



**CORPORATE OFFICE**

D5-5-5 Solaris Dutamas,  
No.1 Jalan Dutamas 1,  
50480 Kuala Lumpur,  
Malaysia

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W: magma.my

MAGMA GROUP BERHAD | ANNUAL REPORT 2023

# Unveiling a New Horizon of Growth

ANNUAL REPORT 2023



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# About Us

# 01



Corporate Information

Group Structure

Profile of Board of Directors  
and Senior Management

# Board of Directors

**Dato' Seri Ismail @ Farouk Bin Abdullah**  
Executive Chairman

**Dato' Sri Lee Hock Seng**  
Deputy Executive Chairman  
(Appointed on 06.09.2023)

**Dato' Sri Liang Chee Fong**  
Group Managing Director  
(Appointed as Managing Director on 11.10.2023 and Re-designated as Group Managing Director on 01.03.2024)

**Puan Dyana Sofya binti Mohd Daud**  
Non-Independent  
Non-Executive Director

**Ms. Lee Guat Tin**  
Independent  
Non-Executive Director  
(Appointed on 18.08.2023)

**Ms. Lim Su Hwei**  
Independent  
Non-Executive Director  
(Appointed on 18.08.2023)

**Mr. Tan Kim Chee**  
Independent  
Non-Executive Director  
(Appointed on 01.04.2024)

**Dato Hoo Voon Him**  
Executive Director / Interim Chief Executive Officer  
(Resigned on 29.03.2024)

**Dato' Hong Khay Kuan**  
Independent  
Non-Executive Director  
(Resigned on 29.03.2024)

**Prof. Dr. Mohd Amy Azhar bin Haji Mohd Harif**  
Independent  
Non-Executive Director  
(Resigned on 21.08.2023)

**Datuk Supperamaniam a/l Manickam**  
Independent Non-Executive Director  
(Resigned on 21.08.2023)

## AUDIT AND RISK MANAGEMENT COMMITTEE

**Chairperson**  
Ms. Lim Su Hwei  
(Appointed as Member on 18.08.2023 and Re-designated as Chairperson on 21.08.2023)

Prof. Dr. Mohd Amy Azhar bin Haji Mohd Harif  
(Resigned as Chairman on 21.08.2023)

**Members**  
Puan Dyana Sofya binti Mohd Daud  
Ms Lee Guat Tin  
(appointed as a member on 21.08.2023)  
Datuk Supperamaniam a/l Manickam  
(Resigned on 21.08.2023)

## NOMINATION COMMITTEE

**Chairperson**  
Ms. Lee Guat Tin  
(Appointed as Member on 18.08.2023 and Re-designated as Chairperson on 21.08.2023)

Datuk Supperamaniam a/l Manickam  
(Resigned as Chairman on 21.08.2023)

**Members**  
Ms. Lim Su Hwei  
(Appointed on 21.08.2023)

Puan Dyana Sofya binti Mohd Daud

Prof. Dr. Mohd Amy Azhar bin Haji Mohd Harif  
(Resigned on 21.08.2023)

## REMUNERATION COMMITTEE

**Chairman**  
Mr. Tan Kim Chee  
(Appointed as Chairman on 01.04.2024)

Dato' Hong Khay Kuan  
(Re-designated as Chairman on 21.08.2023 and resigned on 29.03.2024)

Datuk Supperamaniam a/l Manickam  
(Resigned as Chairman on 21.08.2023)

**Member**  
Ms. Lee Guat Tin  
(Appointed on 21.08.2023)

Ms. Lim Su Hwei  
(Appointed on 21.08.2023)

Prof. Dr. Mohd Amy Azhar bin Haji Mohd Harif  
(Resigned on 21.08.2023)

## COMPANY SECRETARY

Lim Shook Nyee  
SSM No. 201908003593  
(MAICSA NO.7007640)

Safarizal Sanusi  
SSM No. 202108000635  
(MACS NO. 01845)  
(Appointed on 04.10.2023)

Tee Siew Lee  
SSM No. 202008001875  
(LS00009570) (Resigned on 04.10.2023)

## REGISTERED OFFICE

Ho Hup Tower – Aurora Place  
2-07-01 – Level 7,  
Plaza Bukit Jalil, No. 1,  
Persiaran Jalil 1,  
Bandar Bukit Jalil, 57000  
Kuala Lumpur, W.P. Kuala Lumpur  
Tel : +603 9779 1700  
Fax : +603 9779 1701  
Email : osem@quadrantbiz.com

## CORPORATE OFFICE

D5-5-5,  
Solaris Dutamas,  
No. 1, Jalan Dutamas 1,  
50480, Kuala Lumpur,  
W.P. Kuala Lumpur  
Tel : +603 6211 3686

## AUDITOR

Moore Stephens Associate PLT  
(LLP0000963-LCA & AF2096)  
Unit 3.3A, 3rd Floor, Surian Tower  
No.1 Jalan PJU 7/3  
Mutiara Damansara  
Bangsar South City  
47810 Petaling Jaya, Selangor  
Malaysia  
Tel : +603 7728 1800  
Fax : +603 7728 9800

## SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd  
(199601006647 (378993-D))  
11th Floor Menara Symphony  
No. 5 Jalan Prof. Khoo Kay Kim,  
Seksyen 13  
46200 Petaling Jaya, Selangor  
Malaysia  
Tel : +603 7890 4700  
Fax : +603 7890 4670  
Email : BSR.Helpdesk@boardroomlimited.com

## PRINCIPAL BANKERS

CIMB Bank Berhad  
RHB Bank Berhad  
Public Bank Berhad

## PRINCIPAL SOLICITORS

Messrs. Cheang & Ariff  
Messrs. C H Lee Nora  
Messrs. Kuruvilla, Yeoh & Benjamin

## STOCK EXCHANGE LISTING

Main Market of the  
Bursa Malaysia Securities Berhad  
Stock Code : 7243

## WEBSITE

www.magma.my

## Group Structure



- **100%** **Magma Hospitality Management Sdn Bhd**  
(fka Impiana Hotels & Resorts Management Sdn Bhd)  
199101013081 (223393-A)  
Giving professional management services to hotels, resorts and recreation clubs
- **100%** **Impiana Pangkor Sdn Bhd**  
199101017935 (228246-W)  
Dormant
- **100%** **Impiana Ipoh Sdn Bhd**  
201401002976 (1079050-P)  
Joint developer of “Impiana Resort & Residences Cherating” and owner of Impiana Hotel Ipoh
- **100%** **Impiana Cherating Sdn Bhd**  
198501013346 (145802-H)  
Developer and owner of “Impiana Resort & Residences Cherating”
- **100%** **Impiana Tioman Villas & Residences Sdn Bhd**  
202001040673 (1396994-X)  
Owner of Tioman Land
- **75%** **Impiana Selo Tioman Resorts Sdn Bhd**  
202101005152 (1405451-T)  
Joint venture for Tioman Resorts development
- **100%** **Astaka Mekar Sdn Bhd**  
200901011731 (854761-P)  
Investment holding
- **20%** **Heritage Lane Sdn Bhd**  
199901002104 (477004-U)  
Owner of Impiana KLCC Hotel
- **100%** **Magma Bintang Sdn Bhd**  
202301043175 (1537091-H)  
Provision of operating of self-owned or leased real estate - non residential buildings
- **100%** **Magma Capital Sdn Bhd**  
202401006755 (1552605-D)  
Provision of investment holding, financial consultancy, credit and leasing services
- **51%** **Magma Chain Management Sdn Bhd**  
202401009877 (1555727-U)  
Provision of F&B services

## Profile of Board of Directors & Senior Management

### **DATO' SERI ISMAIL @ FAROUK BIN ABDULLAH**

Executive Chairman

*Malaysian / aged 78 / Male*

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Dato' Seri Farouk was appointed to the Board on 18 April 2019. He holds a degree in Hotel Management from L'Ecole Hoteliere, Lausanne, Switzerland and has more than 50 years experience in the hospitality industry both in Europe and Asia. In 1994, he founded the Impiana Group, which is involved in the development and management of hotels and resorts, travel and leisure, property development and education.

Dato' Seri Farouk is a major shareholder of the Company through his direct and indirect shareholdings in the Company. Dato' Seri Farouk has no directorships in other public companies.

Dato' Seri Farouk attended seven (7) out of eight (8) Board Meetings during the financial year ended 31 December 2023. He has abstained from deliberating and voting in respect to any transactions between the Company and related parties involving himself.

### **DATO' SRI LEE HOCK SENG**

Deputy Executive Chairman

*Malaysian / aged 52 / Male*

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Dato' Sri Lee was appointed to the Board on 6 September 2023 and leverages over 30 years of experience gained since his secondary education across diverse industries. As a lifelong learner, his passion for continual learning fuels his expertise in marketing, business development, hotel operations, and property development, ensuring his knowledge remains sharp and valuable.

Dato' Sri Lee has gained extensive exposure in both local and international marketing for the hospitality and property development sectors. He is highly regarded for his visionary leadership and dedication to promoting Malaysian hospitality on a global scale.

Dato' Sri Lee is the renowned founder of HYM Group, the company behind the famed WOLO Kuala Lumpur hotel. His contributions extend beyond the boardroom, as he serves as a dedicated Trustee of the LCW Foundation, helping those in need.

Dato' Sri Lee is a major shareholder of the Company through his direct and indirect shareholdings in the Company. Dato' Sri Lee has no directorships in other public companies.

Dato' Sri Lee attended all two (2) Board Meetings held during the financial year ended 31 December 2023 after his appointment. He has abstained from deliberating and voting in respect to any transactions between the Company and related parties involving himself. Dato' Sri Lee's spouse, Datin Sri Joanne Yew Hong Im is a major shareholder of the Company.

## **Profile of Board of Directors & Senior Management**

cont'd

### **DATO' SRI LIANG CHEE FONG**

**Managing Director**

*Malaysian / aged 50 / Male*

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Dato' Sri Liang Chee Fong ("Dato' Sri Thomas") was appointed to the Board of Magma Group Berhad on 11 October 2023 and re-designated as Group Managing Director on 1 March 2024. He holds an Honours Degree in International Marketing and Economics from Coventry University in the United Kingdom and furthered his education with an MBA in General Business Management from Dublin, Ireland.

With over two decades of experience, Dato' Sri Thomas has held various positions in both local and international financial institutions, encompassing roles in commercial banks and equity investment banks. His expertise extends to advisory roles in investment, operations, marketing, and business development for multinational corporations. Before joining Magma Group, he successfully managed multiple entrepreneurial ventures, including operations in hotels and property development.

Currently, Dato' Sri Thomas serves as the Executive Chairman of Rekatech Capital Berhad.

Dato' Sri Thomas attended all two (2) Board Meetings held during the financial year ended 31 December 2023 after his appointment.

### **PUAN DYANA SOFYA MOHD DAUD**

**Non-Independent Non-Executive Director**  
**Member of Audit and Risk Management Committee**  
**Member of Nomination Committee**

*Malaysian / aged 36 / Female*

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Puan Dyana was appointed to the Board on 30 May 2018. In 2010, Puan Dyana graduated with a Bachelor of Law with Honours from Universiti Teknologi MARA, Malaysia. She was then admitted as an advocate & solicitor of the High Court of Malaya in 2011. She subsequently obtained a Master of Arts in International Studies and Diplomacy from School of Oriental and African Studies, University of London, UK in 2016.

Beginning her legal career, she underwent pupillage at Messrs Azmi & Associates, followed by practicing as a partner specializing in corporate matters at Messrs Nizamuddin Hamid & Co from 2012 to the end of 2013. Her involvement in legal affairs extended to the political arena, where she served as a political secretary to the Democratic Action Party Parliamentary Leader from 2013 to 2015.

Puan Dyana's career continued to flourish as she assumed the role of a partner at Messrs Ayub Dyana Zainal & Zakaria. In this capacity, she managed and advised clients on legal matters, concentrating on corporate law, while also overseeing client relationships and the public relations aspect of the firm.

At present, Puan Dyana serves as a Partner in the Corporate Commercial Practice Group at Messrs. Zharif Nizamuddin. In addition to her legal responsibilities, she is actively involved in the business development portfolio of the firm, showcasing her commitment to both legal excellence and strategic growth.

She also currently serves as an Independent Non-Executive Director in MTAG Group Berhad.

Puan Dyana attended all eight (8) Board Meetings held during the financial year ended 31 December 2023.

## Profile of Board of Directors & Senior Management

cont'd

### MS. LIM SU HWEI

Independent Non-Executive Director

Chairperson of Audit and Risk Management Committee (appointed as Member on 18.08.2023 and re-designated as Chairperson on 21.08.2023)

Member of Nomination Committee (appointed on 21.08.2023)

Member of Remuneration Committee (appointed on 21.08.2023)

*Malaysian / aged 36 / Female*

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Ms. Lim Su Hwei (“Ms. Lim”) was appointed to the Board as an Independent Non-Executive Director of the Company on 18 August 2023. She graduated from Victoria University with a Bachelor of Business, double majoring in Accounting and Banking/Finance, and is also a certified CPA Australia professional.

Ms. Lim is a chartered accountant with a forward-thinking vision and a strong belief in adaptability in the modern world. With over a decade of professional experience in senior management roles, she has honed her skills to become a dedicated, dynamic, and result-oriented leader.

Her professional journey began as a senior associate at KPMG in 2010, where she gained valuable insights into financial practices. Subsequently, Ms. Lim transitioned to Schlumberger Business Support Hub, serving as a Senior Financial Analyst from 2013 to 2017. She then held the position of Group Financial Controller at YC Capital Sdn Bhd from 2017 to 2018. From 2018 to 2020, she served as the Chief Financial Officer of PT Satria Antaran Prima Tbk. Currently, Ms. Lim is the Senior Advisory and Investors Relation Manager at GDEX Berhad.

Ms. Lim attended all three (3) Board Meetings held during the financial year ended 31 December 2023 after her appointment. She does not hold any directorship in any other public listed companies.

### MS. LEE GUAT TIN

Independent Non-Executive Director

Chairperson of Nomination Committee

(appointed as Member on 18.08.2023 and re-designated as Chairperson on 21.08.2023)

Member of Audit and Risk Management Committee (appointed on 21.08.2023)

Member of Remuneration Committee (appointed on 21.08.2023)

*Malaysian / aged 63 / Female*

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Ms. Lee Guat Tin (“Ms. Sherine”) was appointed to the Board as an Independent Non-Executive Director of the Company on 18 August 2023. She brings with her a wealth of expertise, holding an Investor Protection Professional Certificate from the Asian Institute of Chartered Bankers (“AIC”).

Ms. Sherine’s distinguished career spans an impressive 33 years at Affin Bank Berhad, culminating in her appointment as Branch Manager in 2005. Her extensive experience within the banking sector is a testament to her exceptional leadership skills, strategic vision, and a proven ability to foster growth and profitability.

After her retirement from Affin Bank Berhad, Ms. Sherine transitioned to a management role at the esteemed legal firm, Messrs. Rusnah Loh Ng & Co. In this capacity, her comprehensive expertise extends across various domains, including corporate law, real estate, litigation, employment law, as well as accounting and finance.

Ms. Sherine’s contributions to the banking industry have been marked by proficiency in financial management, adept risk assessment, and strict adherence to regulatory compliance. Throughout her career, she has consistently propelled organizations to higher levels of success.

Currently, in her pivotal role within Messrs. Rusnah Loh Ng & Co., Ms. Sherine continues to bring her wealth of knowledge and experience to the fore, contributing to the strategic and operational aspects of the company.

Ms. Sherine attended all three (3) Board Meetings held during the financial year ended 31 December 2023 after her appointment. She does not hold any directorship in any other public listed companies.



## Profile of Board of Directors & Senior Management

cont'd

### **MR. TAN KIM CHEE**

Independent Non-Executive Director

Chairman of Remuneration Committee (Appointed on 1.04.2024)

Malaysian / aged 65 / Male

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Mr. Tan Kim Chee ("Mr. Collin") is appointed as an Independent Non-Executive Director effective 1st April 2024 and brings a wealth of experience, spanning 46 years, most notably from his tenure at Singer, where he concluded his service as Business Development Manager, APAC Region at SVP Worldwide, the U.S. Company. Despite forgoing higher education after secondary school, his career is distinguished by significant contributions to business development and leadership across diverse sectors. With Malaysian Chinese heritage and fluency in English, Malay, and several Chinese dialects, he offers a global perspective and diverse communication skills.

His career highlights include leadership and business development across various sectors, achieving significant market expansion and revenue growth. Notably, as Business Development Manager APAC, he spearheaded market-share-increasing initiatives. Additionally, his efforts as General Manager Business & Network Development at Singer (Malaysia) significantly boosted sales in sewing machines and motorbikes through strategic programs and partnerships.

Mr. Collin's extensive background also includes pivotal roles in sales, field operations, and as General Manager of the Credit Operation Division, highlighting his expertise in sales strategy, credit management, and operational efficiency.

Mr. Collin has not attended Board Meetings held during the financial year ended 31 December 2023. He does not hold any directorship in any other public listed companies.

Save where disclosed above, none of the Directors has:

- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- other than traffic offences, any conviction for offences within the past 5 years; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## Profile of Board of Directors & Senior Management

cont'd

### MR. LEE JUN LIANG

Group Chief Operating Officer

*Malaysian / aged 34 / Male*

Mr. Lee Jun Liang ("Mr. JL") was appointed as Chief Operating Officer on 1 November 2023 and later re-designated as Group Chief Operating Officer on 1 March 2024. He graduated with a Bachelor of Finance (Hons) from Universiti Utara Malaysia in 2012 and holds Executive Master of Business Administration (EMBA) from Raffles University in 2023.

Mr. JL's professional journey is characterized by a wealth of experience in managing intricate operations and fostering organizational expansion. Notably, he held the position of Director of Asset Management at HYM Group, where he demonstrated exceptional proficiency in overseeing a diverse portfolio of properties valued at RM 300 million. In this role, Mr. JL's financial acumen and strategic planning capabilities were instrumental in sustaining high return rates and effectively identifying growth opportunities within the portfolio.

Before his tenure at HYM Group, Mr. JL made significant contributions to the banking industry, where he skillfully managed a substantial commercial credit portfolio with an estimated value of RM 50 million. His responsibilities encompassed the thorough evaluation of credit, meticulous risk assessment, and comprehensive financial analysis for a varied clientele operating across diverse industries. This experience not only showcased Mr. JL's versatility but also exposed him to the intricacies of various business sectors, ranging from property investment to manufacturing. Such exposure undoubtedly fortified his ability to navigate through the multifaceted landscapes of different operational domains.

### MR. LEE KAH HIN

Group Chief Financial Officer

*Malaysian / aged 38 / Male*

Mr. Lee Kah Hin ("Mr. Jerry"), was appointed as the Group Chief Financial Officer (Group CFO) 1 March 2024. He graduated with Bachelor of Science (Honors) in Statistics from the University of Malaya, complemented by his status as a Chartered Financial Analyst (CFA) charter holder. This combination of education and professional certification underpins his deep understanding of finance and investment.

Mr. Jerry career began in 2009 at RHB Capital, where he was part of the Financial Sector Enrichment Programme (FSTEP), later moving to the finance department of RHB Group. His analytical skills were honed at OSK Research, covering the steel sector, and post the RHB-OSK merger, his expertise expanded to logistics, airlines, media, rubber products, and steel sectors under RHB Research Institute. His acumen was nationally recognized in 2014 when he was ranked as the No. 1 in the Starmine Asia Top Stock Pickers for the transportation category.

His impressive career is highlighted by a nine-year tenure at GDEX Bhd, where he rose to the positions of Executive Director and Chief Investment Officer. Mr. Jerry's tenure at GDEX Bhd is notable for his leadership in strategic initiatives, including a significant fund-raising exercise in 2016 that positioned Yamato Holdings as the second largest shareholder of GDEX. His strategic vision was crucial in expanding GDEX's regional business ecosystem, with a focus on technology and logistics investments across Malaysia, Indonesia, and Vietnam. Furthermore, his leadership in the IPO of GDEX Bhd's associate, PT Satria Antara Prima, on the Indonesian stock exchange, underscores his proficiency in steering complex financial projects to success.

Save where disclosed above, none of the Key Senior Management has:

- any directorship in public companies and listed issuers;
- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- other than traffic offences, any conviction for offences within the past 5 years; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# Our Performance



5-Years Financial  
Highlights

Message from  
Group Managing Director

Management Discussion  
and Analysis

## 5-Years Financial Highlights

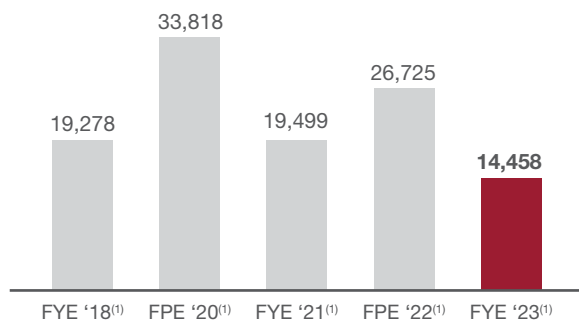
The highlights of Impiana Hotels Berhad financial information for the past 5 financial years are as follows:

	FYE 31 Dec '18 <sup>(1)</sup>	18-mth FPE 30 Jun '20 <sup>(1)</sup>	FYE 30 Jun '21 <sup>(1)</sup>	18-mth FPE 30 Dec '22 <sup>(1)</sup>	FYE 31 Dec '23 <sup>(1)</sup>
	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)
Revenue	19,278	33,818	19,499	26,725	<b>14,458</b>
Finance costs	(5,372)	(6,198)	(8,132)	(11,727)	<b>(8,637)</b>
(Loss) before taxation	(1,940)	(63,940)	(10,467)	(13,826)	<b>(13,018)</b>
(Loss) after tax	(1,350)	(62,374)	(10,730)	(14,307)	<b>(13,100)</b>
Net assets	43,794	38,039	41,596	65,685	<b>104,609</b>
Total assets	166,871	194,724	203,929	221,815	<b>245,213</b>
Borrowings	69,885	70,363	72,599	71,817	<b>73,197</b>
Liabilities/Equity (times)	3.81	4.12	3.90	2.38	<b>1.34</b>
No. of shares ('000)	795,363	835,736	1,216,205	288,868	<b>945,239</b>
(Loss)/per share (sen)	(0.17)	(7.46)	(0.88)	(5.72)	<b>(2.21)</b>
NA per share (sen)	5.51	4.55	3.42	26.28	<b>17.64</b>
Dividend per share (RM)	-	-	-	-	-

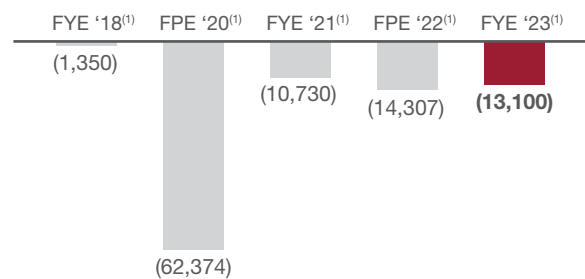
**Note:**

(1) The Group numbers are accounted for using the reverse acquisition method

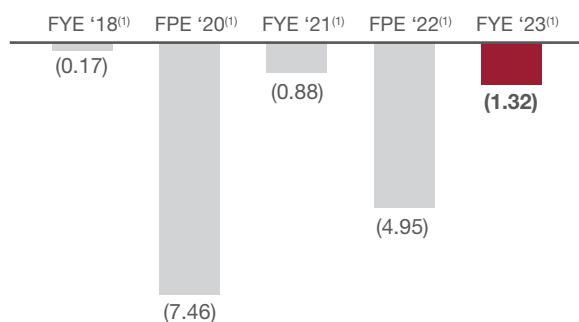
### REVENUE (RM'000)



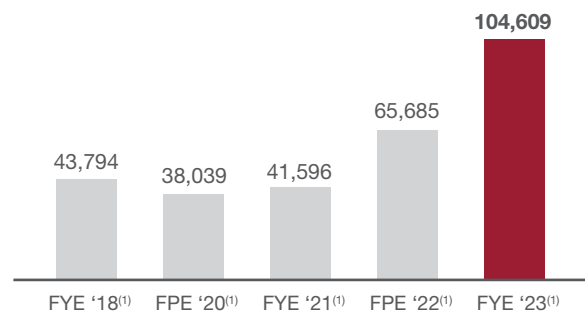
### LOSS AFTER TAX (RM'000)



### LOSS PER SHARE (RM'000)



### NET ASSETS (RM'000)



## A Message From Our Group Managing Director



*“Dear Stakeholders,*

*It is with a sense of pride and anticipation that I present to you the Annual Report for the 12 months ending 31 December 2023 (“FYE2023”) of Magma Group Berhad (“Magma” or the “Group”). This marks a significant milestone as we transition from our former identity, Impiana Hotels Berhad. The past 12 months have been a period of strategic realignment, setting the stage for a new chapter in our journey. As we embrace this new era, our focus remains steadfast on innovation, excellence, and seizing the dynamic opportunities that the future holds. I am grateful for the enduring trust and support of our shareholders and the unwavering commitment of our board members, as we collectively steer Magma towards a promising horizon.”*



### 2023 OVERVIEW

The global economic landscape in 2023 saw growth amidst a dynamic environment. The projected global growth rate of 2.9% signifies the resilience of economies worldwide. Notably, Malaysia showcased commendable economic resilience, achieving a growth rate of 3.7%. Although slightly lower than the previous year, this growth reflects a stabilizing economy as it adjusted from the substantial recovery phase post the pandemic-driven downturns. Key economic indicators such as the steady Overnight Policy Rate at 3.0% and a downtrend in inflation to 2.5% point to a cautiously optimistic economic environment. These figures underscore the effectiveness of Malaysia’s strategic economic management in navigating the current climate.

The Malaysian hospitality industry, with ambitious targets for tourist arrivals of 15 million and tourism receipts of RM47.6 billion, presented a landscape of both challenges and opportunities. The government’s allocation for tourism recovery highlights the sector’s potential for growth. Simultaneously, the property market in Malaysia exhibited signs of growth, particularly within the residential sector. Moderate growth in the Malaysian House Price Index and a robust rebound in sales volumes and values point to a recovering market buoyed by favourable economic conditions, stable interest rates, and supportive government policies.

Reflecting on 2023, it’s clear that Malaysia, alongside the global community, has navigated economic complexities, demonstrating resilience across vital sectors including hospitality and real estate. This journey of adaptation underscores our collective strength and sets the stage for future advancements.

### Malaysia’s Economic Promise

As we reflect on the journey through 2023 and look ahead to 2024, the global economic landscape presents an optimistic outlook, with growth projected at 3.1%. This resilience is pivotal as we continue efforts to manage inflation, expected to stabilize thanks to ongoing policies.

Malaysia’s economic story for 2024 is one of continued growth, with the GDP set to expand between 4% to 5%. This anticipated growth, driven by domestic demand, unfolds within a moderating global economy. Strategic national initiatives like the New National Energy Transition Roadmap (“NETR”), the New Industrial Master Plan 2030 (“NIMP 2030”), and the Twelfth Malaysia Plan review are designed to propel Malaysia’s economic momentum, harnessing innovation and sustainability for progress.

The services and manufacturing sectors are expected to be the cornerstones of Malaysia’s 2024 economic performance, with tourism playing a significant role. The manufacturing and agriculture sectors are poised for further growth, supported by government investments. The construction sector is also anticipated to rise, driven by renewable energy projects.

### Hospitality Industry Boom

The Malaysian hotel industry is on the cusp of a significant boom, with revenues projected to reach US\$1.43 billion in 2024, marking the beginning of a sustained growth trajectory of 4.11% annually that is expected to continue until 2028. This growth reflects an expanding user base and a shift towards online sales.

The hospitality sector’s upward trend is bolstered by increasing tourist arrivals and a preference for high-quality accommodations. This resilience and adaptability to evolving consumer preferences position Malaysia’s hotel market as a key player in the tourism ecosystem, offering enhanced visitor experiences and stakeholder opportunities.

### Magma’s Positive Outlook

As we transition into 2024, our outlook for the Group’s hospitality business is very positive. The projected growth within the Malaysian hotel industry, coupled with our strategic positioning has filled us with confidence. We are poised to capitalize on the opportunities ahead, leveraging our expertise and the evolving tourism and hospitality landscape. Together, we stand on the threshold of a year that promises significant growth and strategic achievements within our hospitality business.

To conclude, I extend my heartfelt appreciation to all our stakeholders. Your support and trust in our vision have been the bedrock of our success. United in our efforts and shared aspirations, we eagerly anticipate a future adorned with growth, innovation, and strategic triumphs. Together, let’s embrace the journey ahead.

**Dato’ Sri Liang  
Chee Fong**

*Group Managing Director and  
Executive Director*

## Management Discussion & Analysis (Overview of Group Business)

Magma Group Berhad (“**Magma**” or the “**Group**”) has solidified its presence in the hospitality industry through a commitment to excellence in hotel management. Magma’s hospitality arm, MHM, manages a diverse portfolio of 4-star hotels located in strategic areas across Malaysia, including notable establishments like Impiana KLCC, Impiana Ipoh, and Impiana Senai.

These strategic locations, selected for their accessibility and appeal, underscore Magma’s dedication to providing exceptional hospitality experiences. The Group’s focus on blending innovation with strategic placement ensures that guests receive unparalleled service, setting new benchmarks in the industry. Magma’s commitment to creating memorable stays is evident in its approach to hotel management, where the emphasis is on quality, guest satisfaction, and operational excellence.

In addition to its hotel management ventures, Magma is also engaged in property development, with projects like the Impiana Resorts & Residences Cherating. This beachfront luxury suite development in Cherating, known for its pristine coastline, marks Magma’s foray into resort living. The project’s first phase encompasses 3 blocks with 144 units, offering a range of accommodations from 1-bedroom suites to 3-bedroom units. Set on a freehold parcel, this development combines luxury with the natural beauty of Malaysia’s east coast, promising an exclusive lifestyle opportunity. As Magma actively seeks partners for the project’s second phase, it continues to expand its footprint in the property sector, leveraging its expertise in hospitality to enhance its real estate ventures.

Looking towards 2024, Magma is optimistic about the prospects of its hospitality business. The Group is poised to leverage its strong portfolio of properties and its reputation for excellence to capture growth opportunities in the evolving hotel and tourism landscape. With a strategic focus on guest experiences and operational efficiency, Magma is well-positioned to meet the demands of the modern traveller and to continue its growth trajectory in the hospitality sector.

### Review of Financial Performance

The summary of the Statement of Comprehensive Income is as follows:

<b>(RM '000)</b>	<b>FYE 2023</b>	<b>FPE 2022 (18 Months)</b>	<b>Variance FYE 2023 vs. FPE 2022</b>
Revenue	14,458	26,725	(45.9%)
Gross Profit (“GP”)	16,543	15,153	9.2%
Gross Profit Margin (“GPM”)	114.4%	56.7%	
Administrative Expenses	(12,420)	(13,051)	4.8%
Other Cost	(17,141)	(15,928)	(7.6%)
(Loss) Before Tax (“LBT”)	(13,018)	(13,826)	5.8%
(Loss) After Tax from Continued Operations (1) (“LAT”)	(13,100)	(14,307)	8.4%

**Note:**

<sup>(1)</sup> Attributable to owner of the Company

For the fiscal year concluded on 31 December 2023 (“FYE2023”), Magma Group Berhad (“Magma” or the “Group”) faced a year filled with considerable challenges and pivotal strategic shifts. The Group’s revenue for FYE2023 reached RM14.46 million, a decrease from the RM26.73 million reported in FPE2022. This change reflects the Group’s adaptation to market fluctuations and its dedicated efforts towards refining operational efficiency across its business segments. Despite these endeavours, the Group encountered a Loss After Tax (“LAT”) of RM13.10 million for FYE2023, an improvement from the LAT of RM14.31 million in the preceding year, indicating the effectiveness of the Group’s strategic realignments and cost management initiatives in a turbulent economic environment.

## Management Discussion & Analysis (Overview of Group Business)

cont'd

The summary of the Statement of Segmented Revenue is as follows:

<b>(RM '000)</b>	<b>FYE 2023</b>	<b>FPE 2022 (18 Months)</b>	<b>Variance FYE 2023 vs. FPE 2022</b>
Hotel Operation	12,077	13,556	(10.9%)
Hotel Management	4,832	5,147	(6.1%)
Property Development	(2,451)	8,022	(>100%)
<b>Total Revenue</b>	<b>14,458</b>	<b>26,725</b>	<b>(46.2%)</b>

In FYE2023, Magma Group Berhad navigated through a period of recalibration and strategic refinement across its business segments. The Hotel Operation segment emerged as a significant contributor, generating RM12.08 million, which constituted a substantial portion of the Group's total revenue. This performance underscores the segment's recovery and resilience, buoyed by increased occupancy rates and Average Room Rates ("ARR"), reflecting a rebound in the hospitality sector, particularly with the influx of travellers from China.

The Hotel Management segment also demonstrated notable performance, contributing RM4.83 million to the revenue. This improvement is indicative of the effective management strategies and operational efficiencies implemented within the segment. However, the Property Development sector registered a negative revenue that was mainly due to rescission and a new purchaser with net effect of the revenue and operating profit.

Despite the positive momentum in the hotel-related segments, the Group encountered a LAT of RM13.10 million. The breakdown of LAT reveals varied performance across the segments: a remarkable Profit After Tax ("PAT") of RM2.66 million from Hotel Operation, contrasting with LAT in Hotel Management of RM2.40 million and RM2.00 million in Property Development, further compounded by Corporate Expenses amounting to RM10.79 million.

Comparatively, FPE2022 witnessed a different financial landscape, with total revenue at RM26.73 million. The Hotel Operation and Hotel Management segments generated RM13.56 million and RM5.15 million respectively, while the Property Development segment contributed RM8.02 million to the revenue pool. However, the financial year also saw losses across all segments, contributing to an overall LAT of RM14.31 million.

The shift in leadership during FYE2023 and the ensuing cost rationalisation as part of the restructuring exercise played a pivotal role in shaping the financial outcomes. These strategic adjustments aimed at enhancing operational efficiency and profitability across the Group's diverse portfolio. Moving forward, Magma remains committed to leveraging the strengths of its hotel operation and management segments while addressing the challenges within the property development sector, with an eye towards sustainable growth and stakeholder value enhancement in the evolving market landscape.

## Management Discussion & Analysis

### (Overview of Group Business)

cont'd

#### Review of Statement of Financial Position

The summary of the Statement of Financial Position is as follows:

(RM '000)	As at 31 Dec 2023	As at 31 Dec 2022	Variance 31.12.2023
vs. 31.12.2022			
Property, Plant and Equipment	111,193	110,682	(0.5%)
Intangible Assets	-	5,314	(100%)
Total Trade Receivables	22,242	20,962	6.1%
Contract Assets	7,356	12,138	(39.4%)
Total Assets	245,213	221,815	10.5%
Total Trade, Other Payables & Accruals	45,948	58,035	(20.8%)
Contract Liabilities	65	458	(85.8%)
Total Liabilities	140,604	156,130	9.9%
Shareholders' Equity	104,609	65,685	59.3%
NA per share (sen) (1)	17.64	26.28	(51.2%)

**Note:**

(1) Based on weighted average number of shares

In FYE2023, Magma Group Berhad experienced notable changes in its financial position, as reflected in the balance sheet.

The Group's total assets grew significantly to RM245.21 million from RM221.82 million the previous year. The increase was partially caused by the increase in investment in associate which increased to RM40.22 million from RM39.40 million. Meanwhile, intangible assets saw a considerable reduction to RM1.92 million from RM5.31 million as at 31 Dec 2022, indicative of changes in the valuation of hotel management rights or potential amortisation effects.

Current assets also saw a rise to RM93.80 million, up from RM66.42 million in the previous year, with a notable increase in inventories and trade receivables, which may reflect an uptick in business activity and improved revenue collection processes.

On the liabilities side, the Group witnessed the total liabilities decrease to RM140.60 million from RM156.13 million in the previous year.

Equity saw a considerable rise, with total equity increasing to RM104.61 million from RM65.69 million. This increase in equity boosts the Group's financial robustness and ability to finance future growth.

These financial dynamics showcase a year where Magma Group Berhad leveraged market opportunities, enhanced operational capabilities, and navigated the economic uncertainties to strengthen its asset base and financial stability. As the Group looks towards FYE2024, there is a sense of optimism, with the company well-positioned to build on its financial gains and pursue further growth in the hospitality sector.



## Management Discussion & Analysis (Overview of Group Business)

cont'd

### Review of Cash Flow Statement

The summary of the Statement of Cash Flow is as follows:

(RM '000)	FYE 2023	FPE 2022 (18 Months)	Variance FYE 2023 vs. FPE 2022
Net cash flow used in operating activities	(22,806)	(3,546)	(>100%)
Net cash flow used in investing activities	(1,643)	(2,362)	(30.4%)
Net cash flow generated from financing activities	43,432	8,650	>100%
Net increase in cash and cash equivalents	18,982	2,742	>100%
Cash and cash equivalents at the beginning of the financial year/period	(1,032)	(3,861)	73.3%
Cash and cash equivalents at the end of the financial year/period	18,120	(1,032)	>100%

For FYE2023, Magma Group Berhad's cash flow statement indicates several key movements in the company's financial activities. The Group experienced a loss before taxation, which was adjusted for non-cash items like amortisation of intangible assets and depreciation, leading to an operating loss before working capital changes. The most significant movements in working capital were the increases in inventories and payables, along with a reduction in receivables, culminating in a net cash used in operations.

A critical aspect of the year's cash flow was the significant net cash generated from financing activities, amounting to RM45.49 million, a notable increase from FPE2022. This was largely due to the proceeds from the issuance of Redeemable Convertible Notes ("RCN") and shares via a private placement, signalling the Group's successful efforts in raising funds to enhance its financial strength and support strategic initiatives.

The net increase in cash and cash equivalents for the year was RM18.12 million. This positive increase in cash positions the Group advantageously as it moves into the next financial period, with an end-of-year cash and cash equivalents balance of RM18.12 million. The ability to raise funds effectively through financial markets, despite the operating cash outflows, underscores Magma Group Berhad's strong financial management and investor confidence.

### Dividend

For the fiscal year ended 31 December 2023, Magma Group Berhad did not declare a dividend, in line with the Group's cautious approach towards capital management amidst the year's economic fluctuations and strategic realignments. The decision on the declaration of interim dividends and the recommendation of final dividends remains at the discretion of the Board of Directors ("BOD"), taking into account various factors such as the Group's financial performance, capital expenditure needs, overall financial health, and other relevant considerations. While it is Magma's intention to reward shareholders through dividends in the future, such distributions will be carefully evaluated against the backdrop of the Group's operational and financial landscape.

### Corporate Developments

In FYE2023, Magma Group Berhad embarked on several strategic developments that marked significant milestones in the Company's journey. A pivotal moment was the revaluation exercise conducted on leasehold lands and buildings across the Company and its subsidiaries, leading to a substantial fair value gain of RM37.06 million. This revaluation underscores the underlying value in Magma's real estate assets and bolsters the Group's financial standing.

A significant legal development during the year was the withdrawal of a lawsuit by Public Bank Berhad against Magma, including its wholly-owned subsidiary, Astaka Mekar. This resolution removes a potential obstacle, paving the way for smoother operations and strategic initiatives.

A noteworthy corporate identity change was also undertaken, with Impiana Hotels Berhad transitioning to Magma Group Berhad, symbolised by a change in the stock short name from IMPIANA to MAGMA. This rebranding reflects a new strategic direction and a broader vision for the Group's future.

## Management Discussion & Analysis (Overview of Group Business) cont'd

To bolster its financial capacity, Magma undertook a private placement of 10% of the total number of issued shares, which successfully raised RM19.52 million. The exercise, completed on 15 December 2023, saw a total listing of 85.93 million shares. Alongside this, the Group raised additional funds through Redeemable Convertible Notes (“RCN”), significantly enhancing its cash position with RM32.50 million raised, thus providing a solid foundation for future growth and development initiatives.

These corporate developments collectively mark a year of strategic realignment, expansion, and financial fortification for Magma Group Berhad, setting a robust platform for the Group to capture emerging opportunities and navigate the dynamic business landscape in the years ahead.

### Business Risks Review

The performances of the Company and its subsidiaries in the hospitality business are dependent on the following key risk areas:

#### a. Economic Environment and Natural Disasters Impact on Hospitality Sector

In FYE2023, the dynamics of travel and tourism spending, inherently discretionary and sensitive to economic fluctuations, continued to shape the hospitality industry. Factors such as transportation and accommodation supply and demand, economic growth rates, interest rates, inflation, and broader economic trends directly influence travel and tourism activities. Moreover, the sector’s vulnerability to natural and public health disasters, exemplified by the global COVID-19 pandemic, poses ongoing challenges to the operational stability and resilience of the Group’s assets.

To navigate these complexities, the Group proactively monitors economic indicators and potential risks, enabling the formulation of pre-emptive strategies to mitigate adverse impacts. The previous fiscal period’s reopening of borders and economies heralded a resurgence in the Group’s Hotel Operation and Hotel Management segments, signalling a recovery from the pandemic’s extensive economic and human toll. However, the latent threat of future pandemics underscores the need for vigilance and preparedness.

In response to the heightened awareness of public health risks, the Group has prioritised the implementation of rigorous “clean and safe” protocols, aligning with international standards. This commitment to safety, evidenced by the adoption of strict Standard Operating Procedures (SOPs) and pursuit of globally recognized certifications, aims to reassure guests of the Group’s dedication to health and safety. Drawing lessons from the COVID-19 experience, the Group is better equipped to address financial and operational challenges that may arise from future epidemics or pandemics.

#### b. Managing Foreign Exchange Risk

The Group’s engagement in international transactions, particularly under hotel management agreements denominated in various currencies, exposes it to foreign exchange risk. Fluctuations in the currencies of the countries where the Group operates could potentially impact its financial performance.

To mitigate this risk, the Group benefits from a natural hedge, as its operating expenses are largely incurred in the same currencies in which revenues are generated. Despite this, the Group remains vigilant, continuously monitoring currency movements to adapt its financial strategies accordingly, ensuring resilience and stability in the face of foreign exchange volatility.

#### c. Development Risks

As Magma Group Berhad progresses with the development of Impiana Resorts & Residences Cherating, it navigates the complex terrain of property development, fraught with inherent risks such as completion challenges, fluctuating demand for investment hospitality properties, the potential for purchaser defaults, and the escalating costs of labor and materials. Furthermore, the project must contend with the ever-evolving legal, taxation, and environmental regulations that govern the industry. To mitigate these risks, Magma employs meticulous planning and risk assessment strategies, ensuring that every phase of development is aligned with current market demands and regulatory requirements.

# Management Discussion & Analysis

## (Overview of Group Business)

cont'd

**d. Asset Redevelopment and Maintenance**

Maintaining the Group's assets in prime condition is crucial for operational excellence, necessitating periodic redevelopment, renovations, and maintenance. These activities, however, introduce financial implications, with costs expected to escalate over time. Magma's adept finance team, armed with comprehensive financial planning and budgeting skills, anticipates future maintenance and redevelopment expenses, embedding them into financial projections to safeguard against unexpected cost surges, thereby ensuring the Group's cash flow and profitability remain stable.

**e. Competition in Hospitality**

In the dynamic hospitality landscape, Magma faces intense competition, not only from traditional hotel operators but also from alternative accommodation options like AirBnB. Despite these challenges, Magma's strategic marketing endeavours, leveraging partnerships with wholesalers, travel agents, and online platforms, bolster its competitive stance both locally and internationally. The Group's commitment to delivering exceptional experiences distinct from conventional lodging options underscores its competitive advantage.

**f. Dependence on Key Personnel**

The Group's ongoing success is intricately linked to the expertise and dedication of its leadership and management teams. Under the guidance of the recent addition of seasoned directors such as Dato' Sri Lee Hock Seng and Dato' Sri Liang Chee Fong, Magma is well-equipped for sustained growth. Concurrently, the Group is nurturing a pipeline of emerging talent to ensure seamless succession planning and long-term business continuity.

**g. Licensing and Regulatory Compliance**

Operating within the hospitality sector, Magma is beholden to a myriad of regulatory requirements, necessitating periodic renewal of operating, health, safety, and equipment licences. While the renewal terms may evolve, the Group remains vigilant in its compliance efforts, ensuring that all licences are acquired and renewed promptly to avoid operational disruptions. This proactive approach to regulatory adherence further solidifies Magma's operational foundation.

# Our Commitment to Sustainability



Sustainability Statement

# Sustainability Statement

## BOARD STATEMENT

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Magma Group Berhad's Board of Directors affirms that it provides strategic direction to the Group and specifically considers sustainability issues as part of its strategic formulation. The Board also acknowledges its responsibility for the Group's sustainability reporting and believes that the following statements provide a reasonable and transparent presentation of the Group's strategy and Environmental, Social and Governance (ESG) impacts of our activities and initiatives.

## REPORTING FRAMEWORK

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The Sustainability Statement provides a summary of Magma Group Berhad's approaches, initiatives and strategies relating to its sustainable and responsible business practices. It discusses the development and progress of our sustainability journey in FYE 2023.

## REPORTING STANDARDS AND GUIDELINES

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Throughout this statement, we demonstrate our initiatives in integrating sustainability practices and preparing this statement according to Main Market Listing Requirements ("Listing Requirements") and Sustainability Reporting Guide 3rd Edition issued by Bursa Malaysia Securities Berhad ("Bursa Securities").

## STATEMENT OF ASSURANCE

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We rely on our internal process to verify the accuracy of the Environmental, Social and Governance (ESG) performance data and information presented in this statement. At the moment, we do not engage the services of an independent assessor to appraise the contents of this statement, but we may consider it in the future.

## REPORTING SCOPE, PERIOD AND BOUNDARIES

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This statement focuses on the sustainable development of Magma Group Berhad and its subsidiary companies ("Magma Group").

This statement refers to the period from 1 January 2023 to 31 December 2023 ("FYE 2023"). The statement covers all our entities and operations in Malaysia. Our other business operations outside Malaysia are not included in this statement.

Magma Group's sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. The Board is accountable for the overall management of our sustainability strategy.

Magma Group's Sustainability Committee includes senior management executives. It is tasked to develop the sustainability strategy, review its material impacts, consider stakeholder priorities, set goals and targets, as well as collect, verify, monitor, and report performance data for this Sustainability Statement.

# Sustainability Statement

cont'd

## ABOUT MAGMA GROUP BERHAD

### Building on a Legacy of Excellence

Erupting from the acclaimed legacy of Impiana Hotels Berhad, Magma Group Berhad symbolizes our unwavering drive for growth and diversification. This rebranding signifies more than a name change – it's a bold transformation. Our vision expands beyond hospitality, fostering diverse experiences and igniting innovation across new landscapes. While our core mission of fostering collaboration and growth remains, it now encompasses a wider range of services. We integrate sustainable practices into our operations, fueled by a commitment to long-term success and a positive impact on the communities we serve.

### Vision

We aspire to become a dynamic, forward-thinking conglomerate, shaping diverse experiences and opportunities.

### Mission

- **Empowering Potential:** We connect individuals and communities, fostering collaboration and growth through diverse services and experiences.
- **Innovate & Elevate:** We foster a culture of continuous improvement, exceeding expectations, and inspiring excellence across all endeavours.
- **Sustainable Development:** We integrate sustainability principles into our core businesses to ensure long-term viability, resilience, and ethical practices.

### Our Core Values

Our core values serve as the foundation of our identity and operations. These values help to steer Magma Group, ensuring that we remain true to our mission, vision, and strict ethical standards.

- **Humility:** We value the contributions of our people and respect the diverse perspectives that strengthen our organisation.
- **Resilience:** Like the ever-flowing magma beneath the Earth, we adapt, overcome challenges, and forge new paths.
- **Integrity:** We operate with honesty, transparency, and ethical conduct, building trust with all stakeholders.

## WHO WE ARE

Incorporated in 2006 as a Malaysian investment holding company, Bio Osmo Sdn Bhd, we transitioned to a public limited company in 2007. In 2019, we entered the hospitality industry as Impiana Hotels Berhad, owning and operating hotels across Malaysia while leveraging our expertise through hotel management services in Thailand and Indonesia. We further diversified by venturing into property sales through subsidiaries like Impiana Cherating.

A strategic rebranding in December 2023 marked a new chapter as Magma Group Berhad. This name signifies our unwavering commitment to growth and diversification beyond the hospitality sector. While excellence in hospitality remains a core value, we are constantly exploring new opportunities to solidify our market leadership.

## WHAT WE DO

Magma Group operates across two key segments where the revenues are recognised from the following:

- **Hotel Management:** We manage a portfolio of landmark establishments across various states in Malaysia, delivering the ultimate guest experience.
- **Property Development:** From commercial properties to central business hubs, our team develops projects that spur local economic growth.

# Sustainability Statement

cont'd

## Key Subsidiaries

- **Magma Hospitality Management Sdn Bhd (“MHM”)**

MHM, formerly known as Impiana Hotels & Resorts Management Sdn Bhd, is the “hotel manager” of Impiana KLCC Hotel, Impiana Hotel Ipoh, Impiana Hotel Senai, Impiana Resort & Residences Cherating, Impiana Resort Patong (Phuket, Thailand), Impiana Private Villas Kata Noi (Phuket, Thailand), Impiana Resort Chaweng Noi (Koh Samui, Thailand), Impiana Private Villas Seminyak (Bali, Indonesia), Impiana Private Villas Cemagi (Bali, Indonesia), Impiana Private Villas Ubud (Bali, Indonesia), and Petronas Leadership Centre (Malaysia). This subsidiary is anticipated to expand the hotel management and operations of the Group.

- **Impiana Ipoh Sdn Bhd (“Impiana Ipoh”)**

Impiana Ipoh owns the building of Impiana Hotel Ipoh and the parcel of land on which the hotel sits, situated in Ipoh, Perak. The total land area is approximately 2.4 acres. This subsidiary is responsible for the operation of “Impiana Hotel Ipoh”.

- **Impiana Pangkor Sdn Bhd (“Impiana Pangkor”)**

Impiana Pangkor holds 2 parcels of land situated along the western coastline of Pangkor Island. The total land area is approximately 28.98 acres and was valued at RM36 million in December 2022. This subsidiary is earmarked for the development and thereafter operations of “Impiana Resort Pangkor”.

- **Astaka Mekar Sdn Bhd (“Astaka Mekar”)**

Astaka Mekar is an investment holding company which owns a 20% equity interest in Heritage Lane Sdn Bhd, the asset owner of Impiana KLCC Hotel which is situated within the Kuala Lumpur City Centre and is strategically positioned within the vicinity of the Petronas Twin Towers.

- **Impiana Cherating Sdn Bhd (“Impiana Cherating”)**

Impiana Cherating holds 6 parcels of land situated in Cherating, Pahang along the eastern coastline of Peninsular Malaysia with an aggregate land area of 30.34 acres. The said lands are being redeveloped into “Impiana Resort & Residences Cherating” which comprises service residences and villas together with other world-class resort facilities. The company adopts a sale and leaseback model for all the serviced residences, which allows the company to generate revenue from both the sale of the units as well as the management and operations of the units upon completion.

- **Impiana Tioman Villas & Residences Sdn Bhd**

In collaboration with the Selo Group and Magma Group together with MHM where Impiana Tioman owns the parcel of land on which a modern resort-style private residential retreat will be built on Tioman Island. The total area is approximately 12.58 acres. This subsidiary is earmarked for the development and thereafter operations of the “Samaja Selo Tioman Resorts”.

## Corporate Relocation

Magma Group’s corporate office has relocated to D5-5-5 Solaris Dutamas, No.1 Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia.

## OUR SUSTAINABILITY APPROACH

Magma Group is committed to driving positive change through Environmental, Social and Governance (ESG) practices. ESG sits at the core of our business strategy, reflecting our dedication to creating a sustainable and responsible future. By integrating ESG principles into our operations, we are committed to protecting the environment, supporting our communities, and ensuring strict ethical governance.

# Sustainability Statement

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## SUSTAINABILITY STRATEGY

### 1. As a Public Listed Company

- We are proactive in addressing sustainability matters that focus on economic value creation for our shareholders and stakeholders.
- We will elevate sustainability in company governance through direct board oversight and accountability over environmental and social issues. This includes increased diversity and special expertise on the Board, as well as linking executive and employee compensation to sustainability goals.
- We will hold regular dialogues with key stakeholders on sustainability challenges, including employees, investors, suppliers, and consumers.
- We are in the process of openly reporting on sustainability strategies, goals, and accomplishments and developing systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains, and products.

### 2. As a Hospitality Asset Owner, Hospitality Management Company, And Property Developer

- We are committed to providing quality and reliable products and services to all our clients, who are valued stakeholders. This focus on client satisfaction helps us increase repeat business and loyalty.
- We will source staffing within the local communities where we operate, providing employment opportunities and enhancing ties with the local community.
- We will use locally sourced materials and products wherever possible to support local suppliers and minimize logistics requirements, thereby reducing our carbon footprint.
- We will use environmentally friendly and recyclable materials, products, and packaging wherever possible, minimising the impact on the environment;
- We will implement energy and water-efficient solutions and practices wherever possible to prevent unnecessary usage of scarce resources and minimize the impact on the environment.

## AVAILABILITY

A PDF version of the Annual Report, which encloses the full Sustainability Statement is available for download at our website – [www.magma.my](http://www.magma.my)

## GOVERNANCE OF SUSTAINABILITY

Magma Group adheres to high standards of corporate governance (“CG”) practices, operating under the leadership of our Board, and guided by the Malaysian Code on Corporate Governance (MCCG) issued by the Securities Commission Malaysia (“SC”)

In line with sustainability, the Board has the ultimate responsibility to ensure sustainability efforts are embedded in Magma Group’s strategic direction. To achieve this, Magma Group established a Sustainability Steering Committee (SSC) which oversees, reviews, and monitors the implementation and effective management of environmental, social, and governance risks.

The SSC also ensures that systems and internal control procedures are in place to safeguard compliance, integrity, business ethics, fair operating practices, and transparency. Supported by various working groups, the SSC is responsible for implementing sustainability initiatives within the organization. Management provides the Board with regular updates relating to all key Environmental, Social and Governance (ESG) risks and opportunities. These strong governance structures ensure that Magma Group consistently aligns with its principles and standards. Demonstrating its commitment from the top, Magma Group’s sustainability agenda is governed by the Board and supported by the SSC.



# Sustainability Statement

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## ORGANISATION STRUCTURE FOR SUSTAINABILITY

The Board leads Magma Group’s sustainability strategy, with implementation and monitoring overseen by the following governance structure:



## ROLES AND RESPONSIBILITIES

Sustainability Structure	Roles and Responsibilities
Board of Directors	The Board provides oversight to the SSC twice a year.
Sustainability Steering Committee (SSC)	The Group Chief Operating Officer (GCOO) chairs the SSC to formulate sustainability policies and drive sustainability efforts and initiatives while ensuring consistency with Magma Group’s sustainability and business strategy.
Sustainability Working Groups	The SSC has established sub-working groups called Sustainability Working Groups. These groups are responsible for: <ul style="list-style-type: none"> <li>• Setting sustainability priorities and goals</li> <li>• Developing and implementing sustainability programs</li> <li>• Advising on sustainability opportunities and innovations</li> <li>• Tracking, monitoring, and analysing sustainability metrics and measures</li> <li>• Addressing and managing challenges and constraints to the sustainability initiatives</li> <li>• Working on quality, health, safety, and environmental issues of Magma Group</li> </ul>

## MAGMA GROUP BERHAD’S SUSTAINABILITY POLICY

Magma Group, an investment holding group, prioritizes executing a sustainable business strategy that delivers profitability and maximizes shareholder value. As a responsible entity operating in Kuala Lumpur, Ipoh, Cherating, Tioman Island, and Senai, Magma Group adheres to the following principles:

### 1. Code of Conduct and Business Ethics

The Code of Conduct and Business Ethics applies to all Group employees. It outlines principles in workplace conduct, business conduct, asset protection, information confidentiality, and conflict of interest. Magma Group vigorously upholds ethical business practices and governance standards, ensuring all employees maintain integrity and adhere to ethical values in day-to-day business dealings. The Code is emphasized during employee onboarding.

# Sustainability Statement

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## 2. Safety and Health

Management of health, safety, and the environment are high on our list of priorities. We continuously seek to minimize the impact of our activities through water and energy conservation, as well as having a robust workplace safety management program. Please refer to the section on Environmental on Page 29 of our FYE 2023 Sustainability Statement.

## 3. Employees Engagement

We believe in engaging and developing our staff to their full potential by providing opportunities for development and growth, boosting their morale and motivation. Please refer to the section on Social on Page 31 of our FYE 2023 Sustainability Statement.

## 4. Community

We believe in giving back to society through supporting various charitable initiatives and community projects. Please refer to the section on Social on Page 35 of our FYE 2023 Sustainability Statement.

### STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, Magma Group remains prudent and focused on delivering quality growth while remaining watchful of emerging risks. Our commitment to responsible financing is evident in our prudent infrastructure transformation and sustainable supply chain practices.



# Sustainability Statement

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## 1. Objectives & Scope

Magma Group undertook a materiality study within the top and middle management to determine the objectives and scope of the sustainability reporting. Our scope and boundaries cover all our entities and operations in Malaysia.

## 2. Identification & Categorisation of Sustainability Issues

In identifying the list of sustainability issues relevant to Magma Group and its stakeholders, we assessed the operating environment and emerging trends affecting our sector. Conducted across a broad range of references, the study identified relevant sustainability issues. These references include Sustainability Reporting Guide 3rd Edition and GRI Standards.

### Moving Forward

We plan to undertake a more comprehensive review of material factors and sustainability matters. This review will ensure that our understanding of both current and future risks and opportunities facing our markets is adequately addressed. It will also gather stakeholder perspectives and ensure we are responding to their needs. As we update our material factors, we will continue to evolve our management approach to ensure we are addressing them in a holistic and integrated manner. This may involve developing new policies and procedures, implementing various initiatives, measures, and action plans, setting indicators, and establishing a proper mechanism to collect, analyse, and report sustainability data and information.

### Our Material Factors

We prioritize our resources by focusing on material sustainability risks and opportunities associated with each material factor. Understanding our key priorities allows us to allocate time, resources, and investment effectively. In determining sustainability priorities, we combine the views of Management and stakeholders identified during the preliminary materiality process. This combined approach helps us identify and address key sustainability issues that reflect significant Environmental, Social and Governance (ESG) impacts on our business.

The materiality factors are based on the organisation's priorities.

Priority	Factors	Description	How It Optimises The Group
<b>Very Important</b>	Resources	Efficient use of staff, equipment, and materials.	Optimizes costs, improves productivity, and minimizes waste.
	Market Conditions	Understanding external factors affecting the industry.	Enables informed decision-making and helps identify opportunities and threats.
	Compliance	Adherence to laws and regulations.	Protects the company from legal repercussions and fosters trust with stakeholders.
	Safety	Creating a safe work environment.	Minimizes accidents and injuries, promotes employee well-being, and reduces operational disruptions.
	Quality	Meeting customer expectations through excellent products and services.	Enhances customer satisfaction, loyalty, and brand reputation.
	Customer Satisfaction	Understanding and exceeding customer needs.	Drives repeat business, positive word-of-mouth recommendations, and customer loyalty.
	Reputation	Public perception of the company.	Influences customer acquisition, brand value, and investor confidence.
	Procurement	Effective sourcing and acquisition of resources.	Ensures cost-efficiency, quality control, and supply chain stability.

# Sustainability Statement

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<b>Important</b>	Corporate Governance	Ethical and transparent management practices.	Builds trust with stakeholders, reduces risk, and attracts investors.
	Customer Privacy	Protecting customer data and information.	Builds trust, fosters customer loyalty, and complies with data privacy regulations.
	Business Model	The framework for creating and capturing value.	Adapts to changing market conditions, identifies new opportunities, and ensures long-term sustainability.
	Stakeholder Networking	Building relationships with individuals or groups who influence the company.	Creates strategic partnerships, fosters collaboration, and gathers valuable feedback.
	Business Ethics	Having a clear set of principles guiding behaviour.	Promotes ethical decision-making, fosters trust with stakeholders and minimizes legal risks.
	Social Media	Utilizing online platforms to connect with customers and stakeholders.	Enhances brand awareness, facilitates customer engagement, and allows for real-time communication.
<b>Important</b>	Local Environment Impact	The potential negative impact of business activities on the environment (pollution, resource depletion, waste generation).	Monitor and review the environmental compliance strategy and performance to safeguard the environment.
	Business Mix	The combination of products, services, or markets Magma Group operates in.	Diversification is part of the business model to ensure sustainability by actively seeking potential business synergies that create better value for Magma Group.

Material Factors	Description	Risks	Opportunities
<b>Competition</b>	Magma Group is exposed to competition within the industry.	Lower chance to secure occupancy, sales, and contracts.	<ul style="list-style-type: none"> <li>Develop and offer innovative hospitality experiences through responsible sales and marketing campaigns reflecting customer needs;</li> <li>Implement the latest technology solutions to enhance guest experience;</li> <li>Regional partnerships and collaborations;</li> <li>Invest in employee training and development to improve service quality.</li> </ul>

# Sustainability Statement

cont'd

<b>Market Stability</b>	<p>A well-facilitated business, supported together with an effective and balanced regulatory framework that provides adequate levels of client protection while facilitating business efficiency and innovation is imperative for the continued growth and development of our business.</p>	<ul style="list-style-type: none"> <li>• Any event that undermines market integrity or stability, such as breaches in regulation or lack of effective corporate governance practices, can influence stakeholder confidence and participation;</li> <li>• Epidemic/pandemic diseases like COVID-19, which cause country lockdowns, global travel restrictions, and economic downturns all negatively impact tourism, the hotel industry, and revenue.</li> </ul>	<ul style="list-style-type: none"> <li>• Having a robust approach to ensure the integrity and stability of the market serves to engender trust and confidence, which in turn encourages participation and growth;</li> <li>• Fostering a strong corporate governance and sustainability culture drives long-term value for all stakeholders;</li> <li>• Diversifying our service offerings and customer base to mitigate risk during economic downturns.</li> </ul>
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### 3. Stakeholder Engagement

Stakeholders	Magma's Commitment	Engagement Method	Frequency	Key Feedback/Concern
<b>Investors</b>	Maximise shareholder value through strong corporate strategies and sound business fundamentals.	<ul style="list-style-type: none"> <li>• Annual General Meeting (AGM)</li> <li>• Emails</li> <li>• Financial reports</li> </ul>	Annually / Throughout the year	<ul style="list-style-type: none"> <li>• Sustainable profits and shareholder value</li> <li>• Long-term growth strategy</li> <li>• High standards of corporate governance</li> </ul>
<b>Customers</b>	Deliver exceptional service and products to maximise customer satisfaction.	<ul style="list-style-type: none"> <li>• Ongoing operations</li> <li>• Marketing collaterals</li> <li>• Guest feedback surveys</li> <li>• Website</li> </ul>	Continuously	<ul style="list-style-type: none"> <li>• Comfort and ambience of facilities</li> <li>• Quality and responsiveness of service</li> <li>• Timely resolution of feedback and complaints</li> </ul>
<b>Employees</b>	Develop and empower our workforce through continuous training and development programs.	<ul style="list-style-type: none"> <li>• Staff training and development initiatives</li> <li>• Regular communication</li> <li>• Employee feedback surveys</li> <li>• Performance appraisals</li> </ul>	Throughout the year	<ul style="list-style-type: none"> <li>• Safe and healthy work environment</li> <li>• Competitive benefits package</li> <li>• Training and development opportunities for career growth</li> </ul>

# Sustainability Statement

cont'd

<b>Partners</b>	Build strong and collaborative partnerships for best-in-class safety and health standards.	<ul style="list-style-type: none"> <li>Regular meetings on policies and practices</li> <li>Industry forums</li> </ul>	Throughout the year	<ul style="list-style-type: none"> <li>Timely payments to suppliers and service providers</li> <li>Fair and transparent procurement practices</li> </ul>
<b>Community</b>	Minimise environmental impact and contribute positively to the communities we operate in.	<ul style="list-style-type: none"> <li>Community outreach programs</li> <li>Sponsorship events</li> <li>Social responsibility program</li> </ul>	Annually / Throughout the year	<ul style="list-style-type: none"> <li>Support for local businesses and initiatives</li> <li>Commitment to responsible and ethical business practices</li> </ul>

#### 4. Prioritising Material Sustainability Matters

Magma Group prioritises material sustainability matters through a comprehensive stakeholder engagement process. This process involves ongoing engagement throughout daily operations, as well as specific sessions to solicit stakeholder feedback. The outcomes of these interactions are then considered during Magma Group’s materiality assessment.

##### Method to identify material sustainability matters:

- Stakeholder Identification: Conduct an assessment to identify key stakeholders based on their influence and dependence on Magma Group.
- Stakeholder Engagement: Engage with key stakeholders through ongoing discussions throughout the year to understand their concerns, interests, and expectations regarding identified sustainability matters.

#### 5. Process review

The materiality assessment process is a crucial step in identifying Magma Group’s most important sustainability matters. The Sustainability Steering Committee (SSC) reviews and approves both the process and its outcome, including the final materiality matrix. This matrix guides the Management in addressing and managing material sustainability matters within their business operations.

### SUSTAINABILITY COMMITMENTS AND PRACTICES

The following section provides insights into Magma Group’s sustainability commitments and practices across three key areas: Environmental, Social, and Governance (ESG). These practices are implemented by our key business divisions.

#### 1. Environmental

##### Towards a Greater Planet

As a responsible corporate citizen, Magma Group continuously reviews and strengthens its efforts to promote a cleaner and healthier environment. We are mindful of the environmental impact of our activities, maintaining compliance with all environmental regulations and taking full responsibility for managing our environmental impact. Magma Group will continue to develop effective environmental initiatives to protect the environment.

##### a. Water Management & Consumption

We are committed to minimizing our environmental impact through comprehensive water conservation strategies. We recognize the importance of water preservation in the hospitality industry, and we are actively implementing programs to reduce water use across all our offices and hotels.

# Sustainability Statement

cont'd

## Our Water Conservation Initiatives:

- **Guest Reminder:** We remind our guests about water conservation through in-room signage and digital displays. This can include tips for taking shorter showers, reusing towels, and reporting any leaks.
- **Employee Training:** Our staff receives training on water-saving best practices, including housekeeping procedures that minimize water usage.
- **Leak Detection and Repair:** We conduct regular inspections to identify and promptly address any leaks in our plumbing systems.

To continuously monitor and improve our water conservation efforts, we track our water consumption across all our offices and hotels and use this data to identify areas for further improvement.

The table below shows our total water consumption. While the data may not provide a direct comparison due to varying financial periods (i.e. 12-month and 18-month periods), it serves as a baseline for future water usage tracking. We are committed to implementing a standardized reporting system across all our offices and hotels to ensure consistent data collection for year-on-year comparisons and better evaluation of our water conservation efforts.

<b>Total Water Consumption</b>	<b>FYE 2021 (12-month)</b>	<b>FPE 2022 (18-month)</b>	<b>FYE 2023 (12-month)</b>
Hotels & Offices	58.609	91.751	68.518

\* Usage in Megalitres

## b. Energy Management

Magma Group recognizes that energy conservation plays a crucial role in combating climate change and minimizing our environmental footprint. We prioritize energy efficiency through a comprehensive strategy that reduces energy consumption across all our offices and hotels.

### Our Energy-Saving Initiatives:

- **Smart Building Technologies**
  - Lighting Schedules and Automated Controls: Lights automatically adjust based on occupancy and daylight availability, minimizing unnecessary energy usage during off-peak hours.
  - Occupancy Sensors: Electronic door key sensors in guest rooms ensure air conditioning and lights operate only when occupied, promoting energy efficiency.
  - Building Management Systems (BMS): We utilize BMS to centrally monitor and regulate HVAC systems, optimizing temperature control for guest comfort while minimizing energy waste.
- **Equipment Optimization**
  - Regular Maintenance: We conduct regular maintenance and timely replacement of electrical equipment and lighting to ensure peak energy efficiency and prevent energy loss from outdated or faulty systems.
  - Energy-Efficient Upgrades: We invest in energy-efficient technologies, like LED lighting and high-efficiency appliances, to further reduce energy consumption.

Impiana Hotel Ipoh exemplifies our commitment to innovation. We replaced traditional diesel-powered boiler systems with heat pump technology for hot and cold water. This not only reduces electricity usage but also eliminates diesel dependence, leading to a significant carbon footprint reduction.

# Sustainability Statement

cont'd

The table below shows our total electricity consumption. While the data may not provide a direct comparison due to varying financial periods (i.e. 12-month and 18-month periods), it serves as a baseline for future tracking. We are committed to implementing a standardized reporting system across all our offices and hotels to ensure consistent data collection for year-on-year comparisons and better evaluation of our energy-saving efforts.

<b>Total Electricity Consumption</b>	<b>FYE 2021</b>	<b>FPE 2022</b>	<b>FYE 2023</b>
	<b>(12-month)</b>	<b>(18-month)</b>	<b>(12-month)</b>
Hotels & Offices	2,378.91	4,359.20	3,275.95

\* Usage in Megawatt-hour

## c. Waste Management

Magma Group acknowledges the significant environmental impact of paper use. We are dedicated to minimizing waste generation across our operations and promoting responsible waste management practices. By doing so, we strive to reduce our environmental footprint and contribute to a more sustainable future.

### Our Waste Reduction Strategies:

- **Promoting a Paperless Culture:** We actively encourage a paperless work environment. This includes:
  - Digital Communication and Documentation: We prioritize electronic communication and documentation wherever possible, reducing paper consumption for emails, reports, and other internal documents.
  - Double-Sided Printing: We promote duplex printing as a default setting to minimize paper usage by half while maintaining functionality.
  - Paperless Notetaking: We encourage the use of digital note-taking tools and applications for meetings and tasks, reducing reliance on paper notebooks.
- **Optimizing Paper Usage and Lifecycle:**
  - Form Redesign: We actively review and redesign internal forms and documents to minimize paper requirements.
  - Electronic Proofreading: Documents are proofread and reviewed electronically before printing to reduce unnecessary paper waste due to errors or revisions.
  - Repurposing Paper Scraps: We extend the lifecycle of paper products by utilizing single-sided printed paper as scrap paper for internal tasks like notetaking.

## 2. Social

### Embracing the Power of Diversity

Within Magma Group, we embrace the power of diversity and its ability to spark creativity, innovation, and a truly inclusive work environment. We actively cultivate a workforce that reflects the communities we serve, fostering collaboration and understanding between individuals of diverse backgrounds, experiences, and perspectives. This commitment to diversity extends beyond our company walls, as we partner with various community organizations and celebrate cultural events, promoting a spirit of unity and respect for all.

As of December 31, 2023, we have eight (8) members serving on the Board and a total workforce of eighty-three (83) employees, coming from diverse backgrounds in terms of genders, age groups and ethnicities.



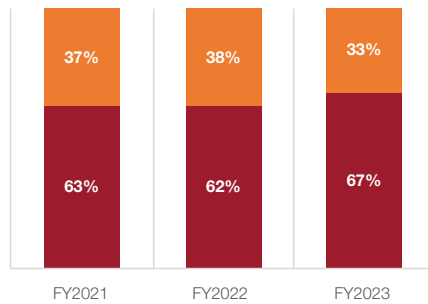
# Sustainability Statement

cont'd

## BY GENDER

### Employees

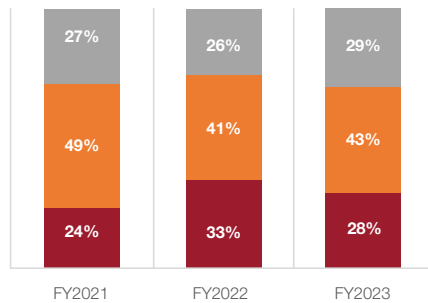
■ Male ■ Female



## BY AGE GROUP

### Employees

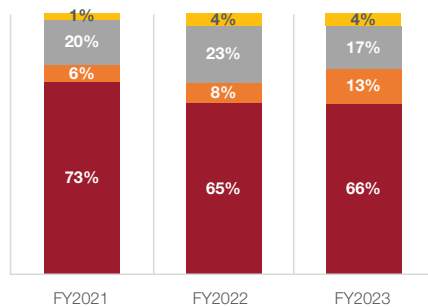
■ Age 30 ■ Age 30 - 50 ■ Age > 50



## BY ETHNICITY

### Employees

■ Bumiputera ■ Chinese ■ Indian ■ Others



# Sustainability Statement

cont'd

## Investing in Our People

We believe our employees are our greatest asset. We are committed to fostering a positive and supportive work environment that promotes employee well-being and professional development.

### a. Employee Wellness

We encourage a healthy lifestyle through various activities, including badminton, Zumba, bowling, marathons, and inter-hotel sports competitions.



### b. Festive Celebrations

We celebrate cultural diversity and inclusivity by organizing festive gatherings like Raya celebrations and annual dinners. These events promote team building and camaraderie.



# Sustainability Statement

cont'd



## c. Training and Development

We invest in our employees' growth through comprehensive training programs. These programs cover various areas like First Aid, Occupational Safety and Health Act (OSHA), Fire Safety, Highly Effective Leadership Skills, Customer Service and Recovery Excellence, Compliance, and Train The Trainer Skills.



# Sustainability Statement

cont'd

## d. Employee Recognition

We value loyalty and dedication. We hold quarterly town halls to connect with our employees, present service appreciation awards, and celebrate monthly birthdays.



## Empowering Our Communities

We believe in giving back to the communities where we operate. We actively participate in various initiatives that uplift the lives of others.

### a. Community Events

Throughout the year, we organize charity events and dinners in collaboration with local organizations, such as Ramadan Buka Puasa events, Hari Raya Aidil Adha celebrations, and bake sales for charity.

## Sustainability Statement

cont'd



### b. Festive Food Distribution

During Ramadan period and International Coffee Day, we distribute free food and beverages, such as Bubur Lambuk and Coffee, to our neighbouring communities. This fosters a sense of connection and goodwill.



### c. Impiana Bantu Program

To enhance the learning environments of institutions, we donated furniture and sports equipment throughout the year. Beneficiaries of our contributions included Pertubuhan Amal Haruman Kasih Surau Al-Ittihadiyah, Bahtera Amal Batu Gajah, Pondok Al-Jaafar Gua Tempurung Gopeng Perak, SJK (T) St. Philomena Convent Ipoh, Pusat Autism Mesra Taman Merdeka Ipoh, and SJK (T) Ladang Chemor Perak.

# Sustainability Statement

cont'd



### 3. Governance

#### Governing for Success

At Magma Group, we believe that strong governance is the bedrock of our success. We are committed to upholding the highest standards of ethical conduct and transparency in all our operations. Our robust governance framework, aligned with best practices, ensures clear decision-making processes, accountability to stakeholders, and a focus on long-term value creation. This commitment empowers our leadership to navigate complex environments and capitalize on opportunities while minimizing risk.

To achieve this commitment, Magma Group adheres to the following core governance principles:

#### a. Financial Sustainability

Our commitment to the business is founded upon strong corporate governance and prudent financial management. We aim to achieve the following financial goals:

- Optimise turnover and achieve positive cash flow
- Increase operational and cost efficiencies without compromising on standards
- Diversify income-generating streams

#### b. Whistleblowing Policy

Magma Group has in place a whistle-blowing policy, that allows for staff and others to report any matters that may be suspicious or concerns regarding business matters, from accounting, financial reporting, auditing, and internal controls to business operations.

The policy provides procedures and practices to ensure concerns are investigated independently and followed up with an appropriate response.

The information is communicated to employees via an internal memorandum. All employees may report any irregularities anonymously or otherwise with confidence that they shall face no reprisal.

## **Sustainability** Statement

cont'd

**c. Anti-Bribery and Corruption Policy**

It is our policy to conduct all of our business honestly and ethically. We take a zero-tolerance approach to bribery and corruption. We are committed to acting professionally, fairly, and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery. We will uphold all laws relevant to countering bribery and corruption in all the areas in which we operate.

**d. Code of Ethics & Conduct**

Our values as a company are the foundation of our high standards of ethical conduct. We respect human rights, embrace diversity and inclusion, and stand firm against corruption. This is a core part of who we are as a business, and essential to our sustainable growth, ensuring that we gain and keep the trust of our stakeholders. Our Code of Conduct clearly outlines expectations on staff conduct, particularly on anti-bribery, fair competition, equal opportunity, customer data privacy, anti-discrimination, and environmental responsibility.

**e. Corporate Governance & Regulatory Compliance**

Magma Group continues to be highly committed to the best practices of corporate governance which ensures a company's long-term sustainability, by adhering and guided by the MCCG 2021 across all its operations. Magma Group has established standard operating policies and procedures, discretionary authority levels, and guidelines for recruitment and human capital development. These policies, procedures, and guidelines will be reviewed from time to time and are communicated to all staff levels.

**f. Risk Management**

Hotel risk management involves identifying, evaluating, prioritising, and controlling risks to enterprises in the hotel industry. Hotel management faces several types of risk: operational risk to day-to-day operations, and project risk that is encountered when building or expanding a hotel. As an integral part of good corporate governance, a comprehensive risk management framework enables Magma Group to identify and manage risks systematically and consistently. Fraud, corruption, and economic value-added risks have been identified as material to ensure business sustainability.

**g. Our Supply Chain**

We now live in a time of unprecedented global business and trade, not to mention continual technology innovation and rapidly changing customer expectations. Today's best supply chain strategies call for a demand-driven operating model that can successfully bring people, processes, and technology together around integrated capabilities to deliver goods and services with extraordinary speed and accuracy.

**h. Commitment to Quality**

Magma Group Management conducts periodic assessments to ensure adherence to established quality policies, procedures, and best practices. These assessments lead to continuous improvement processes that ensure consistency and maintain relevance to stakeholders' ever-changing demands and quality expectations.

**i. Customer Satisfaction**

To ensure business sustainability, each business unit measures customer feedback, manages reviews, and prioritizes reputation management, all aligned with Magma Group's overall positioning and mission.

## Sustainability Statement

cont'd

### j. **Business Conduct**

Consistent adherence to Magma Group's code of ethics and conduct, anti-bribery, and corruption policy promotes fair and ethical business practices by the officers and employees of Magma Group with its various stakeholders. The Management encourages equal opportunity, and open communication and is continuously sensitive to its social and environmental responsibility.

### k. **Occupational Health & Safety**

Management of occupational health and safety is high on our list of priorities. We regard the health and safety of our guests and employees as paramount. Our safety and health policies and procedures now go beyond the requirement of the Occupational Safety and Health Act 1994 to include the containment and management of communicable diseases.

The safety of the work environment is of utmost priority for Magma Group. At each of our hotels, there are workplace safety and health (WSH) committees that recommend, monitor, and review safety procedures, as well as identify areas or work processes that pose potential risks. Ensuring that our practices are in line with the best practices of the industry, each of these committees has put in place reporting procedures for all accidents and injuries at the workplace.

## LOOKING AHEAD IN BUILDING A SUSTAINABLE FUTURE TOGETHER

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Within Magma Group, sustainability is not just a goal, but a core principle driving our every decision. We are committed to continuous improvement, relentlessly striving to minimize our environmental impact, foster a thriving workplace, and empower the communities where we operate. Through ongoing innovation and collaboration, we believe we can achieve sustainable growth for our company while leaving a positive legacy for generations to come.

This statement highlights our progress in Environmental, Social and Governance (ESG) practices this year. We look forward to sharing our continued journey towards a more sustainable future in the years ahead.



# Sustainability Statement

cont'd

## PERFORMANCE DATA TABLE FROM ESG REPORTING PLATFORM

Indicator	Measurement Unit	2023
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	0.00
Executive	Percentage	0.00
Non-executive/Technical Staff	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	5
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	6.10
Management Above 50	Percentage	6.10
Executive Under 30	Percentage	4.88
Executive Between 30-50	Percentage	26.83
Executive Above 50	Percentage	10.98
Non-executive/Technical Staff Under 30	Percentage	3.66
Non-executive/Technical Staff Between 30-50	Percentage	3.66
Non-executive/Technical Staff Above 50	Percentage	12.20
General Workers Under 30	Percentage	19.51
General Workers Between 30-50	Percentage	6.10
General Workers Above 50	Percentage	0.00
Gender Group by Employee Category		
Management Male	Percentage	7.32
Management Female	Percentage	4.88
Executive Male	Percentage	28.05
Executive Female	Percentage	14.63
Non-executive/Technical Staff Male	Percentage	14.63
Non-executive/Technical Staff Female	Percentage	4.88
General Workers Male	Percentage	17.07
General Workers Female	Percentage	8.54
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	62.50
Female	Percentage	37.50
Under 30	Percentage	0.00
Between 30-50	Percentage	62.50
Above 50	Percentage	37.50
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	3,275.95
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	54

# Sustainability Statement

cont'd

Indicator	Measurement Unit	2023
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	482
Executive	Hours	1,318
Non-executive/Technical Staff	Hours	230
General Workers	Hours	323
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	59.38
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	6
Executive	Number	13
Non-executive/Technical Staff	Number	10
General Workers	Number	31
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.10
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	68.518000

### Note :

1) This performance table is generated from the Bursa ESG reporting platform and has not been edited in any way

# Our Commitment to Good Governance



Corporate Governance  
Overview Statement

Audit and Risk Management  
Committee Report

Statement on Risk Management  
and Internal Control

## Corporate Governance Overview Statement

The Company's Board of Directors ("the Board") recognises the importance of adopting high corporate governance standards in its efforts to enhance shareholder value, besides safeguarding stakeholders' interest. The Board believes that good corporate governance practices enable the Company and its subsidiaries ("the Group") to operate more efficiently and facilitate better oversight of the business, management and operations of the Group.

This Corporate Governance Overview Statement ("CG Statement") provides a summary of the corporate governance practices of the Company during the financial year ended 31 December 2023 ("FYE 31 December 2023"). The CG Statement is prepared in compliance with the Malaysian Code on Corporate Governance ("MCCG") and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is to be read together with the Company's Corporate Governance Report for FYE 31 December 2023 ("CG Report"), which provides details on the application of each Practice as set out in the MCCG and is available on the Company's website at [www.magma.my](http://www.magma.my).

The Company's CG Statement is guided by the three (3) key Principles of good corporate practices as set out in the MCCG as follows:-

- i. Principle A : Board Leadership and Effectiveness;
- ii. Principle B : Effective Audit and Risk Management; and
- iii. Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

The Board assumes overall responsibility for the leadership, oversight and the long-term success of the Group and is responsible for the strategic direction, corporate governance, business conduct and risk management of the Group.

The specific duties of the Board and a formal schedule of matters reserved for the Board and those delegated to the Management are spelt out in the Board Charter. It is the practice of the Board to deliberate on significant matters that concern the overall Group's business strategy, acquisition or divestment, major capital expenditure and significant financial matters as well as review of the financial and operating performance of the Group.

The Board assumes the following roles and responsibilities in discharging its function and duties effectively:

- i. Ensuring that the Group's goals are clearly established and that strategies are in place for achieving them;
- ii. Establishing policies for strengthening the performance of the Group including ensuring that the Management is proactively seeking to build the business through innovation, initiative, technology and the development of its business capital;
- iii. Monitoring the performance of the Management;
- iv. Deciding on whatever steps are necessary to protect the Group's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- v. Ensuring that the financial statements of the Group and the Company are true and fair and conform with the law;
- vi. Ensuring that the Group adheres to high standards of ethics and corporate behaviour; and
- vii. Ensuring that the Group has appropriate risk management/regulatory compliance policies in place.

The Board regularly conducts reviews of the Board Charter to ensure alignment with the Board's objectives and compliance with current laws, regulations, and industry practices. Additionally, the Board evaluates new policies proposed by the Group and Management, addressing legal requirements and changes affecting the Group, and ensures their proper implementation in accordance with the law.

To facilitate the effective execution of the Board's duties, specific responsibilities are delegated to various Board committees, including the Audit and Risk Management Committee (ARC), the Nomination Committee (NC), and the Remuneration Committee (RC) (collectively referred to as "the Committees"). These committees operate within approved terms of reference, as sanctioned by the Board, and are tasked with examining specific issues within their purview. They report their findings and recommendations to the Board. It is important to note, however, that the ultimate decision-making authority remains vested in the Board.

To optimize the performance and relevance of the Committees, the Board periodically reviews their authority and terms of reference. This proactive approach ensures ongoing effectiveness, keeping these structures in line with industry best practices and the evolving needs of the organization. The commitment to regular review and enhancement reflects the Board's dedication to maintaining robust governance practices within the Group.

## Corporate Governance Overview Statement

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### **PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS** *cont'd*

#### **Board Composition and Balance**

The Group's leadership is anchored by a distinguished Board, featuring professionals of notable caliber and integrity from various sectors. Their collective background encompasses a broad spectrum of experience, skills, and knowledge.

For the FYE 31 December 2023, the Board consists of eight (8) members: one (1) Executive Chairman, one (1) Deputy Executive Chairman, one (1) Managing Director, one (1) Non-Independent Non-Executive Director, three (3) Independent Non-Executive Directors, and one (1) Executive Director who also serves as the Interim Chief Executive Officer. Detailed biographies of the Directors are provided in the 'Profile of Board of Directors & Key Management Staff' section within this Annual Report.

#### **The Executive Chairman**

The Executive Chairman, Dato' Seri Ismail @ Farouk bin Abdullah ("Dato' Seri Farouk"), plays a pivotal role in ensuring the governance processes of the Board are both integral and effective. He oversees and facilitates the smooth functioning of the Board, particularly in matters involving Board members and the evaluation reviews conducted by Committees during meetings.

With an extensive background spanning over 50 years in the hospitality industry, Dato' Seri Farouk brings a wealth of experience to the Group's operations. In his capacity as Executive Chairman, he provides leadership to the Board, guiding discussions and contributing to the formulation of overall strategies and objectives for the Group. The Board, recognizing the value of maintaining this arrangement, believes it is in the Group's best interest to have a Chairman well-versed in the Group's businesses. Dato' Seri Farouk excels in setting overarching strategies, conceptualizing plans, leading major development projects, and making informed investment decisions. His capability to brief the Board on key issues and developments that may impact the Group directly or indirectly is highly valued.

The Board acknowledges that Dato' Seri Farouk, supported by senior management, actively reviews the Group's medium and long-term strategic plans annually. This strategic review ensures that the Group's business directions and goals remain aligned with prevailing economic and market conditions, demonstrating a commitment to sustained growth and adaptability in a dynamic business environment.

#### **Qualified and Competent Company Secretary**

The Board benefits from the expertise of two highly skilled and competent company secretaries, who are instrumental in offering strategic governance advice, ensuring compliance with established rules and procedures, and championing the implementation of corporate governance best practices as per the MCCG.

Beyond managing the statutory records of the Company, these Company Secretaries are key advisors to the Board on matters of compliance with the Listing Requirements and various laws, rules, and regulations that impact the Group. They provide guidance on adhering to the highest standards of corporate governance and play a crucial role in advising the Board on compliance and best practices in corporate governance. Their responsibilities include alerting Directors to their duties, particularly regarding the disclosure of potential conflicts of interest in Group transactions, and keeping them informed about restrictions related to the trading of securities and the handling of price-sensitive information.

By attending all Board and Committee meetings, the Company Secretaries ensure that the deliberations and decisions are recorded meticulously and comprehensively. This detailed documentation not only fulfills statutory and regulatory requirements but also supports the Board and its Committees in their operational effectiveness and adherence to governance standards. Their active participation in these meetings is vital for promoting transparency and accountability within the organization, thereby enhancing the overall governance framework.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### Reinforce Independence

The NC plays a key role in evaluating the independence of Independent Non-Executive Directors (INEDs) on an annual basis. This evaluation is grounded in the independent and constructive views, deliberations, and contributions put forth by the INEDs during Board meetings. The process is integral to the annual Board Evaluation and is conducted through the Assessment of Independence of INED.

The NC has developed criteria for assessing independence, and this assessment occurs at the time of admission, annually, and whenever new interests or relationships arise. The comprehensive evaluation process ensures a thorough understanding of the INEDs' commitment to independence and their ability to act in the best interests of the Company.

Upon careful assessment, both the NC and the Board have concluded that the INEDs consistently exhibit conduct and behavior that are essential indicators of independence. Their contributions and commitment to the Company's best interests align with the definition of independence set out in the Listing Requirements. This determination underscores the continuous fulfillment of independence criteria by the INEDs, reflecting their ongoing dedication to upholding the highest standards of corporate governance within the organization.

### Supply and Access to Information

The Board convenes a minimum of four (4) times during the financial year, supplemented by additional or special meetings convened as necessary to address urgent proposals or matters requiring the Board's attention. Ahead of these meetings, the Directors receive agendas, circulated in advance, outlining the topics for discussion. Detailed reports and relevant supporting documents pertaining to the Group's financial performance, investments, and strategic direction are also provided to ensure Directors are well-equipped to make informed decisions. All discussions, proposals, and decisions made during Board meetings are comprehensively recorded, creating clear historical records for reference.

In addition to regular Board papers, the Board is promptly notified of any corporate announcements released to Bursa Securities, and updates issued by regulatory authorities are communicated to keep the Board informed.

Board members enjoy unrestricted access to all pertinent information necessary for them to fulfill their duties effectively. When deemed necessary, the Board has the flexibility to engage independent professionals, at the Company's expense, to provide insights on specific issues, thereby enhancing the Board's understanding and knowledge in matters under consideration. This proactive approach reflects the Board's commitment to ensuring that decisions are made with a thorough understanding of the relevant information and expertise.

### Board Charter

The Board has instituted a Board Charter as a comprehensive guide for its activities, delineating the roles, duties, and responsibilities of the Board, Committees, and Management. This document offers structured guidance on the diverse responsibilities of Directors in executing their leadership and supervisory roles, as well as fulfilling their duties to the Company and overseeing boardroom activities.

To promote transparency and accessibility, the Board Charter is made available on the Company's website at [www.magma.my](http://www.magma.my), serving as a point of reference for stakeholders seeking insight into the governance framework and principles governing the Board's functions and interactions within the organization.

### Code of Ethics & Conduct

The Board has in place a Code of Ethics and Conduct for Directors ("COEC"). The COEC is intended to codify a standard of conduct by which all Directors are expected to abide; protect the business interests of the Group; maintain the Group's reputation for integrity; and foster compliance with applicable legal and regulatory obligations. The COEC is published on the Company's website, [www.magma.my](http://www.magma.my)

# Corporate Governance Overview Statement

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## **PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS** *cont'd*

### **Whistleblowing Policy**

The Board has instituted a Whistleblowing Policy, extending to the Board, senior management, and employees of the Group. This policy establishes a formal and confidential channel that enables individuals, both within the organization and external parties, to report, in good faith, serious concerns regarding improper conduct and/or wrongdoing by any employee of the Group. The designated recipient for such reports is the Chairman of ARC. The matters covered by this policy include, but are not limited to:

- Fraud;
- Corruption, bribery or blackmail;
- Criminal offences;
- Miscarriage of justice;
- Endangerment of health and safety;
- Concealment of any, or combination, of the above.

The primary objectives of the Whistleblowing Policy are to enhance corporate governance, foster an environment where integrity and ethical behavior are upheld, and serve as an early warning system. By providing a mechanism for reporting, the policy allows the Group to address any wrongdoing promptly before significant harm occurs.

To ensure transparency and accessibility, the Whistleblowing Policy is published on the Company's website at [www.magma.my](http://www.magma.my). Reports or complaints can be directed to the Chairman of ARC, whose contact information is readily available on the Company's website, facilitating a streamlined and confidential reporting process.

### **Anti-Bribery and Corruption Policy**

The Board has conducted a review of the Group's policies and procedures related to the anti-bribery and anti-corruption policy, aligning with the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

In adherence to good corporate governance practices and in support of the Malaysian Government's efforts to combat corruption across both public and private sectors, the Board is committed to ensuring the effective implementation and practice of these policies and procedures by the Management throughout the Group.

The Anti-Bribery and Anti-Corruption Policy, reflecting the Board's dedication to transparency and integrity, is made available to the public on the Company's website at [www.magma.my](http://www.magma.my). This accessibility underscores the commitment to openness and accountability, allowing stakeholders to access and understand the measures in place to prevent bribery and corruption within the organization.

### **Board Diversity**

The Directors, leveraging their diverse backgrounds and qualifications, collectively contribute to an effective blend of entrepreneurship, business acumen, and professional expertise across various facets, including general management, finance, legal, and technical aspects relevant to the industries in which the Group operates.

Recognizing the value of a diverse and talented workforce as a competitive advantage, the Company is committed to promoting diversity within its leadership. The Board is attentive to the recommendations of the MCCG and acknowledges the importance of having policies in place for both the Board and senior management concerning gender diversity. The MCCG suggests ensuring the appointment of at least 2 women directors or achieving 30% women board representation.

The Board is committed to implementing MCCG practices on board composition when making new appointments in the future, emphasizing a proactive approach to fostering diversity within the organization.

# Corporate Governance Overview Statement

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## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### Board Diversity *cont'd*

As of the FYE 31 December 2023, the Board's diversity breakdown is represented in the following matrix:

Gender	• Male	• 62.5%
	• Female	• 37.5%
Age	• 31 – 40	• 25.0%
	• 41 – 50	• 37.5%
	• 51 – 60	• 12.5%
	• 61 – 70	• 12.5%
	• 71 – 80	• 12.5%
Ethnicity	• Chinese	• 75%
	• Malay	• 25%
	• Indian	• 0%
	• Others	• 0%

### Board Meetings

The Board met a total of eight (8) times during the FYE 31 December 2023. The attendance of each Board member against the number of Board meetings and Committees' meetings held are shown below:

Directors	Board	No. of meetings attended		
		ARC <sup>(a)</sup>	NC <sup>(b)</sup>	RC <sup>(c)</sup>
Dato' Seri Ismail @ Farouk bin Abdullah <i>(Executive Chairman)</i>	7/8	-	-	-
Pn Dyana Sofya binti Mohd Daud <i>(Non-Independent Non-Executive Director)</i>	8/8	7/7	6/6	-
Dato' Sri Lee Hock Seng <i>(Deputy Executive Chairman)</i> Appointed on 06.09.2023	2/2	-	-	-
Dato' Sri Liang Chee Fong <i>(Managing Director)</i> Appointed on 11.10.2023	2/2	-	-	-
Ms. Lee Guat Tin <i>(Independent Non-Executive Director)</i> Appointed on 18.08.2023	3/3	4/4	2/2	1/1
Ms. Lim Su Hwei <i>(Independent Non-Executive Director)</i> Appointed on 18.08.2023	3/3	4/4	2/2	1/1
Mr. Tan Kim Chee <i>(Independent Non-Executive Director)</i> Appointed on 01.04.2024	-	-	-	-



## Corporate Governance Overview Statement

cont'd

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### Board Meetings *cont'd*

Directors	Board	No. of meetings attended		
		ARC <sup>(a)</sup>	NC <sup>(b)</sup>	RC <sup>(c)</sup>
Dato' Hong Khay Kuan <i>(Independent Non-Executive Director)</i> Resigned on 29.03.2024	8/8	-	-	4/4
Dato Hoo Voon Him <i>(Executive Director, Interim CEO)</i> Resigned on 29.03.2024	7/8	-	-	-
Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif <i>(Independent Non-Executive Director)</i> Resigned on 21.08.2023	4/5	3/3	3/4	3/3
Datuk Supperamaniam a/l Manickam <i>(Independent Non-Executive Director)</i> Resigned on 21.08.2023	5/5	3/3	4/4	3/3

**Note:**

- (a) Total seven (7) ARC meetings (including Special Meetings) held during the FYE 31 December 2023  
 (b) Total six (6) NC meetings held during the FYE 31 December 2023  
 (c) Total four (4) RC meetings held during the FYE 31 December 2023

The Board is satisfied with the level of commitment given by the Directors towards fulfilment of their respective roles and responsibilities. This, amongst others, is evidenced by the attendance record of the Directors at Board meetings. All Directors have complied with the minimum 50% attendance requirement as stipulated in the Listing Requirements.

Each Board member holds not more than five (5) directorships in public listed companies in compliance with the Listing Requirements. While holding office, a Director is at liberty to accept other board appointments so long as the appointment is not in conflict with the business and does not affect his/her performance as a director. Any acceptance of new directorships must be notified to the Company Secretaries immediately.

#### Directors Training

The Board members recognize the significance of staying informed about the latest regulatory requirements and accounting standards to ensure they remain up-to-date with new statutory and regulatory developments. The Board encourages its members to actively participate in suitable and relevant training sessions, either through self-enrollment or by attending in-house training organized by the Group. The Company Secretaries plays a crucial role in keeping Directors informed about any training provided by regulatory authorities and relevant external training programs.

As part of their commitment to continuous learning and professional development, all Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities.

Throughout the financial period under review, Directors participated in the following training programs and seminars:

# Corporate Governance Overview Statement

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## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### Training programmes/ Seminars

Director	Programme/Seminars	Date
Puan Dyana Sofya binti Mohd Daud	1. Bar Council's 3rd Conference on Corporate and Commercial Law (HCCLC)	4-8 December 2023
	2. Tricor Webinar Series: Family Feud: Oppression in Family Companies	1 June 2023
	3. SSM's Practice Directives, Practice Notes and Guidelines	9 June 2023
Ms. Lee Guat Tin	1. Mandatory Accreditation Program (MAP)	22 and 23 November 2023
Ms. Lim Su Hwei	1. Mandatory Accreditation Program (MAP)	22 and 23 November 2023
Dato Hoo Voon Him (Resigned on 29.03.2024)	1. Mandatory Accreditation Program (MAP)	7 and 8 March 2023

Saved as disclosed above, the other Directors of the Company were not able to attend any suitable training programmes during the financial year under review due to their work schedule. Nevertheless, this Directors continue to devote sufficient time to update their knowledge and enhance their skills through other channels, in line with the ever-changing commercial challenges and risks.

### The Committees

To enhance the effective discharge of its fiduciary duties and responsibilities, the Board delegates specific responsibilities to Committees established for this purpose.

Each Committee operates within well-defined terms of reference, initially approved by the Board. These terms of reference outline the scope and responsibilities of each Committee, ensuring alignment with the overall objectives of the organization. The Committees, with the authority granted by the Board, have unrestricted capabilities to examine specific issues and present comprehensive reports of their findings to the Board.

It's important to note that while the Committees are empowered to make recommendations, they do not possess the authority to make final decisions on matters reserved for the Board. The recommendations put forth by the Committees are subjected to deliberation by the entire Board, which retains the ultimate decision-making authority on such matters. This process ensures that decisions are made collectively, drawing on the expertise and insights of both Committees and the broader Board.

## Corporate Governance Overview Statement

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### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### The Committees *cont'd*

##### (I) Nomination Committee

The NC was established to consider candidates for directorship and Committee membership, and to review the effectiveness of the Board, through performance assessment of individual Directors of the Board and the Committees. The present composition of the NC comprises two (2) Independent Directors and one (1) Non-Independent Director as at the date of issuance of this Annual Report. They are:

Ms. Lee Guat Tin (*Chairperson*)

Ms. Lim Su Hwei (*Member*)

Puan Dyana Sofya binti Mohd Daud (*Member*)

The NC operates within defined terms of reference that have been drawn up in accordance with the best practices prescribed by the MCGG. The NC's terms of reference is published on the Company's website, [www.magma.my](http://www.magma.my)

The NC is tasked to conduct an annual appraisal of each Director as well as the Board as a whole, and to review the effectiveness of the independence of its directors and contribution of each Board member and the entire Board. The NC was guided by the "Corporate Governance Guide –Towards Boardroom Excellence", and conducted an annual assessment of the Board, Committees and individual Directors by taking into consideration the following key aspects for assessment:

- appropriate size, composition, independence, mix of skills and experience within the Board and the Committees;
- clear definition of the Board and the Committees' roles and responsibilities;
- functioning of the Board and the Committees in a productive, objective, timely, effective and efficient manner;
- open communication of information and active participation within Board and the Committees; and
- proper discharge of responsibilities and leadership by the Chairman of the Board and the Committees.

Based on the review of the NC, the Board is satisfied with the level of independence demonstrated by the INEDs of the Board and their ability to act in the best interest of the Group and each Board member has performed satisfactorily, and that the composition of the Board is effective.

In the selection and assessment of candidates for appointment or re-election of Directors, the NC applied the fit and proper criteria to evaluate character, experience, integrity, competence and time commitment of potential directors as outlined by Paragraph 2.20A of Bursa Securities.

During FYE 31 December 2023, six (6) NC meetings were held. The NC carried out the following activities:

- Assessed the size, composition and effectiveness of the Board Committees and each of its members;
- Reviewed the overall composition of the Board in terms of appropriate size, required mix of skills, experience, core competencies and effectiveness, as well as adequacy of balance between Executive Directors and INEDs;
- Evaluated each Director's performance and ensured no conflict of interest;
- Assessed and confirmed the independence of the INEDs;
- Reviewed the term of office and performance of the ARC and each of its members;
- Reviewed and made recommendations to the Board with regard to Directors seeking re-election at the Company's 14th Annual General Meeting (AGM);
- Evaluated the training needs of the Board; and
- Discussed the nomination and appointment of new candidates as Directors and Key Senior Management of the Company.

# Corporate Governance Overview Statement

cont'd

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

### Process for selection and appointment of new directors

The NC has in place a formal process for the selection of new directors to increase transparency of the nomination process in identifying and evaluating nominees for directors. The NC leads the process as follows:

- The NC evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation, the NC determines the role and the key attributes that an incoming director should possess.
- The NC taps on the resources of the Directors' personal contacts and recommendation of potential candidates and goes through a short-listing process. Where candidates identified from this process are found unsuitable, recruitment agencies will be appointed in the search process.
- The NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- The NC recommends the most suitable candidate to the Board for appointment as director.

In FYE 31 December 2023, the following appointments took place upon recommendation by the NC and approval by the Board:

Director	Designation	Effective Date
Ms. Lim Su Hwei	INED	18-08-2023
Ms. Lee Guat Tin	INED	18-08-2023
Dato' Sri Lee Hock Seng	Deputy Executive Chairman	06-09-2023
Dato' Sri Liang Chee Fong	Group Managing Director	11-10-2023

### Re-appointment / re-election of directors

All Directors submit themselves for re-election at regular intervals of at least once every three (3) years. Article 28.1 of the Company's Constitution provides that one-third of the directors (or if their number is not a multiple of three, the number nearest to one-third) shall retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("AGM").

In recommending the re-election of directors, the NC shall take into account the following as consideration:

- character, knowledge, expertise, professionalism, integrity and time availability;
- the results of the assessment on each individual Director; and
- in the case of the INEDs, the ability of a Director to discharge their responsibilities and functions as expected of someone holding the position of an independent director.

The NC carries out and reports to the Board the following key activities:

- review the required mix of skills, experience and other qualities of the Board;
- assess the effectiveness of the Board as a whole, the Committees and the contribution of each individual Director including his time, commitment, character, experience and integrity;
- assess the effectiveness and performance of the Executive Director;
- assess the independence of the Independent Directors, particularly in relation to the nine (9) years limit on the tenure of Independent Director;
- recommend the re-election of a Director who is retiring and seeking re-election at the forthcoming AGM of the Company;
- recommend the continuance of an Independent Director which exceeds the nine (9) years tenure limit; and
- recommend relevant training programs for Directors in accordance with their training needs.

Proposed appointments of member(s) to the Board to fill vacancies and proposals for re-election of Directors seeking re-election at the AGM are recommended by the NC to the Board for approval or tabling at the AGM for shareholders' approval, as the case may be.

## Corporate Governance Overview Statement

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### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### Re-appointment / re-election of directors *cont'd*

The Company Secretaries are tasked to ensure that all appointments are properly made and that all necessary information is obtained from the newly appointed Director for the Company's records and for the purposes of meeting statutory obligations as well as obligations arising from the Listing Requirements.

#### (II) Remuneration Committee

The Remuneration Committee (RC) was instituted to support the Board in evaluating and recommending equitable remuneration practices aimed at attracting, retaining, and motivating Directors and Senior Management. The current composition of the RC includes three (3) Independent Directors as of the date of issuing this Annual Report.

Dato' Hong Khay Kuan (*Chairman*) – Resigned on 29.03.2024

Mr. Tan Kim Chee (*Chairman*) – Appointed on 1.04.2024

Ms. Lim Su Hwei (*Member*)

Ms. Lee Guat Tin (*Member*)

The RC operates within defined terms of reference that have been drawn up in accordance with the best practices prescribed by the MCCG. The RC's terms of reference is published on the Company's website, [www.magma.my](http://www.magma.my)

During FYE 31 December 2023, four (4) RC meetings were held. The RC, in discharging its functions and duties, carried out the following activities:

- Reviewed and recommended the payment of Directors' Fees for the period from 1 July 2022 until the next AGM of the Company in year 2024;
- Reviewed and recommended the payment of Directors' Benefits for the period from 27 June 2023 until the next AGM of the Company in year 2024; and
- Reviewed and recommended remuneration package of the Executive Directors and Key Senior Management

#### Remuneration

The primary objective of the Company's framework for Directors' and Senior Management remuneration is to attract, retain, and motivate individuals with the necessary expertise to effectively oversee and manage the Group's business. The remuneration structure for Directors and Senior Management is designed considering the demands, complexities, and performance of the Company and the Group, as well as the requisite skills and experience.

The RC is responsible for reviewing, assessing, and recommending to the Board the remuneration packages for the Executive Directors. The Executive Directors' remuneration typically includes a basic salary, contributions to the national pension fund, and benefits-in-kind. In contrast, Non-Executive Directors receive remuneration primarily in the form of director fees and benefits, such as meeting allowances for the meetings attended during the financial year. To ensure fairness and transparency, any Director with a personal interest in their individual remuneration abstains from deliberation and voting on decisions related to their own remuneration. This practice upholds principles of good governance and avoids potential conflicts of interest.

## Corporate Governance Overview Statement

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### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### Remuneration *cont'd*

The aggregate remuneration paid or payable to all Directors of the Company for the FYE 31 December 2023 is as follows:

Directors	Fees (RM)	Allowance (RM)	Salaries (RM)	BIK <sup>(a)</sup> (RM)	Total (RM)
Dato' Seri Ismail @ Farouk bin Abdullah	30,000.00	9,000.00	-	-	39,000.00
Dato' Sri Lee Hock Seng <i>(Appointed on 06.09.2023)</i>	10,000.00	3,000.00	-	-	13,000.00
Dato' Sri Liang Chee Fong <i>(Appointed on 11.10.2023)</i>	-	-	40,161.29	5,213.00	45,374.29
Pn Dyana Sofya binti Mohd Daud	30,000.00	16,500.00	-	-	46,500.00
Ms. Lee Guat Tin <i>(Appointed on 18.08.2023)</i>	10,000.00	8,500.00	-	-	18,500.00
Ms. Lim Su Hwei <i>(Appointed on 18.08.2023)</i>	10,000.00	8,500.00	-	-	18,500.00
Dato' Hong Khay Kuan <i>(Resigned on 29.3.2024)</i>	30,000.00	13,000.00	-	-	43,000.00
Dato Hoo Voon Him <i>(Resigned on 29.3.2024)</i>	30,000.00	8,000.00	-	-	38,000.00
Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif <i>(Resigned on 21.8.2023)</i>	20,000.00	8,500.00	-	-	28,500.00
Datuk Supperamaniam A/L Manickam <i>(Resigned on 21.8.2023)</i>	20,000.00	11,000.00	-	-	31,000.00
<b>Total</b>	<b>190,000.00</b>	<b>86,000.00</b>	<b>40,161.29</b>	<b>5,213.00</b>	<b>321,374.29</b>

**Note:**

(a) BIK denotes as "Benefits-in-Kind"

The Board has approved that the Executive Chairman, Deputy Executive Chairman, and Executive Director will receive directors' and meeting allowances as recognition for their contributions to the Board. This is with the exception of Dato' Sri Liang Chee Fong, who will receive his regular salary instead.

## Corporate Governance Overview Statement

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### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

#### Key Senior Management Remuneration

Prioritizing the Group's best interests and acknowledging concerns related to sensitivity, privacy, security, and the potential for staff poaching, the Board has decided against the named disclosure of Key Senior Management remuneration. This decision aligns with a remuneration policy approved by the Board, which bases compensation structures on performance, capability, experience, and the specific requirements associated with various job grades.

Furthermore, the Company believes that shareholder interests will not be compromised by the nondisclosure of individual remuneration details of the Group's Key Senior Management. To maintain transparency and accountability, the Board opts to report the aggregate remuneration for Key Senior Management for the FYE on 31 December 2023, as detailed below:-

RANGE OF REMUNERATION PER ANNUM (RM)	NO. OF MANAGEMENT
50,000.00 and below	2
50,001.00 - 100,000.00	-
100,001.00 - 150,000.00	-
150,001.00 - 200,000.00	-
200,001.00 - 250,000.00	-
250,001.00 - 300,000.00	-
300,001.00 - 350,000.00	1
350,001.00 - 400,000.00	-
400,001.00 - 450,000.00	-
450,001.00 - 500,000.00	-

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

The Board is dedicated to delivering a transparent, balanced, and comprehensive evaluation of the Group's financial performance and prospects at the conclusion of each reporting period and financial year. This commitment is primarily fulfilled through the quarterly announcement of the Group's results to Bursa Securities and the preparation of financial statements for each financial year in accordance with the Malaysian Financial Reporting Standards (MFRSs) and the relevant requirements of the Companies Act 2016. The Board expresses satisfaction that consistent application of appropriate accounting policies is maintained, supported by reasonable judgments and estimates. This approach ensures the reliability and accuracy of financial reporting, contributing to a trustworthy and informed understanding of the Group's financial standing.

#### Audit and Risk Management Committee

The Board, through the ARC, has fostered a close and transparent relationship with the external auditor, Messrs. Moore Stephens Associates PLT (External Auditor). This relationship is built on seeking professional advice and ensuring compliance with relevant accounting standards. The External Auditor has affirmed to the ARC that they have maintained independence throughout the audit engagements in accordance with the terms of relevant professional and regulatory requirements.

The ARC's assessment of the External Auditor takes into account the cost-effectiveness of the audit process, work performance, assurances, and effective communication with the Management. The ARC has concluded that the External Auditor possesses the necessary qualifications and expertise.

The shareholders approved the appointment of the External Auditor at the Company's Annual General Meeting (AGM) held on 26 June 2023. The audit fees incurred for the audit services rendered to the Group for the Financial Year End (FYE) 31 December 2023 amount to RM508,000.00. The re-appointment of the External Auditor will be presented at the upcoming AGM based on the Board's recommendation.

# Corporate Governance Overview Statement

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## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

### Audit and Risk Management Committee *cont'd*

The ARC expresses satisfaction with the competence and independence of the External Auditor for the financial year under review.

#### (A) Relationship with the Auditors

The Company has established a transparent arrangement with its auditors to fulfill their professional requirements. Periodically, the auditors bring to the attention of the ARC and the Board any matters that necessitate the Board's attention. During ARC meetings, discussions with the External Auditor occur without the presence of the Executive Chairman, Executive Directors, and Management, specifically on certain matters related to the Group and its audit activities. This practice ensures an open and independent dialogue between the ARC and the External Auditor, contributing to a thorough and effective review of audit-related matters.

#### (B) Assessment of the External Auditor

To assess the independence of the External Auditor, the ARC undertook a review and considered a written assurance provided by the External Auditor. This assurance confirms that the External Auditor is, and has been, independent throughout the conduct of their audit engagement with the Company. The independence criteria adhered to are in accordance with the International Standards on Auditing and By-Laws issued by the Malaysian Institute of Accountants (MIA). This thorough review process reinforces the commitment to upholding audit independence standards and ensuring the integrity of the audit function.

### Risk Management and Internal Control

The Board recognizes risk management and internal controls as integral components of the overall management processes. The collective responsibility of the Board involves identifying the principal risks inherent in the Group's business and ensuring the implementation of suitable systems to effectively manage these risks.

To facilitate this, the Board has instituted internal control procedures and policies for its operations. The effectiveness of these internal control systems is monitored through the Internal Auditor, who oversees their implementation by the Management. The Internal Audit Department, led by the Internal Audit Manager, conducts the internal audit function. The audit plan, developed based on the key risk areas of each major operating unit within the Group, is reviewed and approved by the ARC. Each year, the Board and Management engage in extensive discussions to define the scope of audit work to be undertaken by the Internal Auditor. The audits are then conducted based on the agreed-upon scope of work.

The "Statement on Risk Management and Internal Control," included in this Annual Report, provides an overview of the state of internal control and risk management within the Group. This comprehensive approach underscores the commitment to robust risk management and internal control practices throughout the organization.

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Communication with Stakeholders

The Group places significant importance on transparent and effective communication with the investment community, aiming to cultivate enduring relationships with shareholders and investors through appropriate channels for information disclosure.

Communication with shareholders, stakeholders, and the public is facilitated through various means such as press releases, press conferences, and timely announcements and disclosures submitted to Bursa Securities. The information disseminated is characterized by clarity, relevance, and comprehensiveness, provided in a timely manner, and made readily accessible to all stakeholders. The Group is committed to furnishing investors with ample business, operational, and financial information to empower them to make well-informed investment decisions.



## Corporate Governance Overview Statement

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### **PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS** *cont'd*

#### **Communication with Stakeholders** *cont'd*

The Annual Report, a key communication channel between the Company and its shareholders and investors, is issued within four (4) months from the close of the financial year. It encompasses the audited financial statements, along with reports from auditors and directors. The “Management Discussion & Analysis” section in this Annual Report offers a nuanced interpretation of the Group’s performance, operations, prospects, and other factors influencing the Group’s business and shareholders’ interests. This commitment to transparent and comprehensive communication underscores the Group’s dedication to fostering trust and understanding among its stakeholders.

#### **Conduct of General Meetings**

The Annual General Meeting (AGM) serves as the primary platform for engaging in dialogue and interaction with individual shareholders and investors, providing them with an opportunity to seek clarification on the Group’s businesses, performance, and prospects. In adherence to the Listing Requirements and the Companies Act 2016, the Annual Report and the notice of AGM are dispatched to shareholders within the stipulated timeframe. Additionally, the notice of AGM is published in a national newspaper and released through Bursa Securities for public dissemination. Board members are in attendance at the meeting to address any queries raised by shareholders, and all suggestions and comments presented are duly noted by the Board for further consideration. The Company also encourages electronic communications from its shareholders through its email address at [contact@magma.my](mailto:contact@magma.my). This multi-faceted approach ensures effective communication and responsiveness to the concerns and inquiries of shareholders and stakeholders alike.

#### **Voting**

Consistent with Listing Requirements, all resolutions outlined in the notice of general meetings of the Company are subject to voting by way of poll.

For the FYE 31 December 2023 up to the date of this Annual Report, the Company has largely adhered to the principles and recommendations of the MCGG to the extent applicable and detailed in this report.

This Statement has been reviewed and approved by the Board on 29 April 2024.

## Audit and Risk Management Committee Report

The Audit and Risk Management Committee's ("ARC") function is to oversee and advise the Company's Board of Directors ("the Board") in the areas of financial reporting, external and internal audit, risk management, review of related party transactions as well as conflict of interest situations of the Company and its subsidiaries ("Group").

### COMPOSITION AND MEMBERSHIP

The present composition of the ARC consists of three (3) Non-Executive Directors with two (2) of whom are Independent Directors. They are:

**Ms. Lim Su Hwei** (Appointed as Chairperson on 21/08/23)  
*Chairperson / Independent Non-Executive Director*

**Ms. Lee Guat Tin** (Appointed on 21/08/23)  
*Member / Independent Non-Executive Director*

**Pn Dyana Sofya binti Mohd Daud**  
*Member / Non-Independent Non-Executive Director*

**Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif** (Resigned on 21/08/23)  
*Chairman / Independent Non-Executive Director*

**Datuk Supperamaniam a/l Manickam** (Resigned on 21/08/23)  
*Member / Independent Non-Executive Director*

The composition of the ARC fulfilled the requirements under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance 2021 ("MCCG 2021").

The ARC members are financially literate and well equipped with the relevant knowledge and experience to effectively discharge their duties and responsibilities. In particular, the Chairperson of ARC, Ms Lim Su Hwei is a member of the Malaysian Institute of Accountants (MIA) as required under Paragraph 15.09(1)(c)(i), Part C of Chapter 15 of the Listing Requirements.

The particulars of the ARC members are set out in the 'Profile of Board of Directors & Key Management Staff' section in this Annual Report.

### TERMS OF REFERENCE

The Term of Reference sets out the authorities, responsibilities and operating procedures of the Audit Committee. It is reviewed on a biennial basis with a view to ensure that The Term of Reference remains consistent with the ARC's purpose, authority and responsibilities.

The last revision was carried out in August 2023 and published on the Company's website, [www.magma.my](http://www.magma.my).

## Audit and Risk Management Committee Report

cont'd

### MEETINGS

During the FYE 31 December 2023, the ARC convened a total of seven (7) meetings and the attendance of the members were observed as follows:

Members	No. of meetings attended
Prof Dr Mohd Amy Azhar bin Haji Mohd Harif	3/3
Datuk Supperamaniam a/l Manickam	3/3
Pn Dyana Sofya binti Mohd Daud	7/7
Ms Lim Su Hwei	4/4
Ms Lee Guat Tin	4/4

The Notice of Meeting, minutes of meetings, reports and relevant documents were distributed to the ARC in advance prior to the respective meetings in order to allow the members sufficient time to peruse these documents for effective discussion and notation thereon.

The Executive Directors, Senior Management and Key Executives of the Company were invited to attend the ARC meetings for the purpose of briefing the ARC members on the activities involving their areas of responsibilities and to report on the overall operations of the Group.

The External Auditor and Internal Auditor were also invited to attend these meetings as and when necessary.

The Chairperson of ARC would brief the Board on the proceedings of each meeting. Minutes of the meeting are tabled for confirmation at the next ARC meeting and then tabled to the Board for notation.

### FUNCTIONS AND ACTIVITIES

Below is a summary of activities carried out by the ARC during the FYE 31 December 2023:

#### Financial Reporting

- Reviewed and discussed all quarterly unaudited financial results and audited financial statements prior to submission to the Board for their consideration and approval.
- Ensured the Group's compliance on issues pertaining to:
  - Accounting standards and relevant regulatory requirements;
  - Implementation and changes (if any) of accounting policies; and
  - Significant and unusual events or transactions.

#### Internal Audit

- Adequacy of scope, functions and resources of the internal audit function and that it has the necessary authority and unrestricted access to relevant records and information to carry out its tasks;
- The internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- The key findings of internal audit or investigations undertaken and Management's responses, and ensure that appropriate and prompt actions are taken on the recommendations of the internal audit function;
- Its effectiveness and independence; and
- Review and approve any appointment, termination or resignation of the Internal Auditor.

# Audit and Risk Management Committee Report

cont'd

## FUNCTIONS AND ACTIVITIES *cont'd*

### External Audit

- Reviewed and discussed the contents of the External Auditor's reports in relation to audit and accounting issues arising from audit, and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board (MASB);
- Reviewed the results of the audit of the financial statements, significant findings, audit reports, and the responses from the Management with the External Auditor;
- Reviewed the Audit Planning Memorandum, scope of work and proposed audit fees prior to the commencement of the audit for the financial year under review;
- Reviewed the performance and independence of the External Auditor, and propose recommendations to the Board on their re-appointment; and
- Held discussions with the External Auditor, in the absence of the Management, on areas of concern arising from their interim and final audit.

### Compliance with Bursa Securities

- Reviewed the Company's compliance with the Listing Requirements and other relevant rules and regulations on an on-going basis; and
- Seek advice and guidance from the Company Secretary on matters relating to the Listing Requirements.

### Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

- Reviewed the transaction limits of the related party transactions entered into by the Group with related parties on a quarterly basis to ensure compliance to the mandate approved by the shareholders; and
- Reviewed the information, procedures and processes contained in the Circular to Shareholders on RRPTs prior to tabling the same for the Board's approval.

### Other Functions

- Reviewed the 'Audit and Risk Management Committee Report' and 'Statement on Risk Management and Internal Control' and other relevant statements and information for inclusion into the Annual Report prior to tabling the same for the Board's approval.

The ABC Policy has been duly approved by the Board and adopted across the Group on 27<sup>th</sup> August 2020. The ABC Policy adopted is in line with the enforcement of the new provision of the Malaysian Government on Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") on 1 June 2020, which imposes liability on a commercial organisation for corruption committed by persons associated with the commercial organisation. This policy seeks to provide guidance to the parties on the procedures in line with the applicable laws and regulations in Malaysia to prevent bribery and corruption from occurring in all activities that may arise during the course of doing business.

The policy can be accessible at the Company's website at [www.magma.my](http://www.magma.my). Continuous effort is on-going to monitor and to improve the effectiveness of the policy.

## REVIEW OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARC's terms of reference have been reviewed and updated on 29<sup>th</sup> August 2023 to be in line with the requirements of the Listing Requirements and the MCCG 2021. The ARC's terms of reference will be further improved on to include the ARC's additional role in assessing the risk management practices of the Group's business processes and operations.

The ARC members were assessed based on the quality, skill sets and competencies of each member as well as the conduct of the members in carrying out its duties in accordance to the ARC's terms of reference, during the meetings.

The Board, together with the Nomination Committee are satisfied that the ARC members have discharged their duties and responsibilities in accordance with the ARC's terms of reference during the FYE 31 December 2023.

## **Audit and Risk Management Committee Report**

cont'd

### **INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS**

Functionally, the Internal Auditor reports directly to the ARC. The primary function is to ensure a regular review of the adequacy and integrity of the Group's system of internal controls, risk management process and compliance with the Group's established policies and procedures to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group. The Internal Auditor undertakes the internal audit function based on the audit plan that is reviewed and approved by the ARC.

The reports containing findings and recommendations together with the Management's responses thereto were reviewed by the ARC members and discussed at ARC meetings. Areas of improvement identified and timelines for the outstanding matters to be resolved were communicated to the Management for their further action. Follow up reviews would subsequently be carried out by the Internal Auditor to ascertain the extent of implementation of the recommended corrective actions for improvement.

Apart from the aforesaid internal audit mandate, the Internal Auditor is also responsible for facilitating and assisting the Management in maintaining a structured risk management framework to identify, evaluate and manage material risks facing the Group. The Internal Auditor also monitors the effectiveness of the Group's risk management processes and reports to the ARC on the risk management activities of the Group.

The cost incurred for the internal audit function inclusive of risk management review in respect of the FYE 31 December 2023 was RM138,300.

# Statement on Risk Management and Internal Control

## INTRODUCTION

The Company's Board of Directors ("the Board") acknowledges the importance of maintaining a sound system of internal controls and effective risk management as part of its on-going efforts to practise good corporate governance. The Board is committed to practicing good standards of corporate governance and observing best practices, and will continue to improve on current practices.

The Board is pleased to highlight to the shareholders the state of risk management and internal control of the Group pursuant to **Paragraph 15.26, Part E of Chapter 15 of the Listing Requirements, Part II of Principle B of the Malaysian Code on Corporate Governance 2021 (MCCG2021)**, and as guided by the '**Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers**' ("the Guidelines"), which outlines the nature and scope of risk management and internal controls of the Group during the FYE 31 December 2023.

## RESPONSIBILITY OF THE BOARD

The Board is ultimately responsible for the internal controls of the Group. The Board is also accountable for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations, and risk management in order to safeguard the Group's assets, and ultimately the shareholders' investments.

The Board recognises that the system of internal controls is designed to manage, rather than eliminate the risk of failure to achieve business objectives. Hence, the Board shall only provide reasonable and not absolute assurance against misstatement or loss. Nonetheless, the Board shall evaluate appropriate initiatives, on a continuous basis, to strengthen the transparency and efficiency of its operations, taking into account the requirements for sound and appropriate internal controls and management information systems within the Group.

## CONTROL ENVIRONMENT

The Board and Senior Management consistently endeavour to maintain an adequate system of internal controls designed to manage risks rather than to eliminate them. The Group has in place an organisation structure that is aligned to its business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Group. As such, it is recognised that the system of internal controls can only provide reasonable assurance and not absolute assurance against the occurrence of any material misstatement or loss.

The Board is accountable for ensuring the existence and effectiveness of internal controls. It provides leadership and direction to Senior Management on the manner the Group controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Group, assessment of financial and operational risks and an effective monitoring mechanism.

The Board has also established an Anti-Bribery and Anti-Corruption policy ("the ABC Policy") for the Group, guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"). It is designed to provide a framework governing the general principles and processes on the giving and receipt of gratification. The primary aim of the ABC Policy is to promote and maintain good governance, integrity and accountability within the Group and to govern the Group's interaction with its stakeholders.

## INTERNAL AUDIT

The Internal Auditor reviewed the Group's internal control systems to identify and address related internal control weaknesses. The Internal Auditor independently reviewed and assessed the risk identification procedures and control processes implemented by the Management. Any significant weaknesses identified during the audit reviews along with the Internal Auditor's recommended measures to improve and strengthen the internal controls of the Group were reported to the Audit and Risk Management Committee ("the Committee"). The Internal Auditor also tested the effectiveness of the internal controls based on an internal audit strategy, and a detailed annual internal audit plan was presented to the Committee for approval. It should be highlighted that the internal audit process adopted a sampling methodology based on samples selection and did not engage any strategy to detect fraud during the performance of the audit.

In order to ensure impartiality and independence to the Internal Audit function, the Internal Auditor reports directly to the Committee on the activities performed and key strategic and control issues observed on the operations and processes of the Group. The Committee reviews and approves audit plan and human resources requirements to ensure the function maintains an adequate number of internal audit team with sufficient knowledge, skills and experience.

# Statement on Risk Management and Internal Control

cont'd

## PRACTICES & FRAMEWORK

Using this framework, all internal control Assessments performed by the Internal Auditor is based on the internal control elements Scope and Coverage.

The Internal Auditor continue to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group's key risks and core/priority areas. Input from various sources inclusive of the Enterprise Risk Management Framework ("ERM Framework"), Business Plan, past audit issues, External Auditors, the Management and the Board are gathered, assessed and prioritised to derive the annual audit plan.

Through the Internal Auditor, the effectiveness and efficiency of the Group's risk management and system of internal controls were examined and evaluated in an independent capacity. The Internal Auditor has assessed the Group's compliance with policies and procedures as well as relevant law and regulations. The Internal Auditor then provided reports on issues relating to internal controls and the associated risk together with recommendations for appropriate actions to the Committee.

For the FYE 31 December 2023, the Internal Auditor had:

- Carried out activities in accordance with the scope of work;
- Presented findings to the Committee and recommend corrective actions for the Management; and
- Conducted follow-up review to ensure compliance.

## INFORMATION AND COMMUNICATIONS

While the Management has full responsibility in ensuring the effectiveness of internal controls which it establishes, the Board has the authority to assess the state of internal controls as it deems necessary. In doing so, the Board has the right to request for information and clarification from the Management as well as to seek inputs from the Committee, External Auditors, the Internal Auditor and other experts at the expense of the Company.

## RISK MANAGEMENT

The Group has an on-going process for identifying, evaluating and managing the significant risks faced by the Company and its subsidiaries throughout the financial year under review. This is to ensure that all high risks are adequately addressed at various levels within the Group. Risk management is embedded in the Group's management system and is every employee's responsibility. The Group believes that risk management is critical for the Group's continued profitability and the enhancement of shareholders' value.

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Committee. The Group's enterprise risk management ("ERM") framework was approved by the Board on 27 August 2020. The Committee, supported by the Internal Auditor, provides an independent assessment of the effectiveness of the Group's ERM framework and reports to the Board. The Group's ERM is consistent with the ERM Framework and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment,

The ERM process is based on the following principles:

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the Risk Management framework;
- Tailor responses to business circumstances; and
- Communicate risks and responses to the Management.

All identified risks are displayed on a risk matrix based on their risk ranking to assist the Management in prioritising their efforts and appropriately managing the different classes of risks. There is no dedicated ERM department, however, the Management work closely with the respective operational managers to continuously strengthen the risk management initiatives within the Group so that the Management could respond timely and effectively to the constantly changing business environment and is thus able to protect and enhance shareholders value.

The Board recognises the importance of effective ERM in enhancing shareholders value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Senior Management with a clear direction and oversight from all levels of leadership, the Group embraces a holistic risk management approach to achieve its business targets with minimal surprises.

# Statement on Risk Management and Internal Control

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## MONITORING ACTIVITIES

In the financial year under review, the Board through the Committee has reviewed the risk management updates as well as the progress of compliance status of the internal control and risk management system.

## ASSURANCE FROM THE MANAGEMENT

The Board has also received assurance from the Executive Director and Senior Management that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the ERM framework adopted by the Group.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23, Part D of Chapter 15 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their limited assurance review was performed in accordance with the Audit Assurance Practice 3 (AAPG 3) (*formerly known as 'Recommended Practice Guide 5 (Revised 2015)'*) issued by the Malaysian Institute of Accountants.

Based on the External Auditors' review, nothing has come to their attention that caused them to believe that the statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, nor is the statement factually inaccurate.

## CONCLUSION

The Board is pleased to report that there were no major internal control weaknesses identified during the financial year under review, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Company's Annual Report. The Board is of the view that the existing system of internal controls is adequate. The Board will ensure that the internal controls framework be continuously reviewed, improved and enhanced to ensure its effectiveness, adequacy and relevance. Nevertheless, the Management continues to take measures to strengthen the control environment of the Group and its subsidiaries.

This Statement has been reviewed and approved by the Board of Directors on 29 April 2024.



# Financial Statements



Statement of Directors'  
Responsibilities

Directors' Report and  
Financial Statements

## Statement of Directors' Responsibilities

In Respect of the Audited Financial Statements

The Board of Directors is required under Paragraph 15.26 (a) of the Bursa Malaysia Securities Berhad Main Market Listing Requirement ("Listing Requirements") to issue a statement on its responsibility in the preparation of the annual Audited Financial Statement.

The Directors are required by the Companies Act, 2016("the Act") to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and the Company as at the end of the financial year and the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgement and estimates that are reasonable and prudent; and
- prepared the annual financial statements in accordance to the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the provision of the Act and the Listing Requirements.

The Directors are responsible for ensuring that the Company and its subsidiaries keep accounting records which disclose, with reasonable accuracy at any time, the financial position of each company and which enable them to ensure that the financial statements comply with the provisions of the Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and its subsidiaries to prevent and detect fraud and other irregularities.

This Statement has been reviewed and approved by the Board of Directors on 29 April 2024.

# Financial Statements

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## Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

### CHANGE OF NAME

On 13 December 2023, the Company changed its name from Impiana Hotels Berhad to Magma Group Berhad.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

### RESULTS

	Group RM	Company RM
Net (loss)/profit for the financial year, net of tax	(13,099,856)	13,041,882
Attributable to:		
Owners of the Company	(13,135,554)	13,041,882
Non-controlling interest	35,698	-
	(13,099,856)	13,041,882

### DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period. The Company is not in a position to pay or declare dividends for the current financial year.

### RESERVES AND PROVISIONS

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

### ISSUANCE OF SHARES AND DEBENTURES

#### Ordinary shares

#### Share Capital

No.	Date	Description	Issued and Paid-up Share Capital b/f RM	Shares Issued Unit	Price per Share RM	Issued and Paid-up Share Capital c/f RM
1	18.1.2023	“Conversion of Redeemable Convertible Notes (“RCN”)”	481,724,820	57,720,056	0.0693	485,724,820
2	27.1.2023	Conversion of RCN	485,724,820	7,215,007	0.0693	486,224,820
3	8.2.2023	Conversion of RCN	486,224,820	7,215,007	0.0693	486,724,820

## Directors' Report

cont'd

4	14.2.2023	Conversion of RCN	486,724,820	72,150,071	0.0693	491,724,820
5	3.3.2023	Conversion of RCN	491,724,820	36,075,036	0.0693	494,224,820
6	19.4.2023	Conversion of RCN	494,224,820	27,777,777	0.0720	496,224,820
7	3.8.2023	Conversion of RCN	496,224,820	110,000,000	0.0500	501,724,820
8	21.8.2023	Conversion of RCN	501,724,820	150,000,000	0.0500	509,224,820
9	4.10.2023	Conversion of RCN	509,224,820	50,000,000	0.0500	511,724,820
10	3.11.2023	Conversion of RCN	511,724,820	42,589,437	0.0587	514,224,820
11	21.11.2023	Conversion of Irredeemable Convertible Preference Shares-B ("ICPS-B")	514,224,820	9,698,285	*	518,589,048
12	13.12.2023	Private placement	518,589,048	85,930,800	0.2272	538,112,526

\* There is no issuance price as this is conversion of previously issued ICPS-B with a conversion ratio of 5 to 1 ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

### RCN

No.	Date	Description	Balance b/f RM	Unit Issued/ (converted)	Price per unit RM	Balance c/f RM
1	17.1.2023	Issuance of RCN	-	72,150,070	0.0693	5,000,000
2	18.1.2023	Conversion of RCN	5,000,000	(57,720,056)	(0.0693)	1,000,000
3	27.1.2023	Conversion of RCN	1,000,000	(7,215,007)	(0.0693)	500,000
4	10.2.2023	Issuance of RCN	500,000	72,150,071	0.0693	5,500,000
5	8.2.2023	Conversion of RCN	5,500,000	(7,215,007)	(0.0693)	5,000,000
6	14.2.2023	Conversion of RCN	5,000,000	(72,150,071)	(0.0693)	-
7	2.3.2023	Issuance of RCN	-	73,852,813	0.0677	5,000,000
8	3.3.2023	Conversion of RCN	5,000,000	(36,075,036)	(0.0693)	2,500,000
9	19.4.2023	Conversion of RCN	2,500,000	(27,777,777)	(0.0720)	500,000
10	20.4.2023	Issuance of RCN	500,000	50,000,000	0.0500	3,000,000
11	31.5.2023	Issuance of RCN	3,000,000	50,000,000	0.0500	5,500,000
12	3.8.2023	Conversion of RCN	5,500,000	(110,000,000)	(0.0500)	-
13	17.8.2023	Issuance of RCN	-	150,000,000	0.0500	7,500,000
14	21.8.2023	Conversion of RCN	7,500,000	(150,000,000)	(0.0500)	-
15	22.8.2023	Issuance of RCN	-	50,000,000	0.0500	2,500,000
16	4.10.2023	Conversion of RCN	2,500,000	(50,000,000)	(0.0500)	-
17	1.11.2023	Issuance of RCN	-	42,589,437	0.0587	2,500,000
18	3.11.2023	Conversion of RCN	2,500,000	(42,589,437)	(0.0587)	-

### ICPS

No.	Date	Description	Balance b/f RM	Unit Issued/ (converted)	Price per unit RM	Balance c/f RM
1	21.11.2023	Conversion of ICPS-B	11,113,327	(48,491,425)	0.0900	6,749,099

## Directors' Report

cont'd

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### DIRECTORS OF THE COMPANY

The Directors in office since the beginning of the financial year to the date of this report are: -

Dyana Sofya Binti Mohd Daud	
Dato' Seri Ismail @ Farouk Bin Abdullah*	
Prof. Dr. Mohd Amy Azhar Bin Haji Mohd Harif*	(Resigned on 18 August 2023)
Datuk Supperamiam A/L Manickam	(Resigned on 18 August 2023)
Dato' Hong Khay Kuan	(Resigned on 29 March 2024)
Dato' Hoo Voon Him	(Reigned on 29 March 2024)
Lim Su Hwei	(Appointed on 18 August 2023)
Lee Guat Tin	(Appointed on 18 August 2023)
Dato' Sri Lee Hock Seng*	(Appointed on 6 September 2023)
Dato' Sri Liang Chee Fong*	(Appointed on 1 October 2023)
Tan Kim Chee	(Appointed on 1 April 2024)

\* Being a Director of one or more subsidiaries

### DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries since the beginning of the financial year to the date of this report excluding those who are already the Directors of the Company are as follows:-

Datin Afrizah Binti Abu Bakar  
Raja Dato' Seri Eleena Binti Sultan Azlan Shah  
Eng Kim Lan  
Mohd Shukri Bin Haji Mohd Jai  
Norizah Binti Mohd Mokhtar  
Lee Jun Liang

### DIRECTORS' INTERESTS

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

	← Number of ordinary shares →				
	At 01.01.2023 Unit	Bought Unit	Conversion Unit	Sold Unit	At 31.12.2023 Unit
<b>Director of the Company</b>					
<i>Ordinary shares in the Company</i>					
Direct interest:					
- Dato' Seri Ismail @ Farouk Bin Abdullah	58,748,712	-	-	(22,216,000)	<b>36,532,712</b>
- Dato' Sri Lee Hock Seng	-	120,800,000	-	-	<b>120,800,000</b>
Indirect interest:					
- Dato' Seri Ismail @ Farouk Bin Abdullah *	68,363,033	-	9,698,285	(15,118,487)	<b>62,942,832</b>
- Dato' Sri Lee Hock Seng ^	-	62,000,000	-	-	<b>62,000,000</b>

# Directors' Report

cont'd

## DIRECTORS' INTERESTS *cont'd*

According to the register of Directors' shareholdings, the interest of Directors in office at the end of financial period in shares of the Company and its related corporations during the financial year were as follows: - *cont'd*

	← Number of ICPS-A →			
	At 01.01.2023 Unit	Bought Unit	Conversion Unit	At 31.12.2023 Unit

**Director of the Company***ICPS-A in the Company*

Indirect interest:

- Dato' Seri Ismail @ Farouk Bin Abdullah *	3,271,040	-	-	3,271,040
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	← Number of ICPS-B →			
	At 01.01.2023 Unit	Conversion Unit	Sold Unit	At 31.12.2023 Unit

**Director of the Company***ICPS-B in the Company*

Direct interest:

- Dato' Seri Ismail @ Farouk Bin Abdullah	1,191,338	-	-	1,191,338
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Indirect interest:

- Dato' Seri Ismail @ Farouk Bin Abdullah *	48,491,427	48,491,425	(75,592,435)	21,390,417
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	← Number of ordinary shares →			
	At 01.01.2023 Unit	Bought Unit	Conversion Unit	Sold Unit

**Directors of subsidiaries***Ordinary shares in the Company*

Direct interest:

- Datin Afrizah Binti Abu Bakar	106	-	-	-	106
---------------------------------	-----	---	---	---	-----

Indirect interest:

- Raja Dato' Seri Eleena Binti Sultan Azlan Shah <sup>*^</sup>	127,111,745	-	9,698,285	(37,334,487)	99,475,543
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# Directors' Report

cont'd

## DIRECTORS' INTERESTS *cont'd*

According to the register of Directors' shareholdings, the interest of Directors in office at the end of financial period in shares of the Company and its related corporations during the financial year were as follows: - *cont'd*

	← Number of ICPS-A →			At 31.12.2023 Unit
	At 01.01.2023 Unit	Bought Unit	Conversion Unit	
<b>Directors of subsidiaries</b>				
<i>ICPS-A in the Company</i>				
Direct interest:				
- Datin Afrizah Binti Abu Bakar	10,953,520	-	-	<b>10,953,520</b>
- Eng Kim Lan	9,300,000	-	-	<b>9,300,000</b>
- Norizah Binti Mohd Moktar	5,950,000	-	-	<b>5,950,000</b>
Indirect interest:				
- Raja Dato' Seri Eleena Binti Sultan Azlan Shah <sup>*^</sup>	3,271,040	-		<b>3,271,040</b>

\* *Indirect interest pursuant to Section 8(4) of the Companies Act 2016 via Impiana Sdn. Bhd.*

<sup>^</sup> *Indirect interest via his/her spouse's shareholding*

## DIRECTORS' REMUNERATION AND BENEFITS

The amounts of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company RM	Subsidiary RM
Fees	190,000	-
Salaries and other emoluments	129,873	24,000
<b>Total fees and other benefits</b>	<b>319,873</b>	<b>24,000</b>

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) 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 those as disclosed in Note 30 to the financial statements.

There were no arrangements during or at the end of the financial period 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.

## OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.



## Directors' Report

cont'd

### OTHER STATUTORY INFORMATION *cont'd*

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of provision for doubtful debts inadequate to any substantial extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
  - (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 which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the abilities of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.
- (e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries is disclosed in Note 5 to the financial statements.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.
- (g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company.

### SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 37 to the financial statements.

### AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 29 April 2024.

**DATO' SRI LEE HOCK SENG**

**DATO' SRI LIANG CHEE FONG**

## Statement by Directors

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 78 to 153 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 April 2024.

**DATO' SRI LEE HOCK SENG**

**DATO' SRI LIANG CHEE FONG**

## Statutory Declaration

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

I, CHAN FOO WENG, being the Officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 78 to 153 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  
at Kuala Lumpur in the Federal Territory  
on 29 April 2024

**CHAN FOO WENG**

Before me,

## Independent Auditors' Report

To the Members of Magma Group Berhad

(Formerly known as *Impiana Hotels Berhad*)

Registration No.: 200601021085 (740838-A) (Incorporated in Malaysia)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Magma Group Berhad (*formerly known as Impiana Hotels Berhad*), which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 78 to 153.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

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

#### Key Audit Matters

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

#### **Revenue and cost recognition from property development**

Revenue and cost from property development activity recognised during the financial year are disclosed in Notes 3 and 4 to the financial statements.

Property development revenue is recognised over the period of the project by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project).

Judgement is required in determining the progress of property development towards the complete satisfaction of the performance obligation, which include relying on past experience and continuous monitoring of the budgeting process. The management's estimates and judgements affect the cost-based input method computations and the amount of revenue and profit recognised during the period.

## Independent Auditors' Report

To the Members of Magma Group Berhad

(Formerly known as Impiana Hotels Berhad)

Registration No.: 200601021085 (740838-A) (Incorporated in Malaysia)

cont'd

### **Key Audit Matters** *cont'd*

#### **Revenue and cost recognition from property development** *cont'd*

We focused on this area because of the magnitude of the revenue and the cost recognised by the Group from these activities, which are based on significant estimates and judgements. There were also reversals of revenue and cost previously recognised due to termination of sales contracts during the financial year.

#### ***Our audit performed and responses thereon***

In addressing the matters above, we have performed the following audit procedures to assess the revenue and cost recognition: -

- Agreeing to the contracted selling price of the property development units and multiplied with the stage of completion;
- Verified the costs incurred against underlying supporting documents such as the contractors' claim certificates and invoices from vendors;
- Review reasonableness of budgeted property development costs;
- Checked reasonableness of the stage of completion based on actual costs incurred to date over the estimated total property development costs with architect certificates;
- Performed re-computation of the percentage of completion and percentage of sales;
- Examined material non-standard journal entries and other adjustments posted to revenue and cost of sales accounts; and
- Review of the sales contract termination documents.

#### **Impairment Review of Investments in Subsidiaries**

The carrying amount of the Company's investments in subsidiaries is disclosed in Note 11 to the financial statements.

A recent history of losses and significant accumulated losses recorded by certain subsidiaries have resulted in multiple indications that the carrying amount of investments in subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amount of the investments in subsidiaries either based on higher of value-in-use ("VIU") calculations using cash flows projections derived from the most recent financial projections approved by the Directors covering five and ten years period or fair value less costs of disposal (as the case may be).

During the financial year, the Company has recognised an impairment loss of RM618,587 for its investments in subsidiaries.

We have identified the impairment review of investments in subsidiaries as key audit matters as the impairment test involves significant management judgement in estimating the underlying assumptions to be applied in the discounted cash flows projections of the VIU calculations. The recoverable amounts of the Company's investments in subsidiaries are subject to key assumptions applied in respect of future revenue growth, gross margin, and discount rate used in the cash flows projections. A small change in these key assumptions can have a significant impact on the estimation of the recoverable amount.

#### ***Our audit performed and responses thereon***

In addressing the matters above, we have performed the following audit procedures to evaluate management's basis and assumptions used in the recoverable amount: -

- Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors;
- Evaluated management's budgeting process by comparing actual results to historical cash flows projections;
- Compared the key assumptions including revenue growth, gross margin and discount rate against our knowledge of the subsidiaries' historical performance, business and cost management strategies based on facts and circumstances currently available;
- Assessed the adjusted net assets of the subsidiaries in deriving the recoverable amounts (i.e. fair value) of the cost of investments in subsidiaries; and
- Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the investments in subsidiaries.

## Independent Auditors' Report

To the Members of Magma Group Berhad

(Formerly known as *Impiana Hotels Berhad*)

Registration No.: 200601021085 (740838-A) (Incorporated in Malaysia)

cont'd

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

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

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

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

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

### Responsibilities of the Directors for the Financial Statements

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

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

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

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

## Independent Auditors' Report

To the Members of Magma Group Berhad

(Formerly known as Impiana Hotels Berhad)

Registration No.: 200601021085 (740838-A) (Incorporated in Malaysia)

cont'd

### Auditors' Responsibilities for the Audit of the Financial Statements *cont'd*

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 11 to the financial statements.

### Other Matter

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

**MOORE STEPHENS ASSOCIATES PLT**  
201304000972 (LLP0000963-LCA)  
Chartered Accountants (AF002096)

**LO KUAN CHE**  
03016/11/2024 J  
Chartered Accountant

Petaling Jaya, Selangor  
Date: 29 April 2024

## Statements of Comprehensive Income

For the Financial Year Ended 31 December 2023

	Note	Group		Company	
		Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
Revenue	3	14,458,285	26,725,477	-	-
Cost of sales	4	2,084,273	(11,572,611)	-	-
<b>Gross profit</b>		<b>16,542,558</b>	15,152,866	-	-
Other income		1,497,763	927,672	32,304,941	-
Selling and distribution costs		-	(112,999)	-	-
Administrative expenses		(12,419,947)	(13,050,880)	(5,745,421)	(3,903,347)
Other expenses		(10,207,184)	(5,008,690)	(13,278,846)	(93,943,166)
<b>Loss from operations</b>		<b>(4,586,810)</b>	(2,092,031)	<b>13,280,674</b>	(97,846,513)
Finance costs		(8,636,917)	(11,726,527)	(238,792)	(53,411)
Share of result in an associate	12	205,262	(7,546)	-	-
<b>(Loss)/profit before tax</b>	5	<b>(13,018,465)</b>	(13,826,104)	<b>13,041,882</b>	(97,899,924)
Income tax expense	6	(81,391)	(481,234)	-	-
<b>(Loss)/profit for the financial year/period, net of tax</b>		<b>(13,099,856)</b>	(14,307,338)	<b>13,041,882</b>	(97,899,924)
<b>Other comprehensive income, net of tax</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Asset revaluation surplus, net of deferred tax		-	28,134,477	-	-
<b>Total comprehensive income for the financial year/period</b>		<b>(13,099,856)</b>	13,827,139	<b>13,041,882</b>	(97,899,924)
<b>(Loss)/profit for the financial year/period attributable to:</b>					
Owners of the Company		(13,135,554)	(14,305,964)	13,041,882	(97,899,924)
Non-controlling interest		35,698	(1,374)	-	-
		<b>(13,099,856)</b>	(14,307,338)	<b>13,041,882</b>	(97,899,924)
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		(13,135,554)	13,828,513	13,041,882	(97,899,924)
Non-controlling interest		35,698	(1,374)	-	-
		<b>(13,099,856)</b>	13,827,139	<b>13,041,882</b>	(97,899,924)
<b>Loss per ordinary share attributable to Owners of the Company (sen):</b>					
- Basic	7	(2.21)	(5.72)		

## Statements of Financial Position

As at 31 December 2023

	Note	Group		Company	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM	RM	RM	RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	8	111,192,745	110,682,027	2,008,388	2,276
Intangible assets	9	-	5,313,745	-	-
Goodwill	10	-	-	-	-
Investments in subsidiaries	11	-	-	140,756,306	119,185,892
Investment in an associate	12	40,223,424	39,398,162	-	-
Inventories	13	-	-	-	-
		<b>151,416,169</b>	<b>155,393,934</b>	<b>142,764,694</b>	<b>119,188,168</b>
<b>Current assets</b>					
Inventories	13	36,335,285	27,185,692	-	-
Trade receivables	14	22,242,334	20,962,411	-	-
Other receivables	15	7,328,997	2,830,631	1,550,100	10,100
Amounts due from subsidiaries	16	-	-	24,337,049	4,864,091
Amount due from an associate	17	-	174,600	-	-
Contract assets	18	7,355,791	12,138,045	-	-
Fixed deposits with a licensed bank	19	712,172	691,478	-	-
Cash and bank balances		19,821,812	2,438,649	17,076,577	11,549
		<b>93,796,391</b>	<b>66,421,506</b>	<b>42,963,726</b>	<b>4,885,740</b>
<b>TOTAL ASSETS</b>		<b>245,212,560</b>	<b>221,815,440</b>	<b>185,728,420</b>	<b>124,073,908</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Ordinary shares	20	177,983,393	125,959,915	538,112,526	481,724,820
Redeemable convertible notes ("RCN")	21	-	-	-	-
Irredeemable convertible preference shares ("ICPS")	22	5,069,907	5,069,907	6,749,099	11,113,327
Accumulated losses		(134,739,044)	(122,434,188)	(379,207,984)	(392,249,866)
Asset revaluation reserve	23	56,259,103	57,089,801	-	-
<b>Total equity attributable to Owners of the Company</b>		<b>104,573,359</b>	<b>65,685,435</b>	<b>165,653,641</b>	<b>100,588,281</b>
Non-controlling interest		35,303	(395)	-	-
<b>Total Equity</b>		<b>104,608,662</b>	<b>65,685,040</b>	<b>165,653,641</b>	<b>100,588,281</b>



## Statements of Financial Position

As at 31 December 2023

cont'd

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	24	14,824,396	15,828,392	-	-
Borrowings	25	66,835,657	65,165,510	-	-
Lease liabilities	26	1,660,802	-	1,660,802	-
Tax payable	27	1,583,790	-	-	-
		<b>84,904,645</b>	80,993,902	<b>1,660,802</b>	-
<b>Current liabilities</b>					
Trade payables	28	7,156,885	9,319,753	-	-
Other payables	29	38,791,362	48,715,715	7,607,648	8,434,179
Contract liabilities	18	64,663	458,015	-	-
Borrowings	25	6,361,707	6,651,425	-	-
Lease liabilities	26	277,679	-	277,679	-
Amounts due to subsidiaries	17	-	-	10,524,250	13,819,048
Amounts due to a Director's related companies	17	1,230,736	1,303,946	4,400	4,400
Amount due to an associate	17	44,189	-	-	-
Amount due to a Director	17	-	5,910,523	-	1,228,000
Tax payable	27	1,772,032	2,777,121	-	-
		<b>55,699,253</b>	75,136,498	<b>18,413,977</b>	23,485,627
<b>Total Liabilities</b>		<b>140,603,898</b>	156,130,400	<b>20,074,779</b>	23,485,627
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>245,212,560</b>	221,815,440	<b>185,728,420</b>	124,073,908

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

## Statements of Changes in Equity

For the Financial Year Ended 31 December 2023

	Attributable to Owners of the Company		Non-Distributable		Asset		Total	Non-Controlling Interest	Total Equity
	Share Capital	ICPS	RCN	Revaluation Reserve	Accumulated Losses	RM			
Note	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Group</b>									
<b>31.12.2023</b>									
<b>At beginning of financial year</b>	125,959,915	5,069,907	-	57,089,801	(122,434,188)	65,685,435	(395)	65,685,040	
Loss for the financial year	-	-	-	-	(13,135,554)	(13,135,554)	35,698	(13,099,856)	
Realisation of depreciated asset revaluation reserve	-	-	-	(830,698)	830,698	-	-	-	
<b>Transactions with Owners of the Company</b>									
Issuance of Redeemable Convertible Notes ("RCN")	-	-	32,500,000	-	-	32,500,000	-	32,500,000	
Issuance of ordinary shares pursuant to:									
- conversion of RCN	32,500,000	-	(32,500,000)	-	-	-	-	-	
- private placement	19,523,478	-	-	-	-	19,523,478	-	19,523,478	
<b>Total transactions with Owners of the Company</b>	52,023,478	-	-	-	-	52,023,478	-	52,023,478	
<b>At end of financial year</b>	<b>177,983,393</b>	<b>5,069,907</b>	<b>-</b>	<b>56,259,103</b>	<b>(134,739,044)</b>	<b>104,573,359</b>	<b>35,303</b>	<b>104,608,662</b>	

## Statements of Changes in Equity

For the Financial Year Ended 31 December 2023

cont'd

	Note	Share Capital		Attributable to Owners of the Company		Non-Distributable		Asset		Total		Non-Controlling Interest		Total Equity	
		RM	RM	ICPS	RCN	Revaluation Reserve	Accumulated Losses	RM	RM	RM	RM	RM	RM	RM	RM
<b>Group cont'd</b>															
<b>31.12.2023</b>															
<b>At beginning of financial period</b>		115,697,515	5,069,907	-	-	29,837,156	(109,010,056)	41,594,522	979	41,595,501					
Loss for the financial period		-	-	-	-	-	(14,305,964)	(14,305,964)	(1,374)	(14,307,338)					
<b>Other comprehensive income</b>															
Asset revaluation reserve, net of tax, representing total other comprehensive income		-	-	-	-	28,134,477	-	28,134,477	-	28,134,477					
<b>Total comprehensive income</b>		-	-	-	-	<b>28,134,477</b>	<b>(14,305,964)</b>	<b>13,828,513</b>	<b>(1,374)</b>	<b>13,827,139</b>					
<b>Realisation of depreciated asset revaluation reserve</b>		-	-	-	-	(881,832)	881,832	-	-	-					
<b>Transaction with Owners of the Company</b>															
Issuance of ordinary shares pursuant to private placement, representing total transaction with Owners of the Company	20	10,262,400	-	-	-	-	-	10,262,400	-	10,262,400					
<b>At end of financial period</b>		<b>125,959,915</b>	<b>5,069,907</b>	-	-	<b>57,089,801</b>	<b>(122,434,188)</b>	<b>65,685,435</b>	<b>(395)</b>	<b>65,685,040</b>					

## Statements of Changes in Equity

For the Financial Year Ended 31 December 2023

cont'd

	Note	← Attributable to Owners of the Company →				Total Equity RM
		Share Capital RM	ICPS RM	RCN RM	Accumulated Losses RM	
<b>Company</b>						
<b>31.12.2023</b>						
<b>At beginning of financial year</b>		481,724,820	11,113,327	-	(392,249,866)	100,588,281
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	13,041,882	13,041,882
<b>Transactions with Owners of the Company</b>						
Issuance of RCN	21	-	-	32,500,000	-	32,500,000
Issuance of ordinary shares pursuant to:						
- conversion of RCN	20, 21	32,500,000	-	(32,500,000)	-	-
- conversion of ICPS	20, 22	4,364,228	(4,364,228)	-	-	-
- private placement	20	19,523,478	-	-	-	19,523,478
<b>Total transactions with Owners of the Company</b>		56,387,706	(4,364,228)	-	-	52,023,478
<b>At end of financial year</b>		<b>538,112,526</b>	<b>6,749,099</b>	<b>-</b>	<b>(379,207,984)</b>	<b>165,653,641</b>
<b>31.12.2022</b>						
<b>At beginning of financial period</b>		456,230,339	26,345,408	-	(294,349,942)	188,225,805
Loss for the financial period, representing total comprehensive income for the financial period		-	-	-	(97,899,924)	(97,899,924)
<b>Transactions with Owners of the Company</b>						
Issuance of ordinary shares pursuant to:						
- private placement	20	10,262,400	-	-	-	10,262,400
- conversion of ICPS	20, 22	15,232,081	(15,232,081)	-	-	-
<b>Total transactions with Owners of the Company</b>		25,494,481	(15,232,081)	-	-	10,262,400
<b>At end of financial period</b>		<b>481,724,820</b>	<b>11,113,327</b>	<b>-</b>	<b>(392,249,866)</b>	<b>100,588,281</b>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

## Statements of Cash Flows

For the Financial Year Ended 31 December 2023

	Note	Group		Company	
		Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
<b>Cash flows from operating activities</b>					
(Loss)/profit before tax:		<b>(13,018,465)</b>	(13,826,104)	<b>13,041,882</b>	(97,899,924)
<i>Adjustments for:</i>					
Amortisation of intangible assets		<b>693,097</b>	1,062,517	-	-
Depreciation of property, plant and equipment		<b>2,664,492</b>	3,217,009	<b>87,062</b>	940
Impairment loss on:					
- investments in subsidiaries		-	-	<b>618,587</b>	85,407,101
- amounts due from subsidiaries		-	-	<b>12,547,811</b>	8,536,065
- trade receivables		<b>1,638,506</b>	-	-	-
Written off:-					
- property, plant and equipment		<b>26,995</b>	-	-	-
- land held for property development		-	329,721	-	-
- other receivables		-	6,616	-	-
- retention sum		<b>174,319</b>	-	-	-
- intangible assets		<b>4,620,648</b>	-	-	-
Reversal of:-					
- retention sum		-	(515,453)	-	-
- impairment loss on amounts due from subsidiaries		-	-	<b>(8,881,505)</b>	-
- impairment loss on investments in subsidiaries		-	-	<b>(22,188,001)</b>	-
Interest expenses		<b>8,636,917</b>	11,726,527	<b>238,792</b>	53,411
Interest income		<b>(20,694)</b>	(21,362)	-	-
Share of result of an associate	12	<b>(205,262)</b>	7,546	-	-
Unrealised gain on foreign currency exchange		<b>(169,404)</b>	(14,078)	-	-
<b>Operating profit/(loss) before working capital changes</b>		<b>5,041,149</b>	<b>1,972,939</b>	<b>(4,535,372)</b>	<b>(3,902,407)</b>
Contract assets/liabilities		<b>4,388,902</b>	42,027,172	-	-
Inventories		<b>(9,149,593)</b>	(1,796,404)	-	-
Receivables		<b>(7,591,114)</b>	(20,684,900)	<b>(1,540,000)</b>	10,000
Payables		<b>(7,660,894)</b>	(23,291,265)	<b>(826,531)</b>	2,221,683
<b>Cash used in operations</b>		<b>(14,971,550)</b>	(1,772,458)	<b>(6,901,903)</b>	(1,670,724)
Interest received		<b>20,694</b>	21,362	-	-
Interest paid		<b>(7,348,563)</b>	(1,176,504)	<b>(238,792)</b>	(53,411)
Tax paid		<b>(506,686)</b>	(618,533)	-	-
<b>Net cash used in operating activities</b>		<b>(22,806,105)</b>	(3,546,133)	<b>(7,140,695)</b>	(1,724,135)

## Statements of Cash Flows

For the Financial Year Ended 31 December 2023  
cont'd

	Note	Group		Company	
		Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	8(e)	(1,197,633)	(1,601,917)	(88,602)	-
Additional investment in an associate	12	-	(580,000)	-	-
Advances to an associate		(445,400)	(180,000)	-	-
Advances to subsidiaries		-	-	(23,140,264)	(10,772,683)
<b>Net cash used in investing activities</b>		<b>(1,643,033)</b>	<b>(2,361,917)</b>	<b>(23,228,866)</b>	<b>(10,772,683)</b>
<b>Cash flows from financing activities</b>					
(Repayment to)/advance from a Director	(iii)	(5,910,523)	(962,507)	(1,228,000)	1,228,000
(Repayment to)/advance from subsidiaries	(iii)	-	-	(3,294,798)	1,016,912
Advance from/(repayment to) an associate	(iii)	44,189	(11,591)	-	-
Increase in fixed deposits pledged		(20,694)	(21,362)	-	-
Proceeds from issuance of ordinary shares	20	19,523,478	10,262,400	19,523,478	10,262,400
Proceeds from issuance of RCN		32,500,000	-	32,500,000	-
Repayment of borrowings	(iii)	(2,565,454)	(210,773)	-	-
Repayment of principal portion of lease liabilities	(ii)(iii)	(66,091)	(7,847)	(66,091)	-
Repayment to a Director's related companies	(iii)	(73,210)	(398,401)	-	-
<b>Net cash from financing activities</b>		<b>43,431,695</b>	<b>8,649,919</b>	<b>47,434,589</b>	<b>12,507,312</b>
<b>Net increase in cash and cash equivalents</b>		<b>18,982,557</b>	<b>2,741,869</b>	<b>17,065,028</b>	<b>10,494</b>
Effect of exchange rate changes on cash and cash equivalents		169,404	87,239	-	-
Cash and cash equivalents at beginning of financial year/period		(1,031,647)	(3,860,755)	11,549	1,055
<b>Cash and cash equivalents at end of financial year/period</b>	(i)	<b>18,120,314</b>	<b>(1,031,647)</b>	<b>17,076,577</b>	<b>11,549</b>

## Statements of Cash Flows

For the Financial Year Ended 31 December 2023  
cont'd

### Note:

(i) Cash and cash equivalents comprise the following: -

	Note	Group		Company	
		31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Cash and bank balances		19,821,812	2,438,649	17,076,577	11,549
Fixed deposits with a licensed bank	19	712,172	691,478	-	-
		<b>20,533,984</b>	3,130,127	<b>17,076,577</b>	11,549
Less:					
- Bank overdrafts	25	(1,701,498)	(3,470,296)	-	-
- Fixed deposits pledged	19	(712,172)	(691,478)	-	-
		<b>18,120,314</b>	(1,031,647)	<b>17,076,577</b>	11,549

(ii) Cash outflows for leases as a lessee are as follow: -

	Group		Company	
	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
<b>Included in net cash used in operating activities</b>				
Interest paid in relation to lease liabilities	(38,909)	(153)	(38,909)	-
Payment relating to short term lease rental	(158,468)	(153,047)	(31,552)	(36,450)
<b>Included in net cash from financing activities</b>				
Payment for the principal portion of lease liabilities	(66,091)	(7,847)	(66,091)	-
<b>Total cash outflows for leases</b>	<b>(263,468)</b>	(161,047)	<b>(136,552)</b>	(36,450)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

## Statements of Cash Flows

For the Financial Year Ended 31 December 2023  
cont'd

**Note:** *cont'd*

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities: -

	Lease liabilities RM	Borrowings (excluding bank overdrafts) RM	Amounts due to a Director's related companies RM	Amount due to an associate RM	Amount due to a Director RM
<b>Group</b>					
<b>31.12.2023</b>					
At beginning of financial year	-	68,346,639	1,303,946	-	5,910,523
Addition	2,004,572	-	-	-	-
(Repayment to)/advance from, representing net changes in cash flows from financing activities	(66,091)	(2,565,454)	(73,210)	44,189	(5,910,523)
Capitalisation of interest as principal sum	-	5,714,681	-	-	-
At end of financial year	<b>1,938,481</b>	<b>71,495,866</b>	<b>1,230,736</b>	<b>44,189</b>	<b>-</b>
<b>31.12.2022</b>					
At beginning of financial period	7,847	68,557,412	9,160,610	16,991	6,873,030
Repayment to, representing net changes in cash flows from financing activities	(7,847)	(210,773)	(398,401)	(11,591)	(962,507)
Reclassification to amount due from an associate	-	-	-	(5,400)	-
Novation of debts	-	-	(7,458,263)	-	-
At end of financial period	-	68,346,639	1,303,946	-	5,910,523



## Statements of Cash Flows

For the Financial Year Ended 31 December 2023

cont'd

**Note:** *cont'd*

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities: - *cont'd*

	Amount due to a Director	Amount due to a Director's related companies	Amounts due to subsidiaries	Lease liabilities
	RM	RM	RM	RM
<b>Company</b>				
<b>31.12.2023</b>				
At beginning of financial year	1,228,000	4,400	13,819,048	-
Addition	-	-	-	2,004,572
(Repayment to)/Advances from, representing net changes in cash flows for financing activities	(1,228,000)	-	(3,294,798)	(66,091)
At end of financial year	-	4,400	10,524,250	1,938,481
<b>31.12.2022</b>				
At beginning of financial period	-	4,400	12,802,136	
Advances from, representing net changes in cash flows for financing activities	1,228,000	-	1,016,912	
At end of financial period	1,228,000	4,400	13,819,048	

# Notes to the Financial Statements

31 December 2023

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Ho Hup Tower – Aurora Place, 2-07-01 – Level 7, Plaza Bukit Jalil, No.1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000, W.P. Kuala Lumpur.

The principal place of business of the Company is located at D5-5-5, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480, W.P. Kuala Lumpur.

The Company is principally engaged in investment holdings. The principal activities of the subsidiaries are disclosed in Note 11. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 29 April 2024.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

The Company has also considered the new accounting pronouncements in the preparation of the financial statements.

### (i) Accounting pronouncements that are effective and adopted during the financial year

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and the Company except as described below.

The Group and the Company adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's and the Company's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

## Notes to the Financial Statements

31 December 2023

cont'd

### 2. BASIS OF PREPARATION *cont'd*

#### (a) Statement of compliance *cont'd*

##### (ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

##### ***Effective for financial periods beginning on or after 1 January 2024***

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
Amendments to MFRS 7 and MFRS 107	Suppliers Finance Arrangements

##### ***Effective for financial periods beginning on or after 1 January 2025***

Amendments to MFRS 121	Lack of Exchangeability
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##### ***Effective date to be announced***

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial applications.

#### (b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those disclosed in the accounting policy notes.

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

#### (d) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. BASIS OF PREPARATION *cont'd*

### (d) Significant accounting estimates and judgements *cont'd*

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are set out below.

#### (i) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

#### (ii) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

For other receivables and amounts due from subsidiaries, the Group and the Company apply the approach permitted by MFRS 9, which requires the Group and the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

#### (iii) Revaluation of properties

All properties (except for those held as inventories) of the Group are reported at valuation which is based on valuations performed by independent professional valuers. The independent professional valuers have exercised judgement in determining the fair values of the Group's freehold and leasehold lands and buildings which were determined based on the following methods:-

- *comparison method* by comparing the properties with recently transacted properties of a similar nature or offers for sale of similar properties in the area with adjustment for time and various factors inclusive of location, tenure of land, road frontage, size, access, terrain and material valuation uncertainty to arrive at the value of the subject lands; and
- *income method* by way of "Discounted Cash Flow" where annual income of the hotel is estimated based on the occupancy rate and average daily rate ("ADR"). The estimated operating expenses of the hotel and other expenditure are then deducted therefore to arrive at the net annual income which is then capitalised at an appropriate rate of return for 10 years. Terminal value is capitalised at an appropriate current market yield to arrive at its indicative market value.

## Notes to the Financial Statements

31 December 2023

cont'd

### 2. BASIS OF PREPARATION *cont'd*

#### (d) Significant accounting estimates and judgements *cont'd*

##### (iv) Property development

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e., by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract). In making the estimate, management relies on opinion/service of experts, past experience and a continuous monitoring mechanism.

### 3. REVENUE

	Note	Group	
		Period from 01.01.2023 to 31.12.2023	Period from 01.07.2021 to 31.12.2022
		RM	RM
Management service revenue		3,931,419	4,218,620
Marketing fee revenue		901,048	898,561
Hotel rooms		6,954,357	8,125,727
Restaurants		4,709,980	4,933,165
Other hotel-related segments		412,525	496,737
Property development	(i)	(2,451,044)	8,022,667
Consultancy fee		-	30,000
		<b>14,458,285</b>	<b>26,725,477</b>
<b>Timing of revenue recognition:</b>			
Point in time		12,076,862	13,585,629
Over time		2,381,423	13,139,848
		<b>14,458,285</b>	<b>26,725,477</b>

## Notes to the Financial Statements

31 December 2023

cont'd

### 3. REVENUE *cont'd*

#### (i) Property development

##### Reversal of revenue

During the financial year, there were termination of sales contract and reversals of previously recognised revenue in prior years which were attributed to certain units whereby the respective customers faced challenges in fulfilling their financial commitments for the purchased units.

##### Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from property development revenue:

	Group	
	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
Total contracted revenue	53,795,727	78,088,293
Less: Property development revenue:-		
- Recognised	28,773,806	38,361,988
- Reversal	(31,224,850)	-
	(2,451,044)	38,361,988
Aggregate amount of the transaction price allocated to property development revenue that are partially or fully unsatisfied as at end of financial year/period	25,021,921	39,726,305

The remaining unsatisfied performance obligations are expected to be recognised as below:

	Group	
	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
Within 1 year	4,041,587	5,958,946
Between 1 and 3 years	20,980,334	33,767,359
	25,021,921	39,726,305

##### Material accounting policy information

#### (i) Property development revenue

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

## Notes to the Financial Statements

31 December 2023

cont'd

### 3. REVENUE *cont'd*

Material accounting policy information *cont'd*

(ii) Hotel rooms revenue

Hotel rooms revenue is recognised when service is rendered to the customers over their stay at the hotel. The transaction price is the net amount collected from the customer. Advance deposits on hotel rooms are recorded as customer deposits until services are provided to the customer.

(iii) Restaurants revenue

Revenue is recognised at point in time upon delivery of foods and beverages to the customers, where all the payments are based on cash on delivery. Accordingly, transaction price is determined based on selling price of the goods.

(iv) Other hotel-related segments

Revenue is recognised at point in time upon services performed to the customers, where all the payments are based on cash on delivery. Accordingly, transaction price is determined based on market price of the services.

(v) Management services and marketing fees

Revenue is recognised over the period in which the services are rendered.

### 4. COST OF SALES

		Group	
	Note	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
Management fee		-	28,470
Hotel-related costs		<b>4,923,150</b>	5,660,301
Property development costs	(i)	<b>(7,007,423)</b>	5,883,840
		<b>(2,084,273)</b>	11,572,611

(i) Property development costs

Reversal of cost of sales

During the financial year, there were termination of sales contract and reversals of previously recognised revenue in prior years, as disclosed in Note 3, which led to the corresponding reversal of cost of sales.

## Notes to the Financial Statements

31 December 2023

cont'd

### 5. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging/(crediting): -

	Note	Group		Company	
		Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
Auditors' remuneration:-					
- statutory audit		<b>395,000</b>	456,000	<b>155,000</b>	180,000
- under/(over) provision in prior financial period/year		<b>2,000</b>	(10,000)	-	(10,000)
- other services		<b>143,000</b>	223,000	<b>143,000</b>	223,000
Amortisation of intangible assets		<b>693,097</b>	1,062,517	-	-
Corporate exercise expenses		<b>160,256</b>	227,559	<b>160,256</b>	227,559
Depreciation of:					
- property, plant and equipment		<b>2,664,492</b>	3,217,009	<b>87,062</b>	940
Directors' remuneration	5(i)	<b>343,873</b>	335,000	<b>319,873</b>	299,000
Employee benefits expense	5(ii)	<b>5,376,937</b>	6,816,107	<b>1,074,431</b>	1,261,473
Finance costs:-					
- bank overdrafts		<b>301,064</b>	409,022	-	-
- lease liabilities		<b>38,909</b>	153	<b>38,909</b>	-
- term loans		<b>5,896,230</b>	7,771,323	-	-
- factoring facility		<b>2,359,241</b>	3,286,503	<b>174,321</b>	-
- others		<b>41,473</b>	259,526	<b>25,562</b>	53,411
Impairment loss on:-					
- investments in subsidiaries		-	-	<b>618,587</b>	85,407,101
- amounts due from subsidiaries		-	-	<b>12,547,811</b>	8,536,065
- trade receivables		<b>1,638,506</b>	-	-	-
Reversal of:-					
- retention sum		-	(515,453)	-	-
- impairment loss on amounts due from subsidiaries		-	-	<b>(8,881,505)</b>	-
- impairment loss on investments in subsidiaries		-	-	<b>(22,188,001)</b>	-
Short term lease of office equipment		<b>36,872</b>	59,793	<b>31,552</b>	36,450
Short term lease of sales gallery office		<b>121,596</b>	93,254	-	-



## Notes to the Financial Statements

31 December 2023

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### 5. (LOSS)/PROFIT BEFORE TAX *cont'd*

(Loss)/profit before tax is arrived at after charging/(crediting): - *cont'd*

	Note	Group		Company	
		Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
<i>cont'd</i>					
Written-off:					
- property, plant and equipment		26,995	-	-	-
- land held for property development		-	329,721	-	-
- other receivables		-	6,616	-	-
- retention sum		174,319	-	-	-
- intangible assets		4,620,648	-	-	-
Realised loss on foreign currency exchange		25,386	8,993	25,386	-
Unrealised gain on foreign currency exchange		(169,404)	(14,078)	-	-
Interest income		(20,694)	(21,362)	-	-
Wages subsidies		(4,508)	(381,600)	-	-

(i) Directors' remuneration:

	Group		Company	
	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
<b>Directors' remuneration</b>				
Directors' fee	190,000	220,500	190,000	220,500
Salaries and other emoluments	153,873	114,500	129,873	78,500
	<b>343,873</b>	<b>335,000</b>	<b>319,873</b>	<b>299,000</b>

## Notes to the Financial Statements

31 December 2023

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### 5. (LOSS)/PROFIT BEFORE TAX *cont'd*

(ii) Employee benefits expense:

	Group		Company	
	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
<b>Staff costs</b>				
Salaries, wages, allowances and bonus	3,755,288	5,927,938	946,273	1,108,682
Contributions to defined contribution plan	498,017	631,637	116,437	136,619
Others	1,123,632	256,532	11,721	16,172
	<b>5,376,937</b>	<b>6,816,107</b>	<b>1,074,431</b>	<b>1,261,473</b>

(a) Included in administrative expenses are staff costs amounting to RM3,150,819 (31.12.2022: RM4,303,541); and

(b) Included in cost of sales are staff costs amounting to RM2,226,118 (31.12.2022: RM2,512,566).

### 6. INCOME TAX EXPENSE

	Group		Company	
	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
<b>Income tax:</b>				
Current year/period	630,797	501,234	-	-
Under/(over)provision in prior period/year	454,590	(11,945)	-	-
	<b>1,085,387</b>	<b>489,289</b>	<b>-</b>	<b>-</b>
<b>Deferred tax (Note 24):</b>				
(Reversal)/Origination of temporary differences	(1,386,957)	668,796	-	-
Realisation of deferred tax liabilities arising from depreciable revaluation reserve	(262,326)	(278,473)	-	-
Under/(over)provision in prior period/year	645,287	(398,378)	-	-
	<b>(1,003,996)</b>	<b>(8,055)</b>	<b>-</b>	<b>-</b>
<b>Income tax expense for the financial year/period</b>	<b>81,391</b>	<b>481,234</b>	<b>-</b>	<b>-</b>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (31.12.2022: 24%) of the estimated assessable profit for the year/period.

## Notes to the Financial Statements

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### 6. INCOME TAX EXPENSE *cont'd*

The reconciliations from the tax amount at statutory income tax rate to the Group's and to the Company's tax expense are as follows:

	Group		Company	
	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
(Loss)/profit before tax	<b>(13,018,465)</b>	(13,826,104)	<b>13,041,882</b>	(97,899,924)
Tax at the Malaysian statutory income tax rate of 24%	<b>(3,124,432)</b>	(3,318,265)	<b>3,130,052</b>	(23,495,982)
Income not subject to tax	<b>(580,346)</b>	(438,878)	<b>(7,475,629)</b>	-
Expenses not deductible for tax purpose	<b>3,441,059</b>	4,276,173	<b>4,340,587</b>	23,495,982
Deferred tax assets not recognised	<b>388,237</b>	651,000	<b>4,990</b>	-
Utilisation of previously unrecognised deferred tax assets	<b>(880,678)</b>	-	-	-
Realisation of deferred tax liabilities arising from depreciated asset revaluation	<b>(262,326)</b>	(278,473)	-	-
Under/(over)provision in prior period/year				
- income tax	<b>454,590</b>	(11,945)	-	-
- deferred tax	<b>645,287</b>	(398,378)	-	-
<b>Income tax expense for the financial year/period</b>	<b>81,391</b>	481,234	-	-

The Group has the following estimated items available for set-off against future taxable profits: -

	Group	
	31.12.2023 RM	31.12.2022 RM
Unabsorbed capital allowances	<b>7,357,000</b>	8,024,000
Unutilised tax losses	<b>2,649,000</b>	6,296,000
	<b>10,006,000</b>	14,320,000

The comparative figures have been restated to reflect the actual unabsorbed capital allowances and unutilised tax losses carried forward.

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit. The unutilised tax losses will be allowed to be carried forward for 10 consecutive years of assessment ("YA") deemed to be effective from "YA 2019".

## Notes to the Financial Statements

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### 7. LOSS PER ORDINARY SHARE

#### Basic loss per ordinary share

Basic loss per ordinary share for the financial period/year is calculated by dividing the loss after tax attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year/period.

	<b>Group</b>	
	<b>Period from 01.01.2023 to 31.12.2023 RM</b>	<b>Period from 01.07.2021 to 31.12.2022 RM</b>
Loss after tax attributable to Owners of the Company (RM)	<b>(13,135,554)</b>	(14,305,964)
<b>Weighted average number of ordinary shares:</b>		
Number of ordinary shares in issue at beginning of the financial year/period	<b>288,867,803</b>	1,216,204,847
Effect of weighted average number of ordinary shares issued during the financial year/period	<b>304,258,539</b>	284,710,266
Effect of share consolidation	-	(1,250,964,186)
	<b>593,126,342</b>	249,950,927
Basic loss per share (sen)	<b>(2.21)</b>	(5.72)

The Group has no dilution in its loss per ordinary share for the potential conversion of ICPS-A and ICPS-B into ordinary shares as the effect is anti-dilutive.

## Notes to the Financial Statements

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## 8. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation				At cost				Total	
	Freehold land RM	Leasehold lands* RM	Leasehold building* RM	Office equipment and furniture and fittings RM	Motor vehicles RM	Operating equipment, plant and machineries and signboard RM	Renovation RM	Lease of office premises* RM		Work-in-progress RM
<b>31.12.2023</b>										
<b>Cost/Valuation</b>										
At beginning of financial year	14,200,000	59,310,422	29,099,999	6,926,970	260,855	3,404,472	5,397,342	-	2,973,176	121,573,236
Additions	-	-	-	212,128	-	402,276	583,229	2,004,572	-	3,202,205
Written-off	-	-	-	(263,409)	-	-	-	-	-	(263,409)
At end of financial year	14,200,000	59,310,422	29,099,999	6,875,689	260,855	3,806,748	5,980,571	2,004,572	2,973,176	124,512,032
<b>Accumulated depreciation</b>										
At beginning of financial year	-	-	-	6,390,459	260,852	2,311,026	1,928,872	-	-	10,891,209
Charge for the financial year	-	974,964	742,105	147,482	-	178,872	537,545	83,524	-	2,664,492
Written-off	-	-	-	(236,414)	-	-	-	-	-	(236,414)
At end of financial year	-	974,964	742,105	6,301,527	260,852	2,489,898	2,466,417	83,524	-	13,319,287
<b>Net carrying amount</b>										
At end of financial year	14,200,000	58,335,458	28,357,894	574,162	3	1,316,850	3,514,154	1,921,048	2,973,176	111,192,745

## Notes to the Financial Statements

31 December 2023

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8. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	At valuation		At cost					Total RM		
	Freehold land RM	Leasehold lands* RM	Leasehold building* RM	Office equipment and furniture and fittings RM	Motor vehicles RM	Operating equipment, plant and machineries and signboard RM	Renovation RM		Lease of office premises* RM	Work-in- progress RM
<b>Group cont'd</b>										
<b>31.12.2022</b>										
<b>Cost/Valuation</b>										
At beginning of financial period	14,200,000	26,518,533	32,276,301	6,858,769	260,855	3,245,144	5,162,954	211,390	1,833,176	90,567,122
Additions	-	-	-	68,201	-	159,328	234,388	-	1,140,000	1,601,917
Reclassified from inventories (Note 13)	-	3,029,735	-	-	-	-	-	-	-	3,029,735
Elimination of accumulated depreciation upon revaluation	-	(4,904,088)	(6,453,131)	-	-	-	-	-	-	(11,357,219)
Revaluation upwards	-	34,666,242	3,276,829	-	-	-	-	-	-	37,943,071
Expiry of leases	-	-	-	-	-	-	-	(211,390)	-	(211,390)
At end of financial period	14,200,000	59,310,422	29,099,999	6,926,970	260,855	3,404,472	5,397,342	-	2,973,176	121,573,236
<b>Accumulated depreciation</b>										
At beginning of financial period	-	3,860,376	5,447,033	6,177,493	260,852	2,032,123	1,269,831	195,101	-	19,242,809
Charge for the financial period	-	1,043,712	1,006,098	212,966	-	278,903	659,041	16,289	-	3,217,009
Elimination of accumulated depreciation upon revaluation	-	(4,904,088)	(6,453,131)	-	-	-	-	-	-	(11,357,219)
Expiry of leases	-	-	-	-	-	-	-	(211,390)	-	(211,390)
At end of financial period	-	-	-	6,390,459	260,852	2,311,026	1,928,872	-	-	10,891,209
<b>Net carrying amount</b>										
At end of financial period	14,200,000	59,310,422	29,099,999	536,511	3	1,093,446	3,468,470	-	2,973,176	110,682,027

## Notes to the Financial Statements

31 December 2023

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### 8. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Furniture and fittings RM	Office equipment RM	Computer RM	Lease of office premises* RM	Total RM
<b>Company</b>					
<b>31.12.2023</b>					
<b>Cost</b>					
At beginning of financial year	459	46,087	-	-	46,546
Addition	16,029	14,105	58,468	2,004,572	2,093,174
At end of financial year	16,488	60,192	58,468	2,004,572	2,139,720
<b>Accumulated depreciation</b>					
At beginning of financial year	385	43,885	-	-	44,270
Charge for the financial year	244	2,319	975	83,524	87,062
At end of financial year	629	46,204	975	83,524	131,332
<b>Net carrying amount</b>					
At end of financial year	15,859	13,988	57,493	1,921,048	2,008,388
<b>31.12.2022</b>					
<b>Cost</b>					
At beginning/end of financial period	459	46,087	-	-	46,546
<b>Accumulated depreciation</b>					
At beginning of financial period	349	42,981	-	-	43,330
Charge for the financial period	36	904	-	-	940
At end of financial period	385	43,885	-	-	44,270
<b>Net carrying amount</b>					
At end of financial period	74	2,202	-	-	2,276

\* *The right-of-use assets pertaining to leasehold land, leasehold building and lease of office premise are presented as part of property, plant and equipment in the statements of financial position.*

(a) Assets pledged as security

Freehold land, leasehold lands and building with a total carrying amount of 61,118,912 (31.12.2022: RM62,234,185) have been pledged to a licensed bank as securities for credit facilities granted to the Group as disclosed in Note 25.

Leasehold lands with a total carrying amount of Nil (31.12.2022: RM4,376,236) was pledged as securities for third party loan granted to the Group as disclosed in Note 27.

Leasehold lands with a total carrying amount of RM35,595,506 (31.12.2022: RM36,000,000) had been pledged to a licensed bank for the banking facilities granted to a Director's related company. The pledge was created previously before the acquisition of the subsidiary during the reverse acquisition exercise of the Group.

## Notes to the Financial Statements

31 December 2023

cont'd

### 8. PROPERTY, PLANT AND EQUIPMENT *cont'd*

#### (b) Revaluation of freehold land, leasehold lands and building

Freehold and leasehold lands and building of the Group were revalued on 30 December 2022 and were performed by registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

The fair values of the Group's freehold and leasehold lands and buildings were determined based on the methods disclosed in Note 2(d)(iii):-

The fair value of the freehold and leasehold lands and building are categorised at Level 3 of the fair value hierarchy and were estimated using unobservable inputs for the properties. The most significant inputs into this valuation approach are location, size, age and condition of tenure and title restriction, if any.

If the freehold and leasehold lands and building currently carried at valuation were measured using the cost model, the carrying amounts would have been as follows:

	Group Net carrying amount	
	31.12.2023 RM	31.12.2022 RM
<b>At historical cost</b>		
Freehold land	766,961	766,961
Leasehold lands	13,087,381	13,231,114
Leasehold building	16,247,253	16,693,525
	<b>30,101,595</b>	<b>30,691,600</b>

#### (c) The expenses charged to profit and loss during the financial year/period are as follows:

	Group		Company	
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Depreciation of right-of-use assets	1,800,593	2,066,099	83,524	-
Interest expense of lease liabilities	38,909	153	38,909	-
Short-term leases:				
- office equipment	36,872	59,793	31,552	36,450
- sales gallery office	121,596	93,254	-	-

#### (d) Impairment review

In prior financial period, the Group had carried out an impairment assessment on the property, plant and equipment in view of the disruption to the Group's hospitality business segment caused by the COVID-19 pandemic which had resulted in a significant impact on the Group's hotel operations of the main operating subsidiary. The recoverable amount of the Group's hotel property is determined based on VIU cash flow projections derived from the most recent financial projections approved by the Directors covering a ten-year period and based on the impairment assessment performed, no impairment loss has been recognised for the property, plant and equipment. The key assumptions used in the VIU cash flow projections for impairment testing are disclosed in Note 11(b) and a pre-tax discount rate of 10.0% was applied to the calculations in determining the recoverable amounts of the Group's property, plant and equipment.



## Notes to the Financial Statements

31 December 2023

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### 8. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(e) *Acquisition of property, plant and equipment*

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Cash purchase	1,197,633	1,601,917	88,602	-
Financed through lease arrangement	2,004,572	-	2,004,572	-
	3,202,205	1,601,917	2,093,174	-

*Material accounting policy information*

(i) Recognition and measurement

Property, plant and equipment are measured at cost or valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its properties comprising freehold land and leasehold lands and building every 3 to 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit and loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be depreciated accordingly.

(ii) Depreciation

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

Leasehold land	26 to 89 (31.12.2022: 27 to 90) years
Leasehold building	38 (31.12.2022: 39) years
Furniture and fittings	10 years
Office equipment	5 to 10 years
Motor vehicle	5 years
Plant and machineries	10 years
Operating equipment	3 to 5 years
Renovation	5 to 10 years
Lease of office premises	6 years

Freehold land is not depreciated.

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

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

## Notes to the Financial Statements

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### 9. INTANGIBLE ASSETS

	Trademarks RM	Hotel management rights RM	Total RM
<b>Group</b>			
<b>31.12.2023</b>			
<b>Cost</b>			
At beginning of financial year	150,000	9,361,094	9,511,094
Written off	-	(9,361,094)	(9,361,094)
At end of financial year	150,000	-	150,000
<b>Accumulated amortisation</b>			
At beginning of financial year	150,000	4,047,349	4,197,349
Charge for the financial year	-	693,097	693,097
Written off	-	(4,740,446)	(4,740,446)
At end of financial year	150,000	-	150,000
<b>Net carrying amount</b>			
At end of financial year	-	-	-
<b>31.12.2022</b>			
<b>Cost</b>			
At beginning of financial period	150,000	9,361,094	9,511,094
<b>Accumulated amortisation</b>			
At beginning of financial period	127,129	3,007,703	3,134,832
Charge for the financial period	22,871	1,039,646	1,062,517
At end of financial period	150,000	4,047,349	4,197,349
<b>Net carrying amount</b>			
At end of financial period	-	5,313,745	5,313,745

In prior financial period, the Group carried out an impairment assessment on the hotel management rights derived from hotel management agreements (“HMAs”) as the participating hotels had yet to commence their hotel operations and the subsidiary’s revenue which was dependent upon percentage of revenue to be generated by the participating hotels had been impacted by the COVID-19 pandemic. The recoverable amount of HMAs was determined based on VIU calculations using cash flow projections derived from the most recent financial projections approved by the Directors covering period of six years which was based on the expected commencement operating period of the participating hotels up to the end of the HMAs agreed period and based on the impairment assessment performed, no impairment loss was recognised for the hotel management rights. The key assumptions used in the VIU cash flow projections for impairment testing were disclosed in Note 11(b).

During the financial year, the hotel management rights were fully written off during the financial year as the Group decided not to pursue further on the HMAs with the participating hotels.

## Notes to the Financial Statements

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### 10. GOODWILL

	Group	
	31.12.2023	31.12.2022
	RM	RM
<b>At cost</b>		
At beginning of financial year/period	48,377,299	48,377,299
Less: Accumulated impairment loss	(48,377,299)	(48,377,299)
At end of financial year/period	-	-

### 11. INVESTMENTS IN SUBSIDIARIES

	Company	
	31.12.2023	31.12.2022
	RM	RM
<b>Unquoted shares</b>		
At cost		
At beginning of financial year/period	404,241,128	404,241,128
Addition	1,000	-
At end of the financial year/period	404,242,128	404,241,128
<b>Capital contribution to a subsidiary</b>		
At beginning/end of financial year/period	21,489,240	21,489,240
Less: Allowance for impairment losses	(284,975,062)	(306,544,476)
Carrying amount at end of financial year/period	140,756,306	119,185,892

Capital contribution to a subsidiary represents amount due from a subsidiary which is non-trade in nature, unsecured and interest-free and the settlement of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is in substance, represents additional investment in the subsidiary, it is stated at cost less accumulated impairment losses.

Movement in allowance for impairment losses in respect of investments in subsidiaries is as follows:

	Company	
	31.12.2023	31.12.2022
	RM	RM
At beginning of financial year/period	306,544,476	221,137,375
Addition	618,587	85,407,101
Reversal	(22,188,001)	-
At end of financial year/period	284,975,062	306,544,476

## Notes to the Financial Statements

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### 11. INVESTMENTS IN SUBSIDIARIES *cont'd*

#### Details of the subsidiaries

Name of Subsidiaries	Country of Incorporation	Principal Activities	Effective Equity Interest	
			31.12.2023	31.12.2022
Impiana Ipoh Sdn. Bhd. ("IISB")	Malaysia	Investment holding, management and operation of hotels and resorts, property investment and hotel development	100%	100%
Impiana Hotels & Resorts Management Sdn. Bhd. ("IHRM") *	Malaysia	Giving professional management services to hotels, resorts and recreation clubs	100%	100%
Impiana Cherating Sdn. Bhd. ("ICSB")	Malaysia	Property development, operation of resort, hotel business and related services	100%	100%
Astaka Mekar Sdn. Bhd. ("AMSB")	Malaysia	Investment holding	100%	100%
Impiana Pangkor Sdn. Bhd. ("IPSB")	Malaysia	Dormant	100%	100%
Impiana Tioman Villas & Residences Sdn. Bhd. ("ITVR")	Malaysia	Dormant	100%	100%
Magma Bintang Sdn. Bhd. ("MBSB") ^	Malaysia	Hotels and resort hotels and buying, selling, renting and operating of self-owned or leased real estate - non-residential buildings	100%	-
<b>Held through ITVR</b>				
Impiana Selo Tioman Resorts Sdn. Bhd. ("ISTR")	Malaysia	Dormant	75%	75%

^ *The management accounts were reviewed by Moore Stephens Associates PLT for consolidation purpose as MBSB was newly incorporated on 31 October 2023 and may appoint its first auditor at any time within 18 months from the date of incorporation.*

\* *Change of name to Magma Hospitality Management Sdn. Bhd. on 5 January 2024.*

#### Incorporation of subsidiary by the Company

On 31 October 2023, the Company subscribed 1,000 ordinary shares of RM1.00 each, representing the entire shareholding in MBSB for a total cash consideration of RM1,000. Pursuant to that, MBSB became a wholly-owned subsidiary of the Company. MBSB remained dormant as of 31 December 2023.

- (a) As at the reporting date, the Company carried out a review of the recoverable amounts of its investments in subsidiaries that are in loss-making and significant accumulated losses position. An impairment loss amounting to RM618,587 (31.12.2022: RM85,407,101) and reversal of impairment loss amounting to RM22,188,001 (31.12.2022: Nil) were recognised as "Other Expenses" and "Other Income" line items in the Statements of Comprehensive Income for the financial year ended 31 December 2023. The recoverable amounts of subsidiaries have been determined based on higher of value-in-use ("VIU") calculation using cash flows projection from financial budgets approved by Board of Directors covering five and ten years period and fair value less costs of disposal which was measured based on adjusted net assets of the subsidiaries.

## Notes to the Financial Statements

31 December 2023

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### 11. INVESTMENTS IN SUBSIDIARIES *cont'd*

(b) In determining the VIU calculations, the key assumptions used are as follows: -

#### IISB (hotel operation)

- Post-tax discount rate of 8.40% (31.12.2022: 8.10%);
- Estimated occupancy rate ranging from 65% to 75% (31.12.2022: 60% to 75%) and estimated average daily rate ("ADR") ranging from RM220 to RM378 (31.12.2022: RM188 to RM319); and
- Gross margins are based on the historical performance achieved in the past preceding to the start of the budget period. Gross margins are assumed to be maintained over the budgeted period.

#### IHRM (hotel management services)

- Post-tax discount rate of 7.7% (31.12.2022: 8.0%);
- Projected management fee which will be charged upon projected room revenue, food and beverage revenue and other revenue of participating hotels based on their estimated occupancy and ADR rates; and

Management believes that any reasonably possible change in the key assumptions on which the subsidiary's recoverable amount is based on would not cause the carrying amount to exceed its recoverable amount. Actual outcomes could vary from these estimates.

(c) Non-controlling interest ("NCI")

The summarised financial information of the Group's NCI was not disclosed as it was not material.

#### Material accounting policy information

##### (i) **Basis of consolidation**

#### Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

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

## Notes to the Financial Statements

31 December 2023

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### 11. INVESTMENTS IN SUBSIDIARIES *cont'd*

#### Material accounting policy information *cont'd*

##### (i) **Basis of consolidation** *cont'd*

###### Consolidation *cont'd*

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

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

###### Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

## Notes to the Financial Statements

31 December 2023

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### 11. INVESTMENTS IN SUBSIDIARIES *cont'd*

#### Material accounting policy information *cont'd*

##### (i) **Basis of consolidation** *cont'd*

###### Combined financial statements

The Conceptual Framework for Financial Reporting 2018 defines combined financial statements as financial statements of a reporting entity that are not linked by a parent-subsiary relationship. The requirements for combined financial statements are not yet prescribed in the MFRSs.

The Malaysian Institute of Accountants had issued a practice note, Guidance Note on Combined Financial Statements, to provide guidance on the preparation of combined financial statements. The MIA's Guidance Note defines combined financial statements as "financial statements for economic activities that are bound together by common control but are not a legal group. These are usually prepared by aggregating the financial statements of segments, separate entities or components of groups that do not meet the definition of a group under MFRS 10 Consolidated Financial Statements".

The following entities and business unit are included in the preparation of combined financial statements in previous financial year:

- Impiana Cherating Sdn Bhd;
- Impiana Pangkor Sdn Bhd;
- Impiana Hotels & Resorts Management Sdn Bhd;
- Astaka Mekar Sdn Bhd; and
- business unit of Impiana Hotel Ipoh Sdn Bhd

(Collectively known as "Impiana Combined Units")

In preparing the combined financial statements of the four combining entities and business unit, the assets, liabilities and equity (including contributed share capital) had been aggregated based on their book values. There is no adjustment required to remeasure the assets and liabilities to their respective fair values.

###### Reverse acquisition accounting

On 21 February 2019, the Company completed its acquisition of the entire interest in the Impiana Combined Units via issuance of 4,647,902,800 units of ordinary shares, 3,098,601,860 units of irredeemable convertible preference shares ("ICPS") and RM25.90 million of cash to shareholders of Impiana Combined Units. This transaction is treated as a reverse acquisition for accounting purpose as the shareholders of Impiana Combined Units became the controlling shareholders of the Company upon the completion of the transaction. Accordingly, Impiana Combined Units (being the legal subsidiaries in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

The consolidated financial statements represent a continuation of the financial position, financial performance and cash flows of Impiana Combined Units. Accordingly, the consolidated financial statements are prepared on the following basis:

- (a) the assets and liabilities of Impiana Combined Units are recognised and measured in the consolidated statement of financial position of the Group at their pre-acquisition carrying amounts;
- (b) the assets and liabilities of the Company are recognised and measured in the consolidated statement of financial position of the Group at their acquisition-date fair values;
- (c) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of Impiana Combined Units immediately before the reverse acquisition;

# Notes to the Financial Statements

31 December 2023

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## 11. INVESTMENTS IN SUBSIDIARIES *cont'd*

### Material accounting policy information *cont'd*

#### (i) **Basis of consolidation** *cont'd*

##### Reverse acquisition accounting *cont'd*

The consolidated financial statements represent a continuation of the financial position, financial performance and cash flows of Impiana Combined Units. Accordingly, the consolidated financial statements are prepared on the following basis: *cont'd*

- (d) the amount recognised as issued equity interests in the consolidated financial statements is determined by adding to the issued equity of Impiana Combined Units immediately before the Reverse Acquisition the fair value of the consideration effectively transferred based on the issue price of the Company's share. However, the equity structure appearing in the consolidated financial statements (i.e., the number and type of equity instruments issued) reflects the equity structure of the legal parent (i.e., the Company), including the equity instruments issued by the Company to effect the reverse acquisition;
- (e) the consolidated statement of comprehensive income for the financial period ended 30 June 2020 reflects the full financial period results of Impiana Combined Units together with the post-acquisition results of the Company; and
- (f) the consolidated statements of financial position as at 1 January 2019 is those of Impiana Combined Units, except for its capital structure which is retroactively adjusted to reflect the legal capital of the accounting acquiree.

##### Financial statements of the Company

The above accounting method applies only at the consolidated financial statements. In the Company's financial statements, investments in the legal subsidiaries (the Impiana Combined Units) are accounted for at cost less accumulated impairment losses, if any, in the Company's statement of financial position. The initial cost of the investment in the Impiana Combined Units is based on the fair value of the ordinary shares, ICPS issued by the Company and cash consideration as at the acquisition date.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

##### Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the Group's statements of comprehensive income and within equity in the Group's statements of financial position, separately from equity attributable to Owners of the Company. Non-controlling interest is initially measured at acquisition-date share of net assets other than goodwill as of the acquisition date and is subsequently adjusted for the changes in the net assets of the subsidiary after the acquisition date.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to Owners of the Company.

##### Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associate 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.



## Notes to the Financial Statements

31 December 2023

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### 11. INVESTMENTS IN SUBSIDIARIES *cont'd*

#### *Material accounting policy information cont'd*

#### (ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus of the assets to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flow that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the asset.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

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

### 12. INVESTMENT IN AN ASSOCIATE

	Group	
	31.12.2023	31.12.2022
	RM	RM
<b>Unquoted shares</b>		
<b>At cost</b>		
At beginning of financial year/period	39,395,000	38,815,000
Addition	620,000*	580,000
At end of financial year/period	40,015,000	39,395,000
<b>Add: Share of post acquisition result</b>		
At beginning of financial year/period	3,162	10,708
Share of profit/(loss)	205,262	(7,546)
At end of financial year/period	208,424	3,162
	<b>40,223,424</b>	<b>39,398,162</b>

\* Current year addition is via capitalisation of advances into non-cumulative, non-convertible redeemable preference shares ("NCNCRPS") of the associate

## Notes to the Financial Statements

31 December 2023

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### 12. INVESTMENT IN AN ASSOCIATE *cont'd*

- (a) Details of the associate are as follows:

Name of Associate	Country of Incorporation	Principal Activities	Effective Equity Interest	
			31.12.2023	31.12.2022
<b>Held through Astaka Mekar Sdn. Bhd.</b>				
Heritage Lane Sdn. Bhd ("HLSB")	Malaysia	Property investment	20%	20%

- (b) The summarised financial information of the associate, not adjusted for the proportion of the ownership interest held by the Group are as follows:

	31.12.2023	31.12.2022
	RM	RM
<b>Assets and liabilities</b>		
Total assets	228,920,225	237,622,461
Total liabilities	47,244,765	60,073,313
<b>Results</b>		
Revenue	46,874,411	50,781,957
Profit/(loss) for the financial year/period, representing total comprehensive income for the financial year/period	1,026,311	(37,729)

- (c) The Group has carried out impairment assessment on the investment in associate due to indication of impairment on the carrying amount of the associate as at the end of the reporting date. The recoverable amount of the investment in associate is determined based on fair value less cost to sell of the associate's hotel properties and based on the impairment assessment performed, no impairment loss has been recognised for the investment in HLSB.
- (d) The reconciliation of the associate's net assets to the carrying amount of the investment in an associate is as follows:

	Group	
	31.12.2023	31.12.2022
	RM	RM
<b>Reconciliation of net assets to carrying amount at the end of the financial year/period</b>		
Group's share of net assets	36,335,091	35,509,829
Goodwill	3,888,333	3,888,333
Carrying amount in the statements of financial position	40,223,424	39,398,162
<b>Group's share of results for the financial year/period ended 31 December</b>		
Profit/(loss) for the financial year/period, representing total comprehensive income for the financial year/period	205,262	(7,546)

## Notes to the Financial Statements

31 December 2023

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### 12. INVESTMENT IN AN ASSOCIATE *cont'd*

#### *Material accounting policy information*

Associates are 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. 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. The material accounting policy for impairment is disclosed in Note 11(ii).

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 to fund the associate's operations 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 profit or loss.

When the Group's interest in an associate decrease 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.

### 13. INVENTORIES

		Group	
		31.12.2023	31.12.2022
	Note	RM	RM
<b>At cost:</b>			
<b>Non-current</b>			
Lands held for property development	(a)		
At beginning of financial year/period		-	3,359,456
Written off		-	(329,721)
Transferred to property, plant and equipment (Note 8)		-	(3,029,735)
At end of financial year/period		-	-
<b>Current</b>			
Food and beverages		54,581	52,622
General store		70,686	56,075
Property development costs	(b)	36,210,018	27,076,995
At end of financial year/period		36,335,285	27,185,692
		36,335,285	27,185,692

(a) Lands held for property development ("LHPD")

In prior period, LHPD of the Group was reclassified to property, plant and equipment during the financial period due to change in management's intention on the LHPD for own usage in future hotel operations.

## Notes to the Financial Statements

31 December 2023

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### 13. INVENTORIES *cont'd*

(b) Property development costs

	Group	
	31.12.2023	31.12.2022
	RM	RM
<b>Cumulative property development costs</b>		
At beginning of financial year/period		
- Land costs	13,607,351	13,607,351
- Development costs	41,604,409	33,941,672
<b>Cost incurred during the financial year/period</b>		
- Development costs	2,125,600	7,662,737
At end of financial year/period	57,337,360	55,211,760
<b>Cumulative costs recognised in statement of comprehensive income</b>		
At beginning of financial year/period	(28,134,765)	(22,250,925)
Recognised during the financial year/period	7,007,423	(5,883,840)
At end of financial year/period	(21,127,342)	(28,134,765)
Property development costs at end of financial year/period	36,210,018	27,076,995

#### *Material accounting policy information*

##### Property development costs

Property development costs are stated at the lower of costs and net realisable value. The portion of property development costs where significant development work has been undertaken and which is expected to be completed within the normal operating cycle is considered as a current asset.

The cost of land, related development costs common to whole projects and direct building costs less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statement of financial position as property development costs. The property development cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer.

Property development cost of unsold unit is transferred to completed properties held for sale once the development is completed.

## Notes to the Financial Statements

31 December 2023

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### 14. TRADE RECEIVABLES

	Group	
	31.12.2023	31.12.2022
	RM	RM
<b>Trade receivables, gross</b>		
- Third parties	21,579,437	19,852,182
- Associate	662,896	539,959
- Directors' related companies	1,768,300	525,744
<b>Retention sum, gross</b>		
- Directors' related companies	-	174,319
	<b>24,010,633</b>	21,092,204
Less: Allowance for expected credit losses	<b>(1,768,299)</b>	(129,793)
<b>Trade receivables, net</b>	<b>22,242,334</b>	20,962,411

The normal credit terms of trade receivables range from 30 to 60 days (31.12.2022: 30 to 60 days).

Movement in the allowance for expected credit losses on trade receivables is as follows:

	Group	
	31.12.2023	31.12.2022
	RM	RM
At beginning of financial year/period	129,793	129,793
Addition	1,638,506	-
At end of financial year/period	<b>1,768,299</b>	129,793

### 15. OTHER RECEIVABLES

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Other receivables	728,744	697,540	-	10,100
Deposits	331,159	94,847	240,100	-
Prepayments	6,269,094	2,038,244	1,310,000	-
	<b>7,328,997</b>	2,830,631	<b>1,550,100</b>	10,100

Included in other receivables of the Group is an amount of RM500,000 (31.12.2022: RM500,000) due from a shareholder of a subsidiary.

Included in prepayments are the following:-

- an amount of RM1,434,149 (31.12.2022: RM1,481,625) of the Group which relates to prepaid marketing expenses in relation joint development arrangement;
- an amount of RM2,000,000 (31.12.2022: RM500,000) of the Group which relates to advance payment to external supplier/contractor for purchase of construction materials and renovation works; and
- an amount of RM1,300,000 (31.12.2022: Nil) of the Group and of the Company which relates to prepayment made to a Director's related company for the purpose of debt restructuring exercise.

## Notes to the Financial Statements

31 December 2023

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### 16. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	31.12.2023	31.12.2022
	RM	RM
Gross amounts	76,168,554	53,029,290
Less: Allowance for impairment losses	(51,831,505)	(48,165,199)
Net amounts due from subsidiaries	24,337,049	4,864,091

These amounts are non-trade in nature, unsecured, interest free advances which are collectible on demand.

Movement in the allowance for impairment losses on amounts due from subsidiaries is as follows:

	Company	
	31.12.2023	31.12.2022
	RM	RM
At beginning of financial year/period	48,165,199	39,629,134
Addition	12,547,811	8,536,065
Reversal	(8,881,505)	-
At end of financial year/period	51,831,505	48,165,199

### 17. AMOUNT(S) DUE FROM/(TO) AN ASSOCIATE, SUBSIDIARIES, A DIRECTOR'S RELATED COMPANIES AND A DIRECTOR

These amounts are non-trade in nature, unsecured, interest free advances which are repayable on demand.

### 18. CONTRACT ASSETS/(LIABILITIES)

	Note	Group	
		31.12.2023	31.12.2022
		RM	RM
Contract assets	(a)	7,355,791	12,138,045
Contract liabilities	(b)	(64,663)	(458,015)
		7,291,128	11,680,030

(a) Contract assets

	Group	
	31.12.2023	31.12.2022
	RM	RM
At beginning of financial year/period	12,138,045	54,735,559
Revenue recognised during the year/period (Note 3)	28,773,806	8,022,667
Reversal (sales rescission)	(12,037,769)	-
Progress billings during the year/period	(21,518,291)	(50,620,181)
At end of financial year/period	7,355,791	12,138,045

## Notes to the Financial Statements

31 December 2023

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### 18. CONTRACT ASSETS/(LIABILITIES) cont'd

#### (a) Contract assets cont'd

The contract assets primarily relate to the Group's right to consideration for work completed on property development but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payments are expected within 14 to 30 days.

Included in contract assets is an amount of Nil (31.12.2022: RM11,765,595) which has yet to be billed to an en-bloc purchaser pending certification by the appointed contractor. Sales to the en-bloc purchaser was rescinded during the financial year due to inability of the en-bloc purchaser to fulfill its financial obligations for the purchased units.

#### (b) Contract liabilities

Contract liabilities mainly relate to advance consideration received from customers, for which revenue is only recognised upon rendering of management and marketing services. The above unsatisfied performance obligation at the end of the reporting period is expected to be recognised in the following year.

### 19. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits placed with a licensed bank by the Group carry interest rates ranging from 2.65% to 3.60% (31.12.2022: 1.65% to 3.60%) per annum.

The fixed deposits have a maturity period of 3 months (31.12.2022: 3 months) and are pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 25.

### 20. ORDINARY SHARES

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
<b>Issued and fully paid:</b>				
At beginning of financial year/period	125,959,915	115,697,515	481,724,820	456,230,339
Issuance of ordinary shares pursuant to:				
- conversion of RCN	32,500,000	-	32,500,000	-
- conversion of ICPS	-	-	4,364,228	15,232,081
- private placement	19,523,478	10,262,400	19,523,478	10,262,400
At end of financial year/period	177,983,393	125,959,915	538,112,526	481,724,820
			<b>Group and Company</b>	
			31.12.2023	31.12.2022
			Unit	Unit
<b>Issued and fully paid:</b>				
At beginning of financial year/period			288,867,803	1,216,204,847
Conversion of RCN (Note 21)			560,742,391	-
Conversion of ICPS			9,698,285	78,134,235
Issued for cash under private placement			85,930,800	150,000,000
Share consolidation			-	(1,155,471,279)
At end of financial year/period			945,239,279	288,867,803

## Notes to the Financial Statements

31 December 2023

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### 20. ORDINARY SHARES *cont'd*

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) The movement of the share capital of the Company is shown as following:-

31.12.2023

No.	Date	Description	Issued and Paid-up Share Capital b/f RM	Shares Issued Unit	Price per Share RM	Issued and Paid-up Share Capital c/f RM
1	18.1.2023	Conversion of RCN	481,724,820	57,720,056	0.0693	485,724,820
2	27.1.2023	Conversion of RCN	485,724,820	7,215,007	0.0693	486,224,820
3	8.2.2023	Conversion of RCN	486,224,820	7,215,007	0.0693	486,724,820
4	14.2.2023	Conversion of RCN	486,724,820	72,150,071	0.0693	491,724,820
5	3.3.2023	Conversion of RCN	491,724,820	36,075,036	0.0693	494,224,820
6	19.4.2023	Conversion of RCN	494,224,820	27,777,777	0.0720	496,224,820
7	3.8.2023	Conversion of RCN	496,224,820	110,000,000	0.0500	501,724,820
8	21.8.2023	Conversion of RCN	501,724,820	150,000,000	0.0500	509,224,820
9	4.10.2023	Conversion of RCN	509,224,820	50,000,000	0.0500	511,724,820
10	3.11.2023	Conversion of RCN	511,724,820	42,589,437	0.0587	514,224,820
11	21.11.2023	Conversion of ICPS-B	514,224,820	9,698,285	*	518,589,048
12	13.12.2023	Private placement	518,589,048	85,930,800	0.2272	538,112,526
						656,371,476

\* There is no issuance price as this is conversion of previously issued ICPS-B with a conversion ratio of 5 to 1 ordinary share.

31.12.2022

No.	Date	Description	Issued and Paid-up Share Capital b/f RM	Shares Issued Unit	Price per Share RM	Issued and Paid-up Share Capital c/f RM
1	5.7.2021	Private placement	456,230,339	10,000,000	0.0604	456,834,339
2	5.7.2021	Conversion of ICPS-B	456,834,339	10,037,235	0.0900	457,737,690
3	28.7.2021	Private placement	457,737,690	10,000,000	0.0552	458,289,690
4	28.7.2021	Conversion of ICPS-B	458,289,690	10,037,000	0.0900	459,193,020
5	25.8.2021	Conversion of ICPS-B	459,193,020	19,060,000	0.0900	460,908,420
6	26.8.2021	Private placement	460,908,420	19,000,000	0.0571	461,993,320
7	21.9.2021	Private placement	461,993,320	20,000,000	0.0694	463,381,320
8	11.10.2021	Private placement	463,381,320	10,000,000	0.0794	464,175,320
9	13.10.2021	Conversion of ICPS-A	464,175,320	20,000,000	0.5000	474,175,320
10	13.10.2021	Conversion of ICPS-B	474,175,320	19,000,000	0.0900	475,885,320
11	25.10.2021	Private placement	475,885,320	20,000,000	0.0756	477,397,320
12	15.11.2021	Private placement	477,397,320	11,000,000	0.0700	478,167,320
13	8.12.2021	Private placement	478,167,320	25,000,000	0.0715	479,954,820
14	10.12.2021	Private placement	479,954,820	25,000,000	0.0708	481,724,820
						228,134,235



## Notes to the Financial Statements

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### 20. ORDINARY SHARES *cont'd*

(b) The movement of the share capital of the Company is shown as following:- *cont'd*

On 8 December 2022, the Company completed the Share Consolidation exercise for every 5 existing ordinary shares in the Company into 1 Consolidated Share totaling 288,867,803 Consolidated Shares.

The new ordinary shares issued during the financial year/period rank pari passu in all respects with the existing ordinary shares of the Company.

(c) The Group's ordinary shares amount differs from that of the Company as a result of reverse acquisition accounting as described in Note 11(i).

(i) The amount recognised as issued equity instruments in the consolidated financial statements includes the issued equity of Impiana Combined Units immediately before the reverse acquisition to the costs of the reverse acquisition.

(ii) This represents the fair value of the consideration transferred in relation to the reverse acquisition. As Impiana Combined Units is a private entity group, the fair value of the Company's shares provides a more reliable basis for measuring the consideration transferred than the estimated fair value of the share in Impiana Combined Units. The consideration transferred is determined using the fair value of the issued equity of the Company before the acquisition and the number of new ordinary shares Impiana Combined Units would have to issue to the equity holders of the Company to maintain the ratio of ownership interest in the combined entity.

(iii) This represents the purchase consideration for the Company's acquisition of Impiana Combined Units which was satisfied by the allotment and issuance of 4,647,902,800 ordinary shares and 3,098,601,860 of ICPS of the Company issued at RM0.05 per ordinary share and ICPS respectively in the capital of the Company on 28 February 2019 and RM25,900,000 in cash.

(iv) The equity structure (i.e., the number and types of equity instruments issued) reflect the equity structure of the Company, being the legal parent, including the equity instruments issued by the Company to effect the reverse acquisition.

### 21. REDEEMABLE CONVERTIBLE NOTES ("RCN")

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
At beginning of financial year/period	-	-	-	-
Issued pursuant to:				
Issuance of RCN	32,500,000	-	32,500,000	-
Conversion of RCN	(32,500,000)	-	(32,500,000)	-
At end of financial year/period	-	-	-	-

## Notes to the Financial Statements

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### 21. REDEEMABLE CONVERTIBLE NOTES ("RCN") *cont'd*

	Group and Company	
	31.12.2023	31.12.2022
	Unit	Unit
At beginning of financial year/period	-	-
Issuance	<b>560,742,391</b>	
Conversion	<b>(560,742,391)</b>	-
At end of financial year/period	-	-

#### RCN

The movement of the RCN of the Group and of the Company is shown as following:-

#### FYE 2023

No.	Date	Description	Balance b/f RM	Unit Issued/ (converted)	Price per unit RM	Balance c/f RM
1	17.1.2023	Issuance of RCN	-	72,150,070	0.0693	5,000,000
2	18.1.2023	Conversion of RCN	5,000,000	(57,720,056)	(0.0693)	1,000,000
3	27.1.2023	Conversion of RCN	1,000,000	(7,215,007)	(0.0693)	500,000
4	10.2.2023	Issuance of RCN	500,000	72,150,071	0.0693	5,500,000
5	8.2.2023	Conversion of RCN	5,500,000	(7,215,007)	(0.0693)	5,000,000
6	14.2.2023	Conversion of RCN	5,000,000	(72,150,071)	(0.0693)	-
7	2.3.2023	Issuance of RCN	-	73,852,813	0.0677	5,000,000
8	3.3.2023	Conversion of RCN	5,000,000	(36,075,036)	(0.0693)	2,500,000
9	19.4.2023	Conversion of RCN	2,500,000	(27,777,777)	(0.0720)	500,000
10	20.4.2023	Issuance of RCN	500,000	50,000,000	0.0500	3,000,000
11	31.5.2023	Issuance of RCN	3,000,000	50,000,000	0.0500	5,500,000
12	3.8.2023	Conversion of RCN	5,500,000	(110,000,000)	(0.0500)	-
13	17.8.2023	Issuance of RCN	-	150,000,000	0.0500	7,500,000
14	21.8.2023	Conversion of RCN	7,500,000	(150,000,000)	(0.0500)	-
15	22.8.2023	Issuance of RCN	-	50,000,000	0.0500	2,500,000
16	4.10.2023	Conversion of RCN	2,500,000	(50,000,000)	(0.0500)	-
17	1.11.2023	Issuance of RCN	-	42,589,437	0.0587	2,500,000
18	3.11.2023	Conversion of RCN	2,500,000	(42,589,437)	(0.0587)	-
				-		

## Notes to the Financial Statements

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### 22. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
At beginning of financial year/period	5,069,907	5,069,907	11,113,327	26,345,408
Issued pursuant to:				
Conversion during the financial year/period	-	-	(4,364,228)	(15,232,081)
At end of financial year/period	5,069,907	5,069,907	6,749,099	11,113,327

	Group and Company	
	31.12.2023	31.12.2022
	Unit	Unit
At beginning of financial year/period	182,520,325	440,654,560
Conversion	(48,491,427)	(258,134,235)
At end of financial year/period	134,028,898	182,520,325

The Group's ICPS amount differs from that of the Company as a result of reverse acquisition accounting as described in Note Note 20(c).

#### ICPS

The movement of the ICPS of the Company is shown as following:-

#### FYE 2023

No.	Date	Description	Balance b/f RM	Unit Issued/ (converted)	Price per unit RM	Balance c/f RM
1	21.11.2023	Conversion of ICPS-B	11,113,327	48,491,427	0.0900	6,749,099

#### 31.12.2022

No.	Date	Description	Balance b/f RM	Unit Issued/ (converted)	Price per unit RM	Balance c/f RM
1	5.7.2021	Conversion of ICPS-B	26,345,408	10,037,235	0.0900	25,442,057
2	28.7.2021	Conversion of ICPS-B	25,442,057	10,037,000	0.0900	24,538,727
3	25.8.2021	Conversion of ICPS-B	24,538,727	19,060,000	0.0900	22,823,327
4	13.10.2021	Conversion of ICPS-A	22,823,327	200,000,000	0.0500	12,823,327
5	13.10.2021	Conversion of ICPS-B	12,823,327	19,000,000	0.0900	11,113,327
				258,134,235		

The salient terms of ICPS-A and ICPS-B are as follows:

#### ICPS-A

##### (a) Issue

The ICPS-A shall be irredeemable convertible preference shares and each ICPS-A confers on the ICPS-A holder for the time being the rights, privileges and restriction set out in the Constitution, at an issue price of RM0.05 per share.

## Notes to the Financial Statements

31 December 2023

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### 22. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") *cont'd*

The salient terms of ICPS-A and ICPS-B are as follows: *cont'd*

#### ICPS-A *cont'd*

(b) Dividend

Dividend rate shall be at the discretion of the Company and subject to availability of distributable profits. The pay out of such dividends is as the Board of the Company may so decide.

(c) Ranking of the ICPS-A

The ICPS-A will rank equally in all respects with each other and will rank in priority to all other class of securities of the Company in respect of capital repayments and dividends. The right on a winding-up or return of capital shall rank prior to the holders of any other ordinary shares then in issue.

(d) Conversion

(i) Entitlement to convert

The ICPS-A Holder may convert the ICPS-A into new ordinary share of the Company at the Conversion Ratio at any time during the tenure of 5 years commencing and including the date of issuance and expiring on 8 April 2024.

Any outstanding unconverted ICPS-A at the end of the tenure will be automatically converted into new ordinary share of the Company at the Conversion Ratio.

Any fractions arising from the conversion of the ICPS-A will be disregarded.

(ii) Conversion ratio

The ICPS-A will be convertible, at the option of the ICPS-A Holder at the ratio of 1 ICPS-A for 1 new ordinary share of the Company without payment of any consideration.

\* *The abovementioned clause was issued prior to the consolidation of 10 existing ICPS-A into 1 new ICPS-A on 7 February 2020. Upon the share consolidation exercise on 7 February 2020, conversion ratio had revised to the ratio of 10 ICPS-A for 1 new ordinary share of the Company.*

# *The abovementioned clause was issued prior to the consolidation of 50 existing ICPS-A into 1 new ICPS-A on 8 December 2022. Upon the share consolidation exercise on 8 December 2022, conversion ratio had revised to the ratio of 50 ICPS-A for 1 new ordinary share of the Company.*

The conversion ratio will be subject to adjustments from time to time, at the determination of the Board, in the event of any alteration to the Company's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital.

(e) Ranking of the new ordinary shares

The new shares to be issued pursuant to the conversion of the ICPS-A shall, upon allotment and issuance, rank equally in all respects with the ordinary shares of the Company.

(f) Redemption

The ICPS-A shall not be redeemable.

(g) Transferability

The ICPS-A shall be transferable at the discretion of the ICPS-A Holder.

## Notes to the Financial Statements

31 December 2023

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### 22. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") cont'd

The salient terms of ICPS-A and ICPS-B are as follows: cont'd

(h) Voting rights

The ICPS-A Holder will have the same rights as ordinary shareholders on receiving notices, reports and audited accounts and attending general meetings of the Company but will not have the right to vote or approve any shareholders' resolution at any general meeting of the Company except on:

- (i) reduction of the Company's share capital;
- (ii) disposal of the Company's entire business;
- (iii) proposals varying or affecting the rights, privileges or conditions attached to the ICPS-A, or the exercise of any of those rights, privileges or conditions; or
- (iv) winding up of the Company.

#### ICPS-B

(a) Issue

The ICPS-B shall be irredeemable convertible preference shares and each ICPS-B confers on the ICPS-B holder for the time being the rights, privileges and restriction set out in the Constitution, at an issue price of RM0.09 per share.

(b) Dividend

Dividend rate shall be at the discretion of the Company and subject to availability of distributable profits. The pay out of such dividends is as the Board of the Company may so decide.

(c) Ranking of the ICPS-B

The ICPS-B will rank equally in all respects with each other and will rank in priority to all other class of securities of the Company in respect of capital repayments and dividends. The right on a winding-up or return of capital shall rank prior to the holders of any other ordinary shares then in issue.

(d) Conversion

(i) Entitlement to convert

The ICPS-B Holder may convert the ICPS-B into new ordinary share of the Company at the Conversion Ratio at any time during the tenure of 5 years commencing and including the date of issuance and expiring on 16 April 2026

Any outstanding unconverted ICPS-B at the end of the tenure will be automatically converted into new ordinary share of the Company at the Conversion Ratio.

Any fractions arising from the conversion of the ICPS-B will be disregarded.

(ii) Conversion ratio

The ICPS-B will be convertible, at the option of the ICPS-B Holder at the ratio of 1 ICPS-B for 1 new ordinary share of the Company without payment of any consideration.

\* *The abovementioned clause was issued prior to the consolidation of 5 existing ICPS-B into 1 new ICPS-B on 8 December 2022. Upon the share consolidation exercise on 8 December 2022, the conversion ratio had been revised to the ratio of 5 ICPS-B for 1 new ordinary share of the Company.*

The conversion ratio will be subject to adjustments from time to time, at the determination of the Board, in the event of any alteration to the Company's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital.

## Notes to the Financial Statements

31 December 2023

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### 22. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") *cont'd*

The salient terms of ICPS-A and ICPS-B are as follows: *cont'd*

*ICPS-B cont'd*

(e) Ranking of the new ordinary shares

The new shares to be issued pursuant to the conversion of the ICPS-B shall, upon allotment and issuance, rank equally in all respects with the ordinary shares of the Company.

(f) Redemption

The ICPS-B shall not be redeemable.

(g) Transferability

The ICPS-B shall be transferable at the discretion of the ICPS-B Holder.

(h) Voting rights

The ICPS-B Holder will have the same rights as ordinary shareholders on receiving notices, reports and audited accounts and attending general meetings of the Company but will not have the right to vote or approve any shareholders' resolution at any general meeting of the Company except on:

- (i) reduction of the Company's share capital;
- (ii) disposal of the Company's entire business;
- (iii) proposals varying or affecting the rights, privileges or conditions attached to the ICPS-B, or the exercise of any of those rights, privileges or conditions; or
- (iv) winding up of the Company.

### 23. ASSET REVALUATION RESERVE

	Group	
	31.12.2023	31.12.2022
	RM	RM
At beginning of financial year/period	57,089,801	29,837,156
Realisation of asset revaluation reserve	(830,698)	(881,832)
Revaluation upward	-	28,134,477
At end of financial year/period	<b>56,259,103</b>	57,089,801

The asset revaluation reserve represents net increase in fair value of freehold land, leasehold lands and building, net of deferred tax.

## Notes to the Financial Statements

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### 24. DEFERRED TAX LIABILITIES

	Group	
	31.12.2023	31.12.2022
	RM	RM
At beginning of financial year/period	15,828,392	6,027,853
Recognised in equity	-	9,808,594
Recognised in profit or loss (Note 6)	(1,003,996)	(8,055)
At end of financial year/period	14,824,396	15,828,392

The components of deferred tax liabilities/(assets) during the financial year/period prior to offsetting are as follows:

	Property, plant and equipment	Asset revaluation reserve	Unabsorbed capital allowances	Unutilised tax losses	Other (deductible)/ taxable temporary differences	Total
<b>Deferred tax liabilities/ (assets)</b>						
<b>Group</b>						
<b>31.12.2023</b>						
At beginning of financial year	3,372,496	15,529,119	(1,705,845)	(477,561)	(889,817)	15,828,392
Recognised in profit or loss	317,525	(868,530)	(54,886)	254,181	(652,286)	(1,003,996)
At end of financial year	3,690,021	14,660,589	(1,760,731)	(223,380)	(1,542,103)	14,824,396
<b>31.12.2022</b>						
At beginning of financial period	3,248,703	5,880,376	(1,706,304)	(1,182,800)	(212,122)	6,027,853
Recognised in equity	-	9,808,594	-	-	-	9,808,594
Recognised in profit or loss	123,793	(159,851)	459	705,239	(677,695)	(8,055)
At end of financial period	3,372,496	15,529,119	(1,705,845)	(477,561)	(889,817)	15,828,392

## Notes to the Financial Statements

31 December 2023

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### 24. DEFERRED TAX LIABILITIES *cont'd*

The estimated amount of temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group	
	31.12.2023	31.12.2022
	RM	RM
Unabsorbed capital allowances	21,000	23,000
Unutilised tax losses	1,718,000	5,365,000
Other deductible temporary differences	1,652,523	56,000
	<b>3,391,523</b>	<b>5,444,000</b>

### 25. BORROWINGS

		Group	
		31.12.2023	31.12.2022
	Note	RM	RM
<b>Secured</b>			
<b>Non-current liability</b>			
Term loans	(a)	66,835,657	65,165,510
<b>Current liabilities</b>			
Term loans	(a)	4,660,209	3,181,129
Bank overdrafts		1,701,498	3,470,296
		<b>6,361,707</b>	<b>6,651,425</b>
		<b>73,197,364</b>	<b>71,816,935</b>
<b>Total borrowings</b>			
Term loans	(a)	71,495,866	68,346,639
Bank overdrafts		1,701,498	3,470,296
		<b>73,197,364</b>	<b>71,816,935</b>

The effective interest rates per annum of the borrowings are as follows:

	Group	
	31.12.2023	31.12.2022
	%	%
Term loans	5.42 - 8.10	5.97 - 8.02
Bank overdrafts	6.72 - 8.10	6.72 - 7.85



## Notes to the Financial Statements

31 December 2023

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### 25. BORROWINGS *cont'd*

(a) Term loans

	Group	
	31.12.2023	31.12.2022
	RM	RM
Repayable within 1 year (current)	4,660,209	3,181,129
Repayable between 1 and 2 years	4,914,955	3,445,644
Repayable between 2 and 5 years	15,387,954	15,191,210
Repayable more than 5 years	46,532,748	46,528,656
Repayable after 1 year (non-current)	66,835,657	65,165,510
	<b>71,495,866</b>	<b>68,346,639</b>

The borrowings are secured by the followings:

- (i) Legal charge over the Group's freehold lands, leasehold lands and building as disclosed in Note 8(a);
- (ii) Personal guarantee by a Director of the Company;
- (iii) Legal assignments of dividend proceed of the associate;
- (iv) Legal assignments of management fees of a subsidiary;
- (v) Corporate guarantee by its Directors' related companies;
- (vi) Corporate guarantee by the Company;
- (vii) Fixed deposits pledged as disclosed in Note 19;
- (viii) Facility agreement for the sum of RM2,000,000;
- (ix) Existing third-party open monies legal charge registered over the property of a Director's related company; and
- (x) Specific Debenture over the property of a Director's related company together with fixtures and fittings both present and future on the property.

## Notes to the Financial Statements

31 December 2023

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### 26. LEASE LIABILITIES

	Group and Company	
	31.12.2023	31.12.2022
	RM	RM
Non-current liabilities	1,660,802	-
Current liabilities	277,679	-
	<b>1,938,481</b>	-
<b>Minimum lease payments</b>		
Within 1 year	420,000	-
More than 1 year but not more than 2 years	420,000	-
More than 2 years but not more than 5 years	1,260,000	-
More than 5 years	315,000	-
	<b>2,415,000</b>	-
Less: Future finance charges	(476,519)	-
Present value of lease payment	<b>1,938,481</b>	-
<b>Present value of lease payments</b>		
Within 1 year	277,679	-
More than 1 year but not more than 2 years	300,278	-
More than 2 years but not more than 5 years	1,055,584	-
More than 5 years	304,940	-
	<b>1,938,481</b>	-

The lease liabilities bear effective interest rate of 7.85% per annum.

### 27. TAX PAYABLE

On 15 December 2023, the Company received a letter from Lembaga Hasil Dalam Negeri Malaysia ("LHDN") for rescheduling tax instalment. The schedule of tax instalment is shown as following:-

	Group	
	31.12.2023	31.12.2022
	RM	RM
Within 1 year	1,772,032	2,777,121
More than 1 year but not more than 2 years	304,321	-
More than 2 years but not more than 5 years	1,279,469	-
	<b>3,355,822</b>	<b>2,777,121</b>

## Notes to the Financial Statements

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### 28. TRADE PAYABLES

	Group	
	31.12.2023	31.12.2022
	RM	RM
Third parties	5,862,646	8,161,416
Directors' related companies	226,245	226,245
Retention sum on contracts	1,067,994	932,092
	<b>7,156,885</b>	<b>9,319,753</b>

The normal trade credit terms granted to the Group range from 30 to 60 days (31.12.2022: 30 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

### 29. OTHER PAYABLES

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Other payables	30,932,561	31,904,772	7,054,324	7,611,792
Accruals	6,870,058	15,938,373	553,324	822,387
Deposit received	988,743	872,570	-	-
	<b>38,791,362</b>	<b>48,715,715</b>	<b>7,607,648</b>	<b>8,434,179</b>

Included in other payables of the Group and of the Company are the following:-

- Loan from an individual amounted to RM2,892,500 (31.12.2022: RM2,892,500) which was unsecured, interest free and is repayable on demand; and
- Loan from third party amounted to Nil (31.12.2022: RM1,782,189) which is subject to interest of 3% per month (31.12.2022: 3%) and was secured by a legal charge over the Group's leasehold land as disclosed in Note 8(a).
- Loan from third party amounted to RM3,022,500 (31.12.2022: Nil) which is subject to interest of 1.5% per month (31.12.2022: Nil).

Included in other payables of the Group are the following:-

- An amount of RM17,425,970 (31.12.2022: RM15,153,524) representing factoring facilities with a third party secured by progress billing of property purchaser;
- An amount of RM4,159,621 (31.12.2022: RM4,280,251) being proceeds received in relation to the Group's joint development arrangement;
- An amount of RM649,734 (31.12.2022: RM488,200) being Sales and Service Tax ("SST") payable; and
- An amount of Nil (31.12.2022: RM212,992) being penalty for late payment of stamp duty for transfer of shares.
- Included in accruals of the Group is the accrued term loans interests amounted to RM5,109,561 (31.12.2022: RM13,929,297).

## Notes to the Financial Statements

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### 30. RELATED PARTY DISCLOSURES

#### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with its subsidiaries, associate, a Director, Directors' related companies and key management personnel. The Directors' related companies refer to companies in which certain Directors of the Group are also Directors of the related companies. The related party balances of the Group and of the Company are disclosed in Notes 16 and 17.

#### Related party transactions

The related party transactions between the Group and the Company and their related parties during the financial year/period are as follows:

	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
<b>Group</b>		
<b>Transactions with a Director's related companies</b>		
Hotel management services revenue	(2,221,224)	(71,750)
Novation of debts to subsidiaries	-	(7,458,263)
Advance to	(1,300,000)	-
Repayment to	(73,210)	(398,401)
<b>Transactions with associate</b>		
Additional investment in an associate	-	(580,000)
Capitalisation of advances	(620,000)	-
Advance to	(445,000)	(180,000)
Rental expenses charged	-	5,400
Advance from/(repayment to)	44,189	(16,991)
<b>Transactions with a Director</b>		
Repayment to	(5,910,523)	(962,507)
<b>Transaction with a shareholder of subsidiary</b>		
Proceed transferred in advance	-	(500,000)

## Notes to the Financial Statements

31 December 2023

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### 30. RELATED PARTY DISCLOSURES *cont'd*

#### Related party transactions *cont'd*

The related party transactions between the Group and the Company and their related parties during the financial year/period are as follows: *cont'd*

	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
<b>Company</b>		
<b>Novation of debts</b>		
Assignment of debts due from Impiana Pangkor Sdn. Bhd.	-	(1,801,004)
Assignment of debts due from Impiana Ipoh Sdn. Bhd.	-	(5,657,259)
<b>Transactions with subsidiaries</b>		
Advances to	(23,140,264)	(10,772,683)
(Repayment to)/advance from	(3,294,798)	1,016,912
<b>Transaction with a Director</b>		
(Repayment to)/advance from	(1,228,000)	1,228,000
<b>Transaction with a Director's related companies</b>		
Prepayment	(1,300,000)	-

#### Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel refer to all the Directors of the Company and its subsidiaries.

The remunerations paid by the Group and the Company to key management personnel during the financial period/year is disclosed in Note 5(i).

# Notes to the Financial Statements

31 December 2023

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## 31. SEGMENTAL INFORMATION

### (a) Reporting format

Segment information is presented in respect of the Group's business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purposes, the Group is organised into the following three (3) operating segments:

#### (i) Hospitality business

Management and operation of hotels and resorts, property investment and hotel development.

#### (ii) Property development

Property development activities

#### (iii) Others

Investment holding and dormant

#### Segment revenue and results

Segment results represent profit or loss before finance costs and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

#### Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Chief Operating Decision Maker ("CODM"). Segment total asset is used to measure the return on assets of each segment.

#### Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liabilities.

## Notes to the Financial Statements

31 December 2023

cont'd

## 31. SEGMENTAL INFORMATION cont'd

(a) Reporting format cont'd

	Note	Hospitality business RM	Property development RM	Others RM	Adjustment/ elimination RM	Total RM
<b>Period from 01.01.2023 to 31.12.2023</b>						
<b>Revenue</b>						
Sales to external customers		16,909,329	(2,451,044)	-	-	14,458,285
Inter-company sales	(i)	(4,891,574)	-	-	4,891,574	-
		12,017,755	(2,451,044)	-	4,891,574	14,458,285
<b>Result</b>						
Segment results from operations		7,818,622	5,444,597	14,571,086	(32,421,115)	(4,586,810)
Interest income		20,694	-	-	-	20,694
Interest expenses		(1,114,789)	(2,822,164)	(4,699,964)	-	(8,636,917)
Other non-cash (income)/expense	(ii)	(1,556,388)	785,883	(20,744,069)	30,223,995	8,709,421
Share of result of an associate		-	-	205,262	-	205,262
Segment profit/(loss) before tax	(iii)	6,703,833	2,622,433	9,871,122	(32,215,853)	(13,018,465)
<b>Segment assets</b>	(iv)	82,705,464	115,267,793	267,673,342	220,434,039	245,212,560

## Notes to the Financial Statements

31 December 2023

cont'd

### 31. SEGMENTAL INFORMATION *cont'd*

(a) Reporting format *cont'd*

	Note	Hospitality business RM	Property development RM	Others RM	Adjustment/ elimination RM	Total RM
<b>Period from 01.07.2021 to 31.12.2022</b>						
<b>Revenue</b>						
Sales to external customers		18,702,810	8,022,667	-	-	26,725,477
Inter-company sales	(i)	2,855,847	-	-	(2,855,847)	-
		21,558,657	8,022,667	-	(2,855,847)	26,725,477
<b>Result</b>						
Segment results from operations		2,859,984	(852,734)	(100,966,365)	96,867,084	(2,092,031)
Interest income		21,362	-	-	-	21,362
Interest expenses		(3,426,386)	(4,174,201)	(4,125,940)	-	(11,726,527)
Other non-cash expenses/(income)	(ii)	4,797,103	499,775	96,246,506	(97,448,059)	4,095,325
Share of result of an associate		-	-	(7,546)	-	(7,546)
Segment loss before tax	(iii)	(566,402)	(5,026,935)	(105,092,305)	96,859,538	(13,826,104)
<b>Segment assets</b>	(iv)	79,907,969	94,038,359	203,985,446	(156,116,334)	221,815,440



## Notes to the Financial Statements

31 December 2023

cont'd

### 31. SEGMENTAL INFORMATION *cont'd*

(a) Reporting format *cont'd*

- (i) Inter-segment revenue is eliminated on consolidation.
- (ii) Other non-cash expenses/(income)

	Group	
	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
Amortisation of intangible assets	693,097	1,062,517
Depreciation of property, plant and equipment	2,664,492	3,217,009
Reversal of:-		
- retention sum	-	(515,453)
Impairment loss on:		
- trade receivables	1,638,506	-
Written off:		
- property, plant and equipment	26,995	-
- land held for property development	-	329,721
- other receivables	-	6,616
- retention sum	174,319	-
- intangible assets	4,620,648	-
Unrealised gain on foreign currency exchange	(169,404)	(14,078)
Other non-reportable segments	(939,232)	8,993
	<b>8,709,421</b>	<b>4,095,325</b>

- (iii) The following items are added to/(deducted from) segment loss before tax to arrive at loss before tax presented in the consolidated statement of comprehensive income:-

	Group	
	Period from 01.01.2023 to 31.12.2023 RM	Period from 01.07.2021 to 31.12.2022 RM
<b>Segment profit/(loss)</b>	<b>19,197,388</b>	<b>(110,685,642)</b>
Addition of impairment losses	14,338,349	97,254,114
Reversal of impairment losses	(44,490,579)	-
Share of result of an associate	205,262	(7,546)
Inter-segment loss	(2,141,824)	(580,975)
Other non-reportable segments	(127,061)	193,945
	<b>(13,018,465)</b>	<b>(13,826,104)</b>

## Notes to the Financial Statements

31 December 2023

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### 31. SEGMENTAL INFORMATION *cont'd*

(a) Reporting format *cont'd*

- (iv) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	Group	
	2023	2022
	RM	RM
<b>Segment assets</b>	<b>465,646,599</b>	377,931,774
Property, plant and equipment	<b>102,981</b>	-
Goodwill	<b>(5,986,758)</b>	(5,986,758)
Inventories	<b>(31,898,774)</b>	(13,198,051)
Contract assets	<b>(5,827,128)</b>	(11,141,554)
Inter-segment assets	<b>(176,824,360)</b>	(125,789,971)
<b>Total assets</b>	<b>245,212,560</b>	221,815,440

(b) Geographical information

No other segmental information such as geographical segment is presented as the Group is principally involved in the investment holding, hotel management and property development activities and operate in Malaysia only.

(c) Major customers

Revenue from major customers with revenue equal or more than 10% of the Group's revenue is RM6,262,784 (31.12.2022: RM8,022,667).

### 32. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised at amortised costs.

The Group and the Company categorise financial instruments as follows:

#### Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

#### *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets.

All financial assets, are subject to impairment assessment under Note 32(a).

## Notes to the Financial Statements

31 December 2023

cont'd

### 32. FINANCIAL INSTRUMENTS *cont'd*

#### Categories of financial instruments *cont'd*

##### Financial liabilities

###### *Amortised cost*

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

##### **Financial Risk Management Objectives and Policies**

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

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

##### **(a) Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables (which consist of trade and other receivables), contract assets, cash and cash equivalents and amount due from a Director's related company. The Company's exposure to credit risk arises principally from other receivables, loans and advances to subsidiaries and amount due from a Director's related company. There are no significant changes as compared to prior period.

##### **Financial assets**

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowances of the Group and of the Company are measured on either of the following bases: -

- (a) 12-month ECLs - represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (b) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

##### Simplified approach - trade receivables and contract assets

The Group and the Company apply the simplified approach to provide ECLs for all trade receivables and contract assets as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

##### General approach - other financial instruments and financial guarantee contracts

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

# Notes to the Financial Statements

31 December 2023

cont'd

## 32. FINANCIAL INSTRUMENTS *cont'd*

### Financial Risk Management Objectives and Policies *cont'd*

#### (a) Credit risk *cont'd*

##### Financial assets *cont'd*

##### General approach - other financial instruments and financial guarantee contracts *cont'd*

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group and the Company consider an event of default for internal credit risk management purposes when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held).

The Group and the Company consider a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held). The Group and the Company only apply a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company are exposed to credit risk.

##### Credit impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

##### Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due. Any recoveries made are recognised in profit or loss.

## Notes to the Financial Statements

31 December 2023

cont'd

### 32. FINANCIAL INSTRUMENTS *cont'd*

#### Financial Risk Management Objectives and Policies *cont'd*

##### (a) Credit risk *cont'd*

###### Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired. The gross carrying amounts of credit impaired receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the statements of financial position as at the end of the reporting period.

Concentration of credit risk

The Group determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

As at the reporting date, the Group has significant concentration of credit risk arising from the amounts owing from 1 customer (31.12.2022: 3 customers) constituting 86% (31.12.2022: 75%) of gross trade receivables of the Group.

Recognition and measurement of impairment loss

*Trade receivables and contract assets from property development segment ("collateralised receivables")*

The Group recognises a loss allowance for expected credit losses on a financial asset that is measured as receivable and a contract asset if the credit risk on that financial instrument has increased significantly since initial recognition. The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition as the trade receivables and contract assets are determined to have low credit risk at the reporting date.

For the purposes of measuring expected credit losses, the estimate of expected cash shortfalls shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable (i.e., the estimate of expected cash flows considers the probability of a foreclosure and the cash flows that would result from it).

The Group has possession of the legal right to the property sold during construction and can be deemed as a collateral. In the event of defaults by the purchaser, the expected cash shortfall from selling the property less the cost of obtaining and selling the property is immaterial.

*Trade receivables from hospitality business segment ("non-collateralised receivables")*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Any receivables having significant balances past due more than 90 to 270 days expiry of credit term granted, which are deemed to have higher credit risk, are monitored individually.

## Notes to the Financial Statements

31 December 2023

cont'd

### 32. FINANCIAL INSTRUMENTS *cont'd*

#### Financial Risk Management Objectives and Policies *cont'd*

##### (a) Credit risk *cont'd*

##### Trade receivables and contract assets *cont'd*

##### Recognition and measurement of impairment loss *cont'd*

##### Trade receivables from hospitality business segment ("non-collateralised receivables") *cont'd*

The Group assesses impairment of trade receivable on individual basis as the Group has reasonable and supportable information available to assess the impairment individually.

For individual assessment, it is due to different risk characteristics, the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. All these customers have low risk of default.

##### Impairment losses

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at the reporting date which are grouped together as they are expected to have similar risk nature.

	Group	
	31.12.2023	31.12.2022
	RM	RM
<b>Collateralised receivables</b>		
<i>Trade receivables</i>		
Neither past due nor impaired	20,806,367	18,254,265
Credit impaired	-	104,720
	<b>20,806,367</b>	<b>18,358,985</b>
<i>Contract assets</i>		
Neither past due nor impaired	7,355,791	12,138,045
	<b>28,162,158</b>	<b>30,497,030</b>
<b>Non-collateralised receivables</b>		
<i>Trade receivables</i>		
Not past due	368,411	799,531
Past due but not impaired:		
1 day to 30 days	151,303	323,413
31 days to 60 days	191,463	750,934
61 days to 90 days	129,006	274,576
91 days to 270 days	265,988	391,230
	<b>737,760</b>	<b>1,740,153</b>
	<b>1,106,171</b>	<b>2,539,684</b>
Credit impaired	2,098,095	193,535
	<b>3,204,266</b>	<b>2,733,219</b>
Less: Allowance for expected credit losses	(1,768,299)	(129,793)
	<b>1,435,967</b>	<b>2,603,426</b>
	<b>29,598,125</b>	<b>33,100,456</b>

## Notes to the Financial Statements

31 December 2023

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### 32. FINANCIAL INSTRUMENTS *cont'd*

#### Financial Risk Management Objectives and Policies *cont'd*

##### (a) Credit risk *cont'd*

###### Trade receivables and contract assets *cont'd*

###### Receivables that are neither past due nor impaired

###### *Property development segment*

Trade receivables that are neither past due nor impaired comprise property purchasers with end financing facilities whilst the others are creditworthy debtors with good payment records.

###### *Hospitality business segment*

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

###### Receivables that are past due but not impaired

###### *Property development segment*

Collateralised trade receivables that are past due but not impaired are secured in nature. The Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

###### *Hospitality business segment*

The Group has not provided for impairment for these non-collateralised trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable. These debtors relate mostly to customers with slower repayment patterns, for whom there is no history of default and certain balances were settled subsequent to the reporting date. The Group does not hold any collateral or other credit enhancement over these balances.

###### Credit impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments and due more than 90 to 270 days (31.12.2022: 90 to 270 days) after expiry of credit terms granted. These receivables are not secured by any collateral or credit enhancements.

###### **Other receivables**

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position.

###### **Cash and cash equivalents**

The cash and cash equivalents are held with banks and financial institutions. As at the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary

## Notes to the Financial Statements

31 December 2023

cont'd

### 32. FINANCIAL INSTRUMENTS *cont'd*

#### Financial Risk Management Objectives and Policies *cont'd*

##### (a) Credit risk *cont'd*

###### Amounts due from subsidiaries and an associate

###### Risk management objectives, policies and processes for managing the risk

The Group and the Company provide unsecured loans and advances to its subsidiaries and an associate. The Group and the Company monitor the abilities of the subsidiaries and an associate to repay the loans and advances on an individual basis.

###### Exposure to credit risk, credit quality and collateral

As at the end of the reporting date, the maximum exposure to credit risk arising from amounts due from subsidiaries and an associate are represented by the carrying amount in the statements of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

###### Recognition and measurement of impairment loss

Amounts due from subsidiaries and an associate are repayable on demand. For receivables that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the receivables is demanded at the reporting date.

Generally, the Group and the Company consider loans and advances to subsidiaries and an associate have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when the subsidiaries' and an associate's financial positions deteriorate significantly. As the Group and the Company are able to determine the timing of payments of the subsidiaries and an associate when they are payable, the Group and the Company consider loans and advances to subsidiaries and an associate to be credit impaired when the subsidiaries and an associate are unlikely to repay the loans and advances to the Group and the Company in full given insufficient highly liquid resources when the loans and advances are demanded.

The Group and the Company determine the probability of default for these receivables individually using internal information available.

At the reporting date, the Company assumes that there is a significant increase in credit risk given the subsidiaries' financial position has deteriorated significantly which may lead to high probability of default for the loans and advances to the subsidiaries. An impairment loss of RM12,547,811 (31.12.2022: RM8,536,065) has been recognised in profit or loss as disclosed in Note 16.



## Notes to the Financial Statements

31 December 2023

cont'd

### 32. FINANCIAL INSTRUMENTS *cont'd*

#### Financial Risk Management Objectives and Policies *cont'd*

##### (a) Credit risk *cont'd*

###### Financial guarantees

The Company provides financial guarantees to a bank in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

###### Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM34,248,083 (31.12.2022: RM28,868,209) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. The financial guarantees are provided as credit enhancements to the subsidiary's fully secured term loans.

###### Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when the subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss-making and is having a deficit in shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. The fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote at the initial recognition as the borrowings in the subsidiary are adequately secured by assets as disclosed in Note 25. Should the subsidiary defaults any loan repayments, the proceeds from the realisation of assets will be able to satisfy the outstanding debts.

##### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	31.12.2023	31.12.2022
	RM	RM
<b>Floating rate instruments</b>		
Term loans	71,495,866	68,346,639
Bank overdrafts	1,701,498	3,470,296
	<b>73,197,364</b>	<b>71,816,935</b>

The Group is exposed to interest rate risk through the impact of rate changes in floating rate borrowings. The interest rates of borrowings are disclosed in Note 25.

## Notes to the Financial Statements

31 December 2023

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### 32. FINANCIAL INSTRUMENTS *cont'd*

#### Financial Risk Management Objectives and Policies *cont'd*

##### (b) Interest rate risk *cont'd*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:

	Group	
	31.12.2023	31.12.2022
	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM
<b>Effects on loss after tax</b>		
Increase of 100 basis points	(556,300)	545,809
Decrease of 100 basis points	556,300	(545,809)
<b>Effects on equity</b>		
Increase of 100 basis points	(556,300)	(545,809)
Decrease of 100 basis points	556,300	545,809

##### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value of cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales that are denominated in a currency other than functional currency of the Group. The currency giving rise to this risk are primarily Thai Baht ("THB"), United States Dollar ("USD") and Singapore Dollar ("SGD").

Foreign exchange exposures in transactional currency other than functional currency of the Group is kept to an acceptable level.

## Notes to the Financial Statements

31 December 2023

cont'd

### 32. FINANCIAL INSTRUMENTS *cont'd*

#### Financial Risk Management Objectives and Policies *cont'd*

##### (c) Foreign currency risk *cont'd*

###### Exposure to foreign currency risk

The Group's significant exposure to foreign currency (a currency which is other than functional currency of the Group) risk, based on carrying amounts as at end of the reporting period was:

	Denominated in THB	Denominated in USD	Denominated in SGD
<b>Group</b>			
<b>31.12.2023</b>			
Trade receivables	648,378	990,128	-
Other receivables	-	1,434,149	-
Cash and bank balances	-	1,885,489	-
Other payables	-	(4,159,612)	-
	<b>648,378</b>	<b>150,154</b>	<b>-</b>
<b>31.12.2022</b>			
Trade receivables	67,859	328,093	-
Other receivables	-	1,481,625	-
Cash and bank balances	-	1,803,510	-
Other payables	-	(4,280,250)	(1,782,189)
	67,859	(667,022)	(1,782,189)
<b>Company</b>			
<b>31.12.2022</b>			
Other payables	-	-	(1,782,189)

## Notes to the Financial Statements

31 December 2023

cont'd

### 32. FINANCIAL INSTRUMENTS *cont'd*

#### Financial Risk Management Objectives and Policies *cont'd*

##### (c) Foreign currency risk *cont'd*

###### Foreign currency sensitivity analysis

The following table details the sensitivity analysis to a 5% strengthening/weakening of the RM against the THB, USD and SGD at the end of the reporting period, with all other variables held constant:

		Period from 01.01.2023 to 31.12.2023 Increase/ (Decrease) RM	Period from 01.07.2021 to 31.12.2022 Increase/ (Decrease) RM
<b>Effects on loss after tax</b>			
THB/RM	- Strengthened by 5%	(24,638)	(2,579)
	- Weakened by 5%	24,638	2,579
USD/RM	- Strengthened by 5%	(5,706)	25,347
	- Weakened by 5%	5,706	(25,347)
SGD/RM	- Strengthened by 5%	-	67,723
	- Weakened by 5%	-	(67,723)
<b>Effect on equity</b>			
THB/RM	- Strengthened by 5%	24,638	2,579
	- Weakened by 5%	(24,638)	(2,579)
USD/RM	- Strengthened by 5%	5,706	(25,347)
	- Weakened by 5%	(5,706)	25,347
SGD/RM	- Strengthened by 5%	-	(67,723)
	- Weakened by 5%	-	67,723
<b>Company</b>			
<b>Effects on profit/(loss) after tax</b>			
SGD/RM	- Strengthened by 5%	-	67,723
	- Weakened by 5%	-	(67,723)
<b>Effect on equity</b>			
SGD/RM	- Strengthened by 5%	-	(67,723)
	- Weakened by 5%	-	67,723

##### (d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulties in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

## Notes to the Financial Statements

31 December 2023

cont'd

### 32. FINANCIAL INSTRUMENTS cont'd

#### Financial Risk Management Objectives and Policies cont'd

##### (d) Liquidity risk cont'd

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year/period based on contractual undiscounted repayment obligations:

Group	Carrying amount RM	Contractual cash flows RM	Contractual cash flows			
			Within one year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM
<b>31.12.2023</b>						
Trade payables	7,156,885	7,156,885				
Other payables	38,791,362	38,791,362				
Borrowings:-						
- Term loans	71,495,866	108,420,821	9,569,340	9,569,340	27,113,889	62,168,252
- Bank overdrafts	1,701,498	2,209,025	2,209,025			
Lease liabilities	1,938,481	2,415,000	420,000	420,000	1,260,000	315,000
Amounts due to a Director's related companies	1,230,736	1,230,736	1,230,736			
Amount due to an associate	44,189	44,189	44,189			
	<b>122,359,017</b>	<b>160,268,018</b>	<b>59,421,537</b>	<b>9,989,340</b>	<b>28,373,889</b>	<b>62,483,252</b>
<b>31.12.2022</b>						
Trade payables	9,319,753	9,319,753	9,319,753			
Other payables	48,715,715	48,715,715	48,715,715			
Borrowings:-						
- Term loans	68,346,639	109,206,958	8,445,109	8,336,455	27,398,533	65,026,861
- Bank overdrafts	3,470,296	3,742,714	3,742,714			
Amounts due to a Director's related companies	1,303,946	1,303,946	1,303,946			
Amount due to a Director	5,910,523	5,910,523	5,910,523			
	<b>137,066,872</b>	<b>178,199,609</b>	<b>77,437,760</b>	<b>8,336,455</b>	<b>27,398,533</b>	<b>65,026,861</b>

## Notes to the Financial Statements

31 December 2023

cont'd

32. FINANCIAL INSTRUMENTS *cont'd*Financial Risk Management Objectives and Policies *cont'd*(d) Liquidity risk *cont'd*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year/period based on contractual undiscounted repayment obligations: *cont'd*

Company	Carrying amount RM	Contractual cash flows RM	Contractual cash flows				More than 5 years RM
			Within one year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	Between 5 years RM	
<b>31.12.2023</b>							
Other payables	7,607,648	7,607,648	7,607,648	-	-	-	-
Lease liabilities	1,938,481	2,415,000	420,000	420,000	1,260,000	315,000	-
Amounts due to subsidiaries	10,524,250	10,524,250	10,524,250	-	-	-	-
Amount due to a Director's related company	4,400	4,400	4,400	-	-	-	-
Financial guarantee *	-	34,248,083	34,248,083	-	-	-	-
	20,074,779	54,799,381	52,804,381	420,000	1,260,000	315,000	-
<b>31.12.2022</b>							
Other payables	8,434,179	8,434,179	8,434,179	-	-	-	-
Amounts due to subsidiaries	13,819,048	13,819,048	13,819,048	-	-	-	-
Amount due to a Director's related company	4,400	4,400	4,400	-	-	-	-
Amount due to a Director	1,228,000	1,228,000	1,228,000	-	-	-	-
Financial guarantee *	-	28,868,209	28,868,209	-	-	-	-
	23,485,627	52,353,836	52,353,836	-	-	-	-

\* This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised

## Notes to the Financial Statements

31 December 2023

cont'd

### 33. FAIR VALUES INFORMATION

#### Assets and liabilities carried at fair value

The fair value measurement hierarchies used to measure non-financial assets at fair values in the statements of financial position are disclosed in Note 8(b).

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year/period.

#### Financial instrument other than those carried at fair value

*Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values*

The carrying amounts of the financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments and the insignificant impact of discounting.

The carrying amount of long-term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

### 34. CAPITAL COMMITMENT

The future capital commitment payable for the acquisition of freehold and leasehold lands at the reporting date but not recognised as payable is as follows: -

	31.12.2023	Group 31.12.2022
	RM	RM
<b>Approved and contracted for:-</b>		
- Three parcels of vacant freehold lands	6,093,750	6,093,750
- Two parcels of vacant leasehold lands	1,406,250	1,406,250
	<b>7,500,000</b>	<b>7,500,000</b>
<b>Approved and but not contracted for:-</b>		
- Renovation	23,791,165	-
Less: Payment made	(1,500,000)	-
	<b>22,291,165</b>	

### 35. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group monitors capital using net debt-to-equity ratio which is the net debt divided by total equity. Net debt includes lease liabilities and borrowings, less cash and cash equivalents whilst total equity is equity attributable to Owners of the Company.

## Notes to the Financial Statements

31 December 2023

cont'd

### 35. CAPITAL MANAGEMENT *cont'd*

The net debt-to-equity ratios of the Group at end of the reporting period are as follows: -

	Group	
	31.12.2023	31.12.2022
	RM	RM
Borrowings (Note 25)	73,197,364	71,816,935
Lease liabilities (Note 26)	1,938,481	-
Total liabilities	75,135,845	71,816,935
Less: Cash and bank balances	(19,821,812)	(2,438,649)
Fixed deposit with a licensed bank (Note 19)	(712,172)	(691,478)
Total net debts	54,601,861	68,686,808
Total equity attributable to Owners of the Company	104,573,359	65,685,435
Debt-to-equity ratio (%)	52%	105%

As the Company has no external borrowings, the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of the risk of borrowings.

There were no changes in the Group's and the Company's approach to capital management during the financial year/period.

A subsidiary of the Group is required to maintain gearing ratio of not more than 1.75 times (31.12.2022: 1.75 times) during the subsistence of the banking facility granted to the subsidiary. The subsidiary has complied with the externally imposed capital requirement.

### 36. MATERIAL LITIGATIONS

- i) Artha Global Sdn Bhd ("AGSB") vs the Company, Impiana Sdn Bhd ("ISB") and Impiana Cherating Sdn Bhd ("ICSB")

On 1 August 2022, AGSB has filed a civil suit (WA-B52NCC-493-08/2022) against the Company, ISB and ICSB at Kuala Lumpur Sessions Court. The following are the claims by AGSB:

- Refund of deposit in the sum of RM750,000;
- Interests of 5% from 27 May 2022 until full settlement of judgement sum;
- Costs; and
- Such further and/or other reliefs as the Court deems fit and proper.

Subsequently, the Company, ISB and ICSB filed the following counterclaims:

- A declaration that AGSB has breached the Exclusive Right Agreement;
- A declaration that ICSB is entitled to forfeit the deposit paid by AGSB, in whole or in part, due to AGSB's breach of the Exclusive Right Agreement;
- An order for general damages;
- Further and/or in the alternative, damages to be assessed by the Court against AGSB for breach of contract, to be payable to the Company, ISB and ICSB.
- An Order for pre-judgement interest at the rate of 8% per annum on any sums awarded by the Court to the Company, ISB and ICSB from the date of the contractual breach up until the date of the judgement by the Court;
- An Order for post-judgement interest at a rate of 5% per annum on the judgement debt from the date of the judgement to the date of full payment and/or settlement by AGSB;
- Costs; and
- Such further and/or other reliefs as the Court deems fit and proper.



## Notes to the Financial Statements

31 December 2023

cont'd

### 36. MATERIAL LITIGATIONS *cont'd*

- i) Artha Global Sdn Bhd ("AGSB") vs the Company, Impiana Sdn Bhd ("ISB") and Impiana Cherating Sdn Bhd ("ICSB") *cont'd*

The next case management is scheduled on 30 October 2024 for the court to issue further pre-trial directions, i.e. on the filing of Witness Statements. Full trial is scheduled on 25 November 2024, 26 November 2024, 27 November 2024 and 28 November 2024. Separately, both parties are also in the midst of negotiating with a view of reaching an amicable settlement.

- (ii) *Public Bank Berhad ("the Plaintiff") vs Astaka Mekar Sdn Bhd ("1st Defendant"), Data Sepadu Sdn Bhd ("2nd Defendant"), Impiana Sdn Bhd ("3rd Defendant") and Dato' Seri Ismail @ Farouk Bin Abdullah ("4th Defendant") [collectively "the Defendants"]*

On 14 June 2023, the Defendants had been served with a Writ of Summons and Statement of Claim dated 8 June 2023 respectively from the Plaintiff regarding a lawsuit.

The Plaintiff's claim against the Defendants arises from the failure of settle the outstanding sums due and payable under the Term Loan Facilities and Overdraft Facility granted by the Plaintiff to 1st Defendant and the default of the 2nd Defendant, 3rd Defendant and 4th Defendant to settle the sums due and payable under the Term Loan Facilities and Overdraft Facility pursuant to the Letters of Guarantee.

The details of the Claim are as follows:

- (a) The Defendants, jointly and severally, pay to the Plaintiff the sum of RM30,006,873 as at 24 May 2023 under the Term Loan 1 Facility together with continuing interest thereon at the rate of 3.5% per annum above the Plaintiff's Base Lending Rate at monthly rests calculating from 25 May 2023 until the date of full settlement;
- (b) The Defendants, jointly and severally, pay to the Plaintiff the sum of RM7,790,393 as at 24 May 2023 under the term Loan 2 Facility together with continuing interest at the rate of 3.5% per annum above the Plaintiff's Base Lending Rate at monthly rests calculating from 25 May 2023 until the date of full settlement;
- (c) The Defendants, jointly and severally, pay to the Plaintiff the sum of RM3,872,665 as at 24 May 2023 under the Term Loan 3 Facility together with continuing interest thereon at the rate of 3.5% per annum above the Plaintiff's Base Lending Rate at monthly rests calculating from 25 May 2023 until the date of full settlement;
- (d) The Defendants, jointly and severally, pay to the Plaintiff the sum of RM907,150 as at 24 May 2023 under the Term Loan 4 Facility together with continuing interest thereon at the rate of 3.5% per annum above the Plaintiff's Base Lending Rate at monthly rests calculating from 25 May 2023 until the date of full settlement; and
- (e) The Defendants, jointly and severally, pay to the Plaintiff the sum of RM1,738,506 as at 24 May 2023 under the Overdraft Facility together with continuing interest thereon at the rate of 3.5% per annum above the Plaintiff's Base Lending Rate at daily rests calculating from 25 May 2023 until the date of full settlement.

On 3 November 2023, the Defendants made payment amounted to RM6,277,743 to the Plaintiff. In two weeks' time after the payment made, the Plaintiff agreed to seek adjournment of hearing to finalised the settlement arrangement.

On 9 January 2024, the Court has granted permission for the Plaintiff to withdraw the Suit against the Defendants with no order as to costs.

## Notes to the Financial Statements

31 December 2023

cont'd

### 37. SUBSEQUENT EVENT

#### Conversion of ICPS-A

On 8 April 2024, a total of 132,837,560 of Irredeemable Convertible Preference Share-A (“ICPS-A”) were converted into 2,656,751 of ordinary shares at the conversion ratio of 50 ICPS-A for 1 new ordinary share hence the paid-up ordinary shares of the Company have increased from RM538,112,526 to RM544,754,404.

#### Incorporation of subsidiary by the Company

On 20 February 2024, the Company subscribed 1,000 ordinary shares of RM1.00 each, representing the entire shareholding in Magma Capital Sdn. Bhd. (“MCSB”) for a total cash consideration of RM1,000. Pursuant to that, MCSB became a wholly-owned subsidiary of the Company.

On 12 March 2024, the Company subscribed 510 ordinary shares of RM1.00 each, representing the 51% equity interest in Magma Chain Management Sdn. Bhd. (“MCMSB”) for a total cash consideration of RM510. Pursuant to that, MCMSB became a 51% subsidiary of the Company.

### 38. COMPARATIVE FIGURES

The comparative relating to the statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes are made up from 1 July 2021 to 31 December 2022 and therefore are not comparable with the current financial year from 1 January 2023 to 31 December 2023.

# Additional Information



Additional Information

List of Properties

Analysis of Shareholdings

Notice to  
Annual General Meeting

Administrative Guide

## Additional Information

### 1. MATERIAL CONTRACT

There were no material contracts entered into by the Company and its subsidiaries involving the Directors' and substantial shareholders' interest as at 31 December 2023.

### 2. ISSUANCES SHARE

For the FYE 31 December 2023, the Company increased its share capital from 288,867,803 shares to 849,610,194 shares by way of conversion of Redeemable Convertible Notes ("RCN") to 560,742,391 new shares with amounted to RM32,500,000

On 21 November 2023, there was also conversion of 48,491,427 of Irredeemable Convertible Preference Shares ("ICPS-B") @ RM0.09 to 9,698,285 ordinary shares amounted RM4,364,228

On 15 December 2023, Private Placement of 85,930,800 shares which up to 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at issue price of RM0.2272 for total amount of RM19,523,478.

The process of the Issuances and Convertible Shares has consolidated at the date of issuance of this Annual Report.

### 3. RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OF TRADING NATURE ("RRPT")

The RRPTs of the Group have been entered into in the normal course of business. A breakdown of the aggregate value of the RRPTs made during the financial period are set out below:

Nature of RRPTs with IHB Group	Name of Related Party(ies)	Relationship of Related Party(ies) with IHB Group	Aggregate Value Transacted up to 31 December 2023 (RM)
To provide consultancy services for the development of Impiana Tioman Hotel & Resort	Impiana Tioman Sdn Bhd	Company connected to major shareholders of Impiana Hotels Berhad	-
To manage and operate Impiana Resort Patong, Phuket, Thailand	Haad Sai Ngen, Thailand	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	742,954
To manage and operate Impiana Private Villas Kata Noi, Thailand	Haad Sai Ngen, Thailand	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	205,979
To manage and operate Impiana Resort Chaweng Noi, Koh Samui, Thailand	South Shore Co. Ltd., Thailand	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	196,080
To manage and market Impiana Private Villas Seminyak, Bali, Indonesia	PT. Villas Hotel, Indonesia	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	1,033,286
To manage and market Impiana Private Villas Cemagi, Bali, Indonesia	PT. Villas Hotel, Indonesia	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	42,925

## Additional Information

cont'd

### 3. RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OF TRADING NATURE (“RRPT”) *cont'd*

Nature of RRPTs with IHB Group	Name of Related Party(ies)	Relationship of Related Party(ies) with IHB Group	Aggregate Value Transacted up to 31 December 2023 (RM)
For Impiana Management to manage and market Impiana Private Villas & Resorts Ubud, Bali, Indonesia	PT. Impiana Ubud Bali	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	-
To provide consultancy services on the development of Impiana Private Villas & Resorts Ubud, Bali	Impiana Ubud (Labuan) Co. Ltd	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	-
To provide consultancy services on the development of Impiana Private Villas Seminyak	Impiana Seminyak (Labuan) Co. Ltd	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	-

### 4. CORPORATE SOCIAL RESPONSIBILITIES

Further information of the Group's initiatives towards Corporate Social Responsibility is outlined in the 'Sustainability Report' section of this Annual Report.

This Statement has been reviewed and approved by the Board of Directors on 29 April 2024.

## List of Properties

No.	Location	Description	Tenure	Approximate age of building	NBV as at 31 Dec 2023 (RM)	Land Size
1.	PN 400702, Lot 398115 Bandar Ipoh (S), Daerah Kinta, Negeri Perak	A 10 storey four(4) star hotel with 200 rooms	Leasehold of 99 years with term expiring on 13 March 2106	38	39,907,895	9,738 sq metre
2.	HSD 36809, PT 16039 Mukim Lumut, Daerah Manjung, Negeri Perak	Vacant land	Leasehold of 99 years with terms expiring on 24 March 2112	}	35,595,506	104,664 sq metre
3.	HSD 36810, PT 16040 Mukim Lumut, Daerah Manjung, Negeri Perak	Vacant land	Leasehold of 99 years with terms expiring on 24 March 2112			12,622 sq metre
4.	GM 9344, Lot 111150 Mukim Sungai Karang Daerah Kuantan, Negeri Pahang	Vacant land	Freehold			22,170 sq metre
5.	HSM 18491, PT 22877 Mukim Sungai Karang Daerah Kuantan, Negeri Pahang	Vacant land	Freehold	}	25,286,970	32,440 sq metre
6.	HSM 18029, PT 24072 Mukim Sungai Karang Daerah Rompin, Negeri Pahang	Vacant land	Leasehold of 60 years with term expiring on 9 January 2049			20,934 sq metre
7.	HSM 18034, PT 24073 Mukim Sungai Karang Daerah Rompin, Negeri Pahang	Vacant land	Leasehold of 60 years with term expiring on 9 January 2049			6,105 sq metre
8.	PM 629, Lot 5432 Mukim Sungai Karang Daerah Kuantan, Negeri Pahang	Vacant land	Leasehold of 99 years with term expiring on 27 November 2090			12,518 sq metre
9.	PM 563, Lot 4632 Mukim Sungai Karang Daerah Rompin, Negeri Pahang	Vacant land	Leasehold of 60 years with term expiring on 9 January 2049			2.335 hectares
					<b>100,790,371</b>	

### Note:

Impiana Tioman Villas & Residences Sdn Bhd ("ITVR"), a wholly-owned subsidiary of the Company had entered into 2 separate Sales and Purchase Agreements with Impiana Tioman Sdn Bhd on 11 December 2020 to acquire 5 parcels of lands at Mukim Tioman, Daerah Rompin, Negeri Pahang. The acquisition exercise have yet to be completed as at the FYE 31 December 2023.

## Analysis of Shareholdings

As at 15 April 2024

### ORDINARY SHARES

Number of Shares Issued : 947,896,030  
 Voting rights : One vote for one ordinary share  
 No. of Shareholders : 4,596

### DISTRIBUTION OF SHAREHOLDINGS

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	845	18.386	24,267	0.003
100 - 1,000	1,248	27.154	568,738	0.060
1,001 - 10,000	1,320	28.721	5,690,139	0.600
10,001 - 100,000	780	16.971	29,970,818	3.162
100,001 to less than 5% of issued shares	401	8.725	771,842,068	81.427
5% and above of issued shares	2	0.044	139,800,000	14.748
<b>TOTAL</b>	<b>4,596</b>	<b>100</b>	<b>947,896,030</b>	<b>100</b>

### THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	LEE HOCK SENG (DATO' SRI)	77,800,000	8.208
2	JOANNE YEW HONG IM	62,000,000	6.541
3	LEE HOCK SENG (DATO' SRI)	43,000,000	4.536
4	CHAN KIN KEONG	37,094,500	3.913
5	RHB NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR IMPIANA SDN BHD - (PSA)	33,698,285	3.555
6	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	30,000,000	3.165
7	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHONG WEI	26,500,000	2.796
8	YEOH YIH SEAN	25,000,000	2.637
9	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH GUAN FOOK	19,774,300	2.086
10	SOW TSAIR SHYANG	18,200,000	1.920
11	YEOH GUAN FOOK	16,900,000	1.783
12	LIM EU LEONG	15,080,000	1.591
13	WONG TIONG HAW	13,308,500	1.404
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG HOI MENG (E-BBB/RLU)	12,302,800	1.298
15	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA YIELD ENHANCEMENT FUND	12,200,000	1.287
16	TAN CHENG YEANG	11,467,800	1.210

## Analysis of Shareholdings

cont'd

### THIRTY (30) LARGEST SHAREHOLDERS *cont'd*

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
17	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KIAM BUN	11,200,000	1.182
18	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IMPIANA SDN BHD	10,400,000	1.097
19	FOO CHOON CHEE	9,686,000	1.022
20	NEO SAI BU	9,500,000	1.002
21	OOI JEI LEE	9,196,000	0.970
22	KHO CHIN GIAP	9,183,300	0.969
23	BI NOMINEES (TEMPATAN) SDN BHD IMPIANA SDN BHD	9,104,000	0.960
24	ISMAIL @ FAROUK BIN ABDULLAH	8,413,012	0.888
25	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT MAAX FACTOR SDN BHD FOR IMPIANA SDN BHD	8,000,000	0.751
26	OOI BOON SHENG	7,115,500	0.738
27	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG MEW CHOO	7,000,000	0.713
28	OH KEAN LI	6,758,000	0.700
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN SOON KEAT	6,635,400	0.696
30	TEOH MING JUEN	6,600,000	0.698
<b>TOTAL</b>		<b>573,117,397</b>	<b>60.462</b>

SUBSTANTIAL SHAREHOLDERS		SHAREHOLDINGS			
		Direct Interest	%	Deemed interest	%
1	Dato' Seri Ismail @ Farouk bin Abdullah	36,532,712	3.854	63,008,252 <sup>(a)</sup>	6.647
2	Impiana Sdn Bhd	63,008,252	6.647	-	-
3	Dato' Sri Lee Hock Seng	120,800,000	12.744	62,000,000 <sup>(b)</sup>	6.541
4	Datin Sri Joanne Yew Hong Im	62,000,000	6.541	120,800,000 <sup>(b)</sup>	12.744



## Analysis of Shareholdings

cont'd

### THIRTY (30) LARGEST SHAREHOLDERS cont'd

DIRECTORS' SHAREHOLDINGS		SHAREHOLDINGS			
		Direct Interest	%	Deemed Interest	%
1	Dato' Seri Ismail @ Farouk bin Abdullah	36,532,712	3.854	62,942,831 <sup>(a)</sup>	6.647
2	Dato' Sri Lee Hock Seng	120,800,000	12.744	62,000,000 <sup>(b)</sup>	6.541
3	Dato' Sri Liang Chee Fong	-	-	-	-
4	Dyana Sofya binti Mohd Daud	-	-	-	-
5	Ms. Lee Guat Tin	-	-	-	-
6	Ms. Lim Su Hwei	-	-	-	-
7	Mr. Tan Kim Chee	-	-	-	-

Notes:

(a) Deemed interest by virtue of his interest in Impiana Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016

(b) Deemed interest by virtue of his/her spouse's interest in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

### CLASS A OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE ("ICPS-A")

On 8 April 2024, all the ICPS-A has been converted into ordinary shares.

### CLASS B OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE ("ICPS-B")

Number of ICPS-B Issued : 1,191,338  
 Class of Shares : ICPS-B  
 No. of ICPS-B holders : 1

### DISTRIBUTION OF ICPS-B HOLDINGS

CATEGORY	NO. OF HOLDERS	%	NO. OF ICPS-A	%
Less than 100	-	-	-	-
100 - 1,000	-	-	-	-
1,001 - 10,000	-	-	-	-
10,001 - 100,000	-	-	-	-
100,001 to less than 5% of issued shares	-	100.00	-	100.00
5% and above of issued shares	1	-	1,191,338	-
<b>TOTAL</b>	<b>1</b>	<b>100.00</b>	<b>1,191,338</b>	<b>100.00</b>

## Analysis of Shareholdings

cont'd

### ICPS-B HOLDERS LIST

NO.	NAME OF ICPS-B HOLDER	NO. OF ICPS-B	%
1	Dato' Seri Ismail @ Farouk bin Abdullah	1,191,338	100.00
<b>TOTAL</b>		<b>1,191,338</b>	<b>100.00</b>

DIRECTOR'S ICPS-B HOLDINGS	Direct Interest	ICPS-B HOLDINGS		Deemed Interest	%
		%			
1	Dato' Seri Ismail @ Farouk bin Abdullah	1,191,338	100.00	-	-

## Notice of 15<sup>th</sup> Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Fifteenth (15<sup>th</sup>) Annual General Meeting (“AGM”) of Magma Group Berhad (formerly known as Impiana Hotels Berhad) will be conducted on a virtual basis via live streaming and using Remote Participation and Voting facilities broadcast from Jasmin Room, Level 1, Impiana KLCC Hotel, 13 Jalan Pinang, 50450 Kuala Lumpur, Malaysia on Wednesday, 26 June 2024 at 11.00 a.m. for the following purposes.

### AGENDA

#### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. Puan Dyana Sofya binti Mohd Daud, who retires in accordance with Article 28.1 of the Company’s Constitution has expressed her intention not to seek for re-election. Hence, Puan Dyana Sofya binti Mohd Daud will retire from office upon the conclusion of the 15<sup>th</sup> AGM of the Company.
3. To approve the payment of Directors’ fees and benefits of up to an amount of RM300,000.00 for the period from 27 June 2024 until the next Annual General Meeting of the Company. **RESOLUTION 1**
4. To re-elect the following Directors, who retire in accordance with Article 28.6 of the Company’s Constitution and being eligible, have offered themselves for re-election:
  - (i) Dato’ Sri Lee Hock Seng; **RESOLUTION 2**
  - (ii) Dato’ Sri Liang Chee Fong **RESOLUTION 3**
  - (iii) Ms Lee Guat Tin **RESOLUTION 4**
  - (iv) Ms Lim Su Hwei **RESOLUTION 5**
  - (v) Mr Tan Kim Chee **RESOLUTION 6**
5. To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **RESOLUTION 7**

#### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:

6. **ORDINARY RESOLUTION - AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES AND WAIVER OF THE PRE-EMPTIVE RIGHTS OVER NEW ORDINARY SHARES IN THE COMPANY UNDER SECTION 85 OF THE COMPANIES ACT 2016** **RESOLUTION 8**

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”), the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance.

AND THAT pursuant to Section 85 of the Act to be read together with Article 49.1(d) of the constitution of the Company and Paragraph 7.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act.”

# Notice of 15<sup>th</sup> Annual General Meeting

cont'd

7. **ORDINARY RESOLUTION - PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")**

**RESOLUTION 9**

"THAT approval be hereby given to the Company and its subsidiaries ("Magma Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Sections 2.3 of the Circular to Shareholders dated 30 April 2024, provided that:

- (a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:
  - (i) the related transacting parties and their respective relationship with the Company; and
  - (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

- (a) the conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

**LIM SHOOK NYEE (MAICSA NO. 7007640)**

SSM Practicing Certificate No. 201908003593

**SAFARIZAL SANUSI (MACS NO. 01845)**

SSM Practicing Certificate No. 202108000635

Company Secretaries

Kuala Lumpur

Date: 30 April 2024

# Notice of 15<sup>th</sup> Annual General Meeting

cont'd

## NOTES: -

1. In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 June 2024 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
6. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or e-mail to AGM-support.magma@megacorp.com.my not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM of the Company will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling/e-voting process and to verify the results of the poll.
8. The Meeting will be held on Wednesday, 26 June 2024 at 11.00 a.m. or at any adjournment thereof, as a virtual meeting via live streaming broadcast from Jasmine Room, Level 1, Impiana KLCC Hotel, 13 Jalan Pinang, 50450 Kuala Lumpur, Malaysia. Please refer to the Administrative Guide on the registration and voting process for the Meeting.

## EXPLANATORY NOTES

### 1. Audited Financial Statements for the financial year ended 31 December 2023

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016, the audited financial statements do not require the approval of the shareholders. As such, this matter will not be put forward for voting.

### 2. Re-election of Director in accordance with Article 28.1 of the Company's Constitution

Article 28.1 of the Company's Constitution provides that an election of Directors shall take place each year at the AGM of the Company where one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. Provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Puan Dyana Sofya binti Mohd Daud are due to retire in accordance with Article 28.1 of the Company's Constitution and has expressed her intention not to seek for re-election. Hence, she will retain office until the close of 15th AGM.

# Notice of 15<sup>th</sup> Annual General Meeting

cont'd

### 3. Resolution 1: Payment of Directors' fees & Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the shareholders' approval is sought for the proposed payment of Directors' fees and Benefits to the Directors for the period from 27 June 2024 until the conclusion of the next AGM of the Company in year 2025. The calculation of the benefits which include meeting allowance is based on the estimated number of scheduled and/or special Board and Board Committees' meetings.

### 4. Resolution 3 - 6: Re-election of Directors in accordance with Article 28.6 of the Company's Constitution

Article 28.6 of the Company's Constitution provides that a Director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board, shall hold office until the next following AGM of the Company and shall be eligible for re-election at such meeting.

Dato' Sri Lee Hock Seng (appointed on 06 September 2023), Dato' Sri Liang Chee Fong (appointed on 11 October 2023), Ms Lee Guat Tin, Ms Lim Su Hwei (both appointed on 18 August 2023), and Mr. Tan Kim Chee (appointed on 1 April 2024) ("Directors) and being eligible, have offered themselves for re-election. The NC has conducted an assessment on the Directors who are seeking re-election at this 15th AGM. Their profiles are set out in the "Profile of Directors & Senior Management" of this Annual Report 2023. The aforementioned Directors had abstained from deliberations and decisions at the relevant Board Meeting on their own eligibility to stand for re-election at this 15th AGM and will continue to do so. The Board has endorsed the NC's recommendation subject to the shareholders' approval at the 15th AGM.

### 5. Resolution 7: Re-appointment of Auditors

The Board and Audit and Risk Management Committee had recommended the re-appointment of Messrs Moore Stephens Associates PLT for the financial year ending 31 December 2024. Messrs Moore Stephens Associates PLT have met the criteria prescribed under the Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and indicated their willingness to continue their services for the next financial year.

### 6. Resolution 8: Authority under Sections 75 And 76 of the Companies Act 2016 for the Directors to allot and issue shares and waiver of the pre-emptive rights over new ordinary shares in the Company under Section 85 of the Companies Act 2016

Further information in relation to the general mandate for issue of securities is set out in the Statement Accompanying Notice of 15th AGM

### 7. Resolution 9: Proposed Renewal of Shareholders' Mandate

For further information on the proposed Ordinary Resolution 9, please refer to the Circular to Shareholders dated 30 April 2024 accompanying the Annual Report 2023.

## Statement Accompanying Notice of 15<sup>th</sup> Annual General Meeting

(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

**1. Details of individual who are standing for election as Directors (excluding Directors standing for re-election)**

No individuals are standing for election as a Director (excluding Directors standing for re-election) at the 15th AGM of the Company

**2. General mandate for issue of securities in accordance with Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

The resolution in relation to the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 is a renewal of the general mandate for the issue of new ordinary shares in the Company which was approved at the last AGM of the Company held on 26 June 2023.

Under the previous mandate, 85,930,800 new ordinary shares were issued at the issue price of RM0.2272 per placement share and cash proceeds of RM19,523,477.76 were raised. The summary of the utilisation of the proceeds is as follows:

Type of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000
WORKING CAPITAL	1,153	1,303
LOAN REPAYMENT	12,980	6,169
REPAYMENT TO TRADE-RELATED CREDITORS AND SETTLEMENT TO AUTHORITIES	5,200	3,195
EXPENSES FOR THE PROPOSED PRIVATE PLACEMENT	190	110
<b>TOTAL</b>	<b>19,523</b>	<b>10,777</b>

The Board is of the view that the general mandate, on the issuance of new securities of not more than 10% of the total number of issued shares (excluding treasury shares), is in the best interest of the Company and its shareholders as it provides flexibility to the Directors to undertake fund-raising activities, including but not limited to placement of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors consider it to be in the best interests of the Company. Any delay arising from and cost involved in convening a general meeting to approve such issuance of shares should be eliminated.

The waiver of the statutory pre-emptive rights of the shareholders of the Company pursuant to Section 85 of the Companies Act 2016 will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

# Administrative Guide For The 15<sup>th</sup> Annual General Meeting ("15<sup>th</sup> AGM")

Date : **Wednesday, 26 June, 2024**  
 Time : **11.00 a.m.**  
 Broadcast Venue : Jasmin Room, Level 1,  
 Impiana KLCC Hotel,  
 13, Jalan Pinang,  
 50450 Kuala Lumpur  
 Online Registration : For individual members <https://vps.megacorp.com.my/y7c18z>



## **Voting via Digital Ballot Form at a Virtual AGM**

1. This is a virtual Meeting. Shareholders who wish to participate at the AGM will therefore have to do so remotely. Pre-registration of attendance is required via the link at <https://vps.megacorp.com.my/y7c18z> (please refer to para 4 for further details). After the registration is validated and accepted, shareholders will receive an email with a link to grant access to the **Digital Ballot Form** ("DBF").
2. With the DBF and the meeting link, you may exercise your right as a shareholder of the Company to participate (including to pose questions to the Board / Management of the Company) and vote during the AGM, in the comfort of your home or from any location.
3. Shareholders may use the **Questions' Pane** facility (located at the top right corner of the screen) to submit questions in real-time during the meeting via the Live-Streaming solution. Shareholders may also submit questions before the meeting via email to [AGM-support.magma@megacorp.com.my](mailto:AGM-support.magma@megacorp.com.my) in relation to the agenda items for the AGM.

## **Registration Procedure**

4. Kindly follow the steps below to ensure that you are able to obtain your DBF and details to log in to the live-streaming session to participate and vote remotely during the AGM online:
  - a. Open this link <https://vps.megacorp.com.my/y7c18z> or scan the QR code at the top right corner of this document and submit all requisite details at least forty-eight (48) hours before the date of AGM.
  - b. Only shareholders are allowed to register their details online. Shareholders can also appoint proxies or the Chairman of the meeting as a proxy online, as in step (a) above. Please ensure that your details are accurate as non-compliance would result in you not being able to participate in the Meeting.
  - c. Alternatively, you may deposit your Form of Proxy, duly completed with the proxy's email address and mobile phone number, at the office of the Poll Administrator:

**By postage to**  
**Mega Corporate Services Sdn Bhd**  
 Level 15-2, Bangunan Faber Imperial Court,  
 Jalan Sultan Ismail, 50250 Kuala Lumpur

**OR**

**By email to**  
[AGM-support.magma@megacorp.com.my](mailto:AGM-support.magma@megacorp.com.my)  
 (not less than 24 hours before the date of  
 the AGM)

- d. For corporate shareholders/nominee accounts, please execute the Form of Proxy as per step (c) above.
- e. Upon verification of your registration, the Poll Administrator, Mega Corporate Services Sdn Bhd will send you two emails:
  - i. Meeting Link - to join the live-streaming session
  - ii. DBF - for remote voting purposes.



# Administrative Guide For The 15<sup>th</sup> Annual General Meeting ("15<sup>th</sup> AGM") cont'd

## **Record of Depositors ("ROD") for the AGM**

5. The date of ROD for the AGM is on Wednesday, 19 June 2024. As such, only duly registered shareholders whose names appear in the ROD shall be entitled to participate, speak, and vote at the AGM or appoint a proxy(ies) / corporate representative(s) to participate, speak and vote on his / her behalf.

## **Poll Voting**

6. The voting of the AGM will be conducted by poll. The Company has appointed Mega Corporate Services Sdn Bhd as the Poll Administrator to conduct the polling process by way of e-voting, and Cygnus Technology Solutions Sdn. Bhd. as Scrutineers to verify the poll results.
7. Shareholders or proxies can proceed to vote on the resolutions and submit your votes during the voting period as stipulated in the DBF. Upon completion of the voting session for the AGM, the Scrutineers will verify the poll results after which the Chairman will announce the poll results of the resolutions.

## **Enquiry**

If you have any enquiries on the above, please contact the Poll Administrator during office hours (Monday to Friday):

### **Mega Corporate Services Sdn Bhd**

Email Address : [AGM-support.magma@megacorp.com.my](mailto:AGM-support.magma@megacorp.com.my)

Tel No. : +603 2692 4271 / +603 2694 8984

Contact Person : Vinoo +6016 969 9220 / Benjamin +6017 611 9665

# MAGMA GROUP BERHAD

(fka Impiana Hotels Berhad)  
Registration No. 200601021085 (740838-A)  
(Incorporated in Malaysia)

## FORM OF PROXY

No. of shares held		
CDS Account No.		
No. of shares to be represented by each proxy	Proxy 1	Proxy 2

I/We \_\_\_\_\_

(full name as per NRIC / Certificate of Incorporation in capital letters)

NRIC No/Passport No. \_\_\_\_\_ of \_\_\_\_\_

(full address)

being a member of **MAGMA GROUP BERHAD** (fka Impiana Hotels Berhad), hereby appoint:

Full Name (In Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. Of Shares	%
Email Address	Mobile No.		

(the next name should be completed where it is desired to appoint two proxies)

Full Name (In Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. Of Shares	%
Email Address	Mobile No.		

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the 15th Annual General Meeting (“**AGM**”) of the Company, which is a virtual meeting on **Wednesday, 26 June 2024** at **11.00 a.m.** or any adjournment thereof through live-streaming and online remote voting using Remote Participation and Voting facilities.

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolutions. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

		For	Against
Resolution 1	To approve the payment of Directors’ fees and benefits of up to RM300,000.00 for the period from 27 June 2024 until the next AGM of the Company		
Resolution 2	To re-elect Dato’ Sri Lee Hock Seng who retires in accordance with Article 28.6 of the Company’s Constitution		
Resolution 3	To re-elect Dato’ Sri Liang Chee Fong who retires in accordance with Article 28.6 of the Company’s Constitution		
Resolution 4	To re-elect Ms Lee Guat Tin who retires in accordance with Article 28.6 of the Company’s Constitution		
Resolution 5	To re-elect Ms Lim Su Hwei who retires in accordance with Article 28.6 of the Company’s Constitution		
Resolution 6	To re-elect Mr. Tan Kim Chee who retires in accordance with Article 28.6 of the Company’s Constitution		
Resolution 7	To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
Resolution 8	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares and waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016		
Resolution 9	Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

\_\_\_\_\_  
Signature(s)/Common Seal of Member

Fold this flap for sealing

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AFFIX  
STAMP  
HERE

**The Poll Administrator**  
**MAGMA GROUP BERHAD** (fka Impiana Hotels  
Berhad) (Registration No. 200601021085 (740838-A))

**c/o MEGA CORPORATE SERVICES SDN BHD**  
(Registration No. 200601021085 (740838-A))  
Level 15-2, Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

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**NOTES: -**

1. In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 June 2024 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint a proxy(ies) to attend and/or vote on his behalf.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
6. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarial certified copy of such power or authority, must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or e-mail to AGM-support.magma@megacorp.com.my not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM of the Company will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling/e-voting process and to verify the results of the poll.
8. The Meeting will be held on Wednesday, 26 June 2024 at 11.00 a.m. or any adjournment thereof, as a virtual meeting via live streaming broadcast from Jasmine Room, Level 1, Impiana KLCC Hotel, 13 Jalan Pinang, 50450 Kuala Lumpur, Malaysia. Please refer to the Administrative Guide on the registration and voting process for the Meeting.