECURITIES. HOWEVER, THIS IS NOT AN INDICATION THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, SUCH AS OUR DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE ABRIDGED PROSPECTUS TOGETHER WITH THE NPA AND THE RSF HAS BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THESE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:-

"Abridged Prospectus"	: This abridged prospectus dated 17 May 2016
"Act"	: The Companies Act, 1965
"Additional Undertaking"	: Irrevocable undertaking from MUL, being the substantial shareholder of Mulpha, to subscribe in full for all remaining Rights Shares not subscribed by the other Entitled Shareholders and/ or their renounee(s). For shareholders' information purposes, only in the event of a shortfall in the number of Rights Shares subscribed as compared to the maximum number of Rights Shares to be issued, the Additional Undertaking shall then crystallise whereby MUL shall apply via the Excess Rights Shares application. Further details are set out in Section 5 of this Abridged Prospectus
"AUD"	: Australian Dollar
"Board"	: The board of directors of Mulpha
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"CDS"	: Central Depository System
"CDS Account(s)"	: The securities account(s) established by Bursa Depository for depositor(s) pursuant to the Securities Industry (Central Depository) Act, 1991 and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor(s)
"CMSA"	: Capital Markets and Services Act, 2007
"Code"	: Malaysian Code on Take-Overs and Mergers, 2010
"Corporate Exercises"	: The Rights Issue and the Exemption, collectively
"Director(s)"	: The director(s) of Mulpha and shall have the meaning given in Section 2(1) of the CMSA
"EGM"	: Extraordinary General Meeting
"Entitled Shareholder(s)"	: The shareholders of Mulpha who are registered as a member and whose names appear in the Record of Depositors of our Company on the Entitlement Date
"Entitlement Date"	: At 5.00 p.m. on Tuesday, 17 May 2016, being the time and date on which names of the Entitled Shareholders of Mulpha appear in our Record of Depositors provided by Bursa Depository in order to participate in the Rights Issue
"EPS"	: Earnings per Share
"Excess Rights Shares"	: Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/ or their renounee(s) (if applicable) prior to excess application pursuant to the Rights Issue

DEFINITIONS (CONT'D)

"Exemption"	:	The exemption to the Exemption Parties from the obligation to undertake a mandatory take-over offer for all the remaining Mulpha Shares not already held by them upon completion of the Rights Issue pursuant to Paragraph 16.1 of Practice Note 9 of the Code
"Exemption Parties"	:	YPC, MGIL and the PACs, collectively pursuant to the Exemption
"First Call"	:	The first call of RM0.25 per Rights Share payable in cash on application pursuant to the Rights Issue
"Foreign Entitled Shareholder(s)"	:	Entitled Shareholder(s) who have not provided an address in Malaysia for the service of documents to be issued for the purposes of the Rights Issue
"FYE"	:	Financial year ended/ ending
"GDP"	:	Gross domestic product
"Individual Undertakings"	:	Irrevocable undertakings from NIL and MUL, being the major and substantial shareholders of Mulpha respectively, to fully subscribe for their respective entitlements under the Rights Issue based on their respective shareholdings
"JPY"	:	Japanese Yen
"KESB"	:	Klang Enterprise Sdn Bhd (7832-U), being a shareholder of Mulpha
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	22 April 2016, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
"LSH"	:	Lee Seng Huang, being a PAC
"LSHui"	:	Lee Seng Hui, being a PAC
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Maximum Subscription Level"	:	A maximum level of subscription of 1,066,826,679 Rights Shares pursuant to the Rights Issue as determined by our Board
"NPA"	:	Notice of provisional allotment of the Rights Shares pursuant to the Rights Issue
"MGIL"	:	Mount Glory Investments Limited (1483446), being a major shareholder of Mulpha
"Mountbatten"	:	Mountbatten Corporation (CR-69426), being a major shareholder of Mulpha
"MUL"	:	Magic Unicorn Limited (1524069), being a substantial shareholder of Mulpha

DEFINITIONS (CONT'D)

"MUL Undertaking"	:	Irrevocable undertaking from MUL, being the substantial shareholder of Mulpha, to subscribe in full for the entitlements of YPC and KESB under the Rights Issue, the entitlements of which will be wholly renounced by YPC and KESB respectively in favour of MUL
"Mulpha" or the "Company"	:	Mulpha International Bhd (19764-T)
"Mulpha Group" or the "Group"	:	Mulpha and its subsidiary companies, collectively
"Mulpha Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.50 each in Mulpha
"NIL"	:	Nautical Investments Limited (33943), being a major shareholder of Mulpha
"PAC(s)"	:	Persons acting in concert with YPC and MGIL pursuant to the Exemption, namely NIL, Mountbatten, MUL, KESB, SMSB, LSH, LSHui and YSC
"PBT"	:	Profit before taxation
"Provisional Allotment"	:	Rights Shares provisionally allotted to the Entitled Shareholders and/ or their renouneece(s) pursuant to the Rights Issue
"Record of Depositors"	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
"RHBIB" or the "Adviser"	:	RHB Investment Bank Berhad (19663-P), being the Adviser for the Corporate Exercises
"Rights Issue"	:	The renounceable two (2)-call rights issue of 1,066,826,679 Rights Shares on the basis of one (1) Rights Share for every two (2) existing Mulpha Shares held on the Entitlement Date, at the issue price of RM0.50 per Rights Share, of which the first call of RM0.25 per Rights Share is payable in cash on application and the second call of RM0.25 per Rights Share is to be capitalised from the share premium reserves of our Company
"Rights Share(s)"	:	1,066,826,679 new Mulpha Shares to be issued pursuant to the Rights Issue
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form for the Rights Issue
"Rules of Bursa Depository"	:	Rules of Bursa Depository as issued pursuant to the SICDA
"Second Call"	:	The second call of RM0.25 per Rights Share to be capitalised from the share premium reserves of our Company pursuant to the Rights Issue
"SMSB"	:	Sagittarius Management Sdn Bhd (17235-M), being a PAC
"SC"	:	Securities Commission Malaysia
"SGD"	:	Singapore Dollar

DEFINITIONS (CONT'D)

"SICDA"	:	Securities Industry (Central Depositories) Act, 1991
"TERP"	:	Theoretical ex-rights price
"Undertakings"	:	The Individual Undertakings, the MUL Undertaking and the Additional Undertaking, collectively
"Undertaking Shareholders"	:	A major shareholder and a substantial shareholder of Mulpha, namely NIL and MUL, who have given the Undertakings, where applicable
"US"	:	United States of America
"USD"	:	US Dollar
"VWAMP"	:	Volume weighted average market price
"YPC"	:	Yong Pit Chin, being a major shareholder of Mulpha
"YSC"	:	Yong Sum Chin, being a PAC

All references to "our Company" and "Mulpha" in this Abridged Prospectus are made to Mulpha International Bhd (19764-T) and references to "our Group" are made to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" are made to the Company, or where the context requires, our Group or any of our subsidiary companies. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders and/ or, where the context otherwise requires, their renouncee(s).

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that our Group's plans and objectives will be achieved.

Unless otherwise stated, the following exchange rate as at the LPD has been used for the purpose of this Abridged Prospectus:-

AUD1.00 : RM3.0229

USD1.00 : RM3.9035

SGD1.00 : RM2.8948

JPY100 : RM3.5689

(Source: Bank Negara Malaysia's website)

TABLE OF CONTENTS

	Page
CORPORATE DIRECTORY	1
LETTER TO OUR ENTITLED SHAREHOLDERS CONTAINING:-	
1. INTRODUCTION	5
2. DETAILS OF THE RIGHTS ISSUE	6
2.1 Rights Issue	6
2.2 First Call and Second Call of the Rights Shares	7
2.3 Basis of determining and justification for the issue price and First Call of the Rights Shares	8
2.4 Ranking of the Rights Shares	8
2.5 Details of other corporate exercises	9
3. RATIONALE AND JUSTIFICATION FOR THE CORPORATE EXERCISES	10
4. UTILISATION OF PROCEEDS	10
5. IRREVOCABLE UNDERTAKINGS AND UNDERWRITING ARRANGEMENTS	12
6. RISK FACTORS	13
6.1 Risks relating to the industries which we operate in	13
6.2 Risks relating to our Group	17
6.3 Risks relating to the Rights Issue	18
6.4 Forward-looking statements	20
7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP	20
7.1 Overview and outlook of the Malaysian economy	20
7.2 Overview and outlook of the Australian economy	21
7.3 Overview and outlook of the construction and property development industry in Malaysia	23
7.4 Overview and outlook of the construction and property development industry in Australia	25
7.5 Overview and outlook of the tourism and hospitality industry in Australia	27
7.6 Future prospects of our Group	29
8. EFFECTS OF THE RIGHTS ISSUE	30
8.1 Issued and paid-up share capital	30
8.2 NA per Share and gearing	30
8.3 Earnings and EPS	31
9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS	31
9.1 Working capital	31
9.2 Borrowings	32
9.3 Contingent liabilities	32
9.4 Material commitments	32

TABLE OF CONTENTS (CONT'D)

	Page
10. INSTRUCTIONS FOR ACCEPTANCE, SALE OR TRANSFER, EXCESS APPLICATION AND PAYMENT	33
10.1 General	33
10.2 NPA	33
10.3 Last date and time for acceptance and payment	33
10.4 Procedure for full acceptance and payment	33
10.5 Procedure for part acceptance by Entitled Shareholders	36
10.6 Procedure for sale or transfer of the Provisional Allotment	36
10.7 Procedure for acceptance by renouncees	37
10.8 Procedure for application of Excess Rights Shares	37
10.9 Form of issuance	38
10.10 Laws of foreign jurisdiction	39
11. TERMS AND CONDITIONS	41
12. OTHER MATTERS	41
13. FURTHER INFORMATION	42
 APPENDICES	
I. CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 12 FEBRUARY 2016	43
II. INFORMATION ON OUR COMPANY	46
III. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON	64
IV. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON	72
V. DIRECTORS' REPORT	220
VI. ADDITIONAL INFORMATION	221

CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Nationality	Occupation
Lee Seng Huang <i>(Non-Independent Executive Chairman)</i>	53B, Lorong 5/4H 46000 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Law Chin Wat <i>(Non-Independent Executive Director)</i>	51, Jalan Bukit Segar 7 Taman Bukit Segar Cheras 56100 Kuala Lumpur	Malaysian	Company Director
Chung Tze Hien <i>(Non-Independent Non-Executive Director)</i>	11, Changkat Suria Mont' Kiara Residence 6 Jalan Kiara 2 50480 Kuala Lumpur	Malaysian	Company Director
Dato' Yusli Bin Mohamed Yusoff <i>(Independent Non-Executive Director)</i>	49, Jalan Seri Beringin 2 Seri Beringin Bukit Damansara 50490 Kuala Lumpur	Malaysian	Company Director
Dato' Lim Say Chong <i>(Independent Non-Executive Director)</i>	30-01 Mont Kiara Damai 3 Jalan Kiara 2 Mont' Kiara 50480 Kuala Lumpur	Malaysian	Company Director
Kong Wah Sang <i>(Independent Non-Executive Director)</i>	32-11-3 Bukit Desa Kondo Jalan Bukit Desa 3 Bukit Desa 58100 Kuala Lumpur	Malaysian	Company Director
Chew Hoy Ping <i>(Independent Non-Executive Director)</i>	B-30-1, Mont Kiara Aman 4 Jalan Kiara 2 50480 Kuala Lumpur	Malaysian	Company Director
Loong Caesar <i>(Independent Non-Executive Director)</i>	23, Jalan SS 22A/3 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director/ Advocate and Solicitor

AUDIT COMMITTEE

Name	Designation	Directorship
Chew Hoy Ping	Chairman	Independent Non-Executive Director
Kong Wah Sang	Member	Independent Non-Executive Director
Dato' Lim Say Chong	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARIES	:	Lee Eng Leong (MIA 7313) Lee Suan Choo (MAICSA 7017562)
		PH2, Menara Mudajaya No. 12A, Jalan PJU 7/3 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03 – 7718 6288 Fax. No.: 03 – 7718 6363
REGISTERED OFFICE	:	PH2, Menara Mudajaya No. 12A, Jalan PJU 7/3 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03 – 7718 6288 Fax. No.: 03 – 7718 6363
HEAD OFFICE	:	PH1, Menara Mudajaya No. 12A, Jalan PJU 7/3 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03 – 7718 6288 Fax. No.: 03 – 7718 6363 Website: www.mulpha.com.my Email: irmulpha@mulpha.com.my
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd (378993-D)
		Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03 – 7849 0777 Fax. No.: 03 – 7841 8151/ 8152
AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs KPMG (AF0758)
		Level 10, KPMG Tower 8, First Avenue, Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03 – 7721 3388 Fax. No.: 03 – 7721 3399
PRINCIPAL BANKERS	:	AmBank (M) Berhad (8515-D)
		Level 24, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03 – 2036 2425 Fax. No.: 03 – 2072 8439

CORPORATE DIRECTORY (CONT'D)

CIMB Bank Berhad (13491-P)

20th Floor, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel. No.: 03 – 2261 9549
Fax. No.: 03 – 2261 9643

OCBC Bank (M) Berhad (295400-W)

18th Floor, Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Tel. No.: 1300 88 7000
Fax. No.: 03 – 2698 4591

Oversea Chinese Banking Corporation Limited
(ABN 94073598035)

Level 2, 75 Castlereagh Street
Sydney
New South Wales 2000
Australia

Tel. No.: +612 – 9235 2022
Fax. No.: +612 – 9221 4360

Deutsche Bank AG (S72FC2238G)

One Raffles Quay
#16-00 South Tower
Singapore 048583
Tel. No.: +65 – 6423 8001
Fax. No.: +65 – 6538 2629

UBS AG (F0009086)

One Raffles Quay
#50-01 North Tower
Singapore 048583
Tel. No.: +65 – 6495 8000
Fax. No.: +65 – 6495 8188

DUE DILIGENCE SOLICITORS

: Messrs Mah-Kamariyah & Philip Koh

3A07 Block B, Phileo Damansara II
15 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel. No.: 03 – 7956 8686
Fax. No.: 03 – 7956 2208

CORPORATE DIRECTORY (CONT'D)

ADVISER : RHB Investment Bank Berhad (19663-P)
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel. No.: 03 - 9287 8888
Fax. No.: 03 - 9287 4770

STOCK EXCHANGE LISTED AND LISTING SOUGHT : Main Market of Bursa Securities

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MULPHA

MULPHA INTERNATIONAL BHD

(Company No. 19764-T)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

PH2, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

17 May 2016

Board of Directors

Lee Seng Huang (*Non-Independent Executive Chairman*)
Law Chin Wat (*Non-Independent Executive Director*)
Chung Tze Hien (*Non-Independent Non-Executive Director*)
Dato' Yusli Bin Mohamed Yusoff (*Independent Non-Executive Director*)
Dato' Lim Say Chong (*Independent Non-Executive Director*)
Kong Wah Sang (*Independent Non-Executive Director*)
Chew Hoy Ping (*Independent Non-Executive Director*)
Loong Caesar (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/ Madam,

RENOUNCEABLE TWO (2)-CALL RIGHTS ISSUE OF 1,066,826,679 RIGHTS SHARES ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING MULPHA SHARES HELD AS AT 5.00 P.M. ON TUESDAY, 17 MAY 2016, AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE, OF WHICH THE FIRST CALL OF RM0.25 PER RIGHTS SHARE IS PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.25 PER RIGHTS SHARE IS TO BE CAPITALISED FROM THE SHARE PREMIUM RESERVES OF OUR COMPANY

1. INTRODUCTION

On 9 November 2015, RHBIB had, on behalf of our Board, announced that we propose to undertake the Corporate Exercises.

On 29 December 2015, RHBIB had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 28 December 2015, resolved to approve the listing of and quotation for 1,066,826,679 Rights Shares to be issued pursuant to the Rights Issue, on the Main Market of Bursa Securities subject to the following conditions:-

Conditions	Status of compliance
(i) Mulpha and RHBIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	To be complied

- (ii) Mulpha and RHBIB to inform Bursa Securities upon completion of the Rights Issue; and To be complied
- (iii) Mulpha to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed. To be complied

On 12 February 2016, our shareholders had approved the Corporate Exercises at our EGM. A certified true extract of the resolutions pertaining to the Corporate Exercises which were passed at the aforesaid EGM, is set out in Appendix I of this Abridged Prospectus.

On 3 May 2016, RHBIB had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed at RM0.50 per Rights Share, of which the First Call has been fixed at RM0.25 per Rights Share and the Second Call has been fixed at RM0.25 per Rights Share. On the same date, RHBIB had also, on behalf of our Board, announced the Entitlement Date and other relevant dates pertaining to the Rights Issue.

The listing of and quotation for the Rights Shares to be issued pursuant to the Rights Issue will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or RHBIB.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Rights Issue

The Rights Issue entails an issuance of 1,066,826,679 Rights Shares on a renounceable basis of one (1) Rights Share for every two (2) existing Mulpha Shares held by the Entitled Shareholders and/ or their renounees (if applicable), on the Entitlement Date at an issue price of RM0.50 per Rights Share, comprising the First Call and the Second Call.

As at the LPD, the issued and paid-up share capital of Mulpha is RM1,177,956,579 comprising 2,355,913,158 Mulpha Shares (including 222,259,800 Mulpha Shares held as treasury shares). In addition, our Board confirms and undertakes that all the existing treasury shares held by the Company as at the LPD shall be retained and no treasury shares shall be resold, redistributed or cancelled as well as no additional shares shall be purchased until the completion of the Rights Issue. For the avoidance of doubt, the treasury shares which are retained in our Company will not have any participation rights in the Rights Issue.

The Rights Issue is to be undertaken on a Maximum Subscription Level basis based on the respective undertaking letters from a major shareholder and a substantial shareholder of Mulpha, namely NIL and MUL, details of which are set out in Section 5 of this Abridged Prospectus.

The Rights Issue is renounceable in full or in part. Accordingly, any unsubscribed Rights Shares will be made available to other Entitled Shareholders and/ or their renounee(s) (if applicable) under the Excess Rights Shares application. It is the intention of our Board to allocate the Excess Rights Shares, if any, on a fair and equitable manner, and upon the basis set out in Section 10.8 of this Abridged Prospectus.

Fractional entitlements of the Rights Shares arising from the Rights Issue, if any, shall be disregarded and dealt with in such manner as our Board shall in its absolute discretion deem fit and expedient, and to be in the best interest of our Company.

As you are an Entitled Shareholder, your CDS Accounts will be duly credited with the number of rights to Provisional Allotment which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Allotment as well as to apply for the Excess Rights Shares if you choose to do so.

Any dealings in our securities will be subject to the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares will be credited directly into the respective CDS Accounts of the successful applicants. However, no physical share certificate will be issued. Notices of allotment will be despatched to the successful applicants.

We will allot and issue the Rights Shares, despatch notices of allotment to the successful applicants and make an announcement on the additional listing for the quotation for the Rights Shares within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares or such period as may be prescribed by Bursa Securities. The Rights Shares will then be quoted on the Main Market of Bursa Securities on the next market day after the announcement on additional listing is made on Bursa Securities.

2.2 First Call and Second Call of the Rights Shares

The issue price of RM0.50 per Rights Share will be payable in two (2) calls, namely the First Call and the Second Call. As the Second Call involves the capitalisation of our Company's share premium reserves, the Entitled Shareholders and/ or their renounee(s) who subscribe the Rights Shares based on their respective entitlements under the Rights Issue will only be required to make cash payment for the First Call.

For illustrative purposes, the pro forma effects of the capitalisation on the share premium reserves of Mulpha based on the Second Call is set out below:-

Company Level	Audited as at 31 December 2015 RM'000
Share premium reserves	579,863
Less: Capitalisation of our Company's share premium reserves for the Second Call	(266,707)
Less: Estimated expenses for the Corporate Exercises	(1,080)
After the Rights Issue	<u>312,076</u>

Pursuant to Paragraph 6.30(1) of the Listing Requirements, a listed issuer intending to undertake a two (2)-call rights issue by way of capitalisation of reserves must ensure that the necessary reserves required for capitalisation is unimpaired by losses on a consolidated basis, where applicable, based on the listed issuer's latest audited financial statements as well as its latest unaudited quarterly report.

Our Board confirms that based on the latest audited financial statements for the FYE 31 December 2015 of Mulpha, Mulpha has adequate share premium reserves available to be capitalised for the Second Call of the Rights Issue, and that the share premium reserves of Mulpha are unimpaired by losses on a consolidated basis, in accordance with Paragraph 6.19 and 6.30(1) of the Listing Requirements.

2.3 Basis of determining and justification for the issue price and First Call of the Rights Shares

On 3 May 2016, RHBIB had, on behalf of our Board, announced that our Board has fixed the issue price of the Rights Shares at RM0.50 per Rights Share, the First Call at RM0.25 per Rights Share and the Second Call at RM0.25 per Rights Share.

The issue price of RM0.50 per Rights Share represents the par value of Mulpha Shares, and has been structured on a two (2)-call basis comprising the First Call and the Second Call. For the avoidance of doubt, Entitled Shareholders and/ or their renounee(s) who subscribe for their respective entitlements of the Rights Shares will only be required to make cash payment for the First Call per Rights Share.

The First Call of RM0.25 per Rights Share represents a discount of approximately 10.71% to the TERP of Mulpha Shares of RM0.28, calculated based on the five (5)-day VWAMP of Mulpha Shares up to and including 29 April 2016, being the last trading day immediately preceding the price-fixing date, of RM0.29 per Share.

The First Call of the Rights Shares was determined and fixed by our Board after taking into consideration the following:-

- i. The maximum amount of proceeds to be raised by our Company from the Rights Issue for the purposes set out in Section 4 of this Abridged Prospectus which is mainly to be utilised for the partial repayment of borrowings of our Group and our Group's working capital including development expenditure for our Leisure Farm development project in Johor, Malaysia;
- ii. The First Call of the Rights Shares is fixed based on a maximum discount of up to 20.0% to the TERP of Mulpha Shares based on the five (5)-day VWAMP of Mulpha Shares immediately preceding the price fixing date;
- iii. The historical price movement of Mulpha Shares based on the 12-month VWAMP of Mulpha Shares immediately preceding the price fixing date of RM0.30 per Share; and
- iv. The adequacy of Company's reserves for capitalisation for the Second Call of the Rights Shares. As at the latest audited financial statements for the FYE 31 December 2015, we have share premium reserves of approximately RM579.86 million available to be capitalised for the Second Call.

2.4 Ranking of the Rights Shares

The Rights Shares to be allotted and issued pursuant to the Rights Issue will, upon allotment and issuance, rank *pari passu* in all respects with the existing Mulpha Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared for which the entitlement date for the said distribution precedes the date of allotment and issuance of the Rights Shares.

2.5 Details of other corporate exercises

Our Board confirms that as at the LPD, save for the Rights Issue and as disclosed below, there are no other outstanding corporate exercises which have been announced and/ or approved by the regulatory authorities which are pending completion:-

- a) On 9 November 2015, RHBIB had, on behalf of our Board, announced that we propose to undertake the Exemption in conjunction with the Rights Issue. By virtue of the Undertakings, the direct shareholdings of YPC will decrease from 4.13% to 2.76% of the enlarged issued and paid-up share capital of Mulpha (excluding treasury shares) upon completion of the Rights Issue. However, the indirect shareholdings of YPC may increase from 36.16% up to 57.44% of the enlarged issued and paid-up share capital of Mulpha (excluding treasury shares) upon completion of the Rights Issue, whilst her collective direct and indirect shareholdings together with MGIL and the PACs may increase from 40.30% up to 60.20% of the enlarged issued and paid-up share capital of Mulpha (excluding treasury shares) upon completion of the Rights Issue. Meanwhile, the indirect shareholdings of MGIL may increase from 33.03% up to 55.35% of the enlarged issued and paid-up share capital of Mulpha (excluding treasury shares) upon completion of the Rights Issue.

Based on the above, the collective shareholdings of the Exemption Parties in Mulpha may increase from 40.30% up to a maximum of 60.20% of the enlarged issued and paid-up share capital of Mulpha (excluding treasury shares) upon completion of the Rights Issue. However, in any event, their collective shareholdings will be dependent upon the Rights Shares to be subscribed by the other Entitled Shareholders and/ or their renouncee(s).

Accordingly, pursuant to Part III of the Code and depending upon the subscription rate of the Rights Issue, the Undertakings may result in the shareholdings of the Exemption Parties increasing by more than 2% within a six (6)-month period, where their existing shareholdings are more than 33% but not more than 50% of the issued and paid-up share capital of Mulpha (excluding treasury shares). In the event of the above, the Exemption Parties will be required to extend a mandatory take-over offer for all the remaining Shares in Mulpha not already held by them after the completion of the Rights Issue.

It is not the intention of the Exemption Parties to undertake a mandatory take-over offer for all the remaining Mulpha Shares not already held by them as a result of the Rights Issue and the Undertakings. As such, the Exemption Parties had made an application to the SC for the Exemption pursuant to Paragraph 16.1 of Practice Note 9 of the Code, of which the approval from the SC had been obtained vide its letter dated 28 March 2016.

- b) On 17 February 2016, our Company had announced that our wholly-owned subsidiary company, namely Leisure Farm Corporation Sdn Bhd ("LFC") had on 16 February 2016, entered into a joint venture cum shareholders' agreement with UEM Land Berhad ("UEML"), a wholly-owned subsidiary company of UEM Sunrise Berhad and JV Axis Sdn Bhd (the joint venture company) for the proposed joint venture between LFC and UEML. Both LFC and UEML wish to work together as strategic joint development partners to jointly develop and optimise the value of 38 parcels of freehold lands located in Gerbang Nusajaya or in the vicinity of Leisure Farm Resort, District of Johor Bahru, Johor. As at the LPD, the conditions precedent pursuant to the implementation of the said joint venture are pending to be fulfilled by the parties.

3. RATIONALE AND JUSTIFICATION FOR THE CORPORATE EXERCISES

After due consideration, our Board is of the view that the Rights Issue is the most appropriate avenue for raising funds for the purposes stated in Section 4 of this Abridged Prospectus while potentially enhancing the capital base, as the Rights Issue shall:-

- i. enable our Company to raise the necessary funds mainly for the partial repayment of our Group's bank borrowings and to meet our working capital requirements, without incurring interest expenses as compared to bank borrowings. The partial repayment of our Group's bank borrowings allows our Group's gearing level to be reduced from 0.87 times to 0.72 times based on the latest audited financial statements for the FYE 31 December 2015 and is expected to generate interest savings of approximately RM17.00 million per annum assuming based on the effective interest rate of 8.50% per annum;
- ii. enable our Group to improve our financial position via the increase of our NA from RM2.57 billion as at 31 December 2015 to RM2.83 billion which in turn improves our gearing level; and
- iii. provide our shareholders with an opportunity to further increase their equity participation in our Company via the subscription of new Mulpha Shares without diluting the existing percentage of shareholding in our Company, assuming all the Entitled Shareholders fully subscribe for their respective entitlements.

The Exemption will relieve the Exemption Parties from the obligation to undertake a mandatory take-over offer under the Code due to the increase in their interest in the voting Shares of our Company, as a result of the MUL Undertaking and the Additional Undertaking which will amongst others, allow MUL to fully subscribe for all the remaining Rights Shares not subscribed by the other Entitled Shareholders of Mulpha and/ or their renounee(s) pursuant to the Rights Issue. The Additional Undertaking together with the Individual Undertakings and MUL Undertaking will also provide our Company with certainty to raise the maximum amount of funds required, which are earmarked for utilisation as set out in Section 4 of this Abridged Prospectus.

4. UTILISATION OF PROCEEDS

Based on the First Call of RM0.25 per Rights Share, the total gross proceeds to be raised from the Rights Issue and the intended manner of utilisation are set out below:-

	Timeframe for utilisation	RM'000
Repayment of borrowings ¹	Within 6 months from completion of the Rights Issue	200,000
Working capital ²	Within 24 months from completion of the Rights Issue	65,626
Estimated expenses in relation to the Corporate Exercises ³	Upon completion of the Rights Issue	1,080
Total		266,706

Notes:-

*1 Our Group's total borrowings amounted to approximately RM2.18 billion as at the LPD consisting of bank overdraft, revolving credit, term loan, bonds and hire purchase and finance lease creditors. We intend to utilise RM200.00 million to partially repay our Group's bonds outstanding of approximately RM687.58 million, which were mainly utilised for the subscription of AVEO's rights shares in Australia. The partial repayment of our Group's bonds amounting to RM200.00 million is expected to result in an interest cost saving of approximately RM17.00 million per annum based on the effective interest rate of approximately 8.50% per annum.

*2 The proceeds earmarked for working capital shall be utilised to partly finance our Group's current projects as follows:-

	RM'000
Development expenditure and construction cost for our Group's Leisure Farm current development projects in Johor, Malaysia	30,000
Upgrading and construction of access roads and interchanges in and around our Group's Leisure Farm development project in Johor, Malaysia	35,626
Total	<u>65,626</u>

Our Group's current property development projects in Leisure Farm comprise of individually designed show villas, bungalows, semi-detached and super-link houses spanning approximately 15.05 acres in Leisure Farm located in Johor, Malaysia. The estimated remaining development expenditure and construction cost for the Leisure Farm current development projects is approximately RM74.09 million of which RM30.00 million of the proceeds from the Rights Issue is earmarked to be utilised for the development of the said projects. The balance of RM44.09 million of the estimated development expenditure and construction cost shall be funded via internally generated funds and/ or bank borrowings. The said projects in Leisure Farm are expected to be completed by the third (3rd) quarter of 2018.

Leisure Farm is currently in the process of upgrading existing access roads and building new access roads and interchanges both within and in the vicinity of Leisure Farm, linking it to nearby highways in order to further enhance the accessibility of Leisure Farm, Johor and subsequently improve the marketability of the Leisure Farm project. The estimated upgrading and construction cost to be borne by our Group is approximately RM90.42 million of which RM35.63 million of the proceeds from the Rights Issue is earmarked to be utilised for the construction/ upgrading of the access roads. The balance of RM54.79 million of the estimated construction cost shall be funded via internally generated funds and/ or bank borrowings. The above upgrading and construction of access roads and interchanges are expected to be completed in 2018.

*3 The proceeds earmarked for estimated expenses in relation to the Corporate Exercises shall be utilised as set out below:-

	RM'000
Professional fees (i.e. adviser, independent adviser, reporting accountants and solicitors)	800
Regulatory fees	145
Other incidental expenses in relation to the Corporate Exercises	135
Total	<u>1,080</u>

Pending utilisation of the proceeds from the Rights Issue for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

5. IRREVOCABLE UNDERTAKINGS AND UNDERWRITING ARRANGEMENTS

Our Board has determined to undertake the Rights Issue on the Maximum Subscription Level basis via the issuance of 1,066,826,679 Rights Shares. The Maximum Subscription Level has been determined by our Board after taking into consideration the level of funds that we intend to raise from the Rights Issue which will be channelled towards the proposed utilisation of proceeds as set out in Section 4 of this Abridged Prospectus. In this regard, our Board intends to raise gross proceeds of RM266.71 million.

A major shareholder and a substantial shareholder of our Company, namely NIL and MUL, had vide their letters dated 23 October 2015, provided the Individual Undertakings.

MUL had also, vide its undertaking letter dated 23 October 2015, provided the MUL Undertaking and the Additional Undertaking.

In addition, YPC and KESB had also undertaken to renounce their respective entitlements under the Rights Issue in favour of MUL, vide their respective undertaking letters dated 23 November 2015, of which MUL had provided the MUL Undertaking to subscribe in full for the entitlements of YPC and KESB under the Rights Issue.

A summary of the Undertakings is set out below:-

Name	Shareholding as at the LPD		Entitlement under the Rights Issue		Individual Undertakings and MUL Undertaking	Additional Undertaking
	No. of Shares	%	No. of Shares	% ^{*1}	No. of Shares	No. of Shares
NIL	520,828,000	24.41	260,414,000	24.41	260,414,000	-
MUL:-						
- For its own entitlement	183,899,949	8.62	91,949,974	8.62	91,949,974	636,932,905
- For YPC's entitlement					44,076,500	-
- For KESB's entitlement					33,453,300	-
YPC	88,153,000	4.13	44,076,500	4.13	-	-
KESB	66,906,600	3.14	33,453,300	3.14	-	-
Total	859,787,549	40.30	429,893,774	40.30	429,893,774	636,932,905

Note:-

*1 Computed based on 1,066,826,679 Rights Shares available for subscription

Based on the First Call of RM0.25 per Rights Share, the aggregate funding requirements for the Undertaking Shareholders pursuant to their respective undertakings are approximately RM266.71 million. The Undertaking Shareholders also had in their respective letters provided confirmation that they have sufficient financial resources to subscribe for their respective entitlements. The said confirmation has been verified by RHBIB, the Adviser for the Corporate Exercises.

In view of the Undertakings, there are no underwriting arrangements for the Rights Issue.

For shareholders' information purposes, only in the event of a shortfall in the number of Rights Shares subscribed (including the Entitled Shareholders' and/ or their renounee(s)' respective entitlements and any Excess Rights Shares applied for but excluding the Additional Undertaking) as compared to the maximum number of Rights Shares to be issued of 1,066,826,679 Rights Shares as at the closing date and time of the receipt of applications, the Additional Undertaking shall then crystallise whereby MUL shall apply via the Excess Rights Shares application (to fulfil its obligation under the Additional Undertaking), to subscribe for all remaining Rights Shares not subscribed by the other Entitled Shareholders and/ or their renounee(s).

For the avoidance of doubt, the Entitled Shareholders and/ or their renounee(s) (excluding MUL pursuant to the Additional Undertaking) shall be given priority and shall first be allocated with all the Excess Rights Shares applied for, if any. Upon the completion of the allocation of such Excess Rights Shares to the Entitled Shareholders and/ or their renounee(s) (excluding MUL pursuant to the Additional Undertaking), MUL shall then apply and be allocated the remaining number of undersubscribed Rights Shares, if any. In other words, in the event of an under-subscription pursuant to the Rights Issue, all Rights Shares and any Excess Rights Shares applied for by the Entitled Shareholders and/ or their renounee(s) shall be allocated in full based on their respective applications. Thereafter, MUL shall be allocated the balance number of undersubscribed Rights Shares, if any, pursuant to the Additional Undertaking.

However, in the event of an over-subscription pursuant to the Rights Issue (i.e. the number of Rights Shares and Excess Rights Shares, if any, applied for (excluding MUL's Additional Undertaking) is more than the maximum of 1,066,826,679 Rights Shares available for application), the Additional Undertaking will not crystallise. In such instance, our Board will allot the Excess Rights Shares, if any, on a fair and equitable basis and in the priority as set out in Section 10.8 of this Abridged Prospectus.

Details on the implications of the Code which may arise as a result of the Undertakings pursuant to the Rights Issue are set out in Section 2.5(a) of this Abridged Prospectus.

6. RISK FACTORS

In addition to other information contained elsewhere in this Abridged Prospectus, you and/ or your renounees (if applicable) should consider carefully the following risk factors (which may not be exhaustive) that may have an impact on the future performance of our Group before subscribing for or investing in the Rights Issue.

6.1 Risks relating to the industries which we operate in

6.1.1 Business and operational risks

Our Group is mainly involved in property development in Malaysia, property development and investments in Australia as well as investments in hotels and/ or resort accommodations in Australia. In view thereof, our Group's businesses are subject to certain risks inherent in the property industry and the hospitality industry in their respective countries.

The performance of the property industry is largely dependent on the growth of the economy, while any negative developments such as the decline in property demand and property rental market may have an adverse impact on our financial performance. The risks faced in the property industry may include, amongst others, changes in demographic trends, employment and income level, shortage of suitable land bank, shortage and adverse cost variations in labour, labour disputes, increase in cost of operations, accidents, failure or postponement of issuance or grant of licenses, permits and approvals, non-compliance of designs to local standards, unforeseen engineering and environmental problems and risk of compulsory acquisition of land by government, which are all risks inherent in the property industry at large.

In addition, the Malaysian Government has implemented measures to control and restrict speculative activities in the property industry through real property gains tax, removal of Developer Interest Bearing Scheme and a maximum loan-to-value ratio of 70% for third home purchases. Fluctuations in interest rates may also affect the demand for properties as higher interest rates may lead to an increase in the price of properties for prospective buyers, which may adversely affect the demand for our Group's properties. The effective implementation of the goods and services tax ("GST") in 2015 in Malaysia has also impacted all property developers via the increase in the cost of construction and increase in selling prices of properties.

Similarly in Australia, the Australian Prudential Regulation Authority ("APRA"), which is the banking regulator in Australia, had in late 2014, directed the major banks to increase mortgage lending rates to residential investors. The tighter access to credit for households could pose challenges in some medium- and high-density construction markets as these apartments are popular with investors and foreign buyers.

The risks faced in the hospitality industry may include, amongst others, seasonality, international and domestic tourism industry, political stability, immigration policies, weather conditions, health scares, terrorism threats, global economic environment and outlook as well as entry of new players. In Australia, the hospitality industry is affected by the fluctuations in the AUD exchange rate against other foreign currencies.

We seek to limit these risks through our continued initiative in reviewing our Group's operations and strategy, continuously monitoring the changing market demand, retaining key personnel, prudent cost control measures, continuously sourcing for opportunities to acquire landbank in strategic areas, focusing property development in prime areas, maintaining good relationship with our business partners, maintaining a pool of suppliers and sub-contractors, continuously upgrading and/ or maintaining the quality of our hotels, resorts and other investment properties, adhering to timely delivery commitment and placing emphasis on product quality as well as after-sale service. However, there can be no assurance that any change to these risks would not have a material adverse impact on our business and financial performance.

6.1.2 Competition risks

Although there are some barriers to entry into the property and hospitality industries, our Group's businesses may face intense competition from other existing property developers and hotel and resort operators, which may result in highly competitive pricing in our property development projects or lower room rates and occupancy rates for our hotels and resorts.

Our property development and investment businesses face competition from other players in the property industry. Competitive pressures may arise in terms of acquisition of strategically located and reasonably priced landbanks, ability to employ skilled labour, purchase of building materials at reasonable prices, quality of development and reliability of our contractors and pricing as well as sale and marketing of our properties. Nevertheless, we have a proven sales track record for our properties in our developments in Malaysia and Australia.

Our hospitality business is competitive with the entry of new players and upgrading of products and services provided by the existing industry players, which may erode our market position in the hospitality industry. In addition, quality of the services, attractiveness of the pricing and marketing strategies are amongst pertinent factors for determining the market position of a player in the hospitality industry. Our success in this business is dependent on our ability to compete in areas such as room rates, quality of accommodation, ease of accessibility to our hotel and resorts, brand recognition, services and other amenities. Nevertheless, we believe we have key competitive advantages for the three (3) five (5)-star hotels/ resorts in Australia under our Group's portfolio.

Competition from other businesses may result in more competitive selling prices for our Group's property launches as well as more competitive room and rental rates for the operation of our hotel, resort and other investment properties. In view of this, our Group continues to take measures to differentiate ourselves from other players in the market by improving our delivery system in terms of reliability and quality of products and services, and developing innovative marketing strategies for our hotels, resorts and/ or other investment properties to remain competitive. Our Group also continuously monitors and adjusts our operational and marketing strategies in response to the changing economic conditions and continuously enhance our services to meet the changing market demand from time to time. However, there can be no assurance that we would be able to sustain our competitiveness against current and future competitors.

6.1.3 Availability and cost of materials

The materials used in our Group's property development projects in Malaysia and Australia, such as steel, cement and tiles, represent a significant portion of our total development costs. Some of these materials such as steel are global commodities and their availability and prices depend on local and global market conditions as well as the relevant Government's regulations or deregulation efforts. Any adverse changes in regulation, increase in fuel prices and/ or material costs will affect our Group's profit margins and future performance.

Notwithstanding the above, our Group continuously undertakes measures to address any increases in cost of materials and to ensure our Group will be able to procure sufficient amounts of materials from our long-term suppliers on commercially acceptable terms.

6.1.4 Dependence on third party contractors

The property development industry in Australia and Malaysia is dependent on the availability and quality of work of third party contractors to ensure the continuous supply of services and satisfactory completion of the building and infrastructure works as per their respective contractual obligations. Any non-performance or unsatisfactory performance of the appointed contractors and/ or their inability to source for sufficient labour, whether skilled or unskilled, may disrupt the progress and/ or quality of our property development projects which may have an adverse effect on our Group's business, results and performance.

In view of this, our Group seeks to mitigate such risk by exercising prudence in selecting contractors by taking into consideration their experience, track record, qualifications and financial resources, as well as to monitor the contractors' quality of work to ensure the satisfactory completion of our property development projects. In addition, such risk is further mitigated in view that there are various other contractors in the property development industry which can be readily engaged in Australia and Malaysia.

6.1.5 Unforeseen delays in project completion

Delays in the completion of our property development projects in Australia and Malaysia could result from unforeseen circumstances such as natural disasters, major changes in government or local authorities' approval policies, delays in obtaining the necessary approvals from local authorities, acute shortage of construction materials, adverse weather conditions and unsatisfactory performance of the building contractors.

In the event any of the aforementioned circumstances occurs resulting in delays for a prolonged period, our Group may incur additional costs such as liquidated and ascertained damages payable to purchasers, costs to repair defects and higher material and labour costs, which may result in our financial performance being materially impacted.

As the timely completion of our projects is critical in ensuring costs are contained and our Group's reputation is maintained, we seek to mitigate such risks by constantly monitoring our projects' progress and working closely with suppliers, contractors and/ or relevant authorities to ensure that delays in project completion are minimised or avoided. For the past three (3) FYE 31 December 2015, our Group has not experienced any material delays in project completion and/ or material claims from purchasers resulting from such delays in project completion, other than projects where the delay was caused by the contractors whereby the liquidated and ascertained damages payable by the contractors to our Group exceeded the amount we paid to purchasers.

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6.1.6 Political, economic and regulatory risks

Our financial and business prospects and the industries which we operate in, will depend to some degree on the developments in the political and regulatory front mainly in Malaysia and Australia. Amongst the political, economic and regulatory factors are global economic slowdown, changes in currency exchange rates, changes in interest rates, war, terrorism activities, riots, changes in political leadership and unfavourable changes in the governments' policies such as licensing regulation. Property businesses may be affected by amongst others, consumer sentiment, regulation and taxation changes, interest rate movements and gradual tightening of credit conditions. Meanwhile, hospitality businesses are generally cyclical and sensitive to changes in the global, regional and domestic economy. The demand in the tourism and hospitality industry may be affected by the state of the domestic economy in Malaysia, as well as the economy in Australia and globally, and the level of economic growth that is primarily reliant on the level of disposable income of consumers.

We will continue to monitor and adapt our business strategies in response to major developments in the political, economic and regulatory environment to mitigate these factors. However, there can be no assurance that adverse economic, political and regulatory changes will not materially affect our Group's businesses.

6.2 Risks relating to our Group

6.2.1 Costs incurred for improvements/ upgrades

Due to the competitive nature of the property development and property investment industries, our Group's properties (including clubhouses and facilities in our property development projects) may require constant maintenance, improvement and/ or upgrades to attract our customers/ tenants/ lessees. Hence, our Group may be required to incur substantial capital expenditure to continuously upgrade/ maintain our properties and to ensure that our key management/ personnel are kept abreast with the latest developments in the property development/ investments business as well as hotels and resorts operations business.

In view of this, our Group will continue to set aside sufficient allocations for capital expenditure to upgrade/ maintain our properties where necessary and will send our key management/ personnel to industry conferences and seminars to keep them updated on industry developments in order to maintain/ improve our Group's market share/ positioning and future performance.

6.2.2 Guests safety, security and health risk

The guests/ tenants/ lessees of our Group's hotels, resorts and other investment properties may be exposed to natural and man-made threats, which may include but not limited to fire, day-to-day accidents and petty crime. Such incidences could result in clean-up and remediation costs as well as loss of lives and/ or injuries to our guests/ tenants/ lessees and/ or employees of our Group, which may result in compensation claims, fines from regulatory bodies, litigation and impact to the reputation of our Group's hotels, resorts and investment properties, thus adversely affecting our Group's business, prospects, financial condition and result of operations.

Nevertheless, our Group seeks to minimise these risks by ensuring that our hotels, resorts and investment properties are sufficiently insured and adequately meet the required safety, security and health standards by conducting routine safety and security assessments on our Group's properties.

6.2.3 Financing and foreign exchange risk

As at the LPD, our Group's total interest-bearing borrowings amounted to approximately RM2.18 billion, of which 95.7% of our total borrowings are denominated in foreign currencies including in USD, AUD and JPY, as detailed in Section 9.2 of this Abridged Prospectus. Any adverse fluctuations in interest rates and/ or exchange rates could materially affect the interest charges incurred and foreign exchange losses recognised, where applicable, as a result of our Group's interest-bearing borrowings and hence affect our Group's profitability.

Further, our Group's operations and investments are mainly in Malaysia and Australia. Any adverse fluctuations in foreign currencies and their translation into RM will have an impact on our Group's earnings in the financial statements which are denominated in RM.

In mitigating this risk, our Group actively monitors and reviews our cost of borrowings and actively searches for options to refinance at lower costs after taking into consideration of the nature and purpose of the borrowings. We shall also continuously monitor the fluctuations in foreign exchange rates. However, there is no assurance that any adverse fluctuations in interest rates and foreign exchange rates will not have any material impact on our Group's financial performance in the future.

6.2.4 Dependence on Directors and key personnel

Our continued success will depend significantly on the ability, expertise and continued efforts of our Directors and key management. The departure of any of these individuals may, to a certain extent, affect our future business operations and financial performance. Our future success also depends on our ability to attract, hire, train and motivate sufficient skilled personnel.

Recognising the importance of our key management, we will continuously consider appropriate measures so as to attract and retain our key management staff. In order to avoid dependence on any key personnel, we strive to attract and retain qualified and experienced personnel as well as adopt succession planning for key positions. We believe that offering a competitive salary package, training and conducive working environment should mitigate this risk further, which will in turn help to ensure continuity and competency of our management team.

6.3 Risks relating to the Rights Issue

6.3.1 Market risks for the Rights Shares

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, volatility of the equity markets, outlook of the industries which we operate in as well as our financial performance. In view of this, there can be no assurance that our Shares will trade above the issue price of the Rights Shares or the theoretical ex-rights price of our Shares upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

6.3.2 Delay in or abortion of the Rights Issue

The Rights Issue is exposed to the risk that it may be aborted or delayed on the occurrence of any material adverse change of events/ circumstances such as unfavourable changes in the governments' policies including licensing regulations and other force majeure events, which are beyond the control of our Company and RHBIB arising prior to or during the implementation of the Rights Issue.

Our Group will endeavour to ensure the successful completion of the Rights Issue and the listing of the Rights Shares. However, there can be no assurance that the abovementioned events will not occur and cause a delay in or abortion of the Rights Issue. In the event the Rights Issue is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares pursuant to the Rights Issue and if such monies are not repaid within 14 days after we become liable to repay, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Issue is aborted/ terminated, and the Rights Shares have been allotted to the Entitled Shareholders and/ or their renounee(s), a return of monies to all holders of the Rights Shares could only be achieved by way of cancellation of the share capital of our Company as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation for such consent has been granted by the High Court of Malaya) and confirmation of the High Court of Malaya. There can be no assurance that such return of monies can be achieved within a short period of time or at all in such circumstances.

6.3.3 Potential dilution to Entitled Shareholders and control by major shareholders

Entitled Shareholders who do not fully accept their Provisional Allotment will have their proportionate ownerships and voting interests in our Company reduced and the percentage of the enlarged issued and paid-up share capital represented by their shareholdings in our Company will also be reduced accordingly.

Further, as at the LPD, the Exemption Parties collectively hold, directly and indirectly, 859,787,549 Mulpha Shares representing approximately 40.30% of the issued and paid-up share capital (excluding treasury shares) of our Company. Upon completion of the Rights Issue and depending on the subscription rate of the Rights Shares by all other Entitled Shareholders and/ or their renounee(s), the collective shareholdings of the Exemption Parties may increase up to a maximum of 1,926,614,228 Mulpha Shares representing approximately 60.20% of the enlarged issued and paid-up share capital (excluding treasury shares) of our Company. In the event their collective shareholdings increase above 50% of the enlarged issued and paid-up share capital (excluding treasury shares) of our Company, the Exemption Parties would collectively be able to determine the outcome of any resolution which require a simple majority 50% plus one (1) share tabled at future general meetings, save for resolutions in which they are interested in and are required to abstain from voting pursuant to the Listing Requirements.

6.4 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of the future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on assumptions made by our management and although believed to be reasonable at that time, are subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section. In view of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by us on the achievability of our future plans and objectives.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

We are an investment holding company and our subsidiary companies are principally operating in the following industries:-

- i. Property development industry in Malaysia; and
- ii. Property development and property investment industry and hospitality industry involving investments in hotels and/ or resort accommodations in Australia.

Based on the audited financial statements for the past three (3) FYE 31 December 2015 of our Group, we derived revenue from the following geographical segments and mainly from the following business segments:-

FYE	Revenue contribution %		Business segment	
	Australia	Malaysia	Property industry	Hospitality industry
31 December 2013 (restated)	71.1%	28.9%	48.5%	51.3%
31 December 2014	80.2%	19.8%	59.4%	40.4%
31 December 2015	97.8%	2.2%	45.8%	51.7%

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a growth of 4.5% in the fourth quarter of 2015 (3Q 2015: 4.7%), supported mainly by the private sector demand. On the supply side, growth was underpinned by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.5% (3Q 2015: 0.7%). For the year 2015, the Malaysian economy expanded by 5.0%.

Despite the challenging economic environment during the fourth quarter of 2015, the private sector continued to be the key driver of growth. Private consumption grew by 4.9% (3Q 2015: 4.1%), supported by stable wage growth and labour market conditions. Private investment expanded by 5.0% (3Q 2015: 5.5%), driven by capital spending in the manufacturing and services sectors. Public investment growth moderated in the fourth quarter of 0.4% (3Q 2015: 1.8%), following lower growth in fixed assets spending by the Federal Government. Meanwhile, public consumption growth registered sustained growth of 3.3% (3Q 2015: 3.5%) as the stronger growth in emoluments was offset by slower growth in supplies and services expenditure.

On the supply side, growth in the fourth quarter of 2015 was supported by the major economic sectors. Growth in the services sector was underpinned by the consumption- and trade-related activities. The manufacturing sector recorded a marginally higher growth, supported mainly by domestic-oriented industries. In the construction sector, growth was supported by the civil engineering and residential sub-sectors. Meanwhile, growth in the agriculture sector moderated, reflecting lower production of palm oil. The mining sector, however, registered a contraction arising from the lower production of both crude oil and natural gas.

The ringgit, along with other regional currencies, did not face significant volatility during the fourth quarter of 2015 despite uncertainties over global growth prospects and declining global energy prices. Overall, the ringgit appreciated by 3.6% against the USD during the quarter. The ringgit also appreciated against the euro (6.7%), the pound sterling (6.0%), and the Japanese yen (4.0%), but depreciated against the Australian dollar (-0.5%). The ringgit also appreciated against all regional currencies, by between 2.4% and 5.8%, with the exception of the Indonesian rupiah (-2.4%). Between 1 January and 16 February 2016, the ringgit appreciated against the USD (3.5%). The ringgit also appreciated against the pound sterling (6.3%), the Australian dollar (5.4%), and the euro (1.4%), but depreciated against the Japanese yen (-1.3%). The ringgit appreciated against most regional currencies.

The Malaysian economy is expected to face a challenging operating environment in the immediate future. Growth will continue to be driven by domestic demand, with some support from net exports. Nevertheless, the pace of domestic demand expansion is projected to moderate. While the growth in income and employment continues to support private consumption, it is expected to moderate as households continue to adjust to the higher cost of living. Meanwhile, private investment is projected to moderate to below its long term trend but will nevertheless be supported by the capital expenditure in the manufacturing and services sectors, as well as the implementation of infrastructure projects. The downside risks to growth will however remain, given the continued uncertainty in the external environment and the on-going reforms in the domestic economy.

(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2015, Bank Negara Malaysia)

7.2 Overview and outlook of the Australian economy

The Australian economy has continued to grow at a moderate pace and activity is rebalancing away from the resources sector towards non-resource sectors. Even though the available data suggest that GDP continued to grow at a below-trend pace over 2015, employment growth was above average and the unemployment rate fell by around 0.5%. In part, employment growth appears to have reflected the relatively strong growth of output in the more labour-intensive sectors of the economy, such as household services. Growth of goods-related production has picked up more recently, but remains modest overall.

Household consumption growth increased in the September quarter, and indicators suggest that a similar pace of growth has been sustained more recently. The Bank's retail liaison suggests that trading conditions improved in the Christmas and post-Christmas sales period. This is consistent with strong employment growth and households' perceptions of their personal finances being above average.

While dwelling investment grew strongly over the year to the September quarter, conditions in the housing market more generally have eased since then. Building approvals have declined but remain at a high level, while some other indicators of dwelling investment – such as new construction loan approvals – have picked up a bit in recent months. At the same time, housing prices nationally have declined a little and auction clearance rates have fallen to be around their long-run averages. Aggregate housing credit growth has stabilised at around 7.5%. However, investor housing credit growth has declined, consistent with the larger increase in mortgage rates for investors and the strengthening of banks' non-price lending terms in response to supervisory actions.

The economy continues to be affected by a range of different forces. Low interest rates are supporting growth in household consumption and dwelling investment, and the depreciation of the exchange rate has helped to improve the competitiveness of Australian producers. This is particularly apparent in the services sector, where Australia's exports of services have grown, while imports of services have fallen noticeably over the past couple of years. At the same time, non-mining investment has remained subdued and mining investment has been declining sharply, as the significant expansion in Australian mining production capacity – prompted by the earlier strength in commodity prices – reaches completion. This has facilitated a significant increase in resource exports, although resource companies' earnings are being adversely affected by the large decline in commodity prices.

Economic activity has generally strengthened in non-resource sectors. Growth in output has been strongest in the services sector. An increase in the provision of services, particularly household services, generally requires less investment and more labour than an increase in the output of goods-related industries, which are generally more capital intensive. Hence, the relatively strong growth in the production of services may help to explain why employment growth has been strong even though GDP growth overall has been below average.

Forecasts for GDP growth are little changed from those presented in the Statement on Monetary Policy: November 2015 by the Reserve Bank of Australia. Year-ended GDP growth is forecast to be 2.5–3.5% over the year to December 2016, and to increase to 3–4% over the year to June 2018.

Output Growth and Inflation Forecasts^(a) (in %)

	Year-ended					
	Dec 2015	June 2016	Dec 2016	June 2017	Dec 2017	June 2018
GDP growth	2.5	2–3	2.5–3.5	2.5–3.5	2.5–3.5	3–4
Consumer Price Index inflation	1.7	1.5	2–3	2–3	2–3	2–3
Underlying inflation	2	2	2–3	2–3	2–3	2–3
	Year-average					
	2015	2015/ 16	2016	2016/ 17	2017	2017/ 18
GDP growth	2.5	2-3	2–3	2.5–3.5	2.5–3.5	2.5–3.5

Note:-

- (a) Technical assumptions include AUD at USD0.72, trade-weighted index at 62 and Brent crude oil price at USD35 per barrel

Economic growth is expected to increase gradually over the next two years to be a bit above the decade average. A further increase in growth in household incomes and demand is anticipated, supported by rising employment, low interest rates and lower petrol prices. Growth in dwelling investment is expected to moderate gradually from its relatively rapid pace of the past year. Non-mining business investment is forecast to pick up in the second half of the forecast period, reflecting the improvement in domestic demand. Further large falls in mining investment are likely, although the largest subtraction from GDP growth is expected to occur in the current financial year. Resource exports are projected to remain a key driver of GDP growth over the period ahead. More generally, net exports will continue to be supported by the lower exchange rate, particularly in the services sector.

(Source: Statement on Monetary Policy: February 2016, Reserve Bank of Australia)

7.3 Overview and outlook of the construction and property development industry in Malaysia

The construction sector grew by 7.4% in the fourth quarter of 2015 (3Q 2015: 9.9%), supported mainly by the civil engineering and residential sub-sectors. Activity in the civil engineering sub-sector was underpinned by petrochemical and transport-related projects, while construction in the mass-market and high-end housing segments supported growth in the residential sub-sector. The expansion in the non-residential sub-sector registered slower growth, amid lower construction activity in the industrial and commercial property segments.

GDP by construction sector

	←-----2014-----→			←-----2015-----→		
	3Q	4Q	Year Change (%)	3Q	4Q	Year Change (%)
Construction	9.7	8.8	11.8	9.9	7.4	8.2

(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2015, Bank Negara Malaysia)

The construction sector is projected to increase by 8.4% in 2016, largely driven by infrastructure projects. The sector is expected to benefit, particularly from civil-engineering activities such as Pan-Borneo Highway, MRT Line 2 and Pengerang Integrated Complex project. Meanwhile, the non-residential subsector is expected to expand led by ongoing construction of commercial buildings. Growth in the residential subsector is expected to be supported by ongoing Government initiatives to provide affordable housing.

(Source: Chapter 3 – Economic Performances and Prospects, Economic Report 2015/ 2016, Ministry of Finance, Malaysia)

The property market volume recorded at 362,105 transactions worth RM149.9 billion in 2015, down by a marginal 5.7% in volume and 8.0% in value against 2014. Residential sub-sector continued to lead the overall market, with 65.2% contribution in volume and 49.0% in value. The sub-sector recorded a slight downturn by 4.6% in volume and correspondingly down in value by 10.5%. The commercial, industrial, agriculture and development land sub-sectors were also on moderating path, down by 10.6%, 13.0%, 7.5% and 2.4% respectively.

Under the residential property, there were 235,967 transactions worth RM73.47 billion recorded in the review period, declined by 4.6% in volume and 10.5% in value. Performance by states was generally on a low tone. Major states namely Johor and Pulau Pinang recorded mark declines in market activity, down by 20.4% and 16.9% respectively whilst Kuala Lumpur and Selangor recorded moderate declines of 8.3% and 5.1% respectively. In line with market softening and bleak households' sentiment, the primary market reacted accordingly as the number of new launches reduced to 70,273 units, down by 19.2% against 2014 (86,997 units). Most states particularly the major ones namely Johor and Pulau Pinang saw substantial declines in their new launches, each down by 42.8% (9,428 units) and 47.5% (2,348 units). The overall sales performance for the country hovered at 41.4% (29,089 units sold), lower than 45.4% (39,491 units sold) performance in 2014.

The residential overhang situation took a downturn as more units were recorded. There were 11,316 overhang units worth RM5.9 billion, up by 16.3% in volume and 56.0% in value. Johor which held 21.9% of the national overhang, saw its overhang increased to 2,483 units, up by 8.5% due to higher unsold in terrace and service apartment types. On similar trend, the unsold under construction recorded an increase of 28.6% to 68,760 units due to large numbers of unsold condominium and service apartment units. The fewer number of new launches partly helped contain the unsold not constructed, down by 20.5% to 10,704 units. Construction activities were generally on a low tone with the exception of starts. Completions were down by 25.0% (80,850 units) whereas starts recorded a 10.3% increase (188,757 units) over 2014, as higher number of service apartments in Johor Bahru (20,914 units) and Kuala Lumpur (13,197 units) commenced construction. On the contrary, new planned supply was on a four-year low at 139,189 units, down by 31.8%. As at end-2015, there were 4.93 million existing residential units with nearly 0.89 million in the incoming supply and 0.64 million in the planned supply.

The Malaysian House Price Index sustained its moderating trend. As at Q4 2015, the Malaysian All House Price Index stood at 227.5 points (at base year 2000), up by 5.8% on annual basis. The annual rate of increase for Malaysian All House Price Index has been on a decelerating trend since Q4 2013, resulting from the various cooling measures to contain the spiralling prices. On quarterly movements, the index points contracted by 0.8% against Q3 2015.

Under commercial property, there were 31,776 transactions worth RM26.4 billion recorded, down by 10.6% in volume and 17.1% in value. Major states recorded lacklustre performance with Johor recording the highest decrease of 21.9%, followed by Kuala Lumpur at 15.0%, Selangor at 11.1% and Pulau Pinang at 10.7%. In terms of transactions value, only Pulau Pinang held strong with an increase of 19.0% despite fallen market activity whilst the other major states succumbed to double-digit declines.

Under industrial property, the positive performance recorded in the first half did not sustain till year-end. The industrial sub-sector recorded 7,046 transactions worth RM11.97 billion, down by 13.0% in volume and 17.5% in value. Selangor continued to dominate the market, with 28.9% of the nation's volume, followed by Johor and Perak, each with 16.1% and 9.6% market share respectively.

The industrial overhang saw a slight increase to record 243 units worth RM240.57 million, up by 7.5% in volume and nearly triple the value of 2014. The significant increase in value was contributed by cluster industrial property, which accounted for 45.6% of the national overhang value and were solely in Johor. The unsold under construction also observed similar trend, up by 29.7% to 1,731 units, whereas the unsold not constructed reduced to 87 units, down by 41.2%.

The economic and financial environment, both local and global, will be even more challenging in 2016. This has led to the recalibration of 2016 Annual Budget in order to ensure that our country remain firm to brave the forthcoming uncertainties. The residential sub-sector is expected to experience further softening in 2016 in view of the various internal and external uncertainties foreseeable in the coming year. Issues on affordable housing and affordability of home purchasers will continue to top the national agenda. The measure announced in budget recalibration, that states all new housing projects priced up to RM300,000 be limited to first-time house buyers.

The commercial sub-sector is expected to be equally or more challenging in comparison to residential sub-sector. The retail sector is likely to moderate as cautious sentiment on consumers' spending lingers at the onset of increasing costs of living. The performance of hypermarkets looks more positive due to nature of goods sold in these premises i.e. necessity goods. The performance of office market is expected to plateau. Downward pressure on rental may be felt by buildings, particularly those with tenants that are related to oil and gas industry. At the same time, the ample office space supply should send some cautionary signals to the authority before approving new developments. The leisure sub-sector is expected to remain positive. The allocation of RM1.2 billion to the Ministry of Tourism and Culture to implement programmes and events to achieve the targeted tourist at 30.5 million in 2016 may help support the sub-sector i.e. hotel industry.

Property sector will be able to endure this challenging period with adjustments and corrections expected from both the demand and supply side. Although property sector may see moderation in market activity, the slowdown would still be manageable. Several infrastructure projects i.e. public transport networks are game-changers that would help boost values in areas where the networks run.

(Source: Press Release Malaysian Property Market 2015, 19 April 2016, National Property Information Centre, Malaysia, <http://napic.jpoh.gov.my>)

7.4 Overview and outlook of the construction and property development industry in Australia

Conditions in the established housing market have eased in recent months. National housing prices have declined slightly from their September 2015 peak, following strong growth earlier in 2015. Auction clearance rates, which are another timely gauge of housing market conditions, have also declined from very high levels to be around their long-run averages.

However, some other indicators – including turnover rates, days on market and the eventual discount on vendor asking prices – have been little changed. The easing in housing market conditions has been most pronounced for detached houses in Sydney and Melbourne, where earlier price growth had been strongest, and in Perth, where prices have been declining since early 2015. Until recently, growth of national apartment prices had been noticeably slower than that of detached housing prices, reflecting large increases in higher-density housing supply over recent years, especially in Melbourne. The increase in supply over recent years, partly in response to strong investor demand, has been associated with a gradual increase in the nationwide rental vacancy rate. Rental yields remain low by historical standards.

Dwelling investment grew strongly over the year to the September 2015 quarter, supported by low interest rates and the significant increase in housing prices over the past several years. Building approvals have been on a downward trend over the course of the past year, driven by fewer higher-density approvals, but remain at a high level. Some other forward-looking indicators of dwelling investment, such as new construction loan approvals, have picked up a little in recent months.

The impact of slowing housing price growth on future growth in dwelling investment is unclear. In the period ahead, dwelling investment seems likely to be supported by continued strong demand from foreign buyers. Information from the Bank's liaison suggests that foreign buyers tend to have long-term motivations for investment and may be relatively unconcerned about temporary fluctuations in housing price growth. Population growth, employment prospects and expectations for future housing price growth are likely to be important considerations for domestic buyers. Some geographic areas appear to be at risk of reaching a point of oversupply, particularly the inner-city areas of Melbourne and Brisbane.

(Source: Statement on Monetary Policy: February 2016, Reserve Bank of Australia)

"The total volume of construction work continued to contract in early 2015, led by engineering construction which fell by 20.3% per annum in Q1 2015. In contrast, residential building increased by 11.4% per annum in Q1 2015, supported by stronger house approvals and especially strong growth in multi-unit dwelling construction.

Non-residential building activity (commercial construction) is expected to remain subdued into 2016, reflecting persistent weakness in approvals and building commencements across most major commercial property markets. Constrained public sector investment and weak white collar employment growth (two (2) of the main drivers of office construction), poor growth in local retail spending (the main driver of growth in retail construction) and poor investor sentiment continue to weigh heavily on the commercial construction industry's pipeline of work. Accordingly, results from the Ai Group Construction Outlook survey point to relatively weak annual growth in turnover from non-residential building work in both 2015 and 2016. Public sector commercial building work is expected to be flat, while private sector commercial building activity is expected to improve modestly through 2015 and 2016.

Commercial Construction Outlook (% change per annum in revenue*)

	2014	2015 (f)	2016 (f)
1.Private sector	2.3	2.5	3.5
2.Public sector	-1.7	0.3	-0.1
Total commercial	0.0	1.3	1.5

Note:-

* Nominal dollars, not adjusted for inflation

Residential building activity continues to charge ahead in 2015, reflecting buoyant new apartment approvals, particularly in Sydney and Melbourne. The number of total dwelling units approved in May 2015 was up 17.6% per annum, mainly due to the strength in approvals for apartments, which rose by 46% per annum to a near-record high of around 10,000 approvals per month.

The Ai Group Construction Outlook survey (May 2015) suggests growth in the value of apartment construction of 14.9% per annum in 2015. Further growth of 4.1% per annum is expected in 2016, in response to sustained demand for new residences. The drivers of residential construction suggest further growth in residential building activity over the remainder of 2015 and into 2016. These factors include elevated approvals, low mortgage interest rates, strong population growth and urban transport infrastructure developments."

Apartments Construction Outlook (% change per annum in revenue*)

	2014	2015 (f)	2016 (f)
Multi-apartment complexes	7.1	14.9	4.1

Note:-

* Nominal dollars

(Source: Extracted from The Australian Industry Group's Australia's Construction Industry: Profile and Outlook 2015, www.aigroup.com.au/constructionoutlook)

7.5 Overview and outlook of the tourism and hospitality industry in Australia

International visitors to Australia spent a record AUD36.6 billion in the year ending December 2015, 18% or AUD5.5 billion more than the previous year. This is the highest percentage growth in total trip spend since 2001. The number of visitors aged 15 years and over reached 6.9 million, increasing by 502,000 (8%) from the previous year, and nights were up 11% to 248 million. Nine of our top 20 markets had record visitor numbers during the year.

Strong growth was seen in education, with visitation up 21% and nights up 20%. This saw total trip spend for education visitors increase 30% (AUD2.0 billion) for the year to AUD8.7 billion, which accounted for 37% of the total increase in total trip spend for the year. Education now accounts for 24% of total trip spend.

Holiday visitor numbers were up 10%, nights up 7%, and spend up 16% to AUD14.3 billion, while those visiting friends and relatives were up 7%, nights up 9%, and spend up 16% to AUD5.9 billion. Employment also saw strong growth, with visitor numbers up 20%, nights up 18%, and spend up 20% to AUD2.8 billion.

Trends:-

- Strong growth for education, holiday and employment saw nights spent in rental apartments, flats or units increase 14% to 96.4 million nights.
- Hotels, motels and resorts, guest houses and bed and breakfasts increased 8% on the back of growth in holiday visitation to 27.1 million nights.
- Growth in visiting friends and relatives saw nights spent at the home of a friend or relative increase 11% to reach 75.7 million nights. This accounts for 31% of total nights.
- Nights spent in own property showed considerable growth of 39% to 3.9 million nights.
- The strong growth in expenditure saw increases for spend on shopping to take home, up 33% to AUD2.6 billion; entertainment, up 28% to AUD489 million; education fees, up 26% to AUD4.3 billion; package tours, up 17% to AUD4.1 billion; and food/ drink/ accommodation, up 16% to AUD10.8 billion.
- There was strong growth in the number of international visitors to wineries, up 37%; festivals and fairs, up 25%; monuments and heritage buildings, up 24%; botanical gardens and organised sporting events, both up 17%; farms, up 14%; and state/ national parks, up 13%.
- Participation in sailing, windsurfing and kayaking increased 26%.
- First-time visitors were up 7%, and return visitors were up 8%.
- Backpacker visitor numbers remained steady at 596,000.

- Business visitors were down 5%.

(Source: International Visitors in Australia Year Ending December 2015, Website of Tourism Research Australia, www.tra.gov.au)

The Australian Bureau of Statistics' Survey of Tourist Accommodation for 2013 – 14 indicates that strong growth in the Australian accommodation sector may have peaked for this cycle. Growth in supply was muted (room nights available, up 0.2%), while demand fell (room nights occupied, down 1.6%) in 2013 – 14. There was also a marginal decline in revenue per room (down 0.5%).

Deloitte Access Economics' ("DAE") Tourism and Hotel Market Outlook 2015 remains positive on the accommodation sector. They expect room nights sold to grow at 2.5% per annum between June 2015 and December 2017, and room occupancy rates to climb to just above 71% by 2018. Average room rates (3.5% per annum) and revenue per available room (4.7% per annum) are forecast to grow above trend rates over the same period.

On the supply side, DAE forecast that room nights available will increase by 1.2% per annum over the forecast period. While this represents modest growth, current investment in the sector is substantial. In 2014, AUD8.5 billion was invested in accommodation projects (up AUD1.1 billion from the previous year). This has the potential to add 15,900 rooms to supply should all projects progress to completion. Up to a further 18,300 rooms could also be added to supply from 69 identified mixed-use development projects.

Inbound visitor arrivals are forecast to increase 5.9% to 7.5 million in 2015 – 16, and by a further 5.6% to 7.9 million in 2016 – 17. The ten (10)-year average growth rate is forecast at 4.1%, with arrivals expected to reach 10.6 million by 2024 – 25. The forecasts for 2015 – 16 and 2016 – 17 represent an upward revision from those previously forecast. This takes into account stronger-than-expected performance in 2013 – 14 (7.9% to 6.7 million) and 2014 – 15 (6.6% to 7.1 million), the lower value of the AUD than previously expected, and an improved economic outlook for some key source markets including the US, New Zealand and the United Kingdom.

The momentum of international leisure travel to Australia is forecast to continue over the next two (2) years. Holiday travel is forecast to increase by 5.6% in 2015 – 16 and 6.3% in 2016 – 17. Travel to visit friends and relatives is also expected to experience solid growth, up 5.6% in 2015 – 16 and 5.3% in 2016 – 17. Modest growth in business travel is forecast in 2015 – 16 (up 2.5%) before picking up to 3.7% in 2016 – 17.

The outlook for Australia's tourism industry over the next few years is positive, with the domestic tourism market forecast to improve solidly (by 3.5% in 2015–16). Growth will mainly come from the steady growth of the Australian economy, and will be underpinned by lower fuel prices and the depreciation of the AUD; all of which makes domestic travelling more attractive for Australian residents. Among travel purposes, business travel (5.8%) is likely to increase faster than holiday (2.5%) and visiting friends and relatives (3.1%).

While domestic tourism is a large component of Australia's tourism industry, the inbound market is forecast to continue leading growth (5.9%) supported by lower fuel prices, the depreciation of the AUD and the improvement of economic conditions in overseas markets. Forecasts for Australia's key tourism markets are for growth above the global growth trend in the next two (2) years. Although China's economy has slowed down, growth in China, India and Malaysia (emerging markets) is expected to outpace the global average rate of growth. Similarly, the economic growth of Australia's leading Western tourism markets such as the US, the United Kingdom and New Zealand is expected to exceed the average rate of growth forecast for advanced economies as well. Inbound tourism demand is likely to remain strong for the next few years.

(Source: Tourism Forecasts 2015, Website of Tourism Research Australia and Overseas Arrivals and Departures, Australia, Australian Bureau of Statistics)

7.6 Future prospects of our Group

Our Group is principally involved in the real estate industry in Malaysia and Australia as well as the hospitality industry in Australia. Our Group is committed to long-term value creation with a focus on property development and property investment.

Year 2016 is expected to be a challenging year for the Malaysian economy, with real GDP growth projected to be moderate, impacted by the implementation of goods and services tax, decrease in commodity prices and the movement of the RM against the currencies of Malaysia's major trading partners. However, such market conditions may also provide opportunities for new investments and acquisitions. Despite the subdued property market conditions, our Group expects that there will still be demand for landed properties in prime locations with good accessibility. Our Group continues to remain focused on improving our operating cost base and improving the quality and mix of our products, which will provide our Group with the platform on which to further grow our business. Our Group is expected to launch super-link houses, semi-detached houses, bungalows and exclusive show villas in Leisure Farm, Johor in 2016.

In Australia, the hotel market demand is expected to continue to grow over the next two (2) years, in line with the continued weakness in the AUD. Based on the Tourism Forecasts 2015 report by Tourism Research Australia, international visitor arrivals are forecast to increase 5.9% to 7.5 million in 2015 – 16, and by a further 5.6% to 7.9 million in 2016 – 17, while room nights sold are expected to grow at 2.5% per annum between June 2015 and December 2017. Our Group's hospitality business is expected to benefit from the increased demand with higher room rates and occupancy rates projected in 2016. Our Group currently owns three (3) hotels/resorts, namely the five (5)-star InterContinental Sydney Hotel, the five (5)-star InterContinental Sanctuary Cove Resort Hotel in Queensland and the ultra-luxury private island five (5)-star One & Only Hayman Resort, Great Barrier Reef in Hayman Island, Queensland, Australia. In the Australian property sector, the level of increase in house prices, mainly in Sydney and Melbourne, has slowed. The APRA's clampdowns on lending to investors alongside high housing prices are expected to temper further price increases. Notwithstanding this, the low interest rate condition in Australia should continue to benefit our Group's real estate development business with new launches expected in 2016.

The above-mentioned upcoming launches of our Group's new property development projects coupled with our Group's on-going property developments, are expected to contribute positively to the future earnings of our Group. Our Board, after having considered all the relevant aspects including the above-mentioned prospects and outlook of the construction and property development industry in Malaysia as well as the property development, tourism and hospitality industries in Australia, is cautiously optimistic that our Group is able to continue to improve our financial position moving forward.

(Source: Mulpha Annual Report 2015 and Tourism Forecasts 2015 Report by Tourism Research Australia)

8. EFFECTS OF THE RIGHTS ISSUE

8.1 Issued and paid-up share capital

The pro forma effects of the Rights Issue on our issued and paid-up share capital as at the LPD are set out below:-

	No. of Shares	RM
Issued and paid-up share capital as at the LPD	2,355,913,158	1,177,956,579
Less: Treasury shares	(222,259,800)	(111,129,900) ^{*1}
	<u>2,133,653,358</u>	<u>1,066,826,679</u>
Shares to be issued pursuant to the Rights Issue	1,066,826,679	533,413,340
Enlarged issued and paid-up share capital	<u>3,200,480,037</u>	<u>1,600,240,019</u>

Note:-

^{*1} For illustration purposes only, assuming the treasury shares were acquired at par value

8.2 NA per Share and gearing

Based on the audited consolidated statements of financial position of our Group as at 31 December 2015, the pro forma effects of the Rights Issue on the NA per Share and gearing of our Group are set out as follows:-

	Audited as at 31 December 2015 RM'000	After the Rights Issue RM'000
Share capital	1,177,957	1,711,370
Share premium reserves	579,863	312,076 ^{*1}
Treasury shares	(92,137)	(92,137)
Reserves	305,608	305,608
Retained earnings	597,699	597,699
Shareholders' equity/ NA attributable to owners of the Company	<u>2,568,990</u>	<u>2,834,616</u>
No. of Shares outstanding (excluding treasury shares) ('000)	2,133,653	3,200,480
NA per Share (RM)	1.20	0.89
Borrowings (RM'000)	2,247,024	2,047,024 ^{*2}
Gearing ratio (times)	0.87	0.72

Notes:-

^{*1} After deducting estimated expenses of RM1.08 million in relation to the Corporate Exercises and the capitalisation of the Second Call of RM0.25 per Rights Share amounting to RM266.71 million

^{*2} For illustrative purposes, assuming the proceeds for the partial repayment of borrowings amounting to RM200.00 million is utilised at this juncture

8.3 Earnings and EPS

The Rights Issue is not expected to have any material effect on the earnings of our Group for the FYE 31 December 2016. However, the EPS of our Group may be diluted as a result of the increase in the number of Mulpha Shares in issue upon the completion of the Rights Issue, which is expected to be completed by the second quarter of 2016.

For illustrative purposes only, assuming the Rights Issue had been completed on 1 January 2015, being the beginning of the FYE 31 December 2015, the pro forma dilution effect on the basic EPS of our Group as a result of the increase in the number of Mulpha Shares in issue, is set out as follows:-

	Audited FYE 31 December 2015 RM'000	After the Rights Issue RM'000
PAT attributable to equity holders of Mulpha	165,123	165,123 ^{*1}
Number of Shares outstanding (excluding treasury shares) ('000)	2,133,653	3,200,480 ^{*2}
Basic EPS (sen)	7.74 ^{*3}	5.16 ^{*3}

Notes:-

^{*1} For the avoidance of doubt and for illustration purposes, any interest savings arising from the partial repayment of borrowings amounting to RM200.00 million has not been reflected herein.

^{*2} Being the pro forma enlarged issued and paid-up share capital as set out in Section 8.1 of this Abridged Prospectus.

^{*3} Computed by dividing the PAT attributable to equity holders of Mulpha by the number of Shares outstanding (excluding treasury shares)

Notwithstanding the above, the proceeds from the Rights Issue as set out in Section 4 of this Abridged Prospectus may contribute positively to the earnings of our Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that, after taking into consideration our cash flow generated from our operations, current cash in hand and banking facilities available as well as proceeds from the Rights Issue, our Group will have sufficient working capital for the next 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM2.18 billion. All the borrowings are interest-bearing and comprise the following:-

	RM'000
Long term borrowings:-	
Finance lease liabilities	8,440
Bonds	97,009
Term loans	869,991
	(A) <u>975,440</u>
Short term borrowings:-	
Finance lease liabilities	141
Bank overdraft	3,759
Bonds	589,287
Revolving credit	221,846
Term loans	387,840
	(B) <u>1,202,873</u>
Total (A+B)	<u>2,178,313</u>

Our Group's borrowings above are denominated in the following currencies:-

Currency	Amount	RM'000 equivalent, where applicable
RM		94,759
AUD	AUD'000 459,590	1,389,295
JPY	JPY'000 3,046,702	108,734
USD	USD'000 150,000	585,525
		<u>2,178,313</u>

There has been no default on payments of either interest and/ or principal sums in respect of any borrowings for the FYE 31 December 2015 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

9.4 Material commitments

Save as disclosed below, as at the LPD, there are no material commitments for capital expenditure incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group:-

	RM'000
Capital expenditure for property, plant and equipment	
Authorised and contracted for	21,276
Non-cancellable operating lease commitments	
Future rental payable	136,002
	<u>157,278</u>

10. INSTRUCTIONS FOR ACCEPTANCE, SALE OR TRANSFER, EXCESS APPLICATION AND PAYMENT

10.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotment which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed with this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Allotment, as well as to apply for Excess Rights Shares if you choose to do so.

10.2 NPA

The Provisional Allotment are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotment will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/ or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Shares is at **5.00 p.m. on Wednesday, 1 June 2016**, or such later date and time as our Board may, at its absolute discretion, determine and announce not less than two (2) Market Days before the stipulated date and time.

10.4 Procedure for full acceptance and payment

Acceptance and payment for the Provisional Allotment must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, the NPA or the RSF or the notes therein or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENT, APPLICATION FOR THE EXCESS RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTION CONTAINED THEREIN.

YOU AND/ OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions provided therein. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST, COURIER or DELIVERED BY HAND** at the address as set out as follows:-

**FOR DELIVERY BY HAND AND/
OR COURIER:-**

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

FOR ORDINARY POST:-

Symphony Share Registrars Sdn Bhd
Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan

Helpdesk Telephone No: 03 - 7849 0777
Facsimile No: 03 - 7841 8151/ 8152

so as to arrive **not later than 5.00 p.m.** on **Wednesday, 1 June 2016**, being the last date and time for acceptance and payment for the Rights Shares, or such later date and time as our Board may, at its absolute discretion, determine and announce not less than two (2) Market Days before the stipulated date and time.

One (1) RSF can only be used for acceptance of Provisional Allotment standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Allotment standing to the credit of more than one (1) CDS Account(s). If successful, the Rights Shares subscribed for will be credited into your CDS Account(s) where the Provisional Allotment is standing to the credit.

A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/ or your renounee(s) (if applicable) should take note that a trading board lot for the Rights Shares comprises of 100 Rights Shares. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share. Fractions of Rights Shares, if any, will be disregarded, and shall be dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance and payment for the Provisional Allotment (whether in full or in part, as the case may be) is not received by our Share Registrar by **5.00 p.m.** on **Wednesday, 1 June 2016**, being the last date and time and for acceptance and payment, or such later date and time as may be determined and announced by our Board at their absolute discretion not less than two (2) Market Days before the stipulated date and time, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. In the event that the Rights Shares are not fully taken up by such applicants, our Board will then have the right to allot such securities to the applicants who have applied for the Excess Rights Shares in the manner as set out in Section 10.8 of this Abridged Prospectus.

If you or your renounee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from Bursa Securities' website at <http://www.bursamalaysia.com>, our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES ACCEPTED IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "MULPHA RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS ABRIDGED PROSPECTUS. CHEQUES OR ANY OTHER MODE(S) OF PAYMENT ARE NOT ACCEPTABLE.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES, AND NOTICES OF ALLOTMENT WILL BE DESPACHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

OUR SHARE REGISTRAR WILL NOT CONTACT YOU AND/ OR YOUR RENOUNCEE(S)/ TRANSFEREE(S) (IF APPLICABLE) FOR ACCEPTANCES WHICH DO NOT STRICTLY CONFORM TO THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS OR THE RSF OR THE NOTES AND INSTRUCTIONS CONTAINED IN THESE DOCUMENTS, OR WHICH ARE ILLEGIBLE.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND DESPACHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

10.5 Procedure for part acceptance by Entitled Shareholders

You are entitled to accept part of your Provisional Allotment provided always that the minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share.

You must complete both Parts I(a) and II of the RSF by specifying the number of the Rights Shares which you are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 10.4 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Allotment that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Provisional Allotment.

10.6 Procedure for sale or transfer of the Provisional Allotment

As the Provisional Allotment are prescribed securities, you may dispose or transfer all or part of your entitlement to the Provisional Allotment to one (1) or more person(s) through your stockbrokers without first having to request for a split of the Provisional Allotment standing to the credit of your CDS Account. To dispose or transfer all or part of your entitlement to the Provisional Allotment, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have disposed or transferred only part of the Provisional Allotment, you may still accept the balance of the Provisional Allotment by completing the RSF. Please refer to Sections 10.4 and 10.5 of this Abridged Prospectus for the procedure for acceptance and payment.

In disposing or transferring all or part of your Provisional Allotment, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient Provisional Allotment standing to the credit of your CDS Account that are available for settlement of the sale or transfer.

If you have disposed or transferred only part of your Provisional Allotment, you may still accept the balance of your Provisional Allotment by completing the RSF and forwarding the RSF together with the full amount payable on the balance of the Rights Shares applied for to the Share Registrar in accordance with the instructions in Section 10.5 of this Abridged Prospectus. The minimum number of Rights Shares that can be accepted or minimum number of Excess Rights Shares which can be applied for is one (1) Right Share. Please refer to Sections 10.4 and 10.5 of this Abridged Prospectus for the manner of acceptance and payment.

Purchaser(s) or transferee(s) of the Provisional Allotment may obtain a copy of this Abridged Prospectus and the RSF from our Share Registrar or at our Registered Office. This Abridged Prospectus and the RSF are also available on the Bursa Securities' website at <http://www.bursamalaysia.com>.

ENTITLED SHAREHOLDERS WHO DISPOSE OR TRANSFER THEIR PROVISIONAL ALLOTMENT WILL AUTOMATICALLY BE DISPOSING OR TRANSFERRING THEIR ENTITLEMENTS TO THE RIGHTS SHARES.

10.7 Procedure for acceptance by renounees

Renounees who wish to accept the Provisional Allotment must obtain a copy of the RSF from our Share Registrar or at our Registered Office or from Bursa Securities' website at <http://www.bursamalaysia.com>, and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 10.4 of this Abridged Prospectus also applies to renounees who wish to accept the Provisional Allotment.

RENOONEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.8 Procedure for application of Excess Rights Shares

You and/ or your renounee(s) (if applicable) may apply for the Excess Rights Shares in excess of your entitlement by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance in RM** for the full amount payable in respect of the Excess Rights Shares applied for) to our Share Registrar **not later than 5.00 p.m. on Wednesday, 1 June 2016**, being the last date and time for acceptance and payment, or such later date and time as may be determined and announced by our Board at their absolute discretion, not less than two (2) Market Days before the stipulated date and time.

PAYMENT FOR THE EXCESS RIGHTS SHARES APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.4 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "MULPHA EXCESS RIGHTS ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR EXCESS APPLICATION AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS ABRIDGED PROSPECTUS. CHEQUES OR ANY OTHER MODE(S) OF PAYMENT ARE NOT ACCEPTABLE.

It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:-

- i. Firstly, to minimise the incidence of odd lots;
- ii. Secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
- iii. Thirdly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied for; and
- iv. Finally, for allocation to renounee(s) and/ or transferee(s) who have applied for the Excess Rights Shares, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied for.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under Part I(b) of the RSF in such manner as our Board deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in (i), (ii), (iii) and (iv) above is achieved.

Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES, AND NOTICES OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND DESPATCHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

10.9 Form of issuance

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, the SICDA and the Rules of Bursa Depository shall apply to the dealings in the Rights Shares.

You are required to have a valid and subsisting CDS Account in order to subscribe for the Rights Shares. Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share certificates shall be issued to you under the Rights Issue. Instead, the Rights Shares will be credited directly into your CDS Account.

The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares.

10.9.1 Subscription for the Rights Shares by Entitled Shareholders

Where the Rights Shares are provisionally allotted to you as an Entitled Shareholder in respect of your existing Mulpha Shares standing credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Allotment shall mean that you consent to receive such Rights Shares as prescribed or deposited securities which will be credited directly into your CDS Account.

10.9.2 Subscription of Rights Shares by renounees

Any person who has purchased the Provisional Allotment or to whom the Provisional Allotment has been transferred and intends to subscribe for the Rights Shares must state his CDS Account number in the space provided in the RSF. The Rights Shares will be credited directly as prescribed or deposited securities into his CDS Account upon allotment and issuance.

10.9.3 Application for the Excess Rights Shares by an Entitled Shareholder and/ or his renounee(s) (if applicable)

The Excess Rights Shares, if allotted to the successful applicant who applies for the Excess Rights Shares, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the Excess Rights Shares will be made on a fair and equitable basis as disclosed in Section 10.8 of this Abridged Prospectus.

10.10 Laws of foreign jurisdiction

This Abridged Prospectus, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) for subscription of any foreign jurisdiction. The Rights Issue will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this Abridged Prospectus, and the accompanying NPA and RSF will not be sent to the Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) may collect this Abridged Prospectus, and the accompanying NPA and RSF from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so.

RHBIB, our Share Registrar, our Company, our Directors, officers and advisers would not, in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are or may be subject. Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. RHBIB, our Share Registrar, our Company, our Directors, officers and advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/ or renounee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) will be responsible for payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) for any such issue, transfer or other taxes or other requisite payments. They will have no claims whatsoever against us and/ or RHBIB in respect of their rights and entitlements under the Rights Issue. Such Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue.

By signing the RSF, the Foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) RHBIB, our Share Registrar, our Company, our Directors, officers and advisers that:-

- i. we would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or renounee(s) (if applicable) are or may be subject to;
- ii. they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotment;
- iii. they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Allotment, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- iv. they are aware that the Rights Shares can only be transferred, sold or otherwise disposed, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- v. they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and
- vi. they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

Persons receiving this Abridged Prospectus, the NPA and the RSF (including without limitation to custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, the NPA and the RSF to any foreign jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares from any such application by Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus, the NPA and the RSF enclosed herewith.

12. OTHER MATTERS

Purely for the information of our Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s), the SC had on 3 January 2012 reprimanded the Board at the material time for breaching Paragraph 1.03 of the SC's Prospectus Guidelines – Abridged Prospectus in relation to the rights issue exercise completed by Mulpha on 25 March 2010, by failing to ensure that the final basis of allocation of excess rights shares was consistent with the basis disclosed in the abridged prospectus of Mulpha dated 24 February 2010.

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13. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of our Board of
MULPHA INTERNATIONAL BHD



LAW CHIN WAT
Non-Independent Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 12 FEBRUARY 2016

MULPHA INTERNATIONAL BHD

(Company No. 19764-T)

CERTIFIED EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD AT LEVEL 11, MENARA MUDAJAYA, NO. 12A, JALAN PJU 7/3, MUTIARA DAMANSARA, 47810 PETALING JAYA, SELANGOR DARUL EHSAN ON 12 FEBRUARY 2016

ORDINARY RESOLUTION 1:

PROPOSED RENOUNCEABLE TWO (2)-CALL RIGHTS ISSUE OF 1,066,826,679 NEW ORDINARY SHARES OF RM0.50 EACH IN MULPHA ("MULPHA SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING MULPHA SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER, AT AN INDICATIVE ISSUE PRICE OF RM0.50 PER RIGHTS SHARE, OF WHICH THE INDICATIVE FIRST CALL OF RM0.25 PER RIGHTS SHARE IS PAYABLE IN CASH ON APPLICATION AND THE INDICATIVE SECOND CALL OF RM0.25 PER RIGHTS SHARE IS TO BE CAPITALISED FROM THE SHARE PREMIUM RESERVES OF THE COMPANY ("PROPOSED RIGHTS ISSUE")

Dato' Chairman announced the poll results in respect of Ordinary Resolution 1 which was carried as follows:-

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	337,953,492	99.89	382,610	0.11

Dato' Chairman declared that Ordinary Resolution 1 was duly passed. It was hereby **RESOLVED:**

THAT subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities or parties being obtained, where required, approval be and is hereby given to the Board of Directors of Mulpha ("**Board**") for the following:-

- (a) to provisionally allot and issue by way of a renounceable two (2)-call rights issue of 1,066,826,679 Rights Shares on the basis of one (1) Rights Share for every two (2) existing Mulpha Shares held by the shareholders whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board, at an issue price to be determined and fixed at a later date by the Board. The indicative issue price is RM0.50 per Rights Share, of which the indicative first call of RM0.25 per Rights Share is payable in cash on application and the indicative second call of RM0.25 per Rights Share is to be capitalised from the share premium reserves of the Company;
- (b) to capitalise from the Company's share premium reserves towards paying in full for the second call of the Rights Shares pursuant to the Proposed Rights Issue;
- (c) to issue such Rights Shares as may be required to give effect to the Proposed Rights Issue, including any persons entitled on renunciation of the provisional allotments; and
- (d) to do all such acts and things including but not limited to the application to Bursa Malaysia Securities Berhad for the listing of and quotation for the Rights Shares;

THAT any Rights Shares which are not taken up shall be made available for excess applications to the entitled shareholders and/ or their renounee(s) who have applied for the excess Rights Shares, and are intended to be allocated on a fair and equitable basis;

THAT any fractional entitlements of the Rights Shares arising from the Proposed Rights Issue, if any, shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deems fit and expedient, and to be in the best interest of the Company;

THAT the proceeds of the Proposed Rights Issue be utilised as set out in the circular to shareholders of the Company dated 22 January 2016, and the Board be and is hereby authorised with full power to vary the manner and/ or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/ or expedient, subject to (where required) the approval of the relevant authorities;

THAT the Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Mulpha Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared for which the entitlement date for the said distribution precedes the date of allotment and issuance of the Rights Shares;

THAT the Board be and is hereby authorised to sign and execute all documents, enter into any arrangements, agreements and/ or undertakings with any party or parties, do all things and acts as may be required to give effect to the Proposed Rights Issue with full powers to assent to any conditions, variations, modifications and/ or amendments including to vary the manner and/ or the purpose of the utilisation of proceeds arising from the Proposed Rights Issue, if necessary, in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/ or expedient to implement, finalise and give full effect to the Proposed Rights Issue in the best interest of the Company;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue to be in full force and effect until the Rights Shares to be issued pursuant to or in connection with the Proposed Rights Issue have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue.

ORDINARY RESOLUTION 2:

PROPOSED EXEMPTION TO YONG PIT CHIN ("YPC"), MOUNT GLORY INVESTMENTS LIMITED ("MGIL") AND THE PERSONS ACTING IN CONCERT WITH THEM ("PACS") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR ALL THE REMAINING MULPHA SHARES NOT ALREADY HELD BY THEM UPON COMPLETION OF THE PROPOSED RIGHTS ISSUE PURSUANT TO PARAGRAPH 16.1 OF PRACTICE NOTE 9 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 ("PROPOSED EXEMPTION")

Dato' Chairman announced the poll results in respect of Ordinary Resolution 2 which was carried as follows:-

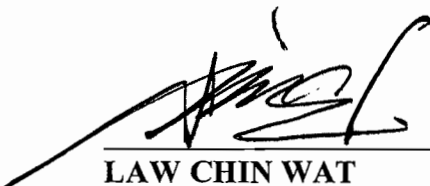
Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 2	337,856,292	99.86	479,910	0.14

Dato' Chairman declared that Ordinary Resolution 2 was duly passed. It was hereby RESOLVED:

THAT subject to and conditional upon the passing of Ordinary Resolution 1 and the approvals of all relevant regulatory authorities being obtained, where required, including but not limited to such conditions as may be imposed by the Securities Commission Malaysia ("SC") and any other relevant authorities, approval be and is hereby given for exemptions to be granted to YPC, MGIL and the PACs, namely Nautical Investments Limited, Mountbatten Corporation, Magic Unicorn Limited, Klang Enterprise Sdn Bhd, Sagittarius Management Sdn Bhd, Lee Seng Huang, Lee Seng Hui and Yong Sum Chin, by the SC pursuant to Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010, from the obligation to undertake a mandatory take-over offer to acquire all the remaining Mulpha Shares not already held by them which may arise pursuant to the Proposed Rights Issue;

AND THAT the Board be and is hereby authorised with full power and in its sole discretion as it deems fit to assent to, reject and/ or appeal against any conditions, stipulations, modifications, variations or amendments imposed by the relevant regulatory authorities for the purposes of this resolution, and to do all such acts, deeds and/ or things incidental, and/ or as may be required, to give full effect to the Proposed Exemption.

CERTIFIED TRUE COPY:-



LAW CHIN WAT
Executive Director



LEE SUAN CHOO
Company Secretary

Date: 12 February 2016

INFORMATION ON OUR COMPANY**1. HISTORY AND PRINCIPAL ACTIVITIES**

Our Company was incorporated in Malaysia on 13 August 1974 under the Act as a public limited company under the name of Guthrie Malaysia Holdings Berhad. We subsequently changed our name to Multi-Purpose International Trading Corporation Berhad on 5 August 1983 and Mulpha International Trading Corporation Berhad on 18 August 1983. On 30 November 1983, our Company was listed on the then Main Board of Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities). Our Company subsequently changed to its present name on 6 July 1991.

We are an investment holding company and our subsidiary companies are principally involved in property development and investments, hotels and service apartments ownership and operation, as well as investment holding.

Further details on the principal activities of our subsidiary companies are set out in Section 5 of this Appendix II.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are set out below:-

	No. of Shares	Par value RM	Total RM
Authorised	4,000,000,000	0.50	2,000,000,000
Issued and paid-up	2,355,913,158 ^{*1}	0.50	1,177,956,579

Note:-

^{*1} Inclusive of 222,259,800 treasury shares retained by our Company as at the LPD

There have been no changes in our authorised and issued and paid-up share capital for the past three (3) years preceding the LPD.

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3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

For illustrative purposes, the pro forma effects of the Rights Issue on the substantial shareholders' shareholding in Mulpha as at the LPD are set out below based on the following two (2) scenarios:-

Scenario 1 : Assuming all Entitled Shareholders subscribe in full for their respective entitlements, save for the entitlements of YPC and KESB which will be renounced in favour of MUL

Scenario 2 : Assuming no other Entitled Shareholders and/ or their renounee(s) subscribe for their respective entitlements and all the Undertakings are effected

Scenario 1

	Shareholdings as at the LPD		After the Rights Issue		
	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	
NIL	520,828,000	24.41	-	781,242,000 ²	24.41
MUL	183,899,949	8.62	-	353,379,723 ¹	11.04
Mountbatten	-	-	520,828,000 ²	24.41	-
MGIL	-	-	704,727,949 ³	33.03	-
YPC	88,153,000	4.13	771,634,549 ⁴	36.16	88,153,000
LSH	-	-	859,787,549 ⁵	40.30	-
Mackenzie Cundill Investment Management Ltd	156,544,100	7.34	-	234,816,150	7.34

Notes:-

*1 This includes the respective entitlements of YPC and KESB which will be renounced in favour of MUL

*2 Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in NIL

*3 Deemed interest pursuant to Section 6A of the Act by virtue of its shareholdings in Mountbatten and MUL

*4 Deemed interest pursuant to Section 6A of the Act by virtue of her shareholdings in MGIL and KESB

*5 Deemed interest pursuant to Section 6A of the Act by virtue of his family relationship with YPC and his shareholding in KESB

Scenario 2

	Shareholdings as at the LPD			After the Rights Issue		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
NIL	520,828,000	-	24.41	781,242,000	-	24.41
MUL	183,899,949	-	8.62	990,312,628 ¹	-	30.94
Mountbatten	-	520,828,000 ²	24.41	-	781,242,000 ²	24.41
MGIL	-	704,727,949 ³	33.03	-	1,771,554,628 ³	55.35
YPC	88,153,000	771,634,549 ⁴	4.13	88,153,000	1,838,461,228 ⁴	2.76
LSH	-	859,787,549 ⁵	40.30	-	1,926,614,228 ⁵	60.20
Mackenzie Cundill Investment Management Ltd	156,544,100	-	7.34	156,544,100	-	4.89

Notes:-

- ¹ This includes the respective entitlements of YPC and KESB which will be renounced in favour of MUL as well as the Additional Undertaking
- ² Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in NIL
- ³ Deemed interest pursuant to Section 6A of the Act by virtue of its shareholdings in Mountbatten and MUL
- ⁴ Deemed interest pursuant to Section 6A of the Act by virtue of her shareholdings in MGIL and KESB
- ⁵ Deemed interest pursuant to Section 6A of the Act by virtue of his family relationship with YPC and his shareholding in KESB

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4. DIRECTORS

The particulars of our Directors as at the LPD are set out below:-

Name	Address	Age	Nationality	Occupation	Designation
LSH	53B, Lorong 5/4H 46000 Petaling Jaya Selangor Darul Ehsan	41	Malaysian	Company Director	Non- Independent Executive Chairman
Law Chin Wat	51, Jalan Bukit Segar 7 Taman Bukit Segar Cheras 56100 Kuala Lumpur	64	Malaysian	Company Director	Non- Independent Executive Director
Chung Tze Hien	11, Changkat Suria Mont' Kiara Residence 6 Jalan Kiara 2 50480 Kuala Lumpur	65	Malaysian	Company Director	Non- Independent Non- Executive Director
Dato' Yusli Bin Mohamed Yusoff	49, Jalan Seri Beringin 2 Seri Beringin Bukit Damansara 50490 Kuala Lumpur	57	Malaysian	Company Director	Independent Non- Executive Director
Dato' Lim Say Chong	30-01 Mont Kiara Damai 3 Jalan Kiara 2 Mont' Kiara 50480 Kuala Lumpur	75	Malaysian	Company Director	Independent Non- Executive Director
Kong Wah Sang	32-11-3 Bukit Desa Kondo Jalan Bukit Desa 3 Bukit Desa 58100 Kuala Lumpur	57	Malaysian	Company Director	Independent Non- Executive Director
Chew Hoy Ping	B-30-1, Mont Kiara Aman 4 Jalan Kiara 2 50480 Kuala Lumpur	58	Malaysian	Company Director	Independent Non- Executive Director
Loong Caesar	23, Jalan SS 22A/3 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	56	Malaysian	Company Director/ Advocate and Solicitor	Independent Non- Executive Director

Save as disclosed below, none of our Directors held any Mulpha Shares as at the LPD. For illustrative purposes, the pro forma effects of the Rights Issue on the shareholdings of our Director in Mulpha as at the LPD is set out below based on the following two (2) scenarios:-

Scenario 1 : Assuming all Entitled Shareholders subscribe in full for their respective entitlements, save for the entitlements of YPC and KESB which will be renounced in favour of MUL

Scenario 2 : Assuming no other Entitled Shareholders and/ or their renounee(s) subscribe for their respective entitlements and all the Undertakings are effected

Scenario 1

	Shareholdings as at the LPD			After the Rights Issue		
	Direct	Indirect		Direct	Indirect	
	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%
LSH	-	859,787,549 [†]	40.30	-	1,289,681,323 [†]	40.30

Note:-

[†] Deemed interest pursuant to Section 6A of the Act by virtue of his family relationship with YPC and his shareholding in KESB

Scenario 2

	Shareholdings as at the LPD			After the Rights Issue		
	Direct	Indirect		Direct	Indirect	
	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%
LSH	-	859,787,549 [†]	40.30	-	1,926,614,228 [†]	60.20

Note:-

[†] Deemed interest pursuant to Section 6A of the Act by virtue of his family relationship with YPC and his shareholding in KESB

5. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, our subsidiary companies are set out below:-

Subsidiary companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
<i>Subsidiary companies of Mulpha</i>				
Leisure Farm Corporation Sdn Bhd	12.11.1983 Malaysia	3,200,000	100.0	Property development, property investment and resort operation
M Sky Services Sdn Bhd	05.05.1984 Malaysia	3,023,500	100.0	Private air transportation services
Mulpha Land & Property Sdn Bhd	20.10.1972 Malaysia	5,100,000	100.0	Property development
Mulpha Ventures Sdn Bhd	17.07.1984 Malaysia	3,053,210	100.0	Licensed money lending and trading in securities
Mulpha Capital Holdings Sdn Bhd	21.08.1993 Malaysia	5,000,000	100.0	Investment holding
Mulpha Far East Sdn Bhd	10.03.1971 Malaysia	3,110,000	100.0	Investment holding
Mulpha Infrastructure Holdings Sdn Bhd	07.01.1993 Malaysia	3,000,000	100.0	Investment holding
Mulpha Group Services Sdn Bhd	07.04.1966 Malaysia	20,196,588	100.0	Investment holding and provision of management services
Mulpha SPV Limited	14.08.2009 Labuan	USD1 (equivalent to approximately RM3.90)	100.0	Issuance of medium term notes
Mulpha Australia Limited	29.01.1985 Australia	AUD284,679,695 (equivalent to approximately RM860,558,250)	100.0	Investment holding
Rosetec Investments Limited	11.05.2009 British Virgin Islands	USD1 (equivalent to approximately RM3.90)	100.0	Investment holding
<i>Subsidiary companies of Leisure Farm Corporation Sdn Bhd</i>				
Leisure Farm Horticulture Services Sdn Bhd	20.03.1997 Malaysia	200,000	100.0	Maintenance and upkeep of landscape services
Leisure Farm Equestrian Sdn Bhd	27.09.2001 Malaysia	156,450	100.0	Investment holding, property development and property investment
Leisure Farm Polo Club Berhad	12.07.1995 Malaysia	1,000,000	100.0	Dormant

Subsidiary companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
JV Axis Sdn Bhd	20.01.2016 Malaysia	2	100.0	Dormant
Subsidiary companies of Mulpha Capital Holdings Sdn Bhd				
Mulpha Capital Markets Sdn Bhd	16.01.1997 Malaysia	3,000,000	100.0	Provision of corporate advisory and professional services and investment holding
Mulpha Capital Asset Management Sdn Bhd	18.11.1996 Malaysia	10	70.0	Dormant
Subsidiary company of Mulpha Capital Markets Sdn Bhd				
Mulpha Credit Sdn Bhd	22.08.1996 Malaysia	500,000	100.0	Dormant
Subsidiary companies of Mulpha Group Services Sdn Bhd				
Mulpha Strategic Limited	09.05.1994 British Virgin Islands	USD1 (equivalent to approximately RM3.90)	100.0	Investment holding and funds management
Manta Equipment (Malaysia) Sdn Bhd	22.05.1996 Malaysia	2,000,000	70.0	Dormant
Subsidiary companies of Mulpha Australia Limited				
Bimbadgen Estate Pty Limited	01.11.1996 Australia	AUD20,000,000 (equivalent to approximately RM60,458,000)	100.0	Winery and vineyard
Mulpha Australia (Holdings) Pty Limited	16.01.2012 Australia	AUD100 (equivalent to approximately RM302)	100.0	Investment holding
Caldisc Pty Limited	25.01.1993 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Administration
Enacon Parking Pty Limited	18.04.1969 Australia	AUD100,000 (equivalent to approximately RM302,290)	100.0	Car park operator
HD Diesels Pty Limited	18.09.1947 Australia	AUD11,132,434 (equivalent to approximately RM33,652,235)	100.0	Investment holding and hotelier
Mulpha Investments Pty Limited	04.04.1995 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Investment holding

Subsidiary companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Mulpha Sanctuary Cove Pty Limited	06.11.2001 Australia	AUD15,000,100 (equivalent to approximately RM45,343,802)	100.0	Investment holding
Mulpha Hotel Investments (Australia) Pty Limited	19.08.1999 Australia	AUD90,000,001 (equivalent to approximately RM272,061,003)	100.0	Investment holding
Mulpha Hotel Management Pty Limited	06.11.2001 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Investment holding
Mulpha (Hotel Bonds) Group Pty Limited	22.05.2013 Australia	AUD1 (equivalent to approximately RM3.02)	100.0	Dormant
Mulpha Core Plus Trust	12.12.2014 Australia	AUD10 (equivalent to approximately RM30)	100.0	Investment holding
Mulpha Core Plus Pty Limited	11.12.2014 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Trustee
Mulpha Education Group Pty Limited	13.02.2014 Australia	AUD1 (equivalent to approximately RM3.02)	100.0	Investment holding and administration
Norwest City Pty Limited	11.12.2014 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Trustee
Mulpha Funds Management Pty Limited	09.10.2015 Australia	AUD10 (equivalent to approximately RM30)	100.0	Dormant
MAL Hayman Pty Ltd	17.07.2013 Australia	AUD800,101 (equivalent to approximately RM2,418,625)	100.0	Management of construction contract refurbishments
Norwest Flexi Pty Ltd	03.08.2015 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Trustee
Circa 1 Pty Limited	24.02.2016 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Dormant

Subsidiary companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
<i>Subsidiary companies of Mulpha Core Plus Trust</i>				
Flexi Trust	12.08.2015 Australia	AUD10 (equivalent to approximately RM30)	100.0	Property ownership and development
Norwest City Trust	12.12.2014 Australia	AUD10 (equivalent to approximately RM30)	100.0	Property ownership and development
<i>Subsidiary companies of Mulpha Sanctuary Cove Pty Limited</i>				
Mulpha Sanctuary Cove (Developments) Pty Limited	06.11.2001 Australia	AUD15,000,000 (equivalent to approximately RM45,343,500)	100.0	Property ownership and development
Mulpha Sanctuary Cove International Boat Show Pty Limited	06.11.2001 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Boat show operator
Sanctuary Cove (Real Estate) Pty Limited	06.11.2001 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Investment holding
Mulpha Sanctuary Cove Hotel Operations Pty Limited	06.11.2001 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Hotelier
Mulpha Sanctuary Cove Marine Village Pty Limited	06.11.2001 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Property ownership
Mulpha Sanctuary Cove Marina Pty Limited	06.11.2001 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Marina operations
Mulpha Sanctuary Cove Hotel Investments Pty Limited	06.11.2001 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Land and property ownership
<i>Subsidiary companies of Mulpha Sanctuary Cove (Developments) Pty Limited</i>				
Mulpha Sanctuary Cove (Alpinia) Pty Limited	07.10.2011 Australia	AUD100 (equivalent to approximately RM302)	100.0	Land ownership
Mulpha SPV 2 Pty Limited	04.02.2014 Australia	AUD1 (equivalent to approximately RM3.02)	100.0	Dormant

Subsidiary companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Subsidiary company of HD Diesels Pty Limited				
Salzburg Apartments (Perisher Valley) Pty Limited	31.07.1992 Australia	AUD53 (equivalent to approximately RM160)	100.0	Investment holding
Subsidiary companies of Mulpha Hotel Investments (Australia) Pty Limited				
Mulpha Hotels Holdings Trust	25.08.1999 Australia	AUD90,000,001 (equivalent to approximately RM272,061,003)	100.0	Investment holding
Mulpha Hotels Holdings Pty Limited	25.08.1999 Australia	AUD1 (equivalent to approximately RM3.02)	100.0	Trustee
Subsidiary companies of Mulpha Hotels Holdings Trust				
Mulpha Hotels Australia Trust	25.08.1999 Australia	AUD90,000,001 (equivalent to approximately RM272,061,003)	100.0	Investment holding
Mulpha Hotels Australia Pty Limited	25.08.1999 Australia	AUD1 (equivalent to approximately RM3.02)	100.0	Trustee
Subsidiary companies of Mulpha Australia (Holdings) Pty Limited				
Mulpha Hotel (Sydney) Pty Limited	24.08.2007 Australia	AUD1 (equivalent to approximately RM3.02)	100.0	Trustee
Mulpha Transport House Pty Limited	24.08.2007 Australia	AUD1 (equivalent to approximately RM3.02)	100.0	Property ownership
Mulpha Hotel (Sydney) Trust	28.08.2007 Australia	AUD1 (equivalent to approximately RM3.02)	100.0	Property ownership
Mulpha Hotel Operations Pty Limited	17.01.2012 Australia	AUD100 (equivalent to approximately RM302)	100.0	Hotelier
Subsidiary company of Mulpha Investment Pty Limited				
Mulpha Norwest Pty Limited	10.12.1910 Australia	AUD135,975,998 (equivalent to approximately RM411,041,844)	100.0	Property ownership and development

Subsidiary companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Subsidiary company of Mulpha Education Group Pty Limited				
iLead Training Pty Limited	03.10.2014 Australia	AUD2 (equivalent to approximately RM6.05)	100.0	Training organisation
Subsidiary companies of Mulpha Hotels Australia Trust				
Mulpha Hotel Pty Limited	10.08.1995 Australia	AUD295,673,644 (equivalent to approximately RM893,791,858)	100.0	Hotelier
Mulpha Hotel Trust	18.03.1996 Australia	AUD295,673,644 (equivalent to approximately RM893,791,858)	100.0	Property ownership and development
Subsidiary companies of Mulpha Norwest Pty Limited				
Norwest Real Estate Pty Limited	29.05.1969 Australia	AUD10,000 (equivalent to approximately RM30,229)	100.0	Property development
Mulpha SPV 3 Pty Limited	04.02.2014 Australia	AUD1 (equivalent to approximately RM3.02)	100.0	Dormant
Subsidiary companies of Mulpha Hotel Trust				
Hotel Land Trust	23.08.1999 Australia	AUD10 (equivalent to approximately RM30)	100.0	Land ownership
Mulpha Hotel Bonds (Holdings) Pty Limited	30.09.2003 Australia	AUD12 (equivalent to approximately RM36)	100.0	Investment holding
Bistrita Pty Limited	03.06.1999 Australia	AUD12 (equivalent to approximately RM36)	100.0	Trustee
Subsidiary company of Mulpha Hotel Bonds (Holdings) Pty Limited				
Mulpha Hotel Bonds Pty Limited	30.09.2003 Australia	AUD12 (equivalent to approximately RM36)	100.0	Bond holder
Subsidiary companies of Mulpha Strategic Limited				
Jumbo Hill Group Limited	11.06.2007 British Virgin Islands	USD1 (equivalent to approximately RM3.90)	100.0	Investment holding

Subsidiary companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Flame Gold Group Limited	08.11.2013 British Virgin Islands	USD1 (equivalent to approximately RM3.90)	100.0	Investment holding
View Link Global Limited	12.11.2013 British Virgin Islands	USD1 (equivalent to approximately RM3.90)	100.0	Investment holding and consultancy services

As at the LPD, our jointly-controlled companies are as follows:-

Jointly-controlled companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Held by Mulpha Credit Sdn Bhd				
Mondrian Real Estate Services Sdn Bhd (formerly known as Mondrian Property Consultants Sdn Bhd)	28.05.2015 Malaysia	109,090	45.00	Providing real estate project marketing and brokerage services
Held by Mulpha Sanctuary Cove (Management) Pty Limited				
SC Realty Pty Limited	08.03.2011 Australia	AUD200 (equivalent to approximately RM605)	50.00	Real estate agency
Held by Mulpha Norwest Pty Limited				
Spamb Pty Limited	11.10.2012 Australia	AUD100 (equivalent to approximately RM302)	60.00	Property developer

As at the LPD, our associate companies are set out as follows:-

Associate companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Held by Mulpha				
Rotol Singapore Ltd	08.02.1980 Singapore	SGD38,400,000 (equivalent to approximately RM111,160,320)	38.00	Investment holding
Thriven Global Berhad (formerly known as Mulpha Land Berhad)	25.05.1989 Malaysia	37,669,913	24.45	Investment holding, property development and property investment

Associate companies	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
<i>Held through Mulpha Infrastructure Holdings Sdn Bhd</i>				
Mudajaya Group Berhad	06.02.2003 Malaysia	110,483,693	22.34	Building contractor and civil engineering
<i>Held through Mulpha Australia Limited</i>				
AVEO Group	23.06.1987 Australia	AUD1,841,597,522 (equivalent to approximately RM5,566,965,149)	2.65	Ownership and management of retirement villages and property development
<i>Held through Rosetec Investments Limited</i>				
AVEO Group	23.06.1987 Australia	AUD1,841,597,522 (equivalent to approximately RM5,566,965,149)	22.81	Ownership and management of retirement villages and property development
<i>Held through View Link Global Limited</i>				
New Pegasus Holdings Limited	02.12.2013 British Virgin Islands	USD100 (equivalent to approximately RM390)	33.00	Investment holding

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6. PROFIT AND DIVIDEND RECORDS

The following table sets out a summary of our audited consolidated financial statements for the past three (3) financial years up to the FYE 31 December 2015:-

	<-----Audited FYE 31 December----->		
	2013	2014	2015
	RM'000	RM'000	RM'000
	(Restated)		
Revenue	776,391	958,682	888,639
Other income	118,198	148,332	186,910
Land and property development costs	(216,607)	(287,017)	(192,666)
Finished goods and services rendered	(99,044)	(133,733)	(104,035)
Employee benefits expenses	(209,706)	(219,493)	(272,104)
Depreciation and amortisation	(59,362)	(53,826)	(55,399)
Other expenses	(218,822)	(247,226)	(257,159)
Profit from operations	91,048	165,719	194,186
Finance cost	(68,530)	(92,236)	(113,343)
Share of profit/ (loss) of associates	(77,506)	33,702	70,579
Share of profit of joint ventures	9,065	5,191	9,291
Profit/ (loss) before tax	(45,923)	112,376	160,713
Income tax expense/ (benefit)	16,288	(16,842)	2,569
Profit/ (loss) from continuing operations	(29,635)	95,534	163,282
Profit from discontinued operation	1,876	29,025	-
Profit/ (loss) for the year	(27,759)	124,559	163,282
Other comprehensive income/ (loss)	(146,527)	(52,619)	44,676
Total comprehensive income/ (expense) for the financial year	(174,286)	71,940	207,958
Profit/ (loss) attributable to:			
Owners of the Company	(32,256)	124,148	165,123
Non-controlling interests	4,497	411	(1,841)
Net profit/ (loss) for the year	(27,759)	124,559	163,282
Weighted average number of shares outstanding (excluding treasury shares) ('000)	2,160,281	2,133,776	2,133,674
Earnings/ (losses) before interest, taxation, depreciation and amortisation (RM'000)	81,969	258,438	329,455
Operating profit margin (%)	11.73	17.29	21.85
Profit margin (%)	n.a.	12.99	18.37
Earnings per Share (sen)			
- Basic	(1.49)	5.82	7.74
- Diluted	(1.49)	5.82	7.74
Dividends paid (RM'000)	-	-	-

Commentary on past performance:-**Audited FYE 31 December 2013**

For the FYE 31 December 2013, our Group recorded revenue of RM776.39 million, representing an increase of RM236.10 million or approximately 43.7% as compared to the revenue recorded for the previous financial year. The increase in revenue was mainly attributable to the higher property sales generated from our Group's property segment, namely Leisure Farm development in Johor, Malaysia, as well as Sanctuary Cove and Hayman developments both in Queensland, Australia. The overall increase in revenue was partially offset by the lower revenue from the hospitality segment which was mainly attributed to the deconsolidation of subsidiary company, Sanctuary Cove Golf and Country Club Holdings Limited group during the fourth quarter of 2012.

Our Group recorded other income of RM118.20 million during the financial year under review mainly contributed by a gain on foreign exchange of RM44.77 million, rental income from land and buildings of RM28.70 million, interest income of RM9.96 million and a gain on derivatives of RM7.90 million.

Other expenses which comprise mainly of administration expenditure, depreciation of property, plant and equipment and operating lease payments of our Group, had decreased by RM189.05 million or approximately 46.3% to RM218.82 million as compared to the previous financial year. Such decrease was mainly due to the absence of one-off impairment of inventories in Hayman Development properties amounting to RM67.57 million, impairment of property, plant and equipment in One & Only Hayman Resort amounting to RM49.72 million and loss from deconsolidation of subsidiary company, Sanctuary Cove Golf & Country Club Holdings Limited amounting to RM38.70 million in the previous financial year.

We recorded higher finance costs of RM68.53 million for the FYE 31 December 2013 as compared to RM66.19 million for the FYE 31 December 2012, mainly due to an increase in borrowings to finance the rights issue subscription of an additional 46,848,134 shares in AVEO, a public company listed on the Australian Stock Exchange which is an associate company of Mulpha, at an issue price of AUD1.30 each pursuant to AVEO's rights issue totalling AUD60.90 million (equivalent to approximately RM178.44 million as at 31 December 2013) for Mulpha's entitlement.

We recognised a lower share of loss from associate companies of RM77.51 million for the FYE 31 December 2013 as compared to a share of loss from associate companies of RM281.82 million in the previous financial year mainly due to lower share of loss of RM109.20 million from AVEO Group in the financial year under review as compared to a share of loss of RM327.14 million from AVEO Group in the previous financial year. This was partially offset by the share of profit of RM33.57 million from Mudajaya and its subsidiary companies ("Mudajaya Group") in the financial year under review as compared to the share of profit of RM52.22 million from Mudajaya Group in the previous financial year.

Notwithstanding the higher revenues above, our Group recorded a LBT of RM45.92 million for the FYE 31 December 2013, as compared to a LBT of RM501.98 million for the previous financial year. The lower LBT incurred was mainly due to lower share of loss in AVEO Group as mentioned above.

Audited FYE 31 December 2014

For the FYE 31 December 2014, our Group recorded revenue of RM958.68 million, representing an increase of RM182.29 million or approximately 23.5% as compared to the revenue for the previous financial year. The increase in revenue was mainly due to the higher property sales generated from our Group's property segment, namely Leisure Farm development in Johor, Malaysia and Sanctuary Cove in Queensland, Australia as well as the recognition of the results of Mulpha Norwest Pty Limited (formerly a jointly-controlled entity of Mulpha, formerly known as Mulpha FKP Pty Ltd) ("Mulpha Norwest") as a subsidiary company effective April 2014 in Sydney, Australia, of which Mulpha Norwest contributed approximately 31.3% to our Group's revenue. Mulpha Norwest and its subsidiary companies are principally involved in property ownership and development. The overall increase in revenue was partially offset by the lower revenue from the hospitality segment (excluding discontinued operations) mainly attributed to the temporary closure of Hayman Island Resort in January 2014 in order to undertake an extensive refurbishment and rebranding program. The resort has been reopened in July 2014 and renamed as the One & Only Hayman Island Resort.

Our Group recorded other income of RM148.33 million during the financial year under review mainly comprising the recognition of negative goodwill amounting to RM36.46 million arising from acquisition of Mulpha Norwest and its subsidiary companies, a gain on foreign exchange of RM32.99 million, rental income from land and buildings of RM26.65 million, a gain on disposal of assets classified as held for sale of RM13.85 million and reversal of impairment loss on trade receivables of RM6.07 million.

Other expenses which comprise mainly of administration expenditure, depreciation of property, plant and equipment and operating lease payments of our Group, had increased by RM28.40 million or approximately 13.0% to RM247.23 million as compared to the previous financial year. Such increase was mainly due to higher marketing costs and operating costs in relation to One & Only Hayman Resort subsequent to its refurbishment, which was expensed off.

We recorded higher finance costs of RM92.24 million for the FYE 31 December 2014 as compared to RM68.53 million for the FYE 31 December 2013, mainly due to the higher borrowings to finance the refurbishment of the One & Only Hayman Resort and our Group's investment in the London Marriott Hotel, Grovesnor Square.

In addition, we recognised a share of profit from associate companies of RM33.70 million for the FYE 31 December 2014 as compared to a share of loss from associate companies of RM77.51 million in the previous financial year mainly due to a share of profit from AVEO Group of RM41.83 million in the financial year under review as compared to a share of loss of RM109.20 million from AVEO Group in the previous financial year, which was partially offset by the share of loss of RM15.61 million from Mudajaya Group.

Our Group recorded a PBT of RM112.38 million for the FYE 31 December 2014, as compared to a LBT of RM45.92 million for the previous financial year. The PBT recorded was mainly due to increase in our revenue as set out above and our Group's share of profit from AVEO Group as set out above.

FYE 31 December 2015

For the FYE 31 December 2015, our Group recorded revenue of RM888.64 million, representing a decrease of RM70.04 million or approximately 7.3% as compared to the revenue for the previous financial year. The decrease in revenue was mainly due to lower property sales generated from our Group's property segment, namely Leisure Farm development in Johor, Malaysia and Mulpha Norwest in Sydney, Australia as well as the deconsolidation of Mulpha Land Berhad (now known as Thriven Global Berhad) resulting in Mulpha ceasing to recognise the full revenue of Mulpha Land Berhad from March 2015 onwards.

Our revenue from Leisure Farm development in Johor, Malaysia for the FYE 31 December 2015 decreased by approximately RM146.38 million, representing approximately 95.3% as compared to our revenue from Leisure Farm development in Johor, Malaysia for the previous financial year. This was mainly due to the deferment of new property launches in Leisure Farm development in Johor, Malaysia in view of the cautious outlook of the property market in the Iskandar area in Malaysia in 2015. The lower revenue from Mulpha Norwest in Sydney, Australia was mainly due to a slightly softer housing market in Sydney in 2015.

The above decrease in revenue contribution from the property segment was mitigated by improved performance in the hospitality segment due to higher revenue from One & Only Hayman Resort being its full year of operations as compared to half year operations in the previous financial year as the resort was closed to undertake a refurbishment and rebranding program.

Our Group recorded other income of RM186.91 million during the financial year under review mainly comprising a gain on disposal of subsidiary company, Mulpha Land Berhad (now known as Thriven Global Berhad) amounting to RM50.39 million, a gain on foreign exchange RM60.93 million, rental income from land and buildings of RM34.74 million and a gain on dilution on interests in associate companies of RM9.84 million.

Other expenses which comprise mainly of administration expenditure, depreciation of property, plant and equipment and operating lease payments of our Group, had also increased by RM9.93 million or approximately 4.0% to RM257.16 million as compared to the previous financial year. Such increase was mainly due to higher operating lease payments during the financial year under review.

We recorded higher finance costs of RM113.34 million for the FYE 31 December 2015 as compared to RM92.24 million for the FYE 31 December 2014, mainly due to drawdown from a new loan to fund the acquisition of "Norwest Marketown" and certain surrounding lands by Norwest City Pty Limited, an indirect wholly-owned subsidiary company of our Company at a purchase consideration of AUD120.00 million (equivalent to approximately RM349.20 million based on the exchange rate of AUD1.00: RM2.91 as at 18 December 2014).

In addition, we recognised a share of profit from associate companies of RM70.58 million for the FYE 31 December 2015 as compared to a share of profit from associate companies of RM33.70 million in the previous financial year mainly due to improved performance contributed from the AVEO Group. The share of profit from AVEO Group amounted to RM70.72 million during the financial year under review as compared to a share of profit of RM41.83 million in the previous financial year.

Our Group recorded a higher PBT of RM160.71 million for the FYE 31 December 2015, representing an increase of RM48.34 million or approximately 43.0% as compared to the PBT for the previous financial year. The increase in PBT was mainly due to the above mentioned reasons.

7. HISTORICAL PRICES

The monthly high and low transacted market prices of Mulpha Shares for the past 12 months from May 2015 to April 2016 are as follows:-

	High RM	Low RM
2015		
May	0.39	0.37
June	0.39	0.36
July	0.37	0.34
August	0.35	0.27
September	0.35	0.28
October	0.34	0.30
November	0.32	0.27
December	0.28	0.25
2016		
January	0.28	0.25
February	0.30	0.25
March	0.31	0.28
April	0.31	0.28

The last transacted price of Mulpha Shares on 6 November 2015, being the day prior to the date of announcement on the Corporate Exercises, was RM0.31.

The last transacted price of Mulpha Shares on 22 April 2016, being the LPD, was RM0.30.

The last transacted price of Mulpha Shares on 12 May 2016, being the day prior to the ex-date of the Rights Issue, was RM0.28.

(Source: Bloomberg)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON



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The Board of Directors
Mulpha International Bhd
PH2, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Date: 29 April 2016

Dear Sirs,

Mulpha International Bhd (“Mulpha” or the “Company”)
Reporting accountants’ letter on the pro forma consolidated statement of financial position as at 31 December 2015

The pro forma consolidated statement of financial position of Mulpha and its subsidiaries (collectively, the “Group”) has been compiled for the inclusion in the abridged prospectus to the shareholders of Mulpha (“Abridged Prospectus”) in relation to the following:

- i. renounceable two (2)-call rights issue of 1,066,826,679 new ordinary shares of RM0.50 each in Mulpha (“Mulpha Shares”) (“Right Shares”) on the basis of one (1) Rights Share for every two (2) existing Mulpha Shares held as at 5.00 p.m. on Tuesday, 17 May 2016, at an issue price of RM0.50 per Rights Share, of which the first call of RM0.25 per Rights Share is payable in cash on application and the second call of RM0.25 per Rights Share is to be capitalised from the share premium reserves of the Company (“Rights Issue”); and
- ii. exemption to Yong Pit Chin (“YPC”), Mount Glory Investments Limited (“MGIL”) and the persons acting in concert with them (“PACs”) from the obligation to undertake a mandatory take-over offer for all the remaining Mulpha Shares not already held by them upon completion of the Rights Issue under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 (“Exemption”),

(The Rights Issue and Exemption shall collectively herein be referred to as the “Corporate Exercises”).

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of the Group prepared by the management of the Company (the “Management”). The pro forma consolidated statement of financial position as at 31 December 2015 and related notes as attached to this report have been stamped by us for identification purposes. The applicable criteria on the basis of which the Management has compiled the pro forma consolidated statement of financial position described in the notes to the pro forma consolidated statement of financial position.



Mulpha International Bhd
Reporting accountants' letter on the pro forma
consolidated statement of financial position
29 April 2016

The pro forma consolidated statement of financial position have been compiled by the Management for inclusion in the Abridged Prospectus solely to illustrate the impact of the Rights Issue on the Group's consolidated statement of financial position as at 31 December 2015, as if the Rights Issue had taken place as at 31 December 2015. As part of this process, information about the Group's financial position has been extracted by the Management from the financial statements of the Group for the financial year ended 31 December 2015, on which an audit report has been issued.

Management's Responsibility for the Pro Forma Consolidated Statement of Financial Position

The Management is responsible for compiling the pro forma consolidated statement of financial position on the basis set out in Note 1 of Appendix I to the pro forma consolidated statement of financial position.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the pro forma consolidated statement of financial position have been compiled, in all material respects, by the Management of the Company on the basis set out in the notes.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the pro forma consolidated statement of financial position on the basis as set out in the notes.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statement of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statement of financial position.



Reporting Accountants' Responsibilities (continued)

The purpose of the pro forma consolidated statement of financial position included in the Abridged Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statement of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Management of the Company in the compilation of the pro forma consolidated statement of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma consolidated statement of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated statement of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statement of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statement of financial position have been compiled, in all material respects, on the basis stated in Note 1 of Appendix I to the pro forma consolidated statement of financial position.

Other Matters

Our report on the pro forma consolidated statement of financial position have been prepared for inclusion in the Abridged Prospectus in connection with the Rights Issue and should not be relied upon for any other purposes.

KPMG
Firm Number: AF 0758
Chartered Accountants

Chew Beng Hong
Approval Number: 2920/02/18(J)
Chartered Accountant



Appendix I

**MULPHA INTERNATIONAL BHD (“MULPHA” or the “Company”)
 AND ITS SUBSIDIARIES (“MULPHA GROUP”)**

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2015**

The pro forma consolidated statement of financial position of Mulpha as at 31 December 2015 as set out below have been prepared solely for illustrative purposes only and to show the effects of the transactions referred to in the notes, and should be read in conjunction with the notes accompanying the pro forma consolidated statement of financial position:

	Note	As at 31 December 2015* RM'000	Pro forma Rights Issue RM'000
Assets			
Property, plant and equipment		1,087,824	1,087,824
Investment properties		416,938	416,938
Investments in associates		1,354,347	1,354,347
Investments in joint ventures		12,798	12,798
Investment securities		1,156	1,156
Other investments		5,080	5,080
Goodwill		2,722	2,722
Inventories		645,560	645,560
Other non-current assets		14,742	14,742
Deferred tax assets		59,756	59,756
Total non-current assets		3,600,923	3,600,923
Inventories		725,387	725,387
Trade and other receivables		233,570	233,570
Other current assets		26,658	26,658
Investment securities		2,516	2,516
Current tax assets		3,549	3,549
Cash and cash equivalents	3	539,900	605,526
Total current assets		1,531,580	1,597,206
Total assets		5,132,503	5,198,129

* Extracted from the audited financial statements of the Group for the financial year ended 31 December 2015





Mulpha International Bhd
Notes to the Pro Forma Consolidated Statement
of Financial Position as at 31 December 2015
 29 April 2016

Appendix I

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015
 (Continued)

	Note	As at 31 December 2015* RM'000	Pro forma Rights Issue RM'000
Equity			
Share capital	4	1,177,957	1,711,370
Share premium	5	579,863	312,076
Treasury shares		(92,137)	(92,137)
Reserves		305,608	305,608
Retained earnings		597,699	597,699
Equity attributable to owners of the Company ^(a)		2,568,990	2,834,616
Non-controlling interests		-	-
Total equity		2,568,990	2,834,616
Liabilities			
Loans and borrowings		932,341	932,341
Trade and other payables		13,431	13,431
Provision for liabilities		2,225	2,225
Total non-current liabilities		947,997	947,997
Loans and borrowings	6	1,314,683	1,114,683
Trade and other payables		264,443	264,443
Other current liabilities		6,604	6,604
Current tax liabilities		6,360	6,360
Provision for liabilities		23,426	23,426
Total current liabilities		1,615,516	1,415,516
Total liabilities		2,563,513	2,363,513
Total equity and liabilities		5,132,503	5,198,129
No. of Mulpha Shares (excluding treasury shares) ('000)		2,133,653	3,200,480
Net Assets per Mulpha Share (RM)		1.20	0.89
Gearing ratio (times) ^(b)		0.87	0.72

* Extracted from the audited financial statements of the Group for the financial year ended 31 December 2015

Notes:-

- (a) Net Assets is defined as equity attributable to owners of the Company.
 (b) Gearing ratio is calculated as total loans and borrowings divided by Net Assets.
 (c) The Exemption does not have any material impact on the financial position of Mulpha as at 31 December 2015.





Appendix I

**MULPHA INTERNATIONAL BHD (“MULPHA” or the “Company”)
AND ITS SUBSIDIARIES (“MULPHA GROUP”)**

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

1. Basis of preparation

The pro forma consolidated statement of financial position of the Mulpha Group as at 31 December 2015 are based on the audited financial statements of Mulpha Group for the financial year ended 31 December 2015, which were prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The accounting policies, basis and assumptions used in the preparation of the pro forma consolidated statement of financial position are consistent with those adopted by Mulpha Group in the preparation of their audited financial statements for the financial year ended 31 December 2015.

The pro forma consolidated statement of financial position do not include the effects of the adoption of Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board which are effective for the annual period beginning on 1 January 2016.

The pro forma is presented based on the maximum subscription level basis via the issuance of 1,066,826,679 Rights Shares.

2. Pro forma consolidated statement of financial position as at 31 December 2015

The pro forma consolidated statement of financial position are for illustrative purposes only and to incorporate the following transactions as though they were effected on 31 December 2015:

Pro forma – Rights Issue

Pro forma incorporates the effects of the renounceable two (2)-call rights issue of 1,066,826,679 Rights Shares on the basis of one (1) Rights Share for every two (2) existing Mulpha Shares held as at 5.00 p.m. on Tuesday, 17 May 2016, at an issue price of RM0.50 per Rights Share, of which the first call of RM0.25 per Rights Share is payable in cash on application and the second call of RM0.25 per Rights Share is to be capitalised from the share premium reserves of the Company.





Appendix I

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

(Continued)

2. Pro forma consolidated statement of financial position as at 31 December 2015 (continued)

Based on the first call of RM0.25 per Rights Share, the total gross proceeds that are expected to be raised from the Rights Issue of RM266.71 million are earmarked to be utilised as follows:

- (a) RM200.00 million for the repayment of bank borrowings;
- (b) RM65.63 million for working capital purposes; and
- (c) RM1.08 million to defray the estimated expenses in relation to the Corporate Exercises.

The estimated expenses in relation to the Corporate Exercises will be debited to the Share Premium account of the Company.

3. Movement in cash and cash equivalents

	RM'000
Audited balance as at 31 December 2015	539,900
Effects of Pro forma	
- Proceeds from issuance of new Mulpha Shares via the Rights Issue	266,706
- Repayment of bank borrowings	(200,000)
- Payment of expenses relating to the Corporate Exercises	(1,080)
	605,526
Pro forma	605,526

4. Movement in share capital

	RM'000
Audited balance as at 31 December 2015	1,177,957
Effects of Pro forma	
- Issuance of new Mulpha Shares via the Rights Issue	533,413
	1,711,370
Pro forma	1,711,370





Appendix I

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015
 (Continued)

5. Movement in share premium

	RM'000
Audited balance as at 31 December 2015	579,863
Effects of Pro forma	
- Capitalisation of the second call of RM0.25 per Rights Share	(266,707)
- Deduction of estimated expenses relating to the Corporate Exercises	(1,080)
	<hr/>
Pro forma	<u>312,076</u>

6. Movement in current loans and borrowings

	RM'000
Audited balance as at 31 December 2015	1,314,683
Effects of Pro forma	
- Repayment of bank borrowings	(200,000)
	<hr/>
Pro forma	<u>1,114,683</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON

Mulpha International Bhd.
(Company No. 19764-T)
(Incorporated in Malaysia)
and its subsidiaries

**Financial statements for the year
ended 31 December 2015**

CERTIFIED TRUE COPY



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KPMG

Chew Beng Hong
Partner

Approval Number: 2920/02/18(J)

Mulpha International Bhd.

(Company No. 19764-T)

(Incorporated in Malaysia)

and its subsidiaries

Directors' report for the year ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities

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

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	165,123	175,914
Non-controlling interests	(1,841)	-
	<u>163,282</u>	<u>175,914</u>

Reserves and provisions

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

Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served since the date of the last report are:

Lee Seng Huang
 Law Chin Wat
 Chung Tze Hien
 Kong Wah Sang
 Chew Hoy Ping
 Dato' Lim Say Chong
 Dato' Yusli bin Mohamed Yusoff
 Loong Caesar



Directors' interests in shares

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

The Company	Number of ordinary shares of RM0.50 each			At 31.12.2015
	At 1.1.2015	Acquired	Sold	
<i>Deemed interest</i>				
Lee Seng Huang	859,787,549	-	-	859,787,549

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

None of the other Directors holding office at 31 December 2015 has any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 37 to the financial statements.

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



Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Treasury shares

During the financial year, the Company repurchased 60,000 of its issued ordinary shares from the open market at an average price of RM0.367 per share. The total consideration paid was RM22,035 including transaction costs. The shares repurchased were retained as treasury shares.

As at 31 December 2015, the Company held a total of 222,259,800 treasury shares out of its 2,355,913,158 issued ordinary shares. Such treasury shares are held at a carrying amount of RM92.14 million and further relevant details are disclosed in Note 18 to the financial statements.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Options granted over unissued shares

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

Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.



Other statutory information (continued)

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report, other than certain items as disclosed in Notes 26, 27 and 30 to the financial statements.

Significant events during the year

The significant events are as disclosed in Note 40 to the financial statements.

Subsequent events

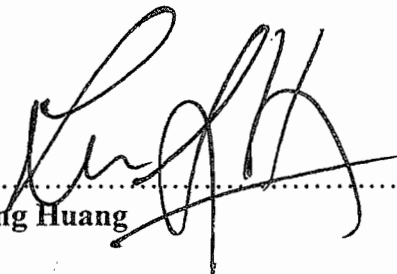
The subsequent events are as disclosed in Note 41 to the financial statements.

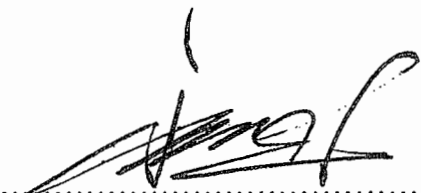


Auditors

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

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


.....
Lee Seng Huang


.....
Law Chin Wat

Date: 31 March 2016



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Mulpha International Bhd.

(Company No. 19764-T)

(Incorporated in Malaysia)

and its subsidiaries

Statements of financial position as at 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Property, plant and equipment	3	1,087,824	1,011,017	2	-
Prepaid land lease payments	4	-	-	-	-
Investment properties	5	416,938	21,962	-	-
Investments in subsidiaries	6	-	-	599,430	691,768
Investments in associates	7	1,354,347	1,181,490	24,433	1,507
Investments in joint ventures	8	12,798	2,534	-	-
Investment securities	9	1,156	88,447	1,043	1,043
Other investments	10	5,080	5,080	5,051	5,051
Goodwill	11	2,722	9,113	-	-
Inventories	12	645,560	813,842	-	-
Trade and other receivables	13	-	-	362,643	308,368
Other non-current assets	14	14,742	18,469	-	-
Deferred tax assets	15	59,756	53,750	-	-
Total non-current assets		<u>3,600,923</u>	<u>3,205,704</u>	<u>992,602</u>	<u>1,007,737</u>
Inventories	12	725,387	593,189	-	-
Trade and other receivables	13	233,570	260,710	889,013	675,069
Other current assets	16	26,658	18,360	182	31
Investment securities	9	2,516	6,682	-	-
Current tax assets		3,549	10,633	57	279
Cash and cash equivalents	17	539,900	600,796	16	57
Total current assets		<u>1,531,580</u>	<u>1,490,370</u>	<u>889,268</u>	<u>675,436</u>
Total assets		<u>5,132,503</u>	<u>4,696,074</u>	<u>1,881,870</u>	<u>1,683,173</u>



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7

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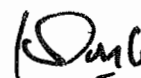
Statements of financial position as at 31 December 2015

(continued)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Equity					
Share capital	18	1,177,957	1,177,957	1,177,957	1,177,957
Share premium		579,863	579,863	579,863	579,863
Treasury shares	18	(92,137)	(92,115)	(92,137)	(92,115)
Reserves	19	305,608	260,797	108,335	108,335
Retained earnings/ (Accumulated losses)		597,699	432,711	24,591	(151,323)
Total equity attributable to owners of the Company		<u>2,568,990</u>	<u>2,359,213</u>	<u>1,798,609</u>	<u>1,622,717</u>
Non-controlling interests		-	44,346	-	-
Total equity		<u>2,568,990</u>	<u>2,403,559</u>	<u>1,798,609</u>	<u>1,622,717</u>
Liabilities					
Loans and borrowings	20	932,341	794,648	-	-
Trade and other payables	21	13,431	13,491	-	-
Provision for liabilities	22	2,225	2,179	-	-
Total non-current liabilities		<u>947,997</u>	<u>810,318</u>	-	-
Loans and borrowings	20	1,314,683	1,163,079	81,174	56,366
Trade and other payables	21	264,443	272,045	2,087	4,090
Other current liabilities	23	6,604	14,801	-	-
Current tax liabilities		6,360	6,979	-	-
Provision for liabilities	22	23,426	20,365	-	-
Derivative liabilities	24	-	4,928	-	-
Total current liabilities		<u>1,615,516</u>	<u>1,482,197</u>	<u>83,261</u>	<u>60,456</u>
Total liabilities		<u>2,563,513</u>	<u>2,292,515</u>	<u>83,261</u>	<u>60,456</u>
Total equity and liabilities		<u>5,132,503</u>	<u>4,696,074</u>	<u>1,881,870</u>	<u>1,683,173</u>

The notes on pages 21 to 142 are an integral part of these financial statements.





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Mulpha International Bhd.

(Company No. 19764-T)

(Incorporated in Malaysia)

and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Continuing operations					
Revenue	25	888,639	958,682	26,581	40,663
Other income	26	186,910	148,332	160,200	49,866
Land and property development costs		(192,666)	(287,017)	-	-
Finished goods and services rendered		(104,035)	(133,733)	-	-
Employee benefits expenses		(272,104)	(219,493)	(576)	(576)
Depreciation		(55,399)	(53,826)	-	(1)
Other expenses		(257,159)	(247,226)	(7,100)	(9,615)
Results from operating activities		194,186	165,719	179,105	80,337
Finance costs	28	(113,343)	(92,236)	(2,860)	(1,870)
Share of profit of associates		70,579	33,702	-	-
Share of profit of joint ventures		9,291	5,191	-	-
Profit before tax	27	160,713	112,376	176,245	78,467
Tax benefit/(expense)	29	2,569	(16,842)	(331)	(75)
Profit from continuing operations		163,282	95,534	175,914	78,392
Discontinued operation					
Profit net of tax from discontinued operation	30(b)	-	29,025	-	-
Profit for the year		163,282	124,559	175,914	78,392



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Statements of profit or loss and other comprehensive income for the year ended 31 December 2015

(continued)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other comprehensive income/(expense)					
Foreign currency translation differences for foreign operations and share of other comprehensive income/(expense) in associates		84,015	(47,601)	-	-
Fair value movement of available-for-sale financial assets		(11,932)	8,301	-	-
Share of other comprehensive income/(expense) of associates		5,722	(2,767)	-	-
Reclassification to profit or loss on:					
- dilution of interest in an associate		(544)	-	-	-
- discontinued operation		-	(10,552)	-	-
- disposal of a subsidiary		(16,099)	-	-	-
- disposal of available-for-sale financial assets		(16,486)	-	-	-
Other comprehensive income/(expense) for the year		<u>44,676</u>	<u>(52,619)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>207,958</u>	<u>71,940</u>	<u>175,914</u>	<u>78,392</u>



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Statements of profit or loss and other comprehensive income for the year ended 31 December 2015

(continued)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit attributable to:					
Owners of the Company		165,123	124,148	175,914	78,392
Non-controlling interests		(1,841)	411	-	-
Profit for the year		<u>163,282</u>	<u>124,559</u>	<u>175,914</u>	<u>78,392</u>
Total comprehensive income attributable to:					
Owners of the Company		209,799	71,529	175,914	78,392
Non-controlling interests		(1,841)	411	-	-
Total comprehensive income for the year		<u>207,958</u>	<u>71,940</u>	<u>175,914</u>	<u>78,392</u>
Earnings per ordinary share (sen):					
from continuing operations	31	7.74	4.47		
from discontinued operation	31	-	1.35		
		<u>7.74</u>	<u>5.82</u>		

The notes on pages 21 to 142 are an integral part of these financial statements.



Mulpha International Bhd.

(Company No. 19764-T)
(Incorporated in Malaysia)

and its subsidiaries

Consolidated statement of changes in equity for the year ended 31 December 2015



	Attributable to owners of the Company					Total equity RM'000				
	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Capital reserve RM'000	Other reserve RM'000		Treasury shares RM'000	Retained earnings RM'000	Non-controlling interests RM'000	
At 1 January 2014	1,177,957	579,863	179,982	115,386	15,707	(92,049)	308,565	52,130	2,285,411	2,337,541
Fair value of movement of available-for-sale financial assets	-	-	-	-	8,301	-	-	-	8,301	8,301
Foreign currency translation differences for foreign operations and share of other comprehensive expense of associates	-	-	(45,184)	-	(2,417)	-	-	-	(47,601)	(47,601)
Share of other comprehensive expense of associates	-	-	-	-	(2,767)	-	-	-	(2,767)	(2,767)
Reserves of discontinued operation reclassified to profit or loss	-	-	(10,552)	-	-	-	-	-	(10,552)	(10,552)
Total other comprehensive (expense)/income for the year	-	-	(55,736)	-	3,117	-	-	-	(52,619)	(52,619)
Profit for the year	-	-	-	-	-	-	124,148	411	124,148	124,559
Total comprehensive (expense)/income for the year	-	-	(55,736)	-	3,117	-	124,148	411	71,529	71,940

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Consolidated statement of changes in equity for the year ended 31 December 2015

(continued)

\longleftrightarrow Attributable to owners of the Company \longleftrightarrow Distributable
 \longleftrightarrow Non-distributable \longleftrightarrow

Group	Share capital	Share premium	Exchange reserve	Capital reserve	Other reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Purchase of treasury shares	-	-	-	-	-	(66)	-	(66)	-	(66)
Dividends	-	-	-	-	-	-	-	-	(3,745)	(3,745)
Disposal of discontinued operation	-	-	-	-	-	-	(2)	(2)	(1,809)	(1,811)
Changes in ownership interests in subsidiaries	-	-	-	2,341	-	-	-	2,341	(2,641)	(300)
Total transactions with owners of the Company	-	-	-	2,341	-	(66)	(2)	2,273	(8,195)	(5,922)
At 31 December 2014	1,177,957	579,863	124,246	117,727	18,824	(92,115)	432,711	2,359,213	44,346	2,403,559

Note 18 Note 19 Note 19 Note 19 Note 18

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Consolidated statement of changes in equity for the year ended 31 December 2015

(continued)

	Attributable to owners of the Company						Total equity RM'000			
	Share capital RM'000	Share premium RM'000	Non-distributable			Distributable		Non-controlling interests RM'000		
	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Capital reserve RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
At 1 January 2015	1,177,957	579,863	124,246	117,727	18,824	(92,115)	432,711	2,359,213	44,346	2,403,559
Fair value movement of available-for-sale financial assets	-	-	-	-	(11,932)	-	-	(11,932)	-	(11,932)
Foreign currency translation differences for foreign operations and share of other comprehensive income of associates	-	-	84,015	-	-	-	-	84,015	-	84,015
Share of other comprehensive income of associates	-	-	1,915	-	3,807	-	-	5,722	-	5,722
Reclassification to profit or loss on:										
- dilution of interest in an associate	-	-	(544)	-	-	-	-	(544)	-	(544)
- disposal of a subsidiary	-	-	-	(16,099)	-	-	-	(16,099)	-	(16,099)
- disposal of available-for-sale financial assets	-	-	-	-	(16,486)	-	-	(16,486)	-	(16,486)
Total other comprehensive income/(expense) for the year	-	-	85,386	(16,099)	(24,611)	-	-	44,676	-	44,676
Profit for the year	-	-	-	-	-	-	165,123	165,123	(1,841)	163,282
Total comprehensive income/ (expense) for the year	-	-	85,386	(16,099)	(24,611)	-	165,123	209,799	(1,841)	207,958

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Page 6

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Consolidated statement of changes in equity for the year ended 31 December 2015

(continued)

Group	Attributable to owners of the Company					Distributable		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Capital reserve RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	
Purchase of treasury shares	-	-	-	-	-	(22)	-	(22)
Disposal of a subsidiary	-	-	-	-	-	-	(42,505)	(42,505)
Transfer within reserves	-	-	-	135	-	-	-	-
Total transactions with owners of the Company	-	-	-	135	-	(22)	(42,505)	(42,527)
At 31 December 2015	1,177,957	579,863	209,632	101,763	(5,787)	(92,137)	597,699	2,568,990
	Note 18	Note 19	Note 19	Note 19	Note 19	Note 18		



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The notes on pages 21 to 142 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2015

		←	Non-distributable	→		
Company	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Other reserve RM'000	Treasury shares RM'000	Total equity RM'000
					(Accumulated losses)/ Retained earnings RM'000	
At January 2014	1,177,957	579,863	108,228	107	(92,049)	1,544,391
Total comprehensive income for the year	-	-	-	-	78,392	78,392
Purchase of treasury shares	-	-	-	-	(66)	(66)
At 31 December 2014/	1,177,957	579,863	108,228	107	(92,115)	1,622,717
1 January 2015	1,177,957	579,863	108,228	107	(151,323)	1,622,717
Total comprehensive income for the year	-	-	-	-	175,914	175,914
Purchase of treasury shares	-	-	-	-	(22)	(22)
At 31 December 2015	1,177,957	579,863	108,228	107	(92,137)	1,798,609
	Note 18		Note 19	Note 19	Note 18	



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The notes on pages 21 to 142 are an integral part of these financial statements.

Mulpha International Bhd.(Company No. 19764-T)
(Incorporated in Malaysia)**and its subsidiaries**

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**Statements of cash flows for the year ended
31 December 2015**

	Note	Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax					
- Continuing operations		160,713	112,376	176,245	78,467
- Discontinued operation	30(b)	-	656	-	-
		160,713	113,032	176,245	78,467
Adjustments for:					
Bad debts recovered		(14)	(18)	(14)	(8)
Bad debts written off		398	3	8	3
Dividend income		(19)	(2,719)	(26,581)	(40,663)
Fair value adjustment of investment properties	5	-	(1,357)	-	-
Fair value loss/(gain) on financial assets at fair value through profit or loss		1,993	(2,249)	-	-
Gain on dilution of interests in associates		(9,835)	-	-	-
Gain on disposal of assets classified as held for sale		-	(13,854)	-	-
Gain on disposal of an investment property		-	(68)	-	-
Gain on disposal of investment securities		(3,779)	(945)	-	-
Gain on disposal of a subsidiary		(50,385)	-	(9,191)	(30,962)
Gain on partial disposal of an associate		(1,411)	-	(2,023)	-
Gain on waiver of amount due from subsidiaries		-	-	-	(350)
Impairment loss on financial assets					
- Investment securities		61	11,005	-	-
- Trade and other receivables		1,155	898	-	-
Impairment loss on investments in associates		-	-	-	2,605
Inventories written down		20	7,600	-	-
Interest income (including discontinued operation)		(4,191)	(5,795)	(7,161)	(2,144)
Interest expense (including discontinued operation)		113,343	92,273	2,860	1,870





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Statements of cash flows for the year ended

31 December 2015

(continued)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from operating activities (continued)					
Negative goodwill arising from acquisition of subsidiaries	38(ii)	-	(36,463)	-	-
Net unrealised foreign exchange (gain)/loss (including discontinued operation)		(1,803)	150	(136,470)	(16,401)
Property, plant and equipment					
- Depreciation (including discontinued operation)	3	55,399	54,333	-	1
- Written off		1,634	9,920	-	2
- (Gain)/Loss on disposal		(29)	(1,166)	-	15
- Reversal of impairment loss	3	-	(5,214)	-	-
Provision for foreseeable loss on inventories		1,242	-	-	-
Provision for staff benefits		14,052	12,269	-	-
Reversal of impairment loss on					
- Trade and other receivables		(193)	(6,069)	-	-
- Investments in associates	7	-	(3,000)	-	-
- Inventories		(571)	(32)	-	-
- Investment securities		(771)	-	-	-
Share of profit of associates		(70,579)	(33,702)	-	-
Share of profit of joint ventures		(9,291)	(5,191)	-	-
Operating profit/(loss) before changes in working capital		197,139	183,641	(2,327)	(7,565)
Changes in working capital					
Inventories		(110,746)	(180,121)	-	-
Receivables		12,014	(21,607)	92	(39)
Other current assets		(8,298)	16,119	(151)	(30)
Other non-current assets		4,225	(13,014)	-	-
Financial assets at fair value through profit or loss		3,277	(184)	-	-
Payables		20,141	32,236	(39)	(481)
Other current liabilities		(8,197)	2,224	-	-
Intercompany balances		-	-	(65,678)	(134,528)
Cash generated from/(used in) operations		109,555	19,294	(68,103)	(142,643)





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Statements of cash flows for the year ended 31 December 2015

(continued)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash generated from/(used in) operations (continued)		109,555	19,294	(68,103)	(142,643)
Interest paid		(113,343)	(92,273)	(2,860)	(1,870)
Interest received		4,191	5,795	7,161	2,144
Income tax refunded/(paid)		3,624	(21,694)	(109)	(106)
Staff benefits paid		(14,071)	(10,531)	-	-
Net cash used in operating activities		(10,044)	(99,409)	(63,911)	(142,475)
Cash flows from investing activities					
Purchase of investment securities		-	(1,608)	-	-
Purchase of other investments		-	(19)	-	(19)
Purchase of property, plant and equipment		(39,373)	(111,086)	(2)	-
Purchase of an investment property		(366,149)	-	-	-
Proceeds from disposal of					
- Property, plant and equipment		323	2,206	-	1
- Assets classified as held for sale		-	32,719	-	-
- Investment property		-	400	-	-
- Investment securities and other investment		65,506	4,259	-	-
- Subsidiary		-	-	35,196	-
- Discontinued operation, net of cash and cash equivalents disposed of	30(b)	-	29,795	-	30,962
Disposal of a subsidiary, net of cash and cash equivalents disposed of	30(a)	(9,306)	-	-	-
Proceeds from partial disposal of an associate		3,890	-	3,890	-
Refurbishment of investment properties		(27)	(549)	-	-
Additional investments in associates		-	(115,883)	-	-
Additional investments in joint ventures		(24)	-	-	-



KPMG

Statements of cash flows for the year ended 31 December 2015

(continued)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from investing activities (continued)					
Proportionate consolidation of joint operations, net of cash and cash equivalents acquired		1,985	-	-	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	38(ii)	-	(348)	-	-
Proceeds from redemption of preference shares		-	-	-	2,148
Dividend received		19	2,719	-	17,930
Dividend received from associates and joint ventures		38,486	25,780	-	-
Net cash (used in)/generated from investing activities		<u>(304,670)</u>	<u>(131,615)</u>	<u>39,084</u>	<u>51,022</u>
Cash flows from financing activities					
Acquisition of non-controlling interests		-	(300)	-	-
Purchase of treasury shares		(22)	(66)	(22)	(66)
Payment of finance lease liabilities		(195)	(6,312)	-	-
Dividend paid to non-controlling interests		-	(3,745)	-	-
Withdrawal of pledged deposits		108,327	30,872	-	-
Net drawdown of borrowings		243,614	212,259	25,000	56,000
Net cash generated from financing activities		<u>351,724</u>	<u>232,708</u>	<u>24,978</u>	<u>55,934</u>
Net increase/(decrease) in cash and cash equivalents		37,010	1,684	151	(35,519)
Effect of exchange rate fluctuations on cash held		11,161	(30,173)	-	-
Cash and cash equivalents at 1 January		106,452	134,941	(309)	35,210
Cash and cash equivalents at 31 December		<u>154,623</u>	<u>106,452</u>	<u>(158)</u>	<u>(309)</u>





 KPMG

Statements of cash flows for the year ended 31 December 2015

(continued)

Cash and cash equivalents

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

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	17	247,521	193,187	16	57
Deposits	17	292,379	407,609	-	-
		<u>539,900</u>	<u>600,796</u>	<u>16</u>	<u>57</u>
Less: Pledged bank balances and deposits	17	(383,855)	(492,182)	-	-
Bank overdraft	20	(1,422)	(2,162)	(174)	(366)
		<u>154,623</u>	<u>106,452</u>	<u>(158)</u>	<u>(309)</u>

Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM39,559,000 (2014: RM118,980,000) of which RM186,000 (2014: RM7,894,000) were acquired by means of hire purchase and finance lease arrangements with the balance paid in cash.

The notes on pages 21 to 142 are an integral part of these financial statements.



Mulpha International Bhd.

(Company No. 19764-T)
(Incorporated in Malaysia)

and its subsidiaries

Notes to the financial statements

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

Principal place of business and registered office

PH2, Menara Mudajaya
No.12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2015 also include joint operations.

The principal activity of the Company is investment holding whilst the principal activities of the subsidiaries are as stated in Note 6.

These financial statements were authorised for issue by the Board of Directors on 31 March 2016.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*



1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

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

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14 and Amendments to MFRS 116 and MFRS 141 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.



1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group will assess the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group will assess the financial impact that may arise from the adoption of MFRS 9.

(iii) Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group will assess the financial impact that may arise from the adoption of the amendments.

(b) Basis of measurement

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



1. Basis of preparation (continued)

(b) Basis of measurement (continued)

The Group has prepared its financial statements by applying the going concern assumption, notwithstanding that as at 31 December 2015, the current liabilities of the Group exceeded its current assets by RM83,936,000, thereby indicating the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The validity of the going concern assumption is dependent upon the following:

- (i) the Group is successful in raising funds from the proposed rights issue;
- (ii) the banks continue to provide the required financing facilities to the Group; and
- (iii) ability of the Group to generate sufficient cash from its operations

to enable the Group to fulfill its obligations as and when they fall due so as to ensure the Group's ability to continue as a going concern for the foreseeable future.

As at the date of this report, there is no reason for the Directors to believe that the banks will not continue to provide the required financing facilities, that the Group will not generate sufficient cash from its operations, and that the Group will not be able to raise the funds from the proposed rights issue. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Group is unable to continue as a going concern.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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



1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

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

- Note 5 - valuation of investment properties
- Note 6 - valuation of investments in subsidiaries
- Note 7 - valuation of investments in associates
- Note 11 - measurement of recoverable amounts of cash generating units
- Note 15 - recognition of capital allowances and tax losses carried forward
- Note 22 - provision and contingencies
- Note 38 - business combinations

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.



2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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



2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates

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

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

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

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

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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



2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vii) Non-controlling interests

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

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



2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(viii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

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



2. Significant accounting policies (continued)

(b) Foreign currency (continued)

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

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

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

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



2. Significant accounting policies (continued)

(c) Financial instruments

(i) Initial recognition and measurement

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

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.



2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(b) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(1)(i)).



2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

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

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.



2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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



2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.



2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

• Freehold buildings	20 - 99 years
• Leasehold buildings	over period of lease
• Leasehold land	perpetuity
• Land improvements	10 - 40 years
• Plant, machinery, office equipment and furniture	3 - 20 years
• Motor vehicles	4 - 8 years

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

(e) Investment in works of art and club memberships

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

(f) Leased assets

(i) Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.



2. Significant accounting policies (continued)

(f) Leased assets (continued)

(ii) Operating leases

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

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

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

(g) Intangible assets

(i) Goodwill

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

(ii) Amortisation

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



2. Significant accounting policies (continued)

(h) Investment property

(i) Investment property carried at fair value

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

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

The Directors estimate the fair values of the Group's certain investment properties without involvement of independent valuers. Fair value is arrived at by reference to market evidence of transaction prices for similar properties within the same/adjacent location.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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

(ii) Reclassification to/from investment property

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

