



WMG HOLDINGS BHD.

Registration No. 201501041664 (1166985-X)

ANNUAL REPORT 2023

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the NINTH ANNUAL GENERAL MEETING of the Company ("9th AGM") will be held at Wisma WMG, Ground Floor, Lot 1 & 2, Jalan Indah Jaya, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan, Sabah on 25 June 2024 at 11.00 a.m. to transact the following businesses:

AGENDA	Resolution No.
Ordinary Business	
1. To receive the Audited Financial Statements for the year ended 31 December 2023 and the reports of the Directors and Auditors thereon.	(Please refer Note a)
2. To re-elect the following Directors retiring in accordance with Article 125 of the Company's Constitution:-	
(a) Hajah Shakinur Ain Binti Hj Karama	1
(b) Lim Ted Hing	2
3. To approve payment of Directors' fees of RM80,000 for the financial year ended 31 December 2023. (Please see Note g)	3
4. To approve payment of allowances to Non-Executive Directors up to an amount of RM250,000 for the period from July 2024 until June 2025. (Please see Note g)	4
5. To re-appoint Auditors and authorise the Directors to fix their remuneration.	5
Special Business	
To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:-	
6. ORDINARY RESOLUTION Proposed Renewal Of Shareholders' Mandate For Recurrent Related Parties Transactions Of A Revenue Or Trading Nature	6
"That subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries shall be mandated to enter into the recurrent related parties transactions of a revenue or trading nature and with those related parties as specified in Section 2.3.2 of the Circular to Shareholders dated 30 April 2024 subject to the following:-	
(i) that the transactions are in the ordinary course of business, made on arm's length and on normal commercial terms and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders;	
(ii) that disclosure is made in the annual report, of the breakdown of the aggregate value of transactions conducted pursuant to the Shareholders' mandate during the financial year based on the type of recurrent transactions made and the related parties involved;	

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

- (iii) that the authority conferred by such mandate shall continue to be in force from the date of this resolution, unless revoked or varied by resolution passed by shareholders of the Company at a general meeting, until the conclusion of the next annual general meeting of the Company or after the date it is required to be held pursuant to Section 340(1) of the Companies Act 2016 ("Act") but shall not extend to such extension as may be allowed pursuant to Section 340(2) of the Act; and
- (iv) that the Directors and/or any one of them be and are hereby authorised to complete and to 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."
(Please see Explanatory Note h)

7. ORDINARY RESOLUTION

Authority To Issue And Allot New Ordinary Shares

7

"THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new ordinary shares in the Company from time to time and upon such terms and conditions, to such persons and for such purposes as the Directors may deem fit PROVIDED THAT the aggregate number of new ordinary shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued ordinary shares of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, AND THAT the Directors are further authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional new ordinary shares so issued on Bursa Securities pursuant to this resolution."
(Please see Explanatory Note i)

- 8. To transact any other business of an ordinary meeting of which due notice has been given.

BY ORDER OF THE BOARD

THIEN VUI HENG (MIA 5970)
SSM Practising Certificate No. 202008000028
CHUNG CHEN VUI (MIA 7384)
SSM Practising Certificate No. 202008000649
Company Secretaries

Sandakan, Sabah
30 April 2024

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

NOTES:

- a) Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.
- b) A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a show of hands or on a poll in his stead. A proxy need not be a member of the Company.
- c) In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of some officer of the corporation duly authorised in that behalf.
- d) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
- e) The instrument appointing a proxy must be deposited at the Company's Registered Office situated at Wisma WMG, Lot 1 & 2, Jalan Indah Jaya, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
- f) For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd in accordance with Article 36(1) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 19 June 2024. Only a depositor whose name appears therein shall be entitled to attend this meeting or appoint a proxy to attend and/or vote on his stead.
- g) **Directors' Remuneration**
Section 230(1) of the Companies Act 2016 provides, inter alia, that "the fees" of the directors and "any benefits" payable to directors of a listed company and its subsidiaries shall be approved at a general meeting. Hence, shareholders' approval is sought for:-
- (i) Payment of Directors' fees of RM80,000 for the eight (8) Directors of the Company pursuant to Ordinary Resolution 3; and
 - (ii) Directors' allowances payable to the three (3) Non-Executive Directors of the Company of up to RM250,000 for 12 months from July 2024 until June 2025 pursuant to Ordinary Resolution 4.

Explanatory Notes on Special Business:-

- h) **Ordinary Resolution (Resolution 6)**
Ordinary Resolution No 6, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related parties transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This authority will expire at the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held, unless revoked or varied by an ordinary resolution of the shareholders of the Company in a General Meeting, whichever is earlier.

Further information on the Proposed Renewal of the Shareholders' Mandate is set out in the attached Circular to Shareholders dated 30 April 2024 which is despatched with the Company's 2023 Annual Report.

- i) **Ordinary Resolution (Resolution 7)**
Ordinary Resolution No 7, if passed, will authorise the Directors to issue and allot up to a maximum of 10% of the total number of issued ordinary shares in the Company for the time being for such purposes as the Directors deem fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 23 June 2023. The Company did not utilise the mandate that was approved last year. This general mandate will give flexibility to the Company for any possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings, acquisitions and/or issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit and in the best interest of the Company.

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors of WMG Holdings Bhd., I would like to present the Annual Report and the audited financial statements for the financial year ended 31 December 2023.

OPERATIONS

For the financial year under review, the Group managed to stabilize its financial performance and reduced the loss after taxation from RM3.17 million in 2022 to RM2.09 million in 2023.

The Group's performance for 2023 is elaborated in the Management Discussion and Analysis.

PROPOSED DISPOSALS OF LAND

As previously announced on 11 November 2022, the Proposed Disposals (comprising Proposed Disposal I and Proposed Disposal II) for a total consideration of RM79.00 million were to raise funds to pare down the Group's borrowings.

The Proposed Disposal I for a consideration of RM22.00 million had been completed on 8 August 2023 resulting in a net gain of RM3.99 million while the Proposed Disposal II for a consideration of RM57.00 million is expected to be completed in 2024 which will result in a net gain of approximately RM23.63 million.

DIVIDENDS

The Board of Directors is not recommending any dividend to be paid in respect of the current financial year ended 31 December 2023 at the forthcoming Annual General Meeting of the Company.

PROSPECTS

As at 31 December 2023, the Group has an ongoing property development project with total unbilled sales of RM32.27 million and gross development value of unsold properties of RM46.63 million. The project is the 215 units of terrace houses at Taman Bukit Sepangar, Kota Kinabalu.

The Group has launched Phase 8C consisting of 60 units 2-storey terrace house at Taman Indah Jaya, Sandakan in the first quarter of 2024.

Market conditions for the Group's core property business in 2024 are expected to be challenging with higher building and material costs. The Group will focus on the speedy construction of the above two projects and the sale of its inventory properties. Whenever opportunities arise, it will launch other projects including commercial development and also pursue efforts to monetise certain of its investment properties and/or landbank to further strengthen its financial position.

The Directors expect the Group to be profitable in the coming financial year 2024 barring any unforeseen circumstances based on the above measures being undertaken by the Group.

APPRECIATION

On behalf of the Board of Directors, I would like to express my heartfelt gratitude and thanks to our properties' buyers, contractors, suppliers, business associates, relevant government authorities, shareholders and our bankers for their continued support.

I would also like to convey my appreciation to the Management and staff of the Group for their untiring efforts and perseverance.

DATUK QUEK SIEW HAU
EXECUTIVE CHAIRMAN

Sandakan
19 April 2024

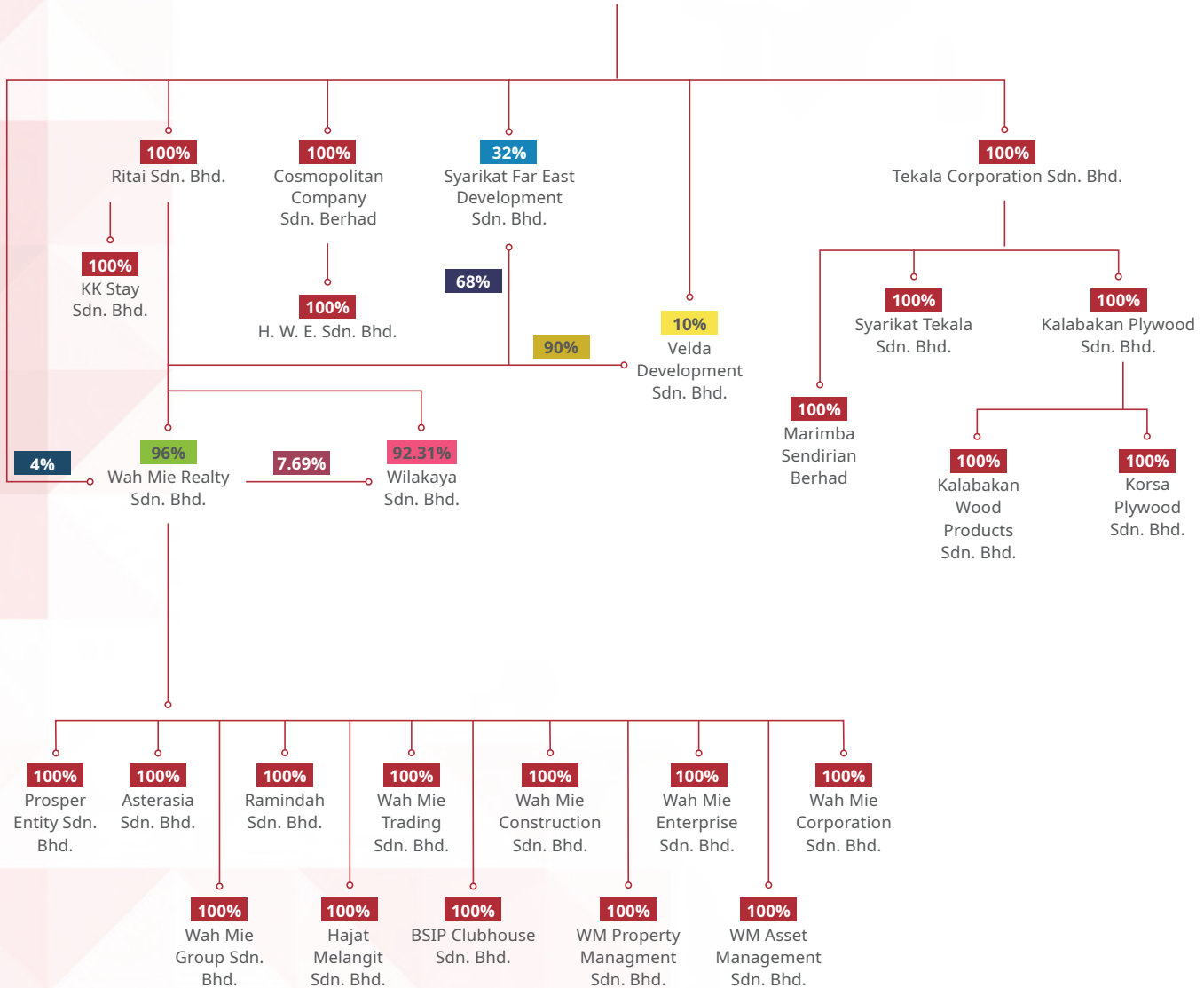
CORPORATE STRUCTURE

As at 31 December 2023



WMG HOLDINGS BHD.

Registration No. 201501041664 (1166985-X)



CORPORATE AND OTHER INFORMATION

BOARD OF DIRECTORS

Datuk Quek Siew Hau	<i>Executive Chairman</i>
Fong Kin Wui	<i>Managing Director</i>
Lim Ted Hing	<i>Executive Director</i>
Seah Sen Onn @ David Seah	<i>Executive Director</i>
Chan Ka Tsung	<i>Executive Director</i>
Hajah Shakinur Ain Binti Hj Karama	<i>Senior Independent Non-Executive Director</i>
Teo Gim Suan	<i>Independent Non-Executive Director</i>
Wong Lee Hung	<i>Independent Non-Executive Director</i>

KEY SENIOR MANAGEMENT

Lim Ted Hing (Exco Chairman)
Datuk Quek Siew Hau
Fong Kin Wui
Seah Sen Onn @ David Seah
Chan Ka Tsung

REGISTERED OFFICE

Wisma WMG, Lot 1 & 2, Jalan Indah Jaya
Taman Indah Jaya
Jalan Lintas Selatan
90000 Sandakan, Sabah
Tel: 089-212133
Fax: 089-271628

REGISTRARS

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: +6(03) 27839299
Fax: +6(03) 27839222

Customer Service Centre:-

Unit G-3, Ground Floor
Vertical Podium, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

WEBSITE

www.wmghb.com.my

COMPANY SECRETARIES

Thien Vui Heng (MIA 5970)
Chung Chen Vui (MIA 7384)

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Al Rajhi Banking & Investment Corporation (Malaysia)
Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
OCBC Al-Amin Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad
Sabah Development Bank Berhad

AUDITORS

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

SOLICITORS

CSY

STOCK EXCHANGE LISTING

Main Market of the
Bursa Malaysia Securities Berhad

CORPORATE AND OTHER INFORMATION

(cont'd)

GENERAL INFORMATION

The company is a public limited company, incorporated and domiciled in Malaysia.

All information furnished in this Annual Report unless otherwise specified, had been made up to 19 April 2024, a date not earlier than six (6) weeks from the date of notice of the Annual General Meeting dated 30 April 2024.

REMUNERATION OF THE DIRECTORS AND THE KEY SENIOR MANAGEMENT

Details of remuneration of the Directors and the Key Senior Management (who are Executive Directors) for the Group and the Company for the financial year ended 31 December 2023 are disclosed in Note 11 to the financial statements.

NUMBER OF BOARD MEETINGS

The Company held five (5) Board meetings for the financial year under review.

UTILISATION OF PROCEEDS

The proceeds raised from the Proposed Disposal I (completed on 8 August 2023) of RM22.00 million had been utilised to repay bank borrowings.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 December 2023 by the external auditors and its affiliated company amounted to RM335,700 and RM61,900 respectively as disclosed in Note 9 to the financial statements.

MATERIAL CONTRACTS

There are no material contracts of the company and its subsidiaries involving directors and major shareholders' interests for the financial year ended 31 December 2023 other than the related party transactions as disclosed in Note 31 to the financial statements.

RECURRENT RELATED PARTY TRANSACTIONS

The Company is seeking renewal of Shareholders' mandate for the above transactions pursuant to the Circular to Shareholders dated 30 April 2024.

INTERNAL AUDIT FUNCTION

The internal audit function of the Company has been out-sourced to JETA PLT. It reports directly to the Audit Committee. Its responsibilities are, amongst others, to assist the Audit Committee in providing independent assessments of the adequacy, efficiency and effectiveness of the internal control systems to ensure compliance with the systems and standard operating procedures in the Group and to carry other tasks as specified by the Audit Committee.

The professional charges incurred for the internal audit function for the financial year ended 31 December 2023 amounted to RM33,000.

DIRECTORS AND KEY SENIOR MANAGEMENT

The profile of the Directors and the key management are as follows:-



DATUK QUEK SIEW HAU

*Executive Chairman/
Key Senior Management*

Gender : Male

Age : 68

A Malaysian with Higher National Diploma in Electrical and Electronic Engineering from Portsmouth Polytechnic, United Kingdom which he obtained in 1978 and also holds a Post Graduate Diploma in Management Studies from Brighton Polytechnic, United Kingdom, obtained in 1979. He was appointed to the Board on 25 November 2015. He is a key senior management and had been the Managing Director until 31 March 2023 when he was promoted and redesignated as the Executive Chairman of the Company. He has been an Executive Director of the Company's subsidiaries since 1990. He has extensive experience and knowledge in the housing development and timber-related industries. His other businesses include plantation, food & beverage, retailing, beauty & health care, import and export business. He is also actively involved in a number of schools and organizations including as a Vice President of Sabah Housing And Real Estate Developers Association. He is a member of the Executive Committee of Directors. He also sits on the Board of several other private companies. He has no directorships in other public companies. He has attended all five Board Meetings held during the financial year ended 31 December 2023. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 5 years.



LIM TED HING

*Exco Chairman/
Key Senior Management*

Gender : Male

Age : 68

A Malaysian and a fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He is the Exco Chairman, an Executive Director and a key senior management of the Company and was appointed to the Board on 25 November 2015. He joined Ernst & Young, a public accounting firm in 1985 and was the Senior Manager in charge of its Sandakan Office before leaving to join the Group as Group Financial Controller in July 1994. He was later appointed as Executive Director/Chief Operating Officer of Tekala Corporation Berhad in June 1996 and was promoted as Group Managing Director/Chief Executive Officer in January 2013. He was appointed as Chairman of the Executive Committee of Directors on 5 September 2017. He is currently a Director of NPC Resources Berhad, Innoprise Plantations Berhad and several other private companies. He has attended all five Board Meetings held during the financial year ended 31 December 2023. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 5 years.

DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)



FONG KIN WUI

*Managing Director/
Key Senior Management*

Gender : Male
Age : 64

A Malaysian with a Bachelor of Science (Hons) in Civil Engineering from Plymouth Polytechnic, United Kingdom which he obtained in 1983. He was appointed to the Board on 25 November 2015. He is a key senior management and had been the Deputy Managing Director until 31 March 2023 when he was promoted and redesignated as the Managing Director of the Company. He has been an Executive Director of the Group since 1992. He has extensive experience and knowledge in the construction industry and plantation business. He is the member of the Executive Committee of Directors and a member of the Risk Management Committee of the Board. He currently sits on the Board of several other private companies. He has no directorships in other public companies. He has attended all five Board Meetings held during the financial year ended 31 December 2023. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 5 years.



SEAH SEN ONN @ DAVID SEAH

*Executive Director/
Key Senior Management*

Gender : Male
Age : 55

A Malaysian with degree in Business (Accounting) from Curtin University of Technology, Perth, Australia which he obtained in 1990 and also holds a Graduate Diploma in Business (Information System) from Edith Cowan University, Perth, Australia, obtained in 1992. He is a Certified Practising Accountant with CPA Australia and member of the Malaysian Institute of Accountants. He was appointed to the Board on 25 November 2015. He has been an Executive Director of the Group since 1994. He had one and a half year experience with Ernst & Young, a public accounting firm prior to his appointment as a director of the Group. He possesses extensive experience and knowledge in timber-related business, plantation and housing development. He is a member of the Executive Committee of Directors and a member of the Risk Management Committee of the Board. He currently sits on the Board of several other private companies. He has no directorships in other public companies. He has attended all five Board Meetings held during the financial year ended 31 December 2023. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 5 years.

DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)



CHAN KA TSUNG

*Executive Director/
Key Senior Management*

Gender : Male
Age : 41

A Malaysian with Bachelor of Science (Hons) in Psychology from the University of Nottingham, United Kingdom which he obtained in 2004. He was appointed to the Board on 25 November 2015. He has been an Executive Director of the Group since 2008. He possesses experience in plantation, hotel and housing business. He is a member of the Executive Committee of Directors. He currently sits on the Board of several other private companies. He has no directorships in other public companies. He has attended all five Board Meetings held during the financial year ended 31 December 2023. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 5 years.



HAJAH SHAKINUR AIN BINTI HJ KARAMA

*Senior Independent
Non-Executive Director*

Gender : Female
Age : 55

A Malaysian with honours degree in Bachelor of Law (LLB) from University of Malaya which she obtained in 1991. She is an Independent Non-Executive Director of the Company and was appointed to the Board on 4 July 2017. She Chambered at Messrs Peter Lo & Co from May 1991 to June 1992 and was admitted as an Advocate and Solicitor of the High Court of Sabah and Sarawak in June 1992. Thereafter, she served as a legal assistant at the firm until 2005, when she was made a partner. In October 1996, she was allowed by the Sabah Chief Syar'ie Judge to practice as a Syar'ie Lawyer in the Syariah Courts of Sabah. She was the Secretary of the Inquiry Committee from 1 September 2006 to 31 August 2008. During that time, she, together with the Chairman and other members of the committee, presided over cases of complaints against Advocates in Sabah. Currently, she is in charge of conventional and Islamic conveyancing and banking matters at Messrs Peter Lo & Co. Her experience encompasses general banking matters, corporate loan facilities, finance documentation and conventional and Islamic financing structures. She is the Chairman of the Remuneration Committee and the Nominating Committee, a member of the Audit Committee and the Risk Management Committee of the Board. She is currently a Director of NPC Resources Berhad. She has attended all five Board Meetings held during the financial year ended 31 December 2023. She has no family relationship with any director and/or major shareholder of the Company. She has not entered into any transaction which has a conflict of interest with the Company. She has no convictions for offences within the past 5 years.

DIRECTORS AND KEY SENIOR MANAGEMENT

(cont'd)



TEO GIM SUAN

Independent Non-Executive Director

Gender : Female
Age : 61

A Malaysian and a Chartered Accountant, a member of the Malaysian Institute of Accountants and an associate member of Chartered Institute of Management Accountants. She is an Independent Non-Executive Director of the Company and was appointed to the Board on 31 March 2023. She was an Audit Assistant with KPMG from 1990 to 1993. She was a Tax Assistant with KPMG Tax Services Sdn Bhd in 1993 and later held the position of Tax Senior until 2003. Between 2003 and 2005, she was the Manager of M & C Services Sdn Bhd, Sandakan Branch that provided company secretarial and related services. Since 2005, she is a Director and the Company Secretary of Moving Swift Corporate Services Sdn Bhd, a company which provides company secretarial and related services. She is the Chairman of the Risk Management Committee and a member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Board. She is currently an Independent Director of Pricewaterhouse International Berhad. She has attended all five Board Meetings held during the financial year ended 31 December 2023. She has no family relationship with any director and/or major shareholder of the Company. She has not entered into any transaction which has a conflict of interest with the Company. She has no convictions for offences within the past 5 years.



WONG LEE HUNG

Independent Non-Executive Director

Gender : Female
Age : 54

A Malaysian and a Chartered Accountant, a member of the Malaysian Institute of Accountants and a member of The Association of Chartered Certified Accountants, United Kingdom. She is an Independent Non-Executive Director of the Company and was appointed to the Board on 31 March 2023. She began her career in 1992 with KPMG as an Audit Assistant. In 1996, she resigned as Audit Senior to join the commercial sector. She had served as Administrative and Finance Manager, Accounts Manager and Accountant in companies which were engaged in, among others, trading and transporting of diesel and petroleum products, thrifts and loans co-operative society, manufacture and export of wood products, timber extraction and oil palm plantations. Since 2020, she has been providing company secretarial services and acting as Company Secretary for certain private limited companies. She is the Chairman of the Audit Committee and a member of the Risk Management Committee, the Nominating Committee and the Remuneration Committee of the Board. She is currently an Independent Director of Kretam Holdings Berhad. She has attended all five Board Meetings held during the financial year ended 31 December 2023. She has no family relationship with any director and/or major shareholder of the Company. She has not entered into any transaction which has a conflict of interest with the Company. She has no convictions for offences within the past 5 years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of the Company (“Board”) supports the Revised Malaysian Code on Corporate Governance (“Revised MCCG”) with the aim to promote corporate governance throughout the Group.

The Board acknowledges it is responsible for compliance with the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirements and all other statutory requirements.

The Company’s market capitalisation at the beginning of the financial year under review was below RM1 billion. Below is an overview of how the principles and practices of the Revised MCCG have been applied by the Company for the financial year under review. The application of each practice set out in the Revised MCCG and its departures are reported in Bursa Malaysia’s prescribed format (“CG Report”), which are accessible via the Company’s website, www.wmghb.com.my including the policy on anti-corruption and the policy and procedures on whistle-blowing.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The Board plays a primary role in the conduct and control of the Group’s business affairs. Currently, it is headed by Datuk Quek Siew Hau while the Managing Director of the Company is Fong Kin Wui. The Chairman provides overall leadership to the Board in decision making without limiting the principle of collective responsibility for the Board decisions while the Managing Director manages the day-to-day activities. The current Board consists of 8 members namely a Non-Independent Executive Chairman, a Managing Director, 3 Executive Directors and another 3 female Independent Non-executive Directors. The Directors have diverse skills and a wide range of relevant business, commercial and financial experience. The Board has identified Hajah Shakinur Ain Binti Hj Karama as the senior independent non-executive director of the Company to whom the concerns of shareholders/investors may be conveyed.

The Board is of the opinion that the current Board balance of eight (8) directors (comprising 5 males and 3 females) is appropriate for the Group. The Board and the Nominating Committee will continue to regularly review the size and composition including gender and diversity of the Board in order for the Board to function effectively and in compliance with any amendments of the Listing Requirements going forward. The Board is satisfied that the present three (3) independent directors fulfils the Listing Requirements for the financial year under review and is sufficient to fairly reflect the investment of the minority shareholders. An election of directors shall take place each year. All directors shall retire from office once at least in each 3 years, but shall be eligible for re-election.

The Board meets on a quarterly basis to deliberate and review among other matters, the Group’s quarterly reports and convene additional meetings as necessary. The Directors exercise independent judgement when deliberating matters concerning the Group including its strategies, operations, performance, financial and resources. Prior to each Board Meeting, the Board members are provided with the Notice of the Board Meeting and the relevant documents and information 7 days prior to the meeting. This is to enable them to obtain a comprehensive understanding of the issues to be deliberated upon and to enable them to arrive at an informed decision. The minutes of Board meetings are circulated to the Directors as soon as possible after the conclusion of the meetings.

Schedule of matters reserved for the Board’s consideration and decision includes the approval of corporate plans, acquisition and disposal of major assets, major investments, changes to the management and control structure of the Group and issues in respect of key policies, procedures and authority limits.

In carrying out their duties, the Directors have complete access to all staff for information both financial and non-financial pertaining to the Group’s affairs. The Directors also have full access to the advice and services of the Company Secretaries. Where necessary, the Directors engage independent professional for advice at the Group’s expense to enable them to discharge their duties with full knowledge of the cause and effect. Where a potential conflict of interest may arise, it is mandatory practice for the director concerned to declare his interest and abstain from the decision making process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

The Directors are responsible for the Group's operations and the role of the independent non-executive Directors is important to the Group in ensuring that strategies proposed by the executive Directors are deliberated, and take into account the interests of the shareholders, employees, customers, suppliers, and other stakeholders before they are implemented. The Board is satisfied with the level of objectivity and independence shown by the three Independent Directors in board deliberations and their ability to act in the best interests of the Company.

The Directors are required to review and update their other directorships and shareholdings in the Company every half-yearly. This information is used to monitor their directorships to ensure the Directors have the time to focus and fulfil their roles and responsibilities effectively. The Board is generally satisfied with the level of time commitment accorded by the Directors in fulfilling their respective roles and responsibilities as Directors of the Company.

In determining the training needs of the Directors, the Board has adopted a policy to encourage the directors to attend at least one day training for each financial year which will aid them in the discharge of their duties. Each hour of training session attended shall be awarded 2 CEP points. Should any Director not be able to meet the minimum CEP points in a financial year, the Board may grant such extension of time as required for the said Director to meet it.

The Board delegates certain responsibilities to the Board Committees in order to enhance business and operational efficiency as well as efficacy. All Committees have their written terms of reference. Minutes of their proceedings and deliberations at the Committee meetings are tabled at the subsequent Board meetings and are duly noted and acted on where appropriate by the Board.

The Board has set up five (5) committees comprising Executive Committee, Remuneration Committee, Nominating Committee, Audit Committee and the Risk Management Committee.

The Executive Committee ("Exco") comprises solely of Executive Directors. The present members are as follows:-

- Lim Ted Hing (Chairman)
- Datuk Quek Siew Hau
- Fong Kin Wui
- Seah Sen Onn @ David Seah
- Chan Ka Tsung

The Exco undertakes tasks as assigned to it by the Board. It is vested with the same powers and authorities in respect of the management, control, and direction of the Group as the Board with the exception of:-

- (i) any capital expenditure in excess RM3.0 million or such higher amount as the Board decides from time to time; and
- (ii) any matter which may not, by law, be delegated by the Board or which would cause the Board to be in breach of duty.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

The Remuneration Committee comprises solely of independent non-executive directors. The main function of the Committee is to review and recommend to the Board for its consideration and implementation, the remuneration packages of the Executive Directors and senior management of the Group, drawing from outside advice as necessary. The determination of remuneration for the Non-Executive Directors shall be a matter for the Board as a whole. The directors concerned abstain from discussion of their own remuneration.

The present Remuneration Committee members of the Company are as follows:-

- Hajah Shakinur Ain Binti Hj Karama (Chairman)
- Teo Gim Suan
- Wong Lee Hung

Directors' remuneration packages are approved by the Board as a whole. The Directors whose remuneration packages are being deliberated have the right to be heard during the deliberation but are not allowed to participate in decisions on their own remuneration packages. The Group reimburses expenses incurred by the Directors in the course of their duties as directors.

The level of remuneration for a Director is determined with a view to ensure experienced and capable Directors are recruited and retained by the Group. There are no attendance fee for both executive and non-executive directors as attendance are expected of the directors in the discharge of their duties as Directors. The remuneration of each director will commensurate with the responsibilities undertaken by the respective directors.

The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Remuneration of the Directors and the key senior management (who are the executive directors) are appropriately served by the disclosure made in the financial statements.

The Nominating Committee comprises solely of independent non-executive directors. The members and the function of the Nominating Committee are disclosed in the Statement on Nominating Committee Activities.

The Audit Committee comprises solely of independent non-executive directors. The members and the function of the Audit Committee are disclosed in the Audit Committee Report.

The Risk Management Committee comprises a majority of the three Independent Directors and two Executive Directors of the Company. The present members are as follows:-

- Teo Gim Suan (Chairman)
- Hajah Shakinur Ain Binti Hj Karama
- Wong Lee Hung
- Fong Kin Wui
- Seah Sen Onn @ David Seah

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

In presenting the annual financial statements and quarterly announcements, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in reviewing information to ensure its accuracy and adequacy and ensures that the financial statements comply with all applicable financial reporting standards.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

The objectivity, suitability and independence of the Group's external auditors are assessed annually by the Audit Committee. The Group's external auditors report independently to the shareholders of the company in accordance with the statutory requirements. The Group and the Directors provide full assistance to the external auditors so as to enable them to discharge their duties. The external auditors meet with the internal auditors as and when deemed necessary, without the presence of the management.

To achieve economic expectations of our shareholders, the Group would pursue business opportunities/activities involving certain degree of risk. Due consideration would be given to the balance of risks and rewards, to optimize returns from the Group's business activities. The Directors acknowledge their responsibilities and have established the Group's system of internal control covering not only financial controls but also operational and compliance controls as well as risk management. The system has been designed to meet the Group's needs and to manage the risks to which it is exposed. The Audit Committee and the Risk Management Committee assist the Board in reviewing the effectiveness of the risk management and internal control system.

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

The Group recognises the importance for timely and high quality dissemination of information to its shareholders, stakeholders and investors on the Group's performance and other developments via appropriate channels of communication including information posted on its website, www.wmgghb.com.my. The interim results announcements, relevant announcements, annual reports and circulars to shareholders are the primary modes of communication to report the Group's business, results and major developments to its shareholders, stakeholders and investors.

The Company is expected in due course to adopt integrated reporting in accordance with the International Integrated Reporting Framework.

Price-sensitive and any information that may be regarded as undisclosed material information about the Group is not disclosed until after the prescribed announcement to Bursa Malaysia has been made.

The Annual General Meeting serves as a principal forum for dialogue with shareholders. Adequate notice of at least 28 days prior to the Annual General Meeting has been served and accompanied by an explanatory statement for the proposed resolution to facilitate understanding and evaluation of issues involved for each item of special business.

At the Annual General Meeting, shareholders are accorded the opportunity to raise questions on the agenda items of the general meeting. All Directors (including the Chairman of the 5 Committees namely Executive, Remuneration, Nominating, Audit and Risk Management) and Senior Management Officers are to attend the meeting to provide answers and appropriate clarifications to issues raised.

The minutes of the meeting and a summary of the key matters discussed at the Annual General Meeting are published on the Company's website as soon as practicable after the conclusion of the Annual General Meeting.

The Group values dialogue with its shareholders and investors as a means of effective communication that enables the Board and management to convey information about Group's performance, corporate strategy and other matters affecting shareholders' interests.

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Activities

The principal activities of the Group are property development, property letting and trading of building materials. For the financial year ended 31 December 2023, 77% (2022: 81%) of the revenue was from property development, 17% (2022: 8%) was from trading of building materials and the balance of 6% (2022: 11%) was from property letting.

During the financial year under review, the Group continued the construction of its sole property development, comprising the 215 units of terrace houses in Kota Kinabalu.

Financial Performance

In year 2023, the Group's loss after tax amounted to RM2.09 million, which is lower than the previous year of RM3.17 million mainly due to higher sales of properties for 2023 at RM93.88 million as compared to RM63.09 million for the previous year.

The revenue generated by the Group for the year 2023 amounted to RM122.75 million, as compared to the previous year of RM78.03 million. This comprised RM93.94 million (2022: RM63.19 million) from the property development segment, RM20.95 million (2022: RM6.62 million) from the trading of building materials segment and the balance of RM7.86 million (2022: RM8.22 million) from the property letting.

The Group recorded a gross profit of RM28.45 million (2022: RM24.85 million) comprising RM24.53 million (2022: RM20.43 million) from property development, RM1.04 million (2022: RM0.64 million) from trading of building materials and RM2.88 million (2022: RM3.78 million) from renting of investment properties. In addition, the Group derived other rental income of RM4.76 million (2022: RM3.87 million) and interest income of RM0.77 million (2022: RM0.28 million).

The Group recorded a profit before tax of RM0.09 million (2022: loss before tax of RM0.82 million) after taking into account the interest, rental and other income totalling RM5.53 million (2022: RM4.14 million) and deducting expenses totalling RM33.89 million (2022: RM29.81 million) which includes finance cost of RM13.06 million (2022: RM12.07 million), administrative expenses of RM14.28 million (2022: RM13.51 million).

The revenue for 2023 consists of:-

- Sale from property development comprising sale of residential and commercial properties of RM93.88 million (2022: RM63.09 million) and the balance of RM7.92 million (2022: RM8.32 million) was from rental of RM7.86 million (2022: RM8.22 million) and property management income of RM0.06 million (2022: RM0.10 million).
- Sale of building materials to contractors amounted to RM20.95 million (2022: RM6.62 million).

The administrative expenses for 2023 consist of staff costs, directors' remuneration, depreciation, overhead and office expenses amounting to RM4.59 million (2022: RM4.12 million), RM4.61 million (2022: RM4.82 million), RM0.85 million (2022: RM1.01 million) and RM4.23 million (2022: RM3.56 million) respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

Working Capital, liquidity and Capital Expenditure

The operations of the Group are funded by shareholders' equity, cash generated from operations and borrowings from financial institutions. During the financial year under review, the Group's liquidity position has improved and it did not seek new banking facilities.

As at 31 December 2023, the Group's net assets amounted to RM167.52 million (2022: RM169.61 million) and its net current assets amounted to RM14.80 million (2022: RM11.16 million).

The Group's total outstanding borrowings as at 31 December 2023 amounted to RM199.69 million (2022: RM226.45 million) comprising short-term liabilities of RM120.41 million (2022: RM146.93 million) and long-term liabilities of RM79.28 million (2022: RM79.52 million).

As at 31 December 2023, the Group's unutilised banking facilities amounted to RM70.30 million (2022: RM89.51 million) comprising project financing of RM21.57 million (2022: RM40.22 million), trade lines of RM3.86 million (2022: RM7.90 million) and revolving credits, term loan and overdraft for general working capital requirements of RM44.87 million (2022: RM41.39 million).

No new banking facilities were obtained during the financial year under review and included in the above unutilised banking facilities of RM70.30 million are the following banking facilities yet to be drawn down:-

- (a) RM11.57 million bridging loan for the ongoing construction of 215 units of 2-storey terrace houses at Taman Bukit Sepangar, Kota Kinabalu; and
- (b) RM10.00 million bridging loan for the proposed 60 units terrace houses in Sandakan.

For the financial year end under review, the Group incurred minimal capital expenditure of RM0.15 million (2022: RM0.29 million) comprising additions to properties, plant and equipment.

Prospects, challenges and Strategies

Barring any unforeseen circumstances, the Group in 2024 is expected to be profitable based on the measures being undertaken by the Group to boost the sale of its inventory properties comprising both properties under development and its completed properties and the efforts to monetise certain of its investment properties and/or landbank.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year then ended and lay them before the General Meeting together with a copy of the auditors' report thereon. The financial statements are made up to a date not more than six months before the date of the meeting.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

The Directors are also responsible for ensuring that proper accounting and other records are kept as will sufficiently explain the transactions and financial position of the Group and of the Company and enable true and fair financial statements be prepared which comply with approved accounting standards and the Companies Act 2016.

In preparing the financial statements for the financial year under review, the Directors have:

- adopted suitable accounting policies and apply them consistently unless a change is required by statute or by an approved accounting standard or if the change will result in a more appropriate presentation of events or transactions in the financial statements;
- exercised judgement and made estimates that are prudent and reasonable;
- ensured applicable approved accounting standards have been followed and material departures, if any, have been disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to assume that the Group and the Company will continue in business in the foreseeable future.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge that they are responsible for the Group's system of internal control and risk management and ensuring its adequacy and integrity. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and therefore can only provide reasonable and not absolute assurance against material misstatements or losses.

A sound system of internal control provides reasonable, but not absolute assurance that a Group will not be hindered in achieving its business objectives or the orderly conduct of its business. A system of internal control cannot, however, provide protection with certainty against a Group failing to meet its business objectives or all material errors, losses, fraud, or breaches of laws or regulations as a sound system of internal control reduces, but cannot eliminate the possibility of poor judgement in decision-making; human errors; control processes being circumvented by employees and others; management overriding controls; and the occurrence of unforeseeable circumstances.

The Group operates within a control environment and risk management framework developed and refined over the years. The Management identifies and evaluates the Group's significant risks and formulates the design and operation of appropriate controls and procedures for its businesses. Risk assessment for the Group is carried out on a regular basis. Comprehensive reports on the Group's financial information and performance are also presented to the Directors for their attention and review on a regular basis.

The audit work of the internal auditors and the external auditors including the results of their evaluation of the Group's system of internal control were reviewed by the Audit Committee. The quarterly reports and the draft audited financial statements were reviewed by the Audit Committee prior to its recommendation to the Directors for consideration and approval.

For the financial year under review, the Directors assessed the Group's business risks, its control environment and risk management. The audit work carried out both by the internal auditors and the external auditors were evaluated by the Directors. Assurance was received from the Managing Director and the Group Accountant that the Group's Risk Management and Internal Control System had operated adequately and effectively in all material aspects. The internal control procedures and process had been applied to deal with all material matters disclosed in the annual report and the financial statements. The Directors observed that systematic controls and procedures were in operation for the year under review and up to the date of approval of this Statement and they were appropriate and adequate. Accordingly, the Directors were of the opinion that the system of internal control and risk management of the Group were reasonable for the financial year under review.

STATEMENT ON DIRECTORS' TRAINING

The Board assesses the training needs of the Directors to aid them in the discharge of their duties as Directors. The training includes, among others, updates/amendments on the Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

The training programmes including webinars attended by the Directors for the financial year under review are as follows:-

DATUK QUEK SIEW HAU

- Economic and Monetary Review (EMR) Regional Briefing 19 May 2023
- Integrating Environmental, Social and Governance (ESG) into Organisational Financial Reporting Framework 15 August 2023

LIM TED HING

- 2023 Budget Seminar 17 April 2023
- SSM National Conference 2023 - Shared Responsibility in Strengthening AML/CFT Compliance: Risks, Challenges and Collaborations 25-26 July 2023
- Corporate Governance for Company Directors and Company Secretaries 1 August 2023
- Integrating Environmental, Social and Governance (ESG) into Organisational Financial Reporting Framework 15 August 2023

FONG KIN WUI

- National Tax Seminar 2022 (Budget 2023) 7 March 2023

SEAH SEN ONN @ DAVID SEAH

- National Tax Seminar 2022 (Budget 2023) 7 March 2023
- Half Yearly Tax Updates 23 June 2023
- Integrating Environmental, Social and Governance (ESG) into Organisational Financial Reporting Framework 15 August 2023
- Understanding Malaysian Recent Tax Developments 9 November 2023

CHAN KA TSUNG

- Integrating Environmental, Social and Governance (ESG) into Organisational Financial Reporting Framework 15 August 2023

HAJAH SHAKINUR AIN BINTI HJ KARAMA

- SSM National Conference 2023 - Shared Responsibility in Strengthening AML/CFT Compliance: Risks, Challenges and Collaborations 25-26 July 2023
- Corporate Governance for Company Directors and Company Secretaries 1 August 2023

STATEMENT ON DIRECTORS' TRAINING (cont'd)

The training programmes including webinars attended by the Directors for the financial year under review are as follows:- (cont'd)

TEO GIM SUAN

- Drafting Resolutions of Board and Members 9 May 2023
- Program Kesedaran Bil. 5/2023 – SSM Sabah 8 June 2023
- SSM National Conference 2023 - Shared Responsibility in Strengthening AML/
CFT Compliance: Risks, Challenges and Collaborations 25-26 July 2023
- Audit Committee Conference 2023 14 September 2023
- National Tax Seminar 2023 18 October 2023
- Corporate Talk 2023: Transformasi Identiti Digital Melalui SSM BizTrust 16 November 2023

WONG LEE HUNG

- Mandatory Accreditation Programme 4-6 April 2023
- SSM National Conference 2023 - Shared Responsibility in Strengthening AML/
CFT Compliance: Risks, Challenges and Collaborations 25-26 July 2023
- Audit Committee Conference 2023 14 September 2023

STATEMENT ON NOMINATING COMMITTEE ACTIVITIES

The present members of the Nominating Committee comprising exclusively of Independent Non-Executive Directors are as follows:-

CHAIRMAN

Hajah Shakinur Ain Binti Hj Karama

COMMITTEE MEMBERS

Teo Gim Suan

Wong Lee Hung

The Nominating Committee carries out functions in accordance with its terms of reference as follows:-

- (i) consider and recommend to the Board, board candidates for directorship;
- (ii) consider, in making its recommendation, candidates' skills, knowledge, expertise and experience, time, commitment, professionalism and integrity. For the position of independent non-executive directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities as expected from independent non-executive directors;
- (iii) recommend to the Board, directors to fill seats on Board committees;
- (iv) at least annually review the required mix of skills and experience and other qualities of the Board;
- (v) annually assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director;
- (vi) annually review the term of office and performance of the audit committee and each of its members to determine whether such audit committee members have carried out their duties in accordance with their terms of reference; and
- (vii) provide orientation and education programme for new Board members.

For the financial year under review, the Committee carried out the following with satisfactory results:-

- (a) reviewed the Directors' individual self-evaluation and the Directors' individual evaluation of the Board and Board Committees of the Company;
- (b) reviewed the application of the Directors' fit and proper policy of the Company to ensure compliance with Paragraph 2.20A of the Listing Requirements;
- (c) reviewed the training programmes and webinars attended by the Directors;
- (d) assessed the size, composition and effectiveness of the Board of the Company and its subsidiaries and the Board committees; and
- (e) assessed the competence and the experience of the Board members of the Company and its subsidiaries including their duties and responsibilities.

AUDIT COMMITTEE REPORT

The Directors are pleased to present the Audit Committee Report of the Company for the financial year under review.

(A) COMPOSITION

The present members of the Audit Committee comprising exclusively of Independent Non-Executive Directors are as follows:

CHAIRMAN

Wong Lee Hung (MIA 16046)

COMMITTEE MEMBERS

Teo Gim Suan (MIA 18038)

Hajah Shakinur Ain Binti Hj Karama

(B) FUNCTIONS OF THE AUDIT COMMITTEE

The Audit Committee carries out functions in accordance with its terms of reference as follows:-

- (i) review the following and report the same to the Board:-
 - (a) with the external auditors, the audit plan, the evaluation of the system of internal controls and the audit report;
 - (b) the assistance given by the employees to the external auditors;
 - (c) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its works;
 - (d) the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (e) the quarterly results and year end financial statements, before the approval by the Board, focusing particularly on:-
 - (1) changes in or implementation of major accounting policy changes;
 - (2) significant and unusual events; and
 - (3) compliance with accounting standards and other legal requirements;
 - (f) any related party transaction and conflict of interests situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (g) any letter of resignation from the external auditors; and
 - (h) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
- (ii) recommend the nomination of a person or persons as external auditors.

AUDIT COMMITTEE REPORT

(cont'd)

(C) MEETINGS

The audit committee held 5 meetings for the financial year under review. The five meetings were attended by all the 3 members.

(D) SUMMARY OF WORK OF THE AUDIT COMMITTEE

For the financial year under review, the Audit Committee reviewed the quarterly reports, reviewed with the external auditors the Group's accounting and audit issues, reviewed related party transactions and draft audited accounts before consideration and approval by the Board including the review of the following statements:-

- (i) Statement on Risk Management & Internal Control (included in the annual report of the Company); and
- (ii) Audit Committee Statement (included in the Circular to Shareholders dated 30 April 2024 in relation to Proposed Renewal of Shareholders' Mandate for Recurrent Related Parties Transactions of a Revenue or Trading Nature).

Further, the Audit Committee evaluated:

- the internal audit function of the Company which has been outsourced to Jeta PLT and the internal audit work carried out during the financial under review;
- the performance of the external auditors and their fees; and
- the suitability and independence of Ernst & Young to be re-appointed as the external auditors of the Company for the following financial year ending 31 December 2024.

(E) SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

For the financial year under review, the internal auditor carried out audit work pertaining to the following areas:-

- (i) Compliance with Section 17A of the MACC Act 2009; and
- (ii) Implementation of internal auditor's prior recommendations for improvement by the management.

LIST OF PROPERTIES

Registered Owner	Location	Description	Tenure	Land Area (acres)	Age of building (years)	Net Book Value as at 31 Dec 2023 (RM'000)	Date of acquisition
(1) Properties							
Korsa Plywood Sdn Bhd	CL 105421814 Sungai Imam, Pasir Putih, Tawau, Sabah	Industrial land and building	Leasehold expiring 31.12.2076	46.38	29	12,382	08.07.1994
Wah Mie Realty Sdn Bhd	TL 077590482 and TL 077590473 Off Km 7.6, Jalan Utara Sandakan, Sabah	3-storey corporate office building and vacant residential lot	Leasehold expiring 31.12.2081	1.41	13	7,030	21.10.2010
(2) Investment properties							
Asterasia Sdn Bhd	Part of parent title CL 075126939 and PL076144020 off Jalan Airport, Sandakan, Sabah.	Mydin Hypermarket	CL075126939 & PL076144020 leasehold expiring 13.02.2923	4.40	5	62,676	24.05.2019
Kalabakan Plywood Sdn Bhd	CL 105464766 Sungai Imam, Pasir Putih, Tawau, Sabah	Factory, warehouse, office and auxiliary buildings	Leasehold expiring 02.09.2923	32.73	34	17,355	31.07.1989
Kalabakan Wood Products Sdn Bhd	CL 105463956 Sungai Imam, Pasir Putih, Tawau, Sabah	Factory building	Leasehold expiring 31.12.2088	29.57	26	9,646	05.08.1993
Prosper Entity Sdn Bhd	Part of CL 075134360 and CL075381789 Bokara-Karamunting, Sandakan, Sabah	Proposed commercial buildings	CL075134360 Leasehold expiring 25.11.2893 CL075381789 - Leasehold expiring 14.11.2883	5.73	-	681	20.10.1997

LIST OF PROPERTIES (cont'd)

Registered Owner	Location	Description	Tenure	Land Area (acres)	Age of building (years)	Net Book Value as at 31 Dec 2023 (RM'000)	Date of acquisition
(2) Investment properties (cont'd)							
Wah Mie Realty Sdn Bhd	CL 075433591 Off Km 9.3, Jalan Utara Sandakan, Sabah	Single-storey market building	Leasehold expiring 26.06.2926	0.59	24	869	13.12.1999
Wah Mie Realty Sdn Bhd	CL 075543047 Lot 1, Taman Airport Phase 1A, Off Airport Road Sandakan, Sabah	Corner 3-storey shop-office building	Leasehold expiring 31.12.2104	0.03	17	306	21.12.2006
Wah Mie Trading Sdn Bhd	Part of parent title CL015699804 Lot No. 32, Block F, Suria Inanam, Kota Kinabalu, Sabah	3-storey shop-office building	CL015699804 Leasehold expiring 31.12.2111	0.02	6	1,496	09.12.2016

SHAREHOLDING STATISTICS

AS AT 29 MARCH 2024

Paid-Up & Issued Share Capital	:	444,585,469
Type of Share	:	Ordinary share
No of Shareholders	:	7,119
Voting Rights	:	1 vote per shareholder on a show of hands 1 vote per ordinary share on a poll

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No of Holders	Total Holdings	Percentage
1 to 99	341	13,320	0.00
100 to 1,000	136	72,158	0.02
1,001 to 10,000	5,466	15,179,153	3.42
10,001 to 100,000	1,005	28,325,861	6.37
100,001 to 22,229,272*	170	160,994,957	36.21
22,229,273 and above**	1	240,000,020	53.98
TOTAL	7,119	444,585,469	100.00

Notes:-

* Less than 5% of Issued Shares

** 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

No	Name of Substantial Shareholder	← Ordinary Shares →			
		Direct Interest	%	Indirect interest	%
1	Syarikat Kretam (Far East) Holdings Sdn Bhd	240,000,020	53.98	-	-
2	Real Paradigm Sdn Bhd	-	-	240,000,020 ¹	53.98
3	Seah Sen Onn @ David Seah	12,871,025	2.90	240,000,020 ⁵	53.98
4	Quek Chiow Yong Holdings Sdn Bhd	11,296,253	2.54	240,000,020 ²	53.98
5	Datuk Quek Siew Hau	411,620	0.09	251,296,273 ³	56.52
6	Lim Ted Hing	2,275,763 ⁴	0.51	240,000,020 ⁵	53.98
7	Fong Kin Wui	2,255,406 ⁶	0.51	241,289,553 ⁷	54.27
8	Chan Ka Tsung	-	-	240,000,020 ⁵	53.98

SHAREHOLDING STATISTICS

AS AT 29 March 2024 (cont'd)

DIRECTORS' INTERESTS

According to Register maintained under Section 59 of the Companies Act 2016, the directors' interests in shares of the Company or in a related corporation are as follows:-

Name of Directors	← Ordinary Shares →			
	Direct interest	%	Indirect interest	%
Datuk Quek Siew Hau	411,620	0.09	251,296,273 ³	56.52
Lim Ted Hing	2,275,763 ⁴	0.51	240,000,020 ⁵	53.98
Fong Kin Wui	2,255,406 ⁶	0.51	241,289,553 ⁷	54.27
Seah Sen Onn @ David Seah	12,871,025	2.90	240,000,020 ⁵	53.98
Chan Ka Tsung	-	-	240,000,020 ⁵	53.98

The Directors by virtue of their interest in shares in the Company are also deemed to have interest in shares in all of its related corporations to the extent the Company has an interest.

Notes:-

- ¹ Deemed interested through Syarikat Kretam (Far East) Holdings Sdn Bhd.
- ² Deemed interested through Syarikat Kretam (Far East) Holdings Sdn Bhd and Real Paradigm Sdn Bhd.
- ³ Deemed interested through Real Paradigm Sdn Bhd and Quek Chiow Yong Holdings Sdn Bhd.
- ⁴ Held directly and also via CGS International Nominees Malaysia (Tempatan) Sdn Bhd.
- ⁵ Deemed interested through Real Paradigm Sdn Bhd.
- ⁶ Held directly and also via Maybank Nominees (Tempatan) Sdn Bhd-Amanahraya Investment Management Sdn Bhd.
- ⁷ Deemed interested through Real Paradigm Sdn Bhd and Fong Tham Hing Enterprise Sdn Bhd.

THIRTY (30) LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

No.	Name	No. Of Shares Held	%
1.	SYARIKAT KRETAM (FAR EAST) HOLDINGS SDN BHD	240,000,020	53.98
2.	SEAH SEN ONN @ DAVID SEAH	12,871,025	2.90
3.	CHAN SAIK CHUEN SDN BHD	12,644,306	2.84
4.	QUEK CHIOW YONG HOLDINGS SDN BHD	11,296,253	2.54
5.	SEAH TEE LEAN	8,689,050	1.95
6.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Pang Kim Fan (120012)</i>	7,660,900	1.72
7.	TAN TONG CHEW	7,076,407	1.59
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Lee Tian An</i>	4,705,080	1.06
9.	KWAN PUN CHO	4,593,001	1.03

SHAREHOLDING STATISTICS

AS AT 29 March 2024 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (cont'd)

No.	Name	No. Of Shares Held	%
10.	SEE CHERNG JYE	4,000,000	0.90
11.	CHIANG YOK LENG	3,587,085	0.81
12.	T. Y. FONG SDN. BHD.	3,296,236	0.74
13.	YEOH PHEK LENG	2,379,300	0.54
14.	MAXIM ANTON KANNY	2,276,929	0.51
15.	KALAYARASU A/L SUBRAMANIAM	2,139,600	0.48
16.	TAN YEE SOON	2,062,000	0.46
17.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>C C Ho Sdn Bhd (T- 071001)</i>	2,022,958	0.46
18.	SEAH TEE SUI SDN BHD	1,985,766	0.45
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>Amanahraya Investment Management Sdn Bhd For Fong Kin Wui (C346-240450)</i>	1,856,406	0.42
20.	UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)</i>	1,827,970	0.41
21.	ALLIANCEGROUP NOMINESS (TEMPATAN) SDN BHD <i>Pledged securities account for Kwan Hung Cheong (8093908)</i>	1,737,780	0.39
22.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Pang Kim Fan (8051066)</i>	1,732,100	0.39
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Lee Eng Hooi (E-BPJ)</i>	1,704,700	0.38
24.	TAN YEE SAN	1,600,000	0.36
25.	Q C M SDN BHD	1,525,516	0.34
26.	LIM AIK WOEI	1,500,000	0.34
27.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>Pledged Securities Account for Lim Ted Hing (MY0410)</i>	1,463,000	0.33
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Wong Yih Ming</i>	1,400,000	0.31
29.	RAVINTHIRAN A/L MUTHIAN	1,382,641	0.31
30.	SIEW HAN YUNN	1,378,600	0.31

SUSTAINABILITY STATEMENT

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SUSTAINABILITY STATEMENT

WMG Holdings Bhd. (“WMG” or “the Group”) presents its sustainability statement from page 32 to 41 (“the Statement”) for the financial year ended 31 December 2023 (“FY2023”) which provides an update to our ongoing efforts to achieve the environmental, social and governance (“ESG”) goals of the Group pursuant to Bursa Malaysia’s Main Market Listing Requirements.

For the financial year under review, there have been no significant changes in the nature of the principal activities of the Group. All disclosures encompass data from both the Group offices in Kota Kinabalu and Sandakan, Sabah.

All data within this statement was sourced internally and verified by respective business divisions. The Performance Data Table mandated by Bursa Malaysia is as disclosed on page 40 and 41.













The Group aims to improve and expand on our ESG endeavours and performance and to establish an equitable and sustainable future for our stakeholders, the environment, and the economy.

SUSTAINABILITY STATEMENT

(cont'd)

Sustainability Framework

Founded on three (3) core sustainability pillars: Environmental, Social and Governance, our sustainability framework encompasses the Group's commitments across twelve (12) focus areas and empowers our ESG strategies, guiding the direction of our sustainability initiatives and further embedding sustainability within our business model and operations.

<p>To be environmentally conscious in all our future developments, and strive to be recognised as a premier property developer that delivers quality products and excellent customer service for the benefit of the Group and the betterment of the community at large.</p>						
ESG Pillars	Governance	Social	Environment			
Commitment Statement	<p>Conducting our business with excellent corporate governance and high standards of company values emphasising fair relationship management, decency, and good citizenship.</p>	<p>Fostering a culture of mutual respect and security, as well as a diverse and inclusive work environment that provides various professional development opportunities, safe working conditions, and fair hiring and labour standards.</p>	<p>Minimising our environmental impact and carbon emissions by effectively managing our energy, waste and water consumption.</p>			
Material Sustainability Matters	<ul style="list-style-type: none"> • Risk Management • Regulatory Compliance • Data Privacy and Security • Supply Chain Management 	<ul style="list-style-type: none"> • Occupational Health and Safety • Diversity and Inclusion • Human Rights and Labour Standards • Human Capital Development • Community Relations 	<ul style="list-style-type: none"> • Climate Resilience and Energy Efficiency • Effluents & Waste • Water Management 			
UN SDGS						
Stakeholder Group	 Shareholders & Investors	 Government & Regulators	 Contractors, Vendors & Suppliers	 Customers	 Employees	 Local Communities
Our Alignments	International 	National 	Guidelines 			

SUSTAINABILITY STATEMENT

(cont'd)

Contribution to the United Nations Sustainable Development Goals

WMG aligns our ESG contributions to three (3) UN SDGs, where we believe we can contribute the most impactful changes.



- Zero confirmed incidences of corruption and zero reported cases of non-compliances.



- Zero fatalities and work-related injuries.
- 56.34% women representation in our workforce.
- Zero reported cases of discrimination within the Group.



- 8% decrease of electricity consumption in 2023 from 2022.
- 21% decrease of water consumption in 2023 from 2022.

Sustainability Governance Structure

The Group has developed and implemented a new three-tiered sustainability governance structure to oversee the performance of all ESG-related matters, evaluate the performance of all sustainability-related issues and ensure effective management of our resources, risks and opportunities as follows:-



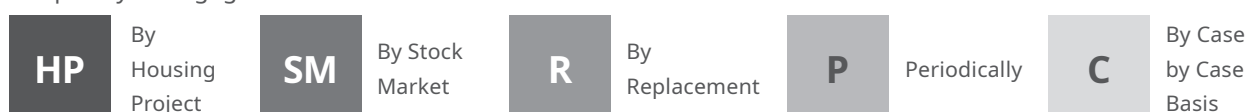
SUSTAINABILITY STATEMENT







(cont'd)

Responding to Our Stakeholders

WMG continuously fosters relationships with our stakeholders based on transparency and accountability to understand their expectations, needs, and the material matters most pertinent to them. With their input, we gain a better grasp of our ESG priorities, aiding in strategy creation and decision-making and ultimately aligning our sustainability efforts to deliver long-term value.

Frequency of engagement:



Stakeholder Groups	Engagement Channels	Areas of Interest/Concern
 Shareholders and Investors	Acquiring shares from Bursa Malaysia Securities Berhad	SM
	Announcements	P
	Quarterly analysis	C
 Government and Regulators	Sale permit and Developer licence	HP
	Training programmes and dialogue	C
 Contractors, Vendors and Suppliers	Letter of Award	HP
 Customers	Sales and Purchase Agreement	HP
 Employees	Employee contract	R
	Meetings and discussions	C
	Trainings	C
 Local Communities	Reporting to authorities	C

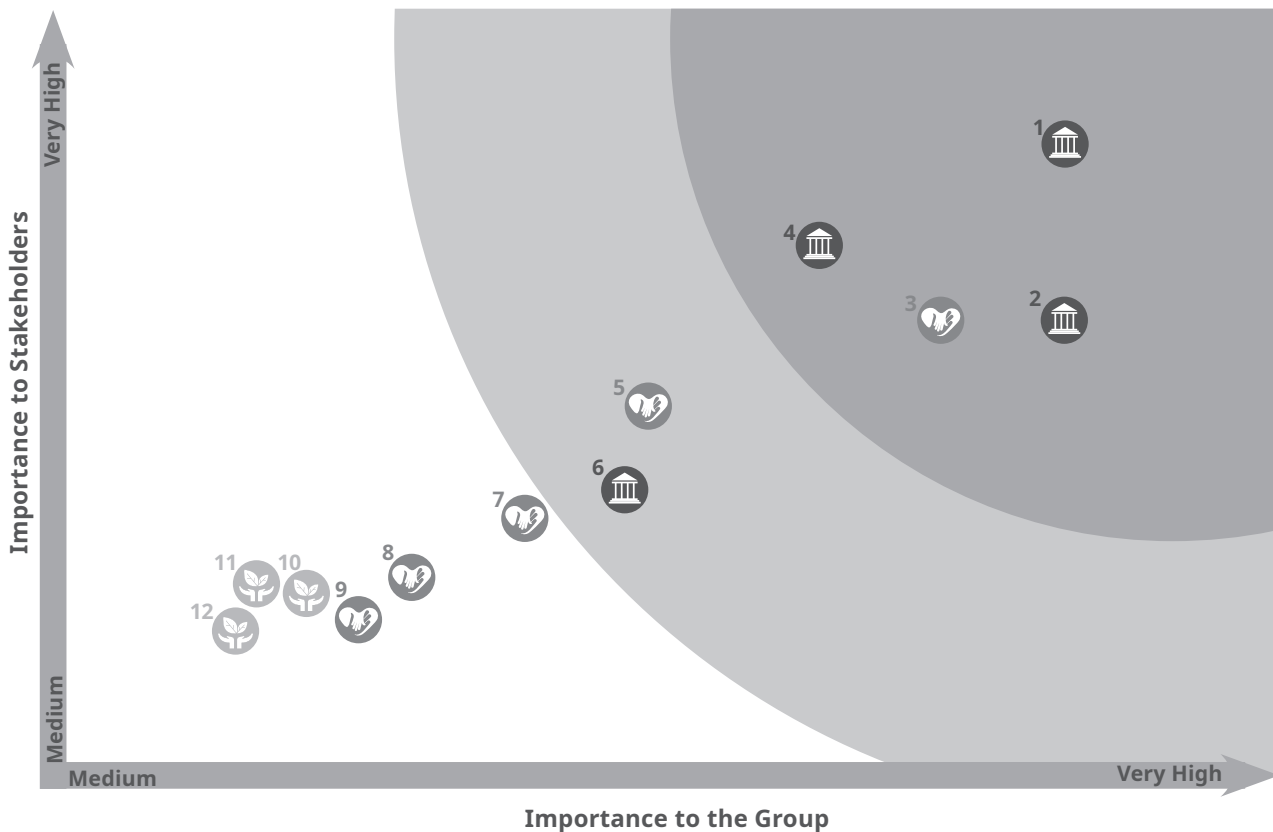
SUSTAINABILITY STATEMENT

(cont'd)

How We Determine Materiality

We have conducted our materiality assessment to identify the ESG topics that are most important to our business operations and stakeholders to gain a better understanding of how these material topics are important to our sustainability efforts.

Materiality Matrix



 Governance	 Social Sustainability	 Environmental Sustainability
<ul style="list-style-type: none"> 1 Regulatory Compliance 2 Risk Management 4 Data Privacy and Cybersecurity 6 Supply Chain Management 	<ul style="list-style-type: none"> 3 Occupational Health & Safety 5 Human Rights & Labour Standards 7 Human Capital Development 8 Community Relations 9 Diversity & Inclusion 	<ul style="list-style-type: none"> 10 Climate Resilience & Energy Efficiency 11 Water Management 12 Effluents & Waste

The materiality matrix was tabulated and reviewed to visualise the relative importance of the material sustainability matters to the operations of the Group and to the major stakeholders. The Group identified 12 material matters, with the top five being Regulatory Compliance, Risk Management, Occupational Health & Safety, Data Privacy & Cybersecurity, and Human Rights & Labour Standards.

SUSTAINABILITY STATEMENT

(cont'd)

Practising Sustainable Business

Material Sustainability Matters:

- Risk Management
- Regulatory Compliance
- Data Privacy and Security
- Supply Chain Management

UN SDG Alignment:



WMG strives to continuously strengthen its governance and leadership practices to ensure responsible business conduct and encourage an efficient and transparent culture. Thus, we work to embed sustainability across the Group.

Risk Management: We established several ethical policies that act as an overarching guide, duly communicated to employees. We recorded zero confirmed cases of corruption and zero reported cases of non-compliance in FY2023.

WMG has identified several significant risks: properties may become slow-moving and/or difficult to sell, and there may be a lack of interest in developed properties. To mitigate these risks, we hire third-party sales agency, create appealing sales packages and hold social media events.

Regulatory Compliance: The Group prioritises regulatory compliance, and to ensure compliance with applicable laws, regulations and industry standards across the Group, we engage with policymakers and implement effective compliance programmes and internal controls.

Data Privacy & Security: To bolster our security and data privacy measures, WMG has implemented essential cyber security measures and has recorded zero substantiated complaints concerning customer privacy breaches and customer data loss in FY2023.

Supply Chain Management: WMG invests in local suppliers to reduce our transportation emissions as part of our commitment to decarbonise our supply chain. We expect our suppliers to comply with our requirements to ensure sustainable procurement. In FY2023, we spent 100% of our local procurement through our subsidiary company Wah Mie Trading, amounting to RM20.99 million.

SUSTAINABILITY STATEMENT

(cont'd)

Putting People and Communities First

Material Sustainability Matters:

- Occupational Health and Safety
- Diversity and Inclusion
- Human Rights and Labour Standards
- Human Capital Development
- Community Relations

UN SDG Alignment:



As a responsible real estate developer, we are mindful of the social challenges faced by the housing development sector and are committed to promoting sustainable development in our property development and the communities we serve.

Occupational Health and Safety: To ensure a safe work environment and minimise accidents and injuries across our business operations, WMG expects our contractors to comply with the Occupational Health and Safety (“OHS”) Management System as per the contract. We also communicate the Safety and Health Policy to site staff during monthly site meetings. WMG recorded zero fatalities and work-related injuries in FY2023.

Diversity and Inclusion: We strive to build an inclusive work culture with zero tolerance for discrimination and aim to promote equal opportunity and non-discriminatory practices. This year, 73.24% of our employees are in the non-executive position, followed by 19.72% in the executive position and 7.04% in management. Our overall women’s representation is 56.34%, and the ratio of men to women on the Board of Directors (“the Board” or “BoD”) is 5:3. A majority of our workforce consists of employees aged 30 to 50.

Human Rights and Labour Standards: The Group is committed to respecting and upholding human rights for both our employees and those under our contractors by adhering to relevant laws and regulations. We ensure our compliance with the Sabah Labour Ordinance. WMG also gives all employees a month’s advance notice for any operational changes. This time frame may vary depending on the urgency. Additionally, all our workforce is Malaysian, and 91.55% of our employees were hired as permanent staff.

Human Capital Development: WMG ensures high-performing employees are appropriately rewarded and recognised. We adhere to a non-discriminatory policy with regard to our hiring process, with new employees appointed based on their qualifications. Six (6) new hires and seven (7) turnovers were recorded in 2023.

We implement monetary initiatives such as competitive salaries and remuneration, and also provided attractive full-time employee benefits such as medical benefits and insurance schemes. We provide parental leave to employees in compliance with the Employment Act 1955.

The Group complies with the National Minimum Wage Order 2022 and strives to provide salaries above the minimum wage. We practice performance-based remuneration, with salary rates across the Group based on individual performance and overall Group performance. The salary ratio between men and women is 1:1.

WMG encourages employees to participate in seminars and training programmes tailored to their specific needs that allow them to gain the skills and experience required to excel in their positions.

SUSTAINABILITY STATEMENT

(cont'd)

Community Relations: As the leading developer, WMG is keen on community development and seeks to contribute to the community to assist the most vulnerable groups. This year, WMG conducted several Corporate Social Responsibility ("CSR") programmes donated a total of RM14,000.00.

Environmental Stewardship

Material Sustainability Matters:

- Climate Resilience and Energy Efficiency
- Effluents and Waste
- Water Management

UN SDG Alignment:



WMG takes a responsible approach to addressing critical environmental issues and demonstrates our commitment to transparent disclosure of our environmental matters and how we minimise our environmental impacts.

Climate Resilience & Energy Efficiency: WMG collects data on our electricity consumption with a view to calculate our greenhouse gas ("GHG") emissions. We implement several energy-saving initiatives to reduce energy consumption such as shutting down idle equipment and regular servicing of said equipment.

Effluents and Waste: As a responsible property developer, it is our responsibility to efficiently and sustainably manage our waste. We remain vigilant in complying with local waste regulations.

Water Management: We monitor water consumption and usage to quickly detect and resolve potential issues. It allows us to identify trends in our consumption, as different project phases have varying water usage requirements.

SUSTAINABILITY STATEMENT

(cont'd)

Performance Data Table

from ESG Reporting Platform

WMG as a Listed Issuer is required to provide mandatory ESG disclosures as part of the Main Market Listing Requirements, in line with the enhanced Sustainability Reporting Guide 3rd Edition.

This ESG Performance Data Table enlarged was generated from Bursa Malaysia's ESG Reporting Platform, and is included in this Sustainability Report as mandated by Bursa Malaysia's enhanced sustainability reporting requirements.

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
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
General Workers	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
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	14,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	7
Bursa (Diversity)		
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	1.41
Management Above 50	Percentage	5.63
Executive Under 30	Percentage	0.00
Executive Between 30-50	Percentage	5.63
Executive Above 50	Percentage	14.09
Non-executive/Technical Staff Under 30	Percentage	8.45
Non-executive/Technical Staff Between 30-50	Percentage	33.80
Non-executive/Technical Staff Above 50	Percentage	18.31
General Workers Under 30	Percentage	0.00
General Workers Between 30-50	Percentage	8.45
General Workers Above 50	Percentage	4.23
Gender Group by Employee Category		
Management Male	Percentage	7.04
Management Female	Percentage	0.00
Executive Male	Percentage	16.90
Executive Female	Percentage	2.82
Non-executive/Technical Staff Male	Percentage	14.09
Non-executive/Technical Staff Female	Percentage	46.48
General Workers Male	Percentage	5.63
General Workers Female	Percentage	7.04
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	12.50
Above 50	Percentage	87.50

Internal assurance

External assurance

No assurance

(*) Restated

SUSTAINABILITY STATEMENT

(cont'd)

Indicator	Measurement Unit	2023
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	283.50
Bursa (Health and safety)		
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	0
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	0
Executive	Hours	16
Non-executive/Technical Staff	Hours	0
General Workers	Hours	0
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	8.45
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	0
Executive	Number	1
Non-executive/Technical Staff	Number	5
General Workers	Number	1
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	1 512000

Internal assurance External assurance No assurance (*) Restated

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DIRECTORS' REPORT

Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and other information relating to the subsidiaries are disclosed in Note 16 to the financial statements.

Results

	Group RM	Company RM
(Loss)/profit net of tax	(2,088,574)	939,116

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

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

Directors

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

Datuk Quek Siew Hau **	
Lim Ted Hing **	
Fong Kin Wui **	
Seah Sen Onn @ David Seah **	
Chan Ka Tsung **	
Hajah Shakinur Ain Binti Hj Karama	
Teo Gim Suan	(Appointed on 31 March 2023)
Wong Lee Hung	(Appointed on 31 March 2023)
Datuk Eric Usip Juin	(Resigned on 31 March 2023)
Tan Kung Ming	(Resigned on 31 March 2023)

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

Directors' benefits

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

DIRECTORS' REPORT (cont'd)

Directors' benefits (cont'd)

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 31(a) to the financial statements.

The directors' benefits are as follows:

	Group RM	Company RM
Fees	80,000	80,000
Salaries and other emoluments	3,854,525	138,272
Defined contribution plan	302,991	15,262
Benefits-in-kind	372,954	-
	4,610,470	233,534

Indemnities to directors or officers

There were no indemnities given or insurance effected during the financial year, or since the end of the financial year, for any person who is or has been the director or officer of the Group and of the Company.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares, Redeemable Convertible Preference Shares ("RCPS") and Irredeemable Convertible Preference Shares ("ICPS") in the Company and its related corporations during the financial year were as follows:

Name of directors	Number of ordinary shares			31.12.2023
	1.1.2023	Acquired	Sold	
The Company				
<i>Direct interest:</i>				
Datuk Quek Siew Hau	411,620	-	-	411,620
Fong Kin Wui	2,255,406	-	-	2,255,406
Lim Ted Hing	2,275,763	-	-	2,275,763
Seah Sen Onn @ David Seah	12,871,025	-	-	12,871,025
<i>Deemed interest:</i>				
Datuk Quek Siew Hau	251,296,273	-	-	251,296,273
Fong Kin Wui	241,289,553	-	-	241,289,553
Seah Sen Onn @ David Seah	240,000,020	-	-	240,000,020
Lim Ted Hing	240,000,020	-	-	240,000,020
Chan Ka Tsung	240,000,020	-	-	240,000,020

DIRECTORS' REPORT

(cont'd)

Directors' interests (cont'd)

Name of directors	1.1.2023	Number of ordinary shares		31.12.2023
		Acquired	Sold	
Holding company, Syarikat Kretam (Far East) Holdings Sdn. Bhd.				
<i>Direct interest:</i>				
Chan Ka Tsung	48,800	-	-	48,800
<i>Deemed interest:</i>				
Datuk Quek Siew Hau	664,900	-	-	664,900
Fong Kin Wui	622,200	-	-	622,200
Seah Sen Onn @ David Seah	457,500	-	-	457,500
Lim Ted Hing	457,500	-	-	457,500
Chan Ka Tsung	457,500	-	-	457,500

Name of directors	1.1.2023	Number of RCPS		31.12.2023
		Acquired	Redeemed	
The Company				
<i>Deemed interest:</i>				
Datuk Quek Siew Hau	155,000,000	-	-	155,000,000
Fong Kin Wui	155,000,000	-	-	155,000,000
Seah Sen Onn @ David Seah	155,000,000	-	-	155,000,000
Lim Ted Hing	155,000,000	-	-	155,000,000
Chan Ka Tsung	155,000,000	-	-	155,000,000

Name of directors	1.1.2023	Number of ICPS		31.12.2023
		Acquired	Redeemed	
The Company				
<i>Deemed interest:</i>				
Datuk Quek Siew Hau	211,281,792	-	-	211,281,792
Fong Kin Wui	211,281,792	-	-	211,281,792
Seah Sen Onn @ David Seah	211,281,792	-	-	211,281,792
Lim Ted Hing	211,281,792	-	-	211,281,792
Chan Ka Tsung	211,281,792	-	-	211,281,792

None of the other directors in office at the end of the financial year had any interest in shares, RCPS and ICPS in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

(cont'd)

Holding company

The Company is a 53.98% owned subsidiary of Syarikat Kretam (Far East) Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia.

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 there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT

(cont'd)

Other statutory information (cont'd)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

Details of significant events in relation to the disposals of land held for property development are disclosed in Note 18(a) to the financial statements.

Auditors

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

Auditors' remuneration is as follows:

	Group RM	Company RM
Ernst & Young PLT	335,700	65,000

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2023.

Signed on behalf of the Board in accordance with a resolution of the directors dated
19 April 2024

Fong Kin Wui

Lim Ted Hing

STATEMENT BY DIRECTORS

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

We, Fong Kin Wui and Lim Ted Hing, being two of the directors of WMG Holdings Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 55 to 147 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 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the directors dated
19 April 2024

Fong Kin Wui

Lim Ted Hing

STATUTORY DECLARATION

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

I, Lim Ted Hing, being the director primarily responsible for the financial management of WMG Holdings Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 55 to 147 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Lim Ted Hing
at Kota Kinabalu in the State of Sabah
on 19 April 2024

Lim Ted Hing

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of WMG Holdings Bhd.
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of WMG Holdings Bhd., which comprise statements of financial position as at 31 December 2023 of the Group and of the Company, and 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 55 to 147.

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 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 audit opinion.

Independence and other ethical responsibilities

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

Key audit matters

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

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

INDEPENDENT AUDITORS' REPORT

to the members of WMG Holdings Bhd.
(Incorporated in Malaysia) (cont'd)

Report on the audit of the financial statements (cont'd)

Revenue and cost of sales from sale of properties under development

The Group recognised revenue and cost of sales from sale of properties under development of RM34,722,293 and RM25,726,137 respectively for the financial year ended 31 December 2023.

Revenue for property development activities is recognised over time based on the percentage of completion basis. The percentage of completion is assessed by reference to the stage of completion of the projects based on the proportion of costs incurred and the estimated costs to complete for properties under construction. Adjustments may be made to initial budget estimates throughout the life of the development and may materially affect the revenue and profits for the year. Significant judgements and estimations are required in determining the stages of completion, the costs incurred and the estimated costs to complete. In making the judgements and estimations, management considers past experiences and the work of specialists.

We identified revenue and cost of the sale of properties under construction as an area requiring audit focus due to the quantum of the amounts and significant judgements and estimations made by the management.

In addressing this area of focus, we performed, amongst others, the following procedures:

- Assessed management's estimates in arriving at the stages of completion which includes verifying the certified work done such as examining, on a sampling basis, the progress claims from contractors, certificates of payment certified by architects and architect certifications as at 31 December 2023;
- Agreed a sample of costs incurred to invoices and/or payments, including testing that they were allocated to the appropriate development projects. We also evaluated subsequent payments made after the reporting date to assess whether sufficient costs were accrued in the correct reporting period;
- Evaluated the assumptions applied in estimating the total property development costs for the respective projects by examining, on a sampling basis, documentary evidence such as letter of awards issued to contractors and variation orders to support the budgeted costs;
- Considered the expected handover dates of ongoing development projects to determine the adequacy of provision for liquidated ascertained damages, if any; and
- Checked the mathematical accuracy of the revenue and cost of sales recognised based on the percentage of completion calculations and assessed that revenue and cost of sales are only recognised for sales with properly executed sale and purchase agreements.

The Group's accounting policies and disclosures on property development activities based on percentage of completion method are disclosed in Notes 2.13, 2.14, 2.20, 3.2(a), 4, 5 and 21(b) respectively to the financial statements.

INDEPENDENT AUDITORS' REPORT

to the members of WMG Holdings Bhd. (Incorporated in Malaysia) (cont'd)

Report on the audit of the financial statements (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 and will not express any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT

to the members of WMG Holdings Bhd.
(Incorporated in Malaysia) (cont'd)

Report on the audit of the financial statements (cont'd)

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

INDEPENDENT AUDITORS' REPORT

to the members of WMG Holdings Bhd.
(Incorporated in Malaysia) (cont'd)

Report on the audit of the financial statements (cont'd)

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

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

Other matters

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

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

Lai Nai Ting
03677/07/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
19 April 2024

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	4	122,751,920	78,033,702	-	-
Cost of sales	5	(94,297,467)	(53,187,577)	-	-
Gross profit		28,454,453	24,846,125	-	-
Other items of income					
Interest income	6	770,364	275,357	-	-
Other income	7	4,759,494	3,868,617	1,718,647	155,481
Other items of expense					
Selling and marketing expenses		(1,878,259)	(2,145,918)	-	-
Administrative expenses		(14,278,512)	(13,507,836)	(779,531)	(589,648)
Finance costs	8	(13,057,449)	(12,065,113)	-	-
Other expenses		(4,674,777)	(2,095,407)	-	-
Profit/(Loss) before tax	9	95,314	(824,175)	939,116	(434,167)
Income tax expense	12	(2,183,888)	(2,348,919)	-	-
(Loss)/profit net of tax		(2,088,574)	(3,173,094)	939,116	(434,167)
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the financial year		(2,088,574)	(3,173,094)	939,116	(434,167)
Loss per ordinary share attributable to owners of the Company (sen per share):					
Basic	13	(1.49)	(1.62)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Assets					
Non-current assets					
Property, plant and equipment	14	23,380,206	24,276,297	-	-
Investment properties	15	93,028,788	96,479,885	-	-
Investments in subsidiaries	16	-	-	567,377,301	565,658,654
Deferred tax assets	17	9,783,406	10,719,776	-	-
Inventory properties	18	110,416,736	110,821,757	-	-
		236,609,136	242,297,715	567,377,301	565,658,654
Current assets					
Inventory properties	18	93,399,946	127,278,469	-	-
Trading inventories	19	539,368	225,824	-	-
Trade and other receivables	20	33,395,605	41,372,827	41,976,470	42,802,453
Prepayments		313,283	557,773	2,500	-
Contract cost assets	21	2,124,665	1,128,632	-	-
Contract assets	22	20,568,788	6,178,480	-	-
Income tax refundable		74,270	505,265	-	-
Cash and bank balances	23	24,540,180	21,925,247	74,918	35,147
		174,956,105	199,172,517	42,053,888	42,837,600
Total assets		411,565,241	441,470,232	609,431,189	608,496,254
Equity and liabilities					
Current liabilities					
Loans and borrowings	24	120,410,361	146,932,860	-	-
Lease liabilities	25	254,816	292,257	-	-
Trade and other payables	26	34,894,948	32,724,139	24,746,495	24,750,676
Income tax payable		4,606,123	8,066,771	-	-
		160,166,248	188,016,027	24,746,495	24,750,676
Net current assets		14,789,857	11,156,490	17,307,393	18,086,924

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023 (cont'd)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Equity and liabilities (cont'd)					
Non-current liabilities					
Loans and borrowings	24	79,280,983	79,521,509	-	-
Lease liabilities	25	436,991	74,358	-	-
Deferred tax liabilities	17	4,157,043	4,245,788	-	-
		83,875,017	83,841,655	-	-
Total liabilities		244,041,265	271,857,682	24,746,495	24,750,676
Net assets		167,523,976	169,612,550	584,684,694	583,745,578
Equity attributable to owners of the Company					
Share capital	27	231,343,259	231,343,259	231,343,259	231,343,259
Redeemable Convertible Preference Shares	28	149,172,930	149,172,930	149,172,930	149,172,930
Irredeemable Convertible Preference Shares	29	203,338,864	203,338,864	203,338,864	203,338,864
Merger deficit	30	(312,038,809)	(312,038,809)	-	-
(Accumulated losses)/ retained earnings		(104,292,268)	(102,203,694)	829,641	(109,475)
Total equity		167,523,976	169,612,550	584,684,694	583,745,578
Total equity and liabilities		411,565,241	441,470,232	609,431,189	608,496,254

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

Group	Equity, total RM	Share capital RM	Redeemable Convertible Preference Shares RM		Irredeemable Convertible Preference Shares RM		Accumulated losses RM	Merger deficit RM
			Preference Shares RM	Preference Shares RM	Preference Shares RM	Preference Shares RM		
At 1 January 2023	169,612,550	231,343,259	149,172,930	149,172,930	203,338,864	203,338,864	(102,203,694)	(312,038,809)
Loss net of tax	(2,088,574)	-	-	-	-	-	(2,088,574)	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the financial year	(2,088,574)	-	-	-	-	-	(2,088,574)	-
At 31 December 2023	167,523,976	231,343,259	149,172,930	149,172,930	203,338,864	203,338,864	(104,292,268)	(312,038,809)

STATEMENTS OF CHANGES IN EQUITY

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

	Equity, total RM	Share capital RM	Redeemable Convertible Preference Shares RM	Irredeemable Convertible Preference Shares RM	Accumulated losses RM	Merger deficit RM
Group (cont'd)						
At 1 January 2022	172,785,644	231,343,259	149,172,930	203,338,864	(99,030,600)	(312,038,809)
Loss net of tax	(3,173,094)	-	-	-	(3,173,094)	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the financial year	(3,173,094)	-	-	-	(3,173,094)	-
At 31 December 2022	169,612,550	231,343,259	149,172,930	203,338,864	(102,203,694)	(312,038,809)

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2023 (cont'd)

Company	Equity, total RM	Share capital RM	Redeemable Convertible Preference Shares RM	Irredeemable Convertible Preference Shares RM	(Accumulated losses)/ retained earnings RM
At 1 January 2023	583,745,578	231,343,259	149,172,930	203,338,864	(109,475)
Profit net of tax	939,116	-	-	-	939,116
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the financial year	939,116	-	-	-	939,116
At 31 December 2023	584,684,694	231,343,259	149,172,930	203,338,864	829,641
At 1 January 2022	584,179,745	231,343,259	149,172,930	203,338,864	324,692
Loss net of tax	(434,167)	-	-	-	(434,167)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the financial year	(434,167)	-	-	-	(434,167)
At 31 December 2022	583,745,578	231,343,259	149,172,930	203,338,864	(109,475)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Operating activities				
Profit/(loss) before tax	95,314	(824,175)	936,116	(434,167)
<u>Adjustments for:</u>				
Impairment losses on trade and other receivables	267,086	6,000	-	-
Inventories written down	40,837	8,740	-	-
Inventories written off	44,465	60,056	-	-
Depreciation of investment properties	3,404,069	3,405,856	-	-
Depreciation of property, plant and equipment	1,553,964	1,816,791	-	-
Finance costs	13,057,449	12,065,113	-	-
Gain on disposal of property, plant and equipment	(89,997)	(101,999)	-	-
Gain on disposal of investment properties	(640,960)	-	-	-
Interest income	(770,364)	(275,357)	-	-
Reversal of impairment loss on trade and other receivables	(30,543)	(153,166)	-	-
Reversal of inventories written down	(48,740)	(7,308)	-	-
Reversal of impairment loss on investment in subsidiary	-	-	(1,718,647)	(155,481)
Property, plant and equipment written off	2	1	-	-
Total adjustments	16,787,268	16,824,727	(1,718,647)	(155,481)
Operating cash flows before changes in working capital	16,882,582	16,000,552	(779,531)	(589,648)
<u>Changes in working capital:</u>				
Inventory properties	34,283,544	15,381,945	-	-
Trading inventories	(350,106)	36,329	-	-
Trade and other receivables	7,740,679	(13,434,841)	823,483	119,833
Prepayments	244,490	(426,217)	(2,500)	-
Contract cost assets	(996,033)	(35,495)	-	-
Contract assets	(14,390,308)	11,271,226	-	-
Trade and other payables	2,250,409	8,956,980	(1,681)	435,701
Total changes in working capital	28,782,675	21,749,927	819,302	555,534

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023 (cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Operating activities (cont'd)				
Cash flows from/(used in) operations	45,665,257	37,750,479	39,771	(34,114)
Interest received	744,568	247,732	-	-
Interest paid	(67,535)	(224,620)	-	-
Income tax paid	(4,689,164)	(152,474)	-	-
Income tax refunded	323,248	27,654	-	-
Net cash flows from/ (used in) operating activities	41,976,374	37,648,771	39,771	(34,114)
Investing activities				
Additions to investment properties	(12)	(1,597)	-	-
Purchase of property, plant and equipment	(78,137)	(206,259)	-	-
Proceeds from disposal of plant and equipment	90,000	102,000	-	-
Proceeds from disposal of investment properties	688,000	-	-	-
Interest received	25,796	27,625	-	-
Return on capital from other investment	-	30,946	-	-
Increase of deposits	(17,792)	(19,509)	-	-
Net cash flows from/(used in) investing activities	707,855	(66,794)	-	-

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023 (cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financing activities				
Drawdown of bankers' acceptances	12,163,000	128,000	-	-
Drawdown of bridging loan	5,829,181	6,757,899	-	-
Drawdown of bridging overdraft	-	5,252,468	-	-
Drawdown of revolving credits	2,000,000	5,700,000	-	-
Drawdown of term loans	20,000,000	22,613,222	-	-
Repayment of bankers' acceptances	(8,122,000)	(713,000)	-	-
Repayment of bridging loan	(746,136)	(19,876)	-	-
Repayment of bridging overdraft	(8,582,500)	(16,349,535)	-	-
Repayment of revolving credits	(31,900,000)	(12,600,000)	-	-
Repayment of term loans	(18,630,332)	(27,450,005)	-	-
Payment of principal portion of lease liabilities	(334,149)	(439,218)	-	-
Interest paid	(12,782,606)	(11,696,409)	-	-
Net cash flows used in financing activities	(41,105,542)	(28,816,454)	-	-
Net increase/(decrease) in cash and cash equivalents	1,578,687	8,765,523	39,771	(34,114)
Cash and cash equivalents at beginning of financial year	18,309,245	9,543,722	35,147	69,261
Cash and cash equivalents at end of financial year (Note 23)	19,887,932	18,309,245	74,918	35,147

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. Corporate information

WMG Holdings Bhd. ("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 Wisma WMG, Lot 1 & 2, Jalan Indah Jaya, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan, Sabah.

The Company is a 53.98% owned subsidiary of Syarikat Kretam (Far East) Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and other information relating to the subsidiaries are disclosed in Note 16.

2. Material accounting policy information

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia (RM).

During the year ended 31 December 2023, the Group incurred net loss of RM2,088,574 (2022: net loss of RM3,173,094). Notwithstanding these conditions, in assessing the appropriateness of the going concern basis used to prepare the financial statements of the Group, the directors took into consideration the Group's net operating cash inflows before changes in working capital and net operating cash inflows generated during the year ended 31 December 2023 of RM16,882,582 (2022: RM16,000,552) and RM41,976,374 (2022: RM37,648,771) respectively, and the availability of unutilised banking facilities to the Group of approximately RM70.3 million as at reporting date. In addition, the Group has 264 hectares of undeveloped land bank in Kota Kinabalu and Sandakan, which are all located in good strategic areas.

Based on the above, the directors are of the view that there is no material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern for the foreseeable future. Accordingly, the financial statements of the Group and the Company have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2023, the Group and the Company adopted the following amended standards mandatory for annual financial periods beginning on or after 1 January 2023.

Effective for annual periods beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)
- Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 (Disclosure of Accounting Policies)
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
- Amendments to MFRS 112 Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)
- Amendments to MFRS 112 Income Taxes International Tax Reform – Pillar Two Model Rules

The adoption of these new and amended standards above did not have any material impact on the financial statements of the Group and of the Company, except for the following:

Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments to MFRS 101 and MFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no material impact on the disclosure of any items in the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above amended standards will have no material impact on the financial statements of the Group and of the Company in the year of initial application.

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current **Amendments to MFRS 101: Non-current Liabilities with Covenants**

Amendments to paragraphs 69 to 76 of MFRS 101 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement(s) with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.4 Basis of consolidation (cont'd)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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 the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.4 Basis of consolidation (cont'd)

Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

The Group has elected no restatement of financial information in the consolidated financial statements for the periods prior to the combination of the entities under common control.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.6 Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Long-term leasehold land: 67 to 71 years
- Buildings: 5 to 45 years
- Motor vehicles: 3 to 8 years
- Furniture, fittings and equipment: 3 to 10 years
- Plant, machinery and heavy equipment: 3 to 8 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.7 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Long-term leasehold land: 70 to 911 years
- Buildings: 5 to 50 years

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.6 up to the date of change in use.

2.8 Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.9 Financial instruments – initial recognition and subsequent measurement

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

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.9 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

Derecognition

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.9 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Impairment

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments carried at amortised cost and fair value through OCI, contract assets and lease receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received, discounted at the original effective interest rate (“EIR”). The expected cash flows will include cash flows from the sale of collaterals held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognised as a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group’s financial liabilities include trade and other payables, and loans and borrowings including bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.9 Financial instruments – initial recognition and subsequent measurement (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.10 Fair value measurement

The Group measures financial instruments such as investment securities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) in the principal market for the asset or liability; or
- (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.10 Fair value measurement (cont'd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

2.11 Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.11 Current versus non-current classification (cont'd)

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts, if any that form an integral part of the Group's cash management.

2.13 Inventories

Trading inventory

Inventories are stated at the lower of cost and net realisable value. Cost incurred in bringing the inventories to their present location and condition comprise purchase costs and are accounted for on the first-in first-out basis.

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

Inventory properties

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

Principally, this is properties that the Group develops and intends to sell before, or on completion of, development.

Cost includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.13 Inventories (cont'd)

Inventories properties (cont'd)

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

Where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle, such inventory property is classified within non-current assets.

Non-current inventory properties is reclassified as current at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

2.14 Contract cost assets

(a) Incremental costs of obtaining a contract

The Group incurs legal fee and commissions that are incremental costs of obtaining a contract with a customer. Where the amortisation period is longer than one year, the Group capitalises the incremental costs of obtaining a contract that meet the criteria in MFRS 15. Costs incurred by the Group to fulfil a contract prior to the commencement of its performance (e.g., tendering costs) are mostly general and administrative expenses that are expensed as incurred.

(b) Costs to fulfill a contract

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.14 Contract cost assets (cont'd)

(b) Costs to fulfill a contract (cont'd)

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

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

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

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

2.15 Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time, for example, billings require certification by the architect. Upon receipt of such certification from the architect, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment on the same basis as financial assets that are within the scope of MFRS 9 as disclosed in Note 2.9(a).

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.18 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.19 Leases

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

Group as a lessee

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

(a) Right-of-use-assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Long-term leasehold lands: Remaining lease period of 67 to 71 years

Buildings: 5 to 7 years

Motor vehicles: 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.8.

The Group presents its right-of-use assets within the same line as that within which the corresponding underlying assets would be presented if there were own. Hence the right-of-use assets are included in property, plant and equipment, investment properties, land held for property development and properties under development respectively.

(b) Lease liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.19 Leases (cont'd)

Group as a lessee (cont'd)

(b) Lease liabilities (cont'd)

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

The Group's lease liabilities are disclosed in Note 25.

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

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

Group as a lessor

Lease in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rental are recognised as revenue in the period in which they are earned.

2.20 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Group's key sources of income include:

- Rental income
- Revenue from contracts with customers: Sale of inventory property – completed property, property under development, land held for property development and sale of hardware, building materials and related goods

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.20 Revenue recognition (cont'd)

The accounting for each of these elements is discussed below.

(a) Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

The initial direct costs and tenant lease incentives are presented as current assets in the line item 'Prepayments' in the statement of financial position.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statement of profit or loss when the right to receive them arises.

(b) Sale of inventory property

The Group enters into contracts with customers to sell properties that are either completed or under development.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.20 Revenue recognition (cont'd)

(b) Sale of inventory property (cont'd)

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(c) Sale of hardware and building materials

Revenue from sale of hardware and building materials is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 to 90 days upon delivery.

(d) Administrative fee income

Administrative fee income represents a series of daily services that are satisfied over time and the Group applies a time-elapsed measure of progress.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.21 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2.22 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of their liabilities.

Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Irredeemable Convertible Preference Shares ("ICPS") are classified as equity.

The Company's Redeemable Convertible Preference Shares ("RCPS") are classified as equity because they are redeemable at the option of the Company at any time after issuance. The discretionary dividends on RCPS are recognised in equity in the period in which they are declared.

2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but it is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

2. Material accounting policy information (cont'd)

2.23 Contingencies (cont'd)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. Significant accounting judgements and estimates

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in the future periods.

Other disclosures relating to the Group's and the Company's exposure to risks and uncertainties include:

- Capital management	Note 35
- Financial instruments risk management and policies	Note 34
- Sensitivity analysis disclosures	Note 34

3.1 Judgements made in applying accounting policies

There are no critical judgements made by the management in the process of applying the Group's and the Company's accounting policies on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty

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

(a) Property development

For the sale of inventory properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the inventory properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the inventory properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the inventory properties.

Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation and this includes determining the extent of property development costs incurred and the total estimated costs of property development, which in turn is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group and the Company. In making these judgements, management relies on past experience and the work of specialists.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties.

The carrying amounts of contract assets of the Group arising from property development activities are disclosed in Note 22.

(b) Estimation of net realisable value for inventory property

Inventory property is stated at the lower of cost and net realisable value.

Net realisable value for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment.

Net realisable value in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

The carrying amount of the Group's inventory properties at the reporting date is disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which these items can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised deferred tax assets.

The carrying value of deferred tax assets and unrecognised deferred tax assets are disclosed in Note 17.

(d) Provision for expected credit losses of trade and other receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade and other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The Group assesses the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition on an individual basis. To determine whether there is a significant increase in credit risks, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is a significant increase in credit risk, the Group determines the lifetime expected credit loss by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets 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 amount subject to the write-offs.

The information about the ECLs on the Group's trade and other receivables and contract assets is disclosed in Note 20 and Note 22.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

4. Revenue

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers:				
Type of goods and services				
Property development:				
- sale of properties under development	34,722,293	28,239,051	-	-
- sale of completed properties	34,709,762	33,755,033	-	-
- property sold in prior year, cancelled during the year	(489,744)	-	-	-
- sale of land held for property development	24,935,300	1,100,000	-	-
Administrative fee income	66,000	99,000	-	-
Sale of hardware, building materials and related goods	20,952,845	6,623,170	-	-
	114,896,456	69,816,254	-	-
Rental income	7,855,464	8,217,448	-	-
	122,751,920	78,033,702	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

4. Revenue (cont'd)

(a) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Property development RM	Trading of building materials RM	Total RM
2023			
Type of goods or service			
Sale of properties under development	34,722,293	-	34,722,293
Sale of completed properties	34,709,762	-	34,709,762
Property sold in prior year, cancelled during the year	(489,744)	-	(489,744)
Sale of land held for property development	24,935,300	-	24,935,300
Administrative fee income	66,000	-	66,000
Sale of hardware, building materials and related goods	-	20,952,845	20,952,845
Total revenue from contracts with customers	93,943,611	20,952,845	114,896,456
Timing of revenue recognition			
At a point in time	59,155,318	20,952,845	80,108,163
Over time	34,788,293	-	34,788,293
Total revenue from contracts with customers	93,943,611	20,952,845	114,896,456

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

4. Revenue (cont'd)

(a) Disaggregated revenue information (cont'd)

Set out below is the disaggregation of the Group's revenue from contracts with customers (cont'd):

	Property development RM	Trading of building materials RM	Total RM
2022			
Type of goods or service			
Sale of properties under development	28,239,051	-	28,239,051
Sale of completed properties	33,755,033	-	33,755,033
Sale of land held for property development	1,100,000	-	1,100,000
Administrative fee income	99,000	-	99,000
Sale of hardware, building materials and related goods	-	6,623,170	6,623,170
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	63,193,084	6,623,170	69,816,254
Timing of revenue recognition			
At a point in time	34,855,033	6,623,170	41,478,203
Over time	28,338,051	-	28,338,051
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	63,193,084	6,623,170	69,816,254

(b) Performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at 31 December are, as follows:

	Group	
	2023 RM	2022 RM
Within one year	30,649,754	39,165,594
More than one year	1,623,770	5,753,203
	<hr/>	<hr/>
	32,273,524	44,918,797

The remaining performance obligations expected to be recognised in more than one year related to the revenue from sale of properties under development that is to be satisfied within 2 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

5. Cost of sales

	Group	
	2023	2022
	RM	RM
Property development:		
- properties under development (Note 21(b))	25,726,137	19,490,570
- cost (over)/under accrued for completed projects	(97,576)	56,440
Cost of inventories sold:		
- completed properties	25,463,074	22,266,153
- properties sold in prior year, cancelled during the year	(392,587)	-
- land held for property development	18,085,285	156,866
- hardware, building materials and related goods	19,911,225	5,979,421
Amortisation of contract cost assets (Note 21(a))	629,711	797,199
Expenses related to rental income	4,972,198	4,440,928
	<hr/>	<hr/>
	94,297,467	53,187,577
	<hr/>	<hr/>

6. Interest income

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest income from:				
- bank balances and short-term deposits	311,327	118,792	-	-
- others	459,037	156,565	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	770,364	275,357	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

7. Other income

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Gain on disposal of property, plant and equipment	89,997	101,999	-	-
Gain on disposal of investment properties	640,960	-	-	-
Net rental income	2,380,255	2,562,535	-	-
Income from renovation work	32,977	3,260	-	-
Cleaning and maintenance income	1,056,583	1,035,805	-	-
Reversal of impairment loss on trade and other receivables (Note 20(a) and (b))	30,543	153,166	-	-
Reversal of inventories written down	48,740	7,308	-	-
Reversal of impairment loss on investment in subsidiary	-	-	1,718,647	155,481
Miscellaneous income	479,439	4,544	-	-
	<u>4,759,494</u>	<u>3,868,617</u>	<u>1,718,647</u>	<u>155,481</u>

8. Finance costs

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on:				
- revolving credits	7,488,064	7,179,970	-	-
- term loans	4,650,320	3,854,497	-	-
- bankers' acceptances	159,945	3,664	-	-
- bridging overdraft	24,465	701,004	-	-
- bank overdrafts	67,535	224,620	-	-
- lease liabilities	22,115	24,731	-	-
- bridging loans	645,005	76,627	-	-
	<u>13,057,449</u>	<u>12,065,113</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

9. Profit/(Loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Employee benefits expense (Note 10)	8,437,922	8,326,675	50,000	50,000
Non-executive directors' remuneration (Note 11)	183,534	232,442	183,534	232,442
Auditors' remuneration:				
- statutory audit				
- current year	335,700	310,500	65,000	55,000
- other services	61,900	61,400	1,800	1,800
Impairment loss on trade and other receivables (Notes 20(a) and (b))	267,086	6,000	-	-
Depreciation of property, plant and equipment (Note 14)	1,553,964	1,816,791	-	-
Depreciation of investment properties (Note 15)	3,404,069	3,405,856	-	-
Expenses relating to short-term leases	133,400	49,100	-	-
Inventories written down	40,837	8,740	-	-
Inventories written off	44,465	60,056	-	-
Property, plant and equipment written off	2	1	-	-

10. Employee benefits expense

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages and bonuses	7,516,084	7,364,054	50,000	50,000
Contributions to defined contribution plan	841,351	929,169	-	-
Social security contributions	80,487	33,452	-	-
	8,437,922	8,326,675	50,000	50,000

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM4,053,982 (2022: RM4,211,011) and RM50,000 (2022: RM50,000) respectively as further disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

11. Directors' remuneration

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive directors' remunerations (Note 10):				
- fees	50,000	50,000	50,000	50,000
- salaries and other emoluments	3,716,253	3,715,456	-	-
- contributions to defined contribution plan	287,729	445,555	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total executive directors' remuneration (excluding benefits-in- kind)	4,053,982	4,211,011	50,000	50,000
Estimated money value of benefits-in- kind	372,954	372,954	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,426,936	4,583,965	50,000	50,000
	<hr/>	<hr/>	<hr/>	<hr/>
Non-executive directors' remunerations (Note 9):				
- fees	30,000	30,000	30,000	30,000
- other emoluments	153,534	202,442	153,534	202,442
	<hr/>	<hr/>	<hr/>	<hr/>
	183,534	232,442	183,534	232,442
	<hr/>	<hr/>	<hr/>	<hr/>
Total directors' remuneration (Note 31(b))	4,610,470	4,816,407	233,534	282,442

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

11. Directors' remuneration (cont'd)

The details of remuneration receivable by directors of the Company during the financial year are as follows:

Group	Directors' fees RM	Other emoluments RM	Benefits-in- kind RM	Total RM
2023				
Executive directors:				
Datuk Quek Siew Hau	10,000	977,218	55,392	1,042,610
Fong Kin Wui	10,000	776,165	78,651	864,816
Lim Ted Hing	10,000	1,037,529	55,392	1,102,921
Seah Sen Onn @ David Seah	10,000	775,987	131,085	917,072
Chan Ka Tsung	10,000	437,083	52,434	499,517
	<hr/> 50,000	<hr/> 4,003,982	<hr/> 372,954	<hr/> 4,426,936
Non-executive directors:				
Datuk Eric Usip Juin	2,500	21,690	-	24,190
Tan Kung Ming	2,500	14,481	-	16,981
Hajah Shakinur Ain Binti Hj Karama	10,000	57,923	-	67,923
Teo Gim Suan	7,500	28,412	-	35,912
Wong Lee Hung	7,500	31,028	-	38,528
	<hr/> 30,000	<hr/> 153,534	<hr/> -	<hr/> 183,534
	<hr/> 80,000	<hr/> 4,157,516	<hr/> 372,954	<hr/> 4,610,470

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

11. Directors' remuneration (cont'd)

The details of remuneration receivable by directors of the Company during the financial year are as follows (cont'd):

	Directors' fees RM	Other emoluments RM	Benefits-in- kind RM	Total RM
Group				
2022				
Executive directors:				
Datuk Quek Siew Hau	10,000	1,032,278	55,392	1,097,670
Fong Kin Wui	10,000	820,003	78,651	908,654
Lim Ted Hing	10,000	1,095,974	55,392	1,161,366
Seah Sen Onn @ David Seah	10,000	775,830	131,085	916,915
Chan Ka Tsung	10,000	436,926	52,434	499,360
	50,000	4,161,011	372,954	4,583,965
Non-executive directors:				
Datuk Eric Usip Juin	10,000	86,659	-	96,659
Tan Kung Ming	10,000	57,892	-	67,892
Hajah Shakinur Ain Binti Hj Karama	10,000	57,891	-	67,891
	30,000	202,442	-	232,442
	80,000	4,363,453	372,954	4,816,407

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

11. Directors' remuneration (cont'd)

Company	Directors' fees RM	Other emoluments RM	Total RM
2023			
Executive directors:			
Datuk Quek Siew Hau	10,000	-	10,000
Fong Kin Wui	10,000	-	10,000
Lim Ted Hing	10,000	-	10,000
Seah Sen Onn @ David Seah	10,000	-	10,000
Chan Ka Tsung	10,000	-	10,000
	50,000	-	50,000
Non-executive directors:			
Datuk Eric Usip Juin	2,500	21,690	24,190
Tan Kung Ming	2,500	14,481	16,981
Hajah Shakinur Ain Binti Hj Karama	10,000	57,923	67,923
Teo Gim Suan	7,500	28,412	35,912
Wong Lee Hung	7,500	31,028	38,528
	30,000	153,534	183,534
	80,000	153,534	233,534

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

11. Directors' remuneration (cont'd)

	Directors' fees RM	Other emoluments RM	Total RM
Company			
2022			
Executive directors:			
Datuk Quek Siew Hau	10,000	-	10,000
Fong Kin Wui	10,000	-	10,000
Lim Ted Hing	10,000	-	10,000
Seah Sen Onn @ David Seah	10,000	-	10,000
Chan Ka Tsung	10,000	-	10,000
	<hr/> 50,000	<hr/> -	<hr/> 50,000
Non-executive directors:			
Datuk Eric Usip Juin	10,000	86,659	96,659
Tan Kung Ming	10,000	57,892	67,892
Hajah Shakinur Ain Binti Hj Karama	10,000	57,891	67,891
	<hr/> 30,000	<hr/> 202,442	<hr/> 232,442
	<hr/> 80,000	<hr/> 202,442	<hr/> 282,442

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2023 and 2022 are:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	1,333,841	8,391,398	-	-
- (Over)/under provision in respect of previous financial year	(54,877)	12,746	-	-
	1,278,964	8,404,144	-	-
Real property gains tax	57,299	-	-	-
	1,336,263	8,404,144	-	-
Deferred tax (Note 17):				
- Origination and reversal of temporary differences	1,206,051	(6,073,232)	-	-
- (Over)/under provision in respect of previous financial year	(358,426)	18,007	-	-
	847,625	(6,055,225)	-	-
Income tax expense recognised in profit or loss	2,183,888	2,348,919	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

12. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit/(loss)

The reconciliations between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December 2023 and 2022 are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(loss) before tax	95,314	(824,175)	939,116	(434,167)
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	22,875	(197,802)	225,388	(104,200)
Real property gains tax	57,299	-	-	-
Adjustments:				
Non-deductible expenses	3,071,279	2,550,842	187,087	141,515
Income not subject to tax	(536,901)	(6,600)	(412,475)	(37,315)
Deferred tax assets not recognised	8,759	5,424	-	-
Recognition of previously unrecognised deferred tax assets	-	(33,698)	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(26,120)	-	-	-
(Over)/under provision of current income tax in respect of previous financial year	(54,877)	12,746	-	-
(Over)/under provision of deferred tax in respect of previous financial year	(358,426)	18,007	-	-
Income tax expense recognised in profit or loss	2,183,888	2,348,919	-	-

Current income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

13. Loss per share

Basic loss per share is calculated by dividing loss net of tax attributable to owners of the Company (after deducting cumulative dividend on RCPS) by the weighted average number of ordinary shares in issue and ordinary shares that will be issued upon the conversion of mandatorily convertible ICPS outstanding during the financial year.

The following tables reflect the loss and share data used in the computation of loss per share for the financial years ended 31 December:

	Group	
	2023	2022
	RM	RM
Loss net of tax attributable to owners of the Company	(2,088,574)	(3,173,094)
Less: Cumulative dividend on RCPS	(10,850,000)	(10,850,000)
Loss net of tax attributable to owners of the Company used in the computation of basic loss per share	<u>(12,938,574)</u>	<u>(14,023,094)</u>
	Number of	Number of
	shares	shares
Weighted average number of ordinary shares for basic loss per share computation	<u>867,149,053</u>	<u>867,149,053</u>
Basic loss per ordinary share (sen)	<u>(1.49)</u>	<u>(1.62)</u>

Diluted loss per share is not presented as the potential dilutive ordinary shares are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

14. Property, plant and equipment

Group	Long-term leasehold land RM	Buildings RM	Motor vehicles RM	Furniture, fittings and equipment RM	Plant, machinery and heavy equipment RM	Total RM
Cost						
At 1 January 2022	17,364,794	7,203,322	4,711,270	7,364,097	65,454,241	102,097,724
Additions	-	156,783	256,490	29,369	-	442,642
Disposals	-	-	(327,691)	-	-	(327,691)
Write off	-	-	-	(7,570)	-	(7,570)
Derecognition (Note 25)	-	(311,465)	-	-	-	(311,465)
At 31 December 2022 and 1 January 2023	17,364,794	7,048,640	4,640,069	7,385,896	65,454,241	101,893,640
Additions	-	529,508	131,131	21,706	-	682,345
Disposals	-	-	(442,770)	-	-	(442,770)
Write off	-	-	-	(146,733)	-	(146,733)
Derecognition (Note 25)	-	(48,314)	-	-	-	(48,314)
At 31 December 2023	17,364,794	7,529,834	4,328,430	7,260,869	65,454,241	101,938,168

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

14. Property, plant and equipment (cont'd)

Group (cont'd)	Long-term leasehold land	Buildings	Motor vehicles	Furniture, fittings and equipment	Plant, machinery and heavy equipment	Total
	RM	RM	RM	RM	RM	RM
At 1 January 2022	2,831,183	1,422,079	4,148,744	7,316,879	60,728,391	76,447,276
Depreciation charge for the financial year (Note 9)	265,628	308,006	324,862	38,909	879,386	1,816,791
Disposals	-	-	(327,690)	-	-	(327,690)
Write off	-	-	-	(7,569)	-	(7,569)
Derecognition (Note 25)	-	(311,465)	-	-	-	(311,465)
At 31 December 2022 and 1 January 2023	3,096,811	1,418,620	4,145,916	7,348,219	61,607,777	77,617,343
Depreciation charge for the financial year (Note 9)	265,628	233,858	139,124	35,969	879,385	1,553,964
Disposals	-	-	(442,767)	-	-	(442,767)
Write off	-	-	-	(146,731)	-	(146,731)
Derecognition (Note 25)	-	(23,847)	-	-	-	(23,847)
At 31 December 2023	3,362,439	1,628,631	3,842,273	7,237,457	62,487,162	78,557,962

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

14. Property, plant and equipment (cont'd)

Group (cont'd)	Long-term leasehold land RM	Buildings RM	Motor vehicles RM	Furniture, fittings and equipment RM	Plant, machinery and heavy equipment RM	Total RM
Net carrying amount						
At 31 December 2022	14,267,983	5,630,020	494,153	37,677	3,846,464	24,276,297
At 31 December 2023	14,002,355	5,901,203	486,157	23,412	2,967,079	23,380,206

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 25.

During the financial year, the Group acquired property, plant and equipment with aggregate cost of RM682,345 (2022: RM442,642) of which RM604,208 (2022: RM236,383) were acquired by means of lease. The cash outflows on acquisition of property, plant and equipment of the Group amounted to RM78,137 (2022: RM206,259).

Assets pledged/charged as securities

As at the reporting date, property, plant and equipment of the Group with total carrying amount of RM7,156,802 (2022: RM7,363,553) are pledged as securities for borrowings of the Group (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

15. Investment properties

Group	Long-term leasehold land RM	Short-term leasehold land RM	Buildings RM	Properties under construction RM	Total RM
Cost					
At 1 January 2022	22,721,128	39,299	110,711,400	417,372	133,889,199
Additions	-	-	-	1,597	1,597
At 31 December 2022 and 1 January 2023	22,721,128	39,299	110,711,400	418,969	133,890,796
Additions	-	-	-	12	12
Disposals	-	(39,299)	(79,789)	-	(119,088)
At 31 December 2023	22,721,128	-	110,631,611	418,981	133,771,720
Accumulated depreciation					
At 1 January 2022	1,577,663	24,390	32,403,002	-	34,005,055
Depreciation charge for the financial year (Note 9)	153,183	2,382	3,250,291	-	3,405,856
At 31 December 2022 and 1 January 2023	1,730,846	26,772	35,653,293	-	37,410,911
Depreciation charge for the financial year (Note 9)	153,184	302	3,250,583	-	3,404,069
Disposals	-	(23,882)	(48,166)	-	(72,048)
Reclassification	-	(3,192)	3,192	-	-
At 31 December 2023	1,884,030	-	38,858,902	-	40,742,932

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

15. Investment properties (cont'd)

Group (cont'd)	Long-term leasehold land RM	Short-term leasehold land RM	Buildings RM	Properties under construction RM	Total RM
Net carrying amount					
At 31 December 2022	20,990,282	12,527	75,058,107	418,969	96,479,885
At 31 December 2023	20,837,098	-	71,772,709	418,981	93,028,788

Assets pledged/charged as securities

As at the reporting date, investment properties of the Group with total carrying amount of RM64,214,453 (2022: RM67,100,389) are pledged as securities for borrowings of the Group (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

15. Investment properties (cont'd)

Fair value of investment properties

The fair values of the investment properties have been determined based on valuations at the reporting date. Valuations are performed by an accredited independent valuer with experience in the location and category of properties being valued.

Description of valuation techniques used and the key inputs to valuation on investment properties are as follows:

	Net carrying amount RM	Fair value RM	Valuation technique	Significant unobservable inputs	Range
Leasehold land and buildings (Level 3)	29,484,331	34,705,000	Comparison method	Location, size, condition	RM89 to RM5,760 per square meter
Leasehold land and buildings (Level 3)	63,544,457	98,000,000	Investment method	Yield	4% to 7%

16. Investments in subsidiaries

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost	583,978,707	583,978,707
Less: Allowance for impairment losses	(16,601,406)	(18,320,053)
	<u>567,377,301</u>	<u>565,658,654</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

16. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name	Principal activities	Proportion (%) of ownership interest held by the Group*	
		2023	2022
<i>Held by the Company:</i>			
Cosmopolitan Company Sdn. Berhad	Investment holding	100	100
Ritai Sdn. Bhd.	Investment holding	100	100
Tekala Corporation Sdn. Bhd.	Investment holding	100	100
Syarikat Far East Development Sdn. Bhd.	Property development	32**	32**
Velda Development Sdn. Bhd.	Property development	10**	10**
Wah Mie Realty Sdn. Bhd.	Property development and investment holding	4**	4**
<i>Held through Cosmopolitan Company Sdn. Berhad:</i>			
H. W. E. Sdn. Bhd.	Property development	100	100
<i>Held through Ritai Sdn. Bhd.:</i>			
Syarikat Far East Development Sdn. Bhd.	Property development	68	68
Velda Development Sdn. Bhd.	Property development	90	90
Wah Mie Realty Sdn. Bhd.	Property development and investment holding	96	96
Wilakaya Sdn. Bhd.	Property development	92.31^	92.31^
KK Stay Sdn. Bhd.	Provision of short stay management services (dormant)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

16. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows (cont'd):

Name	Principal activities	Proportion (%) of ownership interest held by the Group*	
		2023	2022
<i>Held through Tekala Corporation Sdn. Bhd.:</i>			
Syarikat Tekala Sdn. Bhd.	Provision of corporate services	100	100
Kalabakan Plywood Sdn. Bhd.	Property letting	100	100
Marimba Sendirian Berhad	Investment holding (in process of striking off)	100	100
<i>Held through Kalabakan Plywood Sdn. Bhd.:</i>			
Kalabakan Wood Products Sdn. Bhd.	Property letting	100	100
Korsa Plywood Sdn. Bhd.	Property holding	100	100
<i>Held through Wah Mie Realty Sdn. Bhd.:</i>			
Asterasia Sdn. Bhd.	Property development and property letting	100	100
BSIP Clubhouse Sdn. Bhd.	Provide clubhouse service (dormant)	100	100
Hajat Melangit Sdn. Bhd.	Investment holding and property development (inactive)	100	100
Prosper Entity Sdn. Bhd.	Property development	100	100
Ramindah Sdn. Bhd.	Property development	100	100
Wah Mie Construction Sdn. Bhd.	Construction contractor (inactive)	100	100
Wah Mie Corporation Sdn. Bhd.	Investment holding (inactive)	100	100
Wah Mie Enterprise Sdn. Bhd.	Wholesaling and retailing of hardware, building materials and related goods (inactive)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

16. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows (cont'd):

Name	Principal activities	Proportion (%) of ownership interest held by the Group*	
		2023	2022
<i>Held through Wah Mie Realty Sdn. Bhd. (cont'd):</i>			
Wah Mie Group Sdn. Bhd.	Investment holding (dormant)	100	100
Wah Mie Trading Sdn. Bhd.	Wholesaling and retailing of hardware, building materials and related goods	100	100
WM Property Management Sdn. Bhd.	Provision of business management services	100	100
WM Asset Management Sdn. Bhd.	Money lending (dormant)	100	100
Wilakaya Sdn. Bhd.	Property development	7.69**	7.69**

* : Equals to the proportion of voting rights held.

** : The remaining ownership interests in these companies are held through a subsidiary of the Company, Ritai Sdn. Bhd..

^ : The remaining ownership interests in this company are held through a subsidiary of Ritai Sdn. Bhd., Wah Mie Realty Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

17. Deferred tax	As at 1 January 2022 RM	Recognised in profit or loss (Note 12) RM	As at 31 December 2022 RM	Recognised in profit or loss (Note 12) RM	As at 31 December 2023 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	(4,953,838)	211,238	(4,742,600)	101,456	(4,641,144)
Rental receivables	(1,045,717)	(209,440)	(1,255,157)	(173,448)	(1,428,605)
	(5,999,555)	1,798	(5,997,757)	(71,992)	(6,069,749)
Deferred tax assets:					
Accruals	1,368,829	714,665	2,083,494	(354,170)	1,729,324
Investment properties	-	-	-	308,304	308,304
Unused tax losses	3,115,780	(3,095,689)	20,091	423,190	443,281
Unabsorbed capital allowances	1,656,931	(440,656)	1,216,275	(22,273)	1,194,002
Inventory properties	-	8,999,969	8,999,969	(1,298,932)	7,701,037
Others	276,778	(124,862)	151,916	168,248	320,164
	6,418,318	6,053,427	12,471,745	(775,633)	11,696,112
	418,763	6,055,225	6,473,988	(847,625)	5,626,363

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

17. Deferred tax (cont'd)

	Group	
	2023	2022
	RM	RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	9,783,406	10,719,776
Deferred tax liabilities	(4,157,043)	(4,245,788)
	5,626,363	6,473,988
Unrecognised deductible temporary differences:		
Unused tax losses	74,481,100	74,444,603
Unabsorbed capital allowances	9,373,654	9,377,812
Others	352,485	457,159
	84,207,239	84,279,574

Unrecognised tax losses and unabsorbed capital allowances

At the reporting date, the Group has unused tax losses and unabsorbed capital allowances of RM74,481,100 (2022: RM74,444,603) and RM9,373,654 (2022: RM9,377,812) that are available for offset against future taxable profits of the companies in which the losses and allowances arose, for which no deferred tax assets are recognised because it is not probable that future taxable profits will be available against which the Group can use the benefits therefrom. The use of these tax losses and unabsorbed capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. The unrecognised tax losses will expire as follows:

	Group	
	2023	2022
	RM	RM
Year of assessment 2028	73,086,710	73,086,710
Year of assessment 2029	55,381	55,381
Year of assessment 2030	646,511	646,511
Year of assessment 2031	561,993	561,993
Year of assessment 2032	128,005	94,008
Year of assessment 2033	2,500	-
	74,481,100	74,444,603

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

18. Inventory properties

	Group	
	2023 RM	2022 RM
Cost		
Non-current		
Land held for property development	110,416,736	110,821,757
Current		
Land held for property development	25,667,225	42,354,508
Properties under development	30,996,523	23,125,722
Completed properties	36,736,198	61,798,239
	93,399,946	127,278,469
	203,816,682	238,100,226

(a) Land held for property development

	Long-term leasehold land RM	Development expenditure RM	Total RM
Group			
Non-current			
Cost			
At 1 January 2022	103,879,451	44,877,209	148,756,660
Additions	(6,280)	1,436,294	1,430,014
Transfer to land held for property development (current)	(34,372,305)	(7,982,203)	(42,354,508)
Transfer from properties under development (Note 18(b))	104,257	3,042,200	3,146,457
Disposal	(156,866)	-	(156,866)
	69,448,257	41,373,500	110,821,757
At 31 December 2022			
At 1 January 2023	69,448,257	41,373,500	110,821,757
Additions	500,000	403,037	903,037
Disposal	(1,268,827)	(39,231)	(1,308,058)
	68,679,430	41,737,306	110,416,736
At 31 December 2023			

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

18. Inventory properties (cont'd)

(a) Land held for property development (cont'd)

	Long-term leasehold land RM	Development expenditure RM	Total RM
Group (cont'd)			
Current			
Cost			
At 1 January 2022	-	-	-
Transfer from land held for property development (non-current)	34,372,305	7,982,203	42,354,508
At 31 December 2022	34,372,305	7,982,203	42,354,508
At 1 January 2023	34,372,305	7,982,203	42,354,508
Additions	-	58,830	58,830
Disposals	(15,165,000)	(1,581,113)	(16,746,113)
At 31 December 2023	19,207,305	6,459,920	25,667,225

Several parcels of long-term leasehold land and its' related land development expenditure of the Group with carrying amount of RM13,875,474 (2022: RM13,781,354) are registered under the name of third parties that has given the power of attorney to the Group to develop the land. Two of the subsidiaries of the Group are the beneficial owners of these parcels of land.

At previous reporting date, two subsidiaries of the Group entered into two separate sale and purchase agreements with third parties to dispose of land held for property development (current) of the Group for a total consideration of RM79,000,000. These disposals were yet to be completed as at previous reporting date pending fulfilment of conditions precedent. During the financial year, one of the disposal of land held for property development (current) of a subsidiary of the Group with carrying amount of RM16,746,113 for a total consideration of RM22,000,000 has been completed. The second sale and purchase agreement remains to be completed as at the financial year end.

Land held for property development of the Group totaling 511 acres (2022: 460 acres) are free from any encumbrances.

Assets pledged/charged as securities

Land held for property development of the Group with total carrying amount of RM61,788,053 (2022: RM61,549,814) are pledged as securities for borrowings of the Group (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

18. Inventory properties (cont'd)

(b) Properties under development

Group	Long-term leasehold land RM	Development expenditure RM	Total RM
At 1 January 2022	6,523,570	55,074,183	61,597,753
Cost incurred during the financial year	-	15,516,010	15,516,010
Transfer to land held for property development (Note 18(a))	(104,257)	(3,042,200)	(3,146,457)
Unsold units transfer to completed properties	(680,333)	(40,149,496)	(40,829,829)
Transfer to contract cost assets (Note 21(b))	(1,005,333)	(9,006,422)	(10,011,755)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	4,733,647	18,392,075	23,125,722
	<hr/>	<hr/>	<hr/>
At 1 January 2023	4,733,647	18,392,075	23,125,722
Cost incurred during the financial year	1,425,643	15,133,479	16,559,122
Transfer to contract cost assets (Note 21(b))	(854,868)	(7,833,453)	(8,688,321)
	<hr/>	<hr/>	<hr/>
At 31 December 2023	5,304,422	25,692,101	30,996,523

Several parcels of long-term leasehold land and its' related land development expenditure of the Group with carrying amount of RM29,542,287 (2022: RM22,187,706) are registered under the name of third parties. A subsidiary of the Group is the beneficial owner of these parcels of land.

Assets pledged/charged as securities

Inventory properties under development of the Group with total carrying amount of RM30,568,505 (2022: RM22,187,706) are pledged as securities for borrowings of the Group (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

18. Inventory properties (cont'd)

(c) Completed properties

	Group	
	2023	2022
	RM	RM
Cost		
Completed properties	36,736,198	61,798,239

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM25,070,487 (2022: RM22,266,153).

Assets pledged/charged as securities

Completed properties of the Group with total carrying amount of RM33,491,309 (2022: RM43,435,734) are pledged as securities for borrowings of the Group (Note 24).

19. Trading inventories

	Group	
	2023	2022
	RM	RM
Cost		
Building inventories	517,699	221,948
Net realisable value		
Building inventories	21,669	3,876
	<u>539,368</u>	<u>225,824</u>

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM19,911,225 (2022: RM5,979,421).

Assets pledged/charged as securities

Inventories of the Group with total carrying amount of RM539,368 (2022: RM225,824) are charged as securities for banking facilities of a subsidiary by way of debentures over all existing and future assets of a subsidiary (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

20. Trade and other receivables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
Revenue from contracts with customers				
- Third parties	21,104,649	28,686,950	-	-
- Amount due from a family member of a director	-	219,900	-	-
	21,104,649	28,906,850	-	-
Less: Allowance for expected credit losses				
- Third parties	(114,483)	(145,026)	-	-
	20,990,166	28,761,824	-	-
Other receivables				
Amounts due from subsidiaries	-	-	41,969,970	42,795,953
Advances to contractors	167,086	167,086	-	-
Deposits	3,701,024	3,709,912	-	-
Sundry receivables	9,083,756	9,013,346	6,500	6,500
	12,951,866	12,890,344	41,976,470	42,802,453
Less: Allowance for expected credit losses				
- Advances to contractors	(167,086)	-	-	-
- Sundry receivables	(379,341)	(279,341)	-	-
	(546,427)	(279,341)	-	-
	12,405,439	12,611,003	41,976,470	42,802,453
Total trade and other receivables	33,395,605	41,372,827	41,976,470	42,802,453
Add: Cash and bank balances (Note 23)	24,540,180	21,925,247	74,918	35,147
Total financial assets measured at amortised cost	57,935,785	63,298,074	42,051,388	42,837,600

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

20. Trade and other receivables (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2022: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Expected credit losses

The movement of the allowance accounts used to record the expected credit losses are as follows:

	Group	
	2023	2022
	RM	RM
At 1 January	145,026	298,192
Charge for the financial year (Note 9)	-	6,000
Written off	-	(6,000)
Reversal (Note 9)	(30,543)	(153,166)
At 31 December	114,483	145,026

(b) Other receivables

These amounts are non-interest bearing. Other receivables are normally on 30 to 60 days (2022: 30 to 60 days) terms.

Expected credit losses

The movement of the allowance accounts used to record the expected credit losses are as follows:

	Group	
	2023	2022
	RM	RM
At 1 January	279,341	378,214
Charge for the financial year (Note 9)	267,086	-
Written off	-	(98,873)
At 31 December	546,427	279,341

(c) Amounts due from subsidiaries

These amounts are unsecured, non-interest bearing and are repayable upon demand.

(d) Receivables charged as securities

Trade and other receivables of the Group amounting to RM11,042,857 (2022: RM4,765,940) are charged as securities for banking facilities of a subsidiary by way of debentures over all existing and future assets of this subsidiary (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

21. Contract cost assets

	Group	
	2023 RM	2022 RM
Costs to obtain contracts with customers (Note a)	575,459	239,438
Costs to fulfil contracts with customers (Note b)	1,549,206	889,194
	<u>2,124,665</u>	<u>1,128,632</u>

(a) Costs to obtain contracts with customers

	Group	
	2023 RM	2022 RM
At 1 January	239,438	11,006
Additions	965,732	1,042,064
Cancelled	-	(16,433)
Amortisation for the year (Note 5)	(629,711)	(797,199)
At 31 December	<u>575,459</u>	<u>239,438</u>

The Group capitalised those legal fee and sale commissions paid for contracts obtained to sell properties when they represent incremental costs of obtaining a contract. The capitalised costs are amortised on a systematic basis that is consistent with the transfer to the customer of the property to which the asset relates and amortisation for the period is recognised in cost of sales. No impairment was considered necessary as the remaining amount of consideration exceeded to a significant extent the remaining budgeted costs and the carrying amount of the contract cost assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

21. Contract cost assets (cont'd)

(b) Costs to fulfil contracts with customers

Group	Long-term leasehold land RM	Development expenditure RM	Total RM
At 1 January 2022	870,961	211,170	1,082,131
Transfer from inventory properties – property under development (Note 18(b))	1,005,333	9,006,422	10,011,755
Cost incurred during the financial year	-	9,285,878	9,285,878
Recognised in profit or loss (Note 5)	(987,100)	(18,503,470)	(19,490,570)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	889,194	-	889,194
	<hr/>	<hr/>	<hr/>
At 1 January 2023	889,194	-	889,194
Transfer from inventory properties – property under development (Note 18(b))	854,868	7,833,453	8,688,321
Cost incurred during the financial year	786,957	16,910,871	17,697,828
Recognised in profit or loss (Note 5)	(1,357,957)	(24,368,180)	(25,726,137)
	<hr/>	<hr/>	<hr/>
At 31 December 2023	1,173,062	376,144	1,549,206

Several parcels of long-term leasehold land of the Group with carrying amount of RM1,173,062 (2022: RM889,194) are registered under the name of third parties. A subsidiary of the Group is the beneficial owner of these parcels of land.

Assets pledged/charged as securities

Costs to fulfil contracts with customers of the Group with total carrying amount of RM1,549,206 (2022: RM889,194) are pledged as securities for borrowings of the Group (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

22. Contract assets

	Group	
	2023 RM	2022 RM
At 1 January	6,178,480	17,449,706
Revenue recognised during the financial year (Note 4)	34,722,293	28,239,051
Billings during the financial year	(20,331,985)	(39,510,277)
At 31 December	20,568,788	6,178,480

Contract assets relates to the Group's rights to consideration for property development work completed but not billed to customers at the reporting date. Contract assets are transferred to trade receivables when rights become unconditional.

23. Cash and bank balances

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash on hand and at banks	23,011,879	20,414,738	74,918	35,147
Deposits with licensed banks	1,528,301	1,510,509	-	-
Cash and bank balances	24,540,180	21,925,247	74,918	35,147
Less:				
Deposits with licensed banks pledged	(1,528,301)	(1,510,509)	-	-
Bank overdrafts	(3,123,947)	(2,105,493)	-	-
Cash and cash equivalents	19,887,932	18,309,245	74,918	35,147

- (a) Deposits with licensed banks of the Group amounting to RM1,528,301 (2022: RM1,510,509) are held under lien by the respective banks to secure banking facilities granted to the Group (Note 24).
- (b) Cash at banks earns interests at floating rates based on daily bank deposit rates. Deposits are made for the varying periods between one to twelve months (2022: one to twelve months). The weighted average effective interest rate as at 31 December 2023 for the Group was 2.76% (2022: 2.55%).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

23. Cash and bank balances (cont'd)

- (c) Included in cash at banks of the Group are amounts of RM9,187,975 (2022: RM9,892,841) held pursuant to Section 8A of the Housing Development (Control and Licensing) Enactment, 1978.
- (d) Cash and bank balances of the Group amounting to RM311,523 (2022: RM30,411) are charged as securities for banking facilities of two subsidiaries (2022: one subsidiary) by way of debentures over all existing and future assets of these subsidiaries (Note 24).

24. Loans and borrowings

	Group	
	2023 RM	2022 RM
Current		
Secured:		
Bank overdrafts	3,123,947	2,105,493
Bridging overdraft	-	8,582,500
Bridging loans	4,949,938	22,513
Bankers' acceptances	4,041,000	-
Revolving credits	98,500,000	128,400,000
Term loans	9,795,476	7,822,354
	120,410,361	146,932,860
Non-current		
Secured:		
Bridging loans	7,062,144	6,757,898
Term loans	72,218,839	72,763,611
	79,280,983	79,521,509
Total borrowings		
Secured:		
Bank overdrafts	3,123,947	2,105,493
Bridging overdraft	-	8,582,500
Bridging loans	12,012,082	6,780,411
Bankers' acceptances	4,041,000	-
Revolving credits	98,500,000	128,400,000
Term loans	82,014,315	80,585,965
	199,691,344	226,454,369

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

24. Loans and borrowings (cont'd)

The remaining maturities of loans and borrowings of the Group as at the reporting date are as follows:

	Group	
	2023 RM	2022 RM
On demand or within 1 year	120,410,361	146,932,860
More than 1 year and less than 2 years	8,439,522	7,441,713
More than 2 years and less than 5 years	34,223,496	26,612,777
More than 5 years	36,617,965	45,467,019
	199,691,344	226,454,369

Interest rates at reporting date for loans and borrowings were as follows:

	Group	
	2023 RM	2022 RM
Bank overdrafts	BLR+0.50% to BLR+1.60%	BLR+0.50% to BLR+1.60%
Bridging overdraft	-	BLR-1.50%
Bridging loans	ECOF+1.50%	ECOF+1.50%
Bankers' acceptances	COF+1.50%	-
Revolving credits	ECOF/COF/ PLR+1.50% to ECOF+2.00%	ECOF/COF/ PLR+1.50% to ECOF+2.00%
Term loans	BLR-1.50%, COF/ECOF+1.50%, ECOF+2% and KLIBOR+2.10%	BLR-1.50%, COF/ECOF+1.50%, ECOF+2% and KLIBOR+2.10%

BLR: Base Lending Rate

ECOF: Effective Cost of Funds

COF: Costs of Funds

PLR: Prime Lending Rate

KLIBOR: Kuala Lumpur Interbank Offered Rate

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

24. Loans and borrowings (cont'd)

The above banking facilities and other banking facilities of the Group are secured by:

- (i) certain assets of the Group (Notes 14, 15, 18, 19, 20, 21 and 23);
- (ii) debentures totaling RM16.8 million (2022: RM16.8 million) over assets of a subsidiary, incorporating fixed and floating charge over all the assets, properties and undertakings of this subsidiary (both movable and immovable, present and future);
- (iii) specific debentures incorporating fixed charges over all assets in relation to investment property of a subsidiary;
- (iv) specific debentures amounting to RM12 million on a project of a subsidiary incorporating a fixed and floating charge over a subsidiary's fixed and floating assets, both present and future;
- (v) deposits with licensed banks of the Group;
- (vi) Deed of Assignment of rental proceeds of certain completed properties of a subsidiary;
- (vii) Deed of Assignment of rental proceeds of an investment property of a subsidiary;
- (viii) joint and several guarantees from all the directors of the subsidiaries;
- (ix) corporate guarantees from subsidiaries, Wah Mie Realty Sdn. Bhd. and Ritai Sdn. Bhd. and Wilakaya Sdn. Bhd.; and
- (x) corporate guarantees from the Company.

As at 31 December 2023, the Group has unutilised banking facilities of approximately RM70.3 million (2022: RM89.5 million).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

24. Loans and borrowings (cont'd)

A reconciliation of liabilities arising from financing activities excluding bank overdrafts is as follows:

	Cash changes			Non-cash changes		
	1.1.2023 RM	Cash flows RM	Interest paid RM	Acquisition RM	Derecognition RM	Accretion of interest RM
Bankers' acceptances	-	4,041,000	(159,945)	-	-	159,945
Revolving credits	128,400,000	(29,900,000)	(7,488,064)	-	-	7,488,064
Bridging overdraft	8,582,500	(8,582,500)	(24,465)	-	-	24,465
Bridging loans	6,780,411	5,083,045	(496,379)	-	-	645,005
Term loans	80,585,965	1,369,668	(4,591,638)	-	-	4,650,320
Lease liabilities (Note 25)	366,615	(334,149)	(22,115)	683,808	(24,467)	22,115
Total	224,715,491	(28,322,936)	(12,782,606)	683,808	(24,467)	12,989,914
						31.12.2023 RM
						197,259,204

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

24. Loans and borrowings (cont'd)

A reconciliation of liabilities arising from financing activities excluding bank overdrafts is as follows (cont'd):

	Cash changes		Non-cash changes		31.12.2022 RM
	1.1.2022 RM	Cash flows RM	Interest paid RM	Acquisition of interest RM	
Group					
Bankers' acceptances	585,000	(585,000)	(3,664)	-	3,664
Revolving credits	135,300,000	(6,900,000)	(7,179,970)	-	7,179,970
Bridging overdraft	19,679,567	(11,097,067)	(701,004)	-	701,004
Bridging loans	-	6,738,023	(34,239)	-	76,627
Term loans	85,321,052	(4,836,783)	(3,752,801)	-	3,854,497
Lease liabilities (Note 25)	649,050	(439,218)	(24,731)	156,783	24,731
Total	241,534,669	(17,120,045)	(11,696,409)	156,783	11,840,493
					224,715,491

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

25. Leases

Group as lessee

The Group has lease contracts for land, buildings and motor vehicles with respective lease terms that are used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of properties and equipment with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Long-term leasehold land RM	Motor vehicles RM	Buildings RM	Total RM
Group				
Cost				
At 1 January 2022	17,364,794	1,954,755	391,352	19,710,901
Additions	-	-	156,783	156,783
Reclassification to property, plant and equipment	-	(402,646)	-	(402,646)
Derecognition (Note 14)	-	-	(311,465)	(311,465)
At 31 December 2022 and 1 January 2023	17,364,794	1,552,109	236,670	19,153,573
Additions	-	263,821	529,508	793,329
Reclassification to property, plant and equipment	-	(382,996)	-	(382,996)
Derecognition (Note 14)	-	-	(48,314)	(48,314)
At 31 December 2023	17,364,794	1,432,934	717,864	19,515,592
Accumulated depreciation				
At 1 January 2022	2,831,183	1,551,930	320,215	4,703,328
Depreciation charge for the financial year	265,628	310,419	157,740	733,787
Reclassification to property, plant and equipment	-	(402,643)	-	(402,643)
Derecognition (Note 14)	-	-	(311,465)	(311,465)
At 31 December 2022 and 1 January 2023	3,096,811	1,459,706	166,490	4,723,007
Depreciation charge for the financial year	265,628	114,364	83,592	463,584
Reclassification to property, plant and equipment	-	(382,995)	-	(382,995)
Derecognition (Note 14)	-	-	(23,847)	(23,847)
At 31 December 2023	3,362,439	1,191,075	226,235	4,779,749

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

25. Leases (cont'd)

Group as lessee (cont'd)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period (cont'd):

	Long-term leasehold land RM	Motor vehicles RM	Buildings RM	Total RM
Group (cont'd)				
Net carrying amount				
As at 31 December 2022	14,267,983	92,403	70,180	14,430,566
As at 31 December 2023	14,002,355	241,859	491,629	14,735,843

Set out below are the carrying amounts of lease liabilities:

	Interest rate	Maturity	Group	
			2023 RM	2022 RM
Current	4.06% - 5.30%	2024	254,816	292,257
Non-current	4.06% - 5.30%	2025 - 2028	436,991	74,358
			691,807	366,615

The following are the amounts recognised in profit or loss:

	Group	
	2023 RM	2022 RM
Depreciation expense of right-of-use assets	463,584	733,787
Interest expense on lease liabilities	22,115	24,731
Expenses relating to short-term leases	133,400	49,100
Total amount recognised in profit or loss	619,099	807,618

The Group had total cash outflows for leases of RM489,664 in 2023 (2022: RM513,049).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

25. Leases (cont'd)

Group as lessor

The Group has entered into commercial property leases on its investment properties. These leases have remaining lease terms of between 1 and 15 years (2022: 1 to 16 years). Rental income recognised by the Group during the year is RM10,235,719 (2022: RM10,960,074).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2023	2022
	RM	RM
Not later than 1 year	8,534,684	9,604,816
Later than 1 year but not later than 5 years	33,125,219	28,856,528
More than 5 years	73,514,201	80,586,165
	115,174,104	119,047,509

26. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade payables				
Third parties	9,180,045	6,282,805	-	-
Accruals of development expenditure	10,766,595	14,226,999	-	-
	19,946,640	20,509,804	-	-
Other payables				
Amounts due to subsidiaries	-	-	24,580,000	24,580,000
Accruals	5,940,611	3,823,260	148,337	140,676
Deposits received	3,837,553	3,697,624	-	-
Sundry payables	5,170,144	4,693,451	18,158	30,000
	14,948,308	12,214,335	24,746,495	24,750,676

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

26. Trade and other payables (cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total trade and other payables	34,894,948	32,724,139	24,746,495	24,750,676
Add: Loans and borrowings (Note 24)	199,691,344	226,454,369	-	-
Add: Lease liabilities (Note 25)	691,807	366,615	-	-
Total financial liabilities carried at amortised cost	235,278,099	259,545,123	24,746,495	24,750,676

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally on 30 to 60 days (2022: 30 to 60 days) terms.

(b) Amounts due to subsidiaries

These amounts are unsecured, non-interest bearing and are repayable upon demand.

27. Share capital

	Number of ordinary shares		Amount	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January/ 31 December	444,585,469	444,585,469	231,343,259	231,343,259

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

28. Redeemable Convertible Preference Shares ("RCPS")

	Number of RCPS		Amount	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January/ 31 December	155,000,000	155,000,000	149,172,930	149,172,930

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

28. Redeemable Convertible Preference Shares ("RCPS") (cont'd)

The salient features of the RCPS are as follows:

- Maturity Date : The last date of the Tenure or if the maturity date is not a market day, the market day immediately following such date.
- Issue Price : RM1 per RCPS.
- Ranking : Rank equally among themselves but in priority to the holders of other class of shares in respect of capital repayment and dividends.
- Tenure : 10 years from the date of issuance.
- Dividend : Cumulative dividend of 7% per annum calculated based on the Issue Price. The distribution is at the discretion of the Company's Board from time to time after the date of issue of the RCPS, out of the available profits of the Company if the Company is solvent.
- Listing : Will not be listed nor quoted on any stock exchange.
- Voting rights : Holders will have the same rights as ordinary shareholders on receiving notices, reports and audited financial statements and attending general meetings of the Company but will not have the right to vote/move/second any resolution at any general meeting of the Company except on:
- (a) reduction of the Company's share capital;
 - (b) disposal of the whole of the Company's property, business and undertaking;
 - (c) proposal varying or affecting rights, privileges or conditions attached to the RCPS, or the exercise of any of those rights, privileges or conditions;
 - (d) winding-up of the Company;
 - (e) during the winding up of the Company; and
 - (f) during the period when the dividend or part of the dividend payable on the RCPS is in arrears for more than 6 months.

The holders shall have 1 vote for each of the RCPS held.

- Winding-up/
reduction of
capital/ other
return of capital
(excluding
redemption of
RCPS) : (a) Rank equally with each other and in priority to the holders of other class of shares in the Company to receive cash repayment in full, and the amount of any dividend in arrears of that RCPS after repaying and discharging all debts and liabilities of the Company and the costs of winding up or such capital reduction exercise.
- (b) Holders will not be entitled to participate in any profits or surplus assets of the Company beyond such rights as are expressly set out here.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

28. Redeemable Convertible Preference Shares ("RCPS") (cont'd)

The salient features of the RCPS are as follows (cont'd):

- Conversion : (a) Subject to all applicable laws, rules and regulations, each holder will be entitled during the Tenure to convert any RCPS held by them into the ordinary share of the Company at the conversion price of RM0.50 ("RCPS Conversion Price") for 1 new share of the Company ("Conversion Share"). The Conversion Shares will be listed and quoted on Bursa Securities.
- (b) Any RCPS not redeemed or converted will be mandatorily converted into Conversion Shares on the Maturity Date on the basis set out in Paragraph (a).
- (c) Fraction of Conversion Shares arising from conversion shall be disregarded.
- (d) The Board of the Company may adjust the RCPS Conversion Price if the Company's share capital is altered on or before Maturity Date. Any such adjustment requires certification by a professional adviser or the Company's external auditors.
- Redemption : (a) Subject to the Act, redeemable at the option of the Company at any time after the date of issuance of the RCPS up to the day immediately preceding the Maturity Date.
- (b) Redemption price: RM1 per RCPS.
- Transferability : Transferable.
- Liquidation – Conversion Shares : (a) Rank equally with the Company's shares in issue but will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the Conversion Shares.
- (b) Conversion Shares holders will not be entitled to participate in any dividend declared in respect of the financial year immediately preceding the date of the Conversion Notice even if the entitlement date in respect of such dividends falls after the date of the Conversion Notice.

29. Irredeemable Convertible Preference Shares ("ICPS")

	Number of ICPS		Amount	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January/ 31 December	211,281,792	211,281,792	203,338,864	203,338,864

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

29. Irredeemable Convertible Preference Shares ("ICPS") (cont'd)

The salient features of the ICPS are as follows:

- Maturity Date : The last date of the Tenure or if the maturity date is not a market day, the market day immediately following such date.
- Issue Price : RM1 per ICPS.
- Ranking : Rank equally among themselves but in priority to the holders of other class of shares (except the RCPS) in respect of capital repayment and dividends.
- Tenure : 10 years from the date of issuance.
- Dividend : Not entitled to any dividend.
- Listing : Will not be listed nor quoted on any stock exchange.
- Voting rights : Holders will have the same rights as ordinary shareholders on receiving notices, reports and audited financial statements accounts and attending general meetings of the Company but will not have the right to vote/move/second any resolution at any general meeting of the Company except on:
- (a) reduction of the Company's share capital;
 - (b) disposal of the whole of the Company's property, business and undertaking;
 - (c) proposal varying or affecting rights, privileges or conditions attached to the ICPS, or the exercise of any of those rights, privileges or conditions;
 - (d) winding-up of the Company; and
 - (e) during the winding up of the Company.

The holders shall have 1 vote for each of the ICPS held.

- Winding-up/
reduction of
capital/ other
return of capital
- (a) Rank equally with each other and in priority to the holders of other class of shares in the Company (except the RCPS) to receive cash repayment in full of that ICPS after repaying and discharging all debts and liabilities of the Company and the costs of winding up or such capital reduction exercise.
 - (b) Holders will not be entitled to participate in any profits or surplus assets of the Company beyond such rights as are expressly set out here.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

28. Irredeemable Convertible Preference Shares ("ICPS") (cont'd)

The salient features of the ICPS are as follows (cont'd):

- Conversion : (a) Subject to all applicable laws, rules and regulations, each holder will be entitled during the Tenure to convert any ICPS held by them into ordinary share of the Company at the conversion price of RM0.50 ("ICPS Conversion Price") for 1 new share of the Company ("Conversion Share"). The Conversion Shares will be listed and quoted on Bursa Malaysia Securities Berhad.
- (b) Any ICPS not converted will be mandatorily converted into Conversion Shares on the Maturity Date on the basis set out in Paragraph (a).
- (c) Fraction of Conversion Shares arising from conversion shall be disregarded.
- (d) The Board of the Company may adjust the ICPS Conversion Price if the Company's share capital is altered on or before Maturity Date. Any such adjustment requires certification by a professional adviser or the Company's external auditors.
- Redemption : Irredeemable.
- Transferability : Transferable.
- Liquidation – Conversion Shares : (a) Rank equally with the Company's shares in issue but will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the Conversion Shares.
- (b) Conversion Shares holders will not be entitled to participate in any dividend declared in respect of the financial year immediately preceding the date of the Conversion Notice even if the entitlement date in respect of such dividends falls after the date of the Conversion Notice.

30. Merger deficit

	Group	
	2023	2022
	RM	RM
At 1 January/31 December	<u>(312,038,809)</u>	<u>(312,038,809)</u>

This represents the excess of the consideration paid over the identifiable net assets of Ritai Sdn. Bhd. and its subsidiaries as at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

31. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms agreed between the parties during the financial year:

	2023 RM	2022 RM
Group		
Director:		
- Revenue from sale of properties under development	-	1,457,836
A family member of a director:		
- Revenue from sale of properties under development	-	304,640
Companies in which a family member of a director has interests:		
- Rental payable	142,800	142,800

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly, including any director of the entity. The remuneration of directors during the year was as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fees	80,000	80,000	80,000	80,000
Salaries and other emoluments	3,854,525	3,895,282	138,272	179,929
Contributions to defined contribution plan	302,991	468,171	15,262	22,513
Benefits-in-kind	372,954	372,954	-	-
Total (Note 11)	4,610,470	4,816,407	233,534	282,442

32. Capital commitments

Capital expenditure as at the reporting date are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Approved and contracted for:				
Property, plant and equipment	616,705	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

33. Fair value of financial assets and liabilities

Financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<u>Note</u>
Trade and other receivables	20
Cash and bank balances	23
Loans and borrowings	24
Trade and other payables	26

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

34. Financial instruments risk management and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, and interest rate risk.

The Board of directors reviews and agrees policies and procedures for the management of these risks.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

34. Financial instruments risk management and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group and the Company do not have any significant exposure to individual customer or counter party nor does it have any major concentration of credit risk related to any financial assets except for the amounts due from subsidiaries of the Company as disclosed in Note 20.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events and current economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

Majority of trade receivables from property development segment were financed by back-to-back end-finance from financial institutions. Accordingly, the directors assessed that the credit risk exposure arising from property development activities to be minimal. Credit risk exposure on lessees of the Group's investment properties is assessed on case-by-case basis. Set out below is the information about the credit risk exposure on the Group's trade receivables:

	Trade receivables					Total RM
	Days past due					
	Current RM	31-60 days RM	61-90 days RM	91-365 days RM	More than 365 days RM	
31 December 2023						
Estimated total gross						
carrying amount at default	5,484,854	4,800,668	2,130,976	7,126,165	1,561,986	21,104,649
Expected credit loss	-	-	-	71,626	42,857	114,483
31 December 2022						
Estimated total gross						
carrying amount at default	8,480,531	9,098,681	3,972,827	5,460,987	1,893,824	28,906,850
Expected credit loss	15,608	13,077	8,751	80,898	26,692	145,026

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

34. Financial instruments risk management and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted amounts.

	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
Group				
2023				
Financial liabilities:				
Trade and other payables	34,894,948	-	-	34,894,948
Loans and borrowings	124,244,095	53,539,814	37,336,075	215,119,984
Lease liabilities	268,109	447,804	-	715,913
	<hr/>			
Total undiscounted financial liabilities	159,407,152	53,987,618	37,336,075	250,730,845
	<hr/>			
2022				
Financial liabilities:				
Trade and other payables	32,724,139	-	-	32,724,139
Loans and borrowings	150,469,468	42,632,582	46,204,767	239,306,817
Lease liabilities	305,479	77,846	-	383,325
	<hr/>			
Total undiscounted financial liabilities	183,499,086	42,710,428	46,204,767	272,414,281
	<hr/>			

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

34. Financial instruments risk management and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company	On demand or within one year	
	2023 RM	2022 RM
Financial liabilities:		
Trade and other payables, representing total undiscounted financial liabilities	24,746,495	24,750,676
Financial guarantee contracts	302,653,000	302,653,000

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from interest-bearing borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 (2022: 25) basis point lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM499,229 (2022: RM566,136) lower/higher, arising mainly as a result of lower/higher interest expense on loans and borrowings. The assumed movement in percentage for interest rate sensitivity analysis is based on the currently observable market environment.

35. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a healthy capital ratio in order to support their businesses and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

35. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Group's policy is to maintain gearing ratio that meet its existing requirements of the facilities agreements entered by the Group. The Group includes within debt, loans and borrowings. Capital includes equity attributable to owners of the Company.

Gearing ratio is not used to monitor capital for the Company as the Company is an investment holding company.

	Group	
	2023	2022
	RM	RM
Debt - loans and borrowings	199,691,344	226,454,369
Debt - lease liabilities	691,807	366,615
Net debts	200,383,151	226,820,984
Capital – equity attributable to the owners of the Company	167,523,976	169,612,550
Capital and debt	367,907,127	396,433,534
Gearing ratio	54%	57%

36. Comparatives

The following comparatives amounts as at 31 December 2022 have been reclassified to conform with current year's presentation:

	As previously stated RM	Reclassification RM	As reclassified RM
Group			
Statement of comprehensive income			
Cost of sales	52,779,662	407,915	53,187,577
Other income	3,708,143	160,474	3,868,617
Selling and marketing expenses	2,553,833	(407,915)	2,145,918
Other expenses	1,934,933	160,474	2,095,407

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

36. Comparatives (cont'd)

The following comparatives amounts as at 31 December 2022 have been reclassified to conform with current year's presentation (cont'd):

	As previously stated RM	Reclassification RM	As reclassified RM
Group (cont'd)			
Statement of financial position			
Current assets			
Inventory properties	128,407,101	(1,128,632)	127,278,469
Contract cost assets	-	1,128,632	1,128,632
Company			
Statement of comprehensive income			
Other income	-	155,481	155,481
Other expenses	155,481	(155,481)	-

37. Segment information

For management purpose, the Group is organised into business units based on its products and services, and has two reportable operating segments as follow:

- i. Property development - development of residential and commercial properties, property letting, and property management.
- ii. Trading of building materials - wholesaling and retailing of hardware, building materials and related goods.
- iii. Others - investment holding

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are at terms agreed between the parties during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

37. Segment information (cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Property development RM	Trading of building materials RM	Others RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
31 December 2023						
Revenue:						
External customers	101,799,075	20,952,845	-	-		122,751,920
Inter-segment	-	37,736	-	(37,736)	A	-
Total revenue	101,799,075	20,990,581	-	(37,736)		122,751,920
Results:						
Interest income	2,379,117	458,979	-	(2,067,732)	A	770,364
Depreciation	3,402,882	73,455	140,459	1,341,237	B	4,958,033
Other non-cash items	(4,226,783)	(608,249)	(18,054,332)	22,431,514	C	(457,850)
Segment profit/(loss)	7,537,307	1,044,009	15,001,114	(23,487,116)		95,314
Assets:						
Additions to non-current assets	1,586,510	10,296	-	(11,412)	D	1,585,394
Segment assets	450,457,613	11,739,955	592,154,355	(642,786,682)	E	411,565,241
Liabilities:						
Segment liabilities	228,037,364	7,460,171	118,244,124	(109,700,394)	F	244,041,265

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

37. Segment information (cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment (cont'd):

	Property development RM	Trading of building materials RM	Others RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
31 December 2022						
Revenue:						
External customers	71,410,532	6,623,170	-	-		78,033,702
Inter-segment	-	65,682	-	(65,682)	A	-
Total revenue	71,410,532	6,688,852	-	(65,682)		78,033,702
Results:						
Interest income	1,813,859	160,999	-	(1,699,501)	A	275,357
Depreciation	3,691,082	47,411	140,540	1,343,614	B	5,222,647
Other non-cash items	1,343,597	(63,453)	6,126,570	(7,594,390)	C	(187,676)
Segment profit/(loss)	1,564,687	(16,942)	(8,604,338)	6,232,418		(824,175)
Assets:						
Additions to non-current assets	1,739,393	141,140	-	(6,280)	D	1,874,253
Segment assets	472,880,655	6,977,303	605,968,707	(644,356,433)	E	441,470,232
Liabilities:						
Segment liabilities	232,248,262	1,576,916	144,265,428	(106,232,924)	F	271,857,682

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

37. Segment information (cont'd)

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues and interest income are eliminated on consolidation.

	Note	2023 RM	2022 RM
B	Depreciation consist of:		
	Depreciation of:		
	- property, plant and equipment	9 1,553,964	1,816,791
	- investment properties	9 3,404,069	3,405,856
		<u>4,958,033</u>	<u>5,222,647</u>

C Other non-cash items consist of the following items as presented in the respective notes to the consolidated financial statements:

	Note	2023 RM	2022 RM
Allowance for impairment loss on trade and other receivables	9	267,086	6,000
Inventories written down	9	40,837	8,740
Gain on disposal of property, plant and equipment	7	(89,997)	(101,999)
Gain on disposal of investment properties	7	(640,960)	-
Inventories written off	9	44,465	60,056
Property, plant and equipment written off	9	2	1
Reversal of impairment loss on trade and other receivables	7	(30,543)	(153,166)
Reversal of inventories written down	7	(48,740)	(7,308)
		<u>(457,850)</u>	<u>(187,676)</u>

D Additions to non-current assets consist of:

	Note	2023 RM	2022 RM
Property, plant and equipment	14	682,345	442,642
Investment properties	15	12	1,597
Inventory properties (non-current)	18(a)	903,037	1,430,014
		<u>1,585,394</u>	<u>1,874,253</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023 (cont'd)

37. Segment information (continued)

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd)

E The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2023	2022
	RM	RM
Inter-segment assets and consolidation adjustments	(642,786,682)	(644,356,433)

F The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2023	2022
	RM	RM
Inter-segment liabilities and consolidation adjustments	(109,700,394)	(106,232,924)

38. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 19 April 2024.

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WMG HOLDINGS BHD. Registration No. 201501041664 (1166985-X)

PROXY FORM

I/We _____
(Full Name in Block Capitals)

of _____

being a member/members of WMG Holdings Bhd., hereby appoint _____

of _____

and, _____

of _____

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 25 June 2024 at 11.00 a.m. at Wisma WMG, Ground Floor, Lot 1 & 2, Jalan Indah Jaya, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan, Sabah or at any adjournment thereof.

In the event 2 proxies are appointed, the percentage of shareholdings to be represented by each proxy is:

First proxy

Second proxy

My/our proxy is to vote as indicated below:

No.	Agenda	Resolution	FOR	AGAINST
1	To receive Directors' Report and Audited Financial Statements.			
	To re-elect the following Directors in accordance with Articles 125 of the Company's Constitution:-			
2(a)	- Hajah Shakinur Ain Binti Hj Karama	1		
2(b)	- Lim Ted Hing	2		
3	To approve payment of Directors' Fees of RM80,000 for the financial year ended 31 December 2023.	3		
4	To approve payment of allowances to Non-Executive Directors up to an amount of RM250,000 from July 2024 until June 2025.	4		
5	To re-appoint Auditors and to authorise the Directors to fix their remuneration.	5		
6	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.	6		
7	Authority to issue and allot new ordinary shares.	7		

Please indicate with "X" how you wish your vote to be cast. In the absence of specific directions, your Proxy will vote or abstain as he thinks fit.

NO OF SHARES HELD

Signature or Common Seal of Shareholder(s)

Signed this _____ day of _____ 2024

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member.
2. The instrument appointing a proxy in the case of any individual shall be signed by the appointor and in the case of a corporation, under its common seal or under the hand of the officer duly authorised.
3. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
5. The instrument appointing a proxy must be completed and returned, either by hand or post, so as to reach the Company's registered office situated at Wisma WMG, Lot 1 & 2, Jalan Indah Jaya, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd in accordance with Article 99 of the Company's constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 19 June 2024. Only a depositor whose name appears therein shall be entitled to attend this meeting or appoint a proxy to attend and/or vote on his stead.

Please fold along this line

Affix
Stamp
Here

The Company Secretaries
WMG Holdings Bhd.
Wisma WMG,
Lot 1 & 2, Jalan Indah Jaya,
Taman Indah Jaya, Jalan Lintas Selatan,
90000, Sandakan, Sabah, Malaysia.

Please fold along this line

WMG Holdings Bhd. Registration No. 201501041664 (1166985-X)
Wisma WMG,
Lot 1 & 2, Jalan Indah Jaya,
Taman Indah Jaya,
Jalan Lintas Selatan,
90000 Sandakan, Sabah, Malaysia.

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