

**The Palace Vacation Club Trust Fund**  
(Established under the Trust Deed dated 30 June 1999)

**Financial Report**  
**31 December 2021**

# The Palace Vacation Club Trust Fund

(Established under the Trust Deed dated 30 June 1999)

## Financial Report 31 December 2021

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# **The Palace Vacation Club Trust Fund**

(Established under the Trust Deed dated 30 June 1999)

## **Report by the Trustee For the Financial Year Ended 31 December 2021**

The Trustee of The Palace Vacation Club Trust Fund (“the Trust Fund”) hereby presents its report together with the audited financial statements of the Trust Fund for the financial year ended 31 December 2021.

### **The Trust Fund**

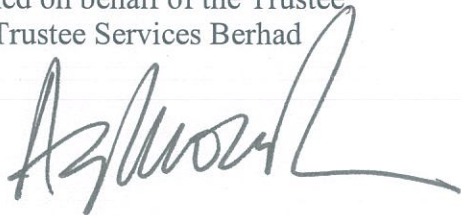
The Trust Fund was established pursuant to the execution of a Trust Deed dated 30 June 1999 between Golden Horse Palace Berhad (“the Management Company”), PB Trustee Services Berhad (“PB Trustee”) and the Timeshare Holders of The Palace Vacation Club (“the Scheme”).

The Management Company is the manager and operator of the Scheme and PB Trustee is the Trustee for the Timeshare Holders of the Scheme.

### **Timeshare Holders**

As at 31 December 2021, there were a total of 3,398 (2020: 6,811) registered Timeshare Holders of the Scheme.

Signed on behalf of the Trustee  
PB Trustee Services Berhad



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CHEAH KUAN YOON  
CHIEF EXECUTIVE OFFICER

Kuala Lumpur  
7 April 2022

# The Palace Vacation Club Trust Fund

(Established under the Trust Deed dated 30 June 1999)

## Statement by the Trustee

In the opinion of the Trustee, the financial statements set out on pages 6 to 12 are drawn up so as to give a true and fair view of the state of affairs of The Palace Vacation Club Trust Fund as at 31 December 2021 and of its results and cash flows of The Palace Vacation Club Trust Fund for the financial year then ended in accordance with the applicable Approved Accounting Standards in Malaysia.

Signed on behalf of the Trustee,  
PB Trustee Services Berhad



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CHEAH KUAN YOON  
CHIEF EXECUTIVE OFFICER

Kuala Lumpur  
7 April 2022

## Statutory Declaration

I, CHEAH KUAN YOON, being the Chief Executive Officer primarily responsible for the financial management of The Palace Vacation Club Trust Fund, do solemnly and sincerely declare that the financial statements set out on pages 6 to 12 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the )  
abovenamed CHEAH KUAN YOON at Shah )  
Alam in the state of Selangor Darul Ehsan on )  
7 April 2022 )



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CHEAH KUAN YOON

Before me,



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COMMISSIONER FOR OATHS

NO. 33A, JALAN PEREPAT 27/95  
SEKSYEN 27, 40400 SHAH ALAM  
SELANGOR DARUL EHSAN

**Independent Auditors' Report  
to the Timeshare Holders of  
The Palace Vacation Club Trust Fund**  
(Established under the Trust Deed dated 30 June 1999)

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of The Palace Vacation Club Trust Fund, which comprise the statement of assets and liabilities as at 31 December 2021, and the statement of income and expenditure, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 12.

In our opinion, the accompanying financial statements give a true and fair view of the state of affairs of the Trust Fund as at 31 December 2021, and of its results and its cash flows for the financial year then ended in accordance with the applicable Approved Accounting Standards in Malaysia.

**Basis for Opinion**

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

*Independence and Other Ethical Responsibilities*

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

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Trustee of the Trust Fund is responsible for the other information. The other information comprises the Report by the Trustee but does not include the financial statements of the Trust Fund and our auditors' report thereon.

**Independent Auditors' Report  
to the Timeshare Holders of  
The Palace Vacation Club Trust Fund (continued)**

(Established under the Trust Deed dated 30 June 1999)

Our opinion on the financial statements of the Trust Fund does not cover the Report by the Trustee and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Trust Fund, our responsibility is to read the Report by the Trustee and, in doing so, consider whether the Report by the Trustee is materially inconsistent with the financial statements of the Trust Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

**Responsibilities of the Trustee for the Financial Statements**

The Trustee is responsible for the preparation of financial statements of the Trust Fund that give a true and fair view in accordance with the applicable Approved Accounting Standards in Malaysia. The Trustee is also responsible for such internal control as the Trustee determines is necessary to enable the preparation of financial statements of the Trust Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Trust Fund, the Trustee is responsible for assessing the Trust Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee intends to cease operations, or has no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

**Independent Auditors' Report  
to the Timeshare Holders of  
The Palace Vacation Club Trust Fund (continued)**  
(Established under the Trust Deed dated 30 June 1999)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Trust Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Trust Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Other Matters**

This report is made solely to the Timeshare Holders of the Trust Fund, as a body, in accordance with paragraph 7.2.3 of the Trust Deed dated 30 June 1999 and for no other purpose. We do not assume responsibility to any other person for the content of this report.



MARY TAN & PARTNERS  
Firm Number: AF001960  
Chartered Accountants



TAN SIOK LEE  
Approved Number: 02373/08/2022 J  
Chartered Accountant

Kuala Lumpur  
7 April 2022

## The Palace Vacation Club Trust Fund

(Established under the Trust Deed dated 30 June 1999)

### Statement of Assets and Liabilities

As at 31 December 2021

	Note	2021 RM	2020 RM
<b>Current Assets</b>			
Fixed deposits with licensed banks	6	2,870,546	2,823,456
Cash at bank		164,293	152,097
		<u>3,034,839</u>	<u>2,975,553</u>
<b>Current Liability</b>			
Other payables		242	242
		<u>242</u>	<u>242</u>
Net current assets		<u>3,034,597</u>	<u>2,975,311</u>
<b>Represented by:</b>			
<b>Trust Fund</b>			
Trust Account		90,954	85,835
Sinking Fund		1,422,243	1,391,483
Payback Scheme		1,521,400	1,497,993
		<u>3,034,597</u>	<u>2,975,311</u>

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



## **The Palace Vacation Club Trust Fund**

(Established under the Trust Deed dated 30 June 1999)

### **Statement of Income and Expenditure**

#### **For the Financial Year Ended 31 December 2021**

	2021 RM	2020 RM
<b>Income</b>		
Interest income from fixed deposits	47,090	64,819
<b>Expenditure</b>		
Bank charges	(51)	(182)
Net income for the financial year	<u>47,039</u>	<u>64,637</u>

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

**The Palace Vacation Club Trust Fund**  
(Established under the Trust Deed dated 30 June 1999)

**Statement of Changes in Equity  
For the Financial Year Ended 31 December 2021**

	Trust Account RM	Sinking Fund RM	Payback Scheme RM	Total RM
At 1 January 2020	95,471	1,311,728	1,466,118	2,873,317
Addition during the financial year	270,201	46,921	-	317,122
Release during the financial year	(279,765)	-	-	(279,765)
Net (expense)/income for the financial year	(72)	32,834	31,875	64,637
At 31 December 2020	<u>85,835</u>	<u>1,391,483</u>	<u>1,497,993</u>	<u>2,975,311</u>
At 1 January 2021	85,835	1,391,483	1,497,993	2,975,311
Addition during the financial year	5,139	7,108	-	12,247
Net (expense)/income for the financial year	(20)	23,652	23,407	47,039
At 31 December 2021	<u>90,954</u>	<u>1,422,243</u>	<u>1,521,400</u>	<u>3,034,597</u>

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

# The Palace Vacation Club Trust Fund

(Established under the Trust Deed dated 30 June 1999)

## Statement of Cash Flows

### For the Financial Year Ended 31 December 2021

	2021 RM	2020 RM
<b>Cash Flows From Operating Activities</b>		
Net income for the financial year	47,039	64,637
Adjustment for:		
Interest income	(47,090)	(64,819)
	<u>(51)</u>	<u>(182)</u>
Interest received	47,090	64,819
Purchase Price received	5,139	270,201
Release of Purchase Price	-	(279,765)
Contributions received for Sinking Fund	7,108	46,921
	<u>59,337</u>	<u>102,176</u>
Net cash from operating activities	<u>59,286</u>	<u>101,994</u>
<b>Net increase in cash and cash equivalents</b>	59,286	101,994
<b>Cash and cash equivalents at beginning of the financial year</b>	<u>2,975,553</u>	<u>2,873,559</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u>3,034,839</u>	<u>2,975,553</u>
<b>Cash and cash equivalents at end of the financial year comprise:</b>		
Fixed deposits with licensed banks	2,870,546	2,823,456
Cash at bank	164,293	152,097
	<u>3,034,839</u>	<u>2,975,553</u>

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

# **The Palace Vacation Club Trust Fund**

(Established under the Trust Deed dated 30 June 1999)

## **Notes to the financial statements**

### **1. General**

The Trust Fund was established pursuant to the execution of a Trust Deed dated 30 June 1999 between Golden Horse Palace Berhad (“the Management Company”), PB Trustee Services Berhad (“PB Trustee”) and the Timeshare Holders of The Palace Vacation Club (“the Scheme”).

The Management Company is the manager and operator of the Scheme and PB Trustee is the Trustee for the Timeshare Holders of the Scheme. The Trust Fund comprises the Trust Account, Sinking Fund and Payback Scheme.

The financial statements of the Trust Fund are presented in Ringgit Malaysia (RM).

### **2. Trust Account**

This represents an account in the name of the Trustee with a reputable bank approved by the Management Company for the purpose of depositing and holding in trust all Purchase Price received or receivable by the Management Company from the Applicants and/or Timeshare Holders.

Purchase Price is the consideration payable by a Timeshare Holder to participate in the Scheme which shall exclude the Annual Timeshare Subscription payable to the Management Company.

Any Purchase Price deposited into the Trust Account by the Management Company prior to the expiry of the cooling-off period of 10 days shall be held in trust by the Trustee for the applicant until the expiry of the cooling-off period and in the event that any application is withdrawn by an applicant during the cooling-off period, the Trustee shall release such Purchase Price, free of interest to the applicant.

The Trustee shall release to the Management Company all and any Purchase Price received by it from the Management Company and deposited in the Trust Account together with any interest accrued thereon upon the expiry of the cooling-off period and confirmation by the Management Company of its acceptance of the application by the applicant.

### **3. Sinking Fund**

This represents an account in the name of the Trustee with a reputable bank approved by the Management Company for the purpose of setting up a Sinking Fund by the Management Company in respect of covering the costs for periodic major repairs or replacements of the facilities of the timeshare accommodation units and recreation facilities.

The Management Company shall deposit a sum of not less than 10% of the total annual timeshare subscriptions paid by the Timeshare Holders to the Management Company into the Sinking Fund within 30 days of the receipt of such annual timeshare subscription by the Management Company commencing on the month following after which the annual timeshare subscriptions are payable by the Timeshare Holders.

All sums deposited in the Sinking Fund may be invested by the Trustee in suitably liquid and secured investments or any other investments authorised by law and approved by the Management Company and any interest earned thereon shall be accumulated to the principal until release thereof to the Management Company.

The Trustee shall release to the Management Company for any major repairs or replacements to the timeshare accommodation units and recreation facilities to be incurred by the Management Company which shall exceed a sum of RM10,000 per job or item.

### **4. Payback Scheme**

The Management Company entered into an agreement with the Insurance Company to provide a Payback Scheme for its Timeshare Holders. A premium sum has been set aside for the provision of an insurance policy under this scheme as stipulated in the Fourth Schedule of the New Timesharing Agreement. However, since the Insurance Company, Malaysia Assurance Alliance Berhad ("MAA") has rejected the Management Company's application for the enrolment of the Payback Scheme for Timeshare Holders based on the agreed premium rate in the month of December 2007, the Management Company has proceeded to file for an arbitration against MAA. On 25 May 2011, the Management Company has won the arbitration and MAA had refunded the premium sum of the Payback Scheme to the Trustee in the year.

A Eleventh Supplemental Trust Deed dated 21 June 2011 was entered into between the Management Company, the Trustee and the Timeshare Holders of The Palace Vacation Club, whereby the Management Company agrees and shall provide the Payback Scheme for the Rejected Eligible Members on the same terms as previously provided by MAA.

The Management Company will pay the premium (of the same amount that was payable to MAA previously) to the Trustee, who shall act as stakeholder on behalf of the Rejected Eligible Members, and shall invest the said premium sum in relevant investment schemes to be proposed by the Management Company, subject to the approval of the Trustee.

The Rejected Eligible Members shall enjoy the same benefits and be subject to the same terms and conditions as the Accepted Eligible Members under the Payback Scheme.

Pursuant thereto, the Rights under the insurance policy under the Payback Scheme (pursuant to the Fourth Supplemental Trust Deed dated 15 October 2004) shall not be applicable in respect of those new Timeshare Memberships purchased on or after the date of the Ninth Supplemental Trust Deed dated 11 September 2008.

However, the following Timeshare Holders shall continue to be entitled to the Rights under the insurance policy under the Payback Scheme:-

- (i) Diamond Premium and Gold Premium Timeshare Holders who have purchased their memberships before the date of the Ninth Supplemental Trust Deed dated 11 September 2008;
- (ii) Timeshare Holders whose Timeshare Memberships were purchased during the period between the lodgement at the Companies Commission of Malaysia of the Fourth Supplemental Trust Deed dated 15 October 2004 and the Seventh Supplemental Trust Deed dated 18 April 2007; and
- (iii) Timeshare Holders whose Timeshare Memberships were purchased before the lodgement at the Companies Commission of Malaysia of the Fourth Supplemental Trust Deed dated 15 October 2004 and who have exercised the option to participate in the Payback Scheme.

## **5. Significant Accounting Policies**

### **(a) Basis of accounting**

The financial statements of the Trust Fund have been prepared under the historical cost basis except as disclosed in the accounting policies below, in accordance with the applicable Approved Accounting Standards in Malaysia.

### **(b) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

### **(c) Other payable**

Other payable is recognised initially at the transaction price and subsequently measured at the undiscounted amount of cash expected to be paid.

### **(d) Income recognition**

Interest income is recognised as it accrues unless ability to collect is in doubt.

## **6. Fixed Deposits with Licensed Banks**

The interest rates and maturities of deposits range from 1.50% to 1.85% (2020: 1.70% to 3.10%) per annum and 31 days to 365 days (2020: 31 days to 366 days) respectively.