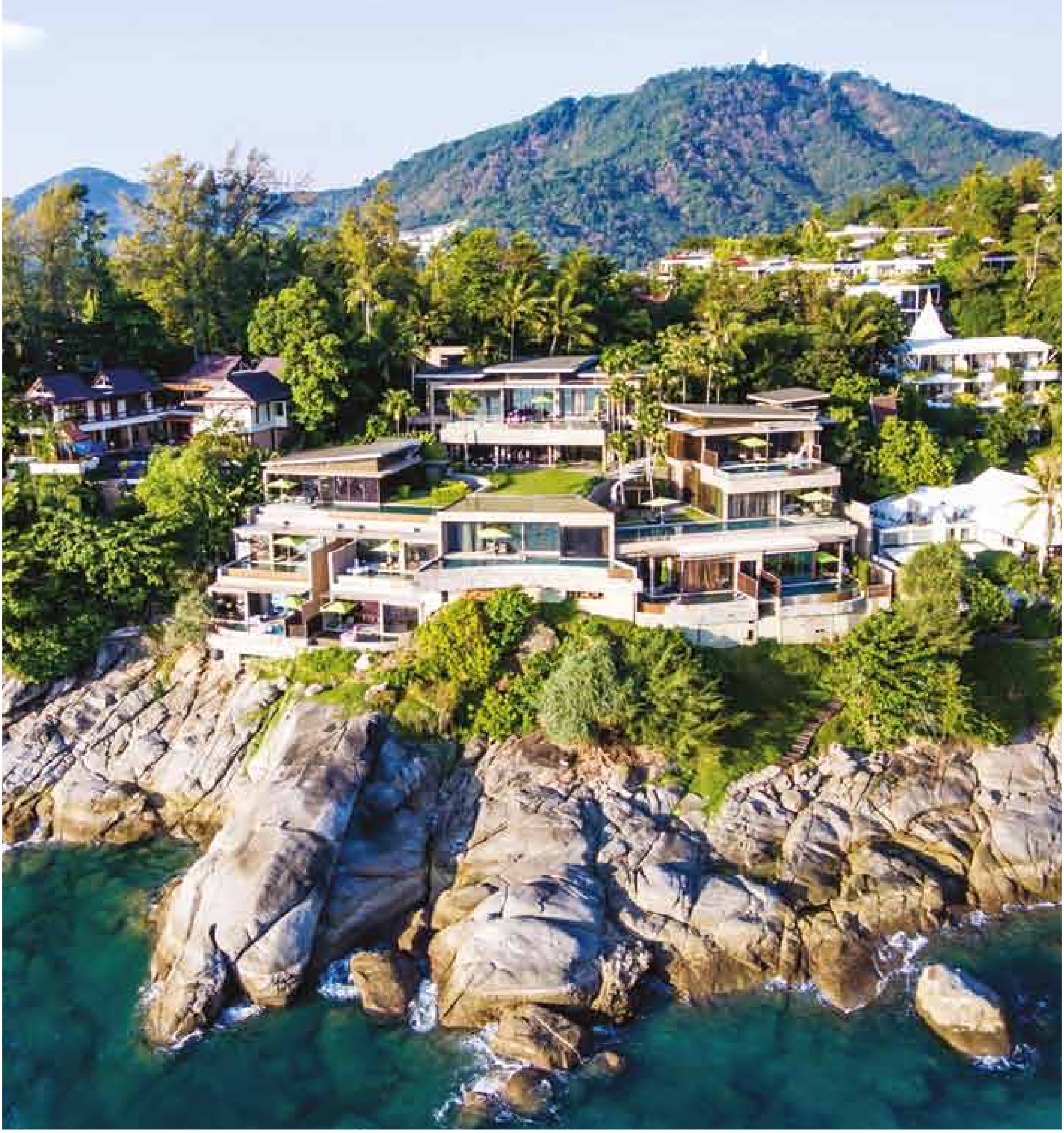
Impiana Hotels Berhad

Registration No. 200601021085
(740838-A)

2020 ANNUAL REPORT



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BOARD OF DIRECTORS

Dato' Seri Ismail @ Farouk bin Abdullah
Executive Chairman

En Azrin Mirzhan bin Kamaluddin
Executive Director

Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif
Independent Non-Executive Director

Datuk Supperamaniam a/l Manickam [1]
Independent Non-Executive Director

Datuk Mohammad Kamal bin Yan Yahaya
Non-Independent Non-Executive Director

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

Mr Wong Kok Seong [2]
Independent Non-Executive Director

Dato' Yahya bin A. Jalil [3]
Non-Independent Non-Executive Director

En Shahrizal Hisham bin Dato' Setia Abdul Halim [4,5]
Non-Executive Director

Note:-

1 *Appointed as Independent & Non-Executive Director on 15 May 2019*
2 *Resigned as Independent & Non-Executive Director on 15 May 2019*
3 *Resigned as Non-Independent & Non-Executive Director on 21 August 2019*
4 *Re-designated from previous position as Executive Director to current position on 1 May 2019*
5 *Resigned as Non-Executive Director on 31 March 2020*

AUDIT AND RISK MANAGEMENT COMMITTEE [1]

Chairman
Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif

Members
Datuk Supperamaniam a/l Manickam [2]

Dyana Sofya binti Mohd Daud

Mr Wong Kok Seong [3]

Note:-

1 *Change name from 'Audit Committee' to present name on 27 August 2020*
2 *Appointed as member on 15 May 2019*
3 *Resigned as member on 15 May 2019*

NOMINATION COMMITTEE

Chairman
Datuk Supperamaniam a/l Manickam [1]

Members
Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif

Datuk Mohammad Kamal bin Yan Yahaya

Mr Wong Kok Seong [3]

Note:-

1 *Appointed as chairman on 15 May 2019*
2 *Resigned as chairman on 15 May 2019*

REMUNERATION COMMITTEE

Chairman
Datuk Supperamaniam a/l Manickam [1]

Members
Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif

Mr Wong Kok Seong [2]

Dato' Yahya bin A. Jalil [3]

Note:-

1 *Appointed as chairman on 15 May 2019*
2 *Resigned as member on 15 May 2019*
3 *Resigned as member on 21 August 2019*

COMPANY SECRETARY

Siew Suet Wei
SSM No. 202008001690
(MAICSA 7011254)

Ms Tee Siew Lee
SSM No. 202008001875
(LS00009570)

Lim Yen Teng
SSM No. 201908000028
(LS0010182)

REGISTERED OFFICE

21st Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan, Malaysia

Tel : +603 2141 6233
Fax : +603 2142 2295

AUDITOR

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

Tel : +603 7728 1800
Fax : +603 7728 9800

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
199601006647 (378993-D)
11th Floor Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor, Malaysia

Tel : +603 7890 4700
Fax : +603 7890 4670

PRINCIPAL BANKERS

CIMB Bank Berhad
RHB Bank Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Main Market of the
Bursa Malaysia Securities Berhad

Stock Code : 7243

WEBSITE

www.impianaberhad.com
www.impiana.com

Hotels Berhad

Registration No. 200601021085
(740838-A)

Swasana Spa
Impiana Hotel KLCC, Kuala Lumpur

GROUP STRUCTURE

Impiana Hotels Berhad
Registration No. 200601021085
(740838-A)

Impiana Hotels & Resorts Management Sdn Bhd
199101013081 (223393-A)

100%

Provision of management and operations services to hotels and resorts

Impiana Pangkor Sdn Bhd
199101017935 (228246-W)

100%

Dormant

Impiana Ipoh Sdn Bhd
(Formerly known as Intra Magnum Sdn Bhd)
201401002976 (1079050-P)

100%

Joint developer of "Impiana Resort & Residences Cherating" and owner of Impiana Hotel Ipoh

Impiana Cherating Sdn Bhd
198501013346 (145802-H)

100%

Developer and owner of the "Impiana Resort & Residences Cherating"

Astaka Mekar Sdn Bhd
200901011731 (854761-P)

100%

Investment holding

Heritage Lane Sdn Bhd
199901002104 (477004-U)

20%

Owner of Impiana KLCC Hotel

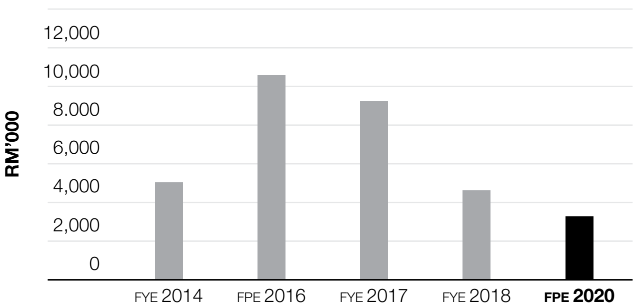
5-YEARS
FINANCIAL HIGHLIGHTS

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

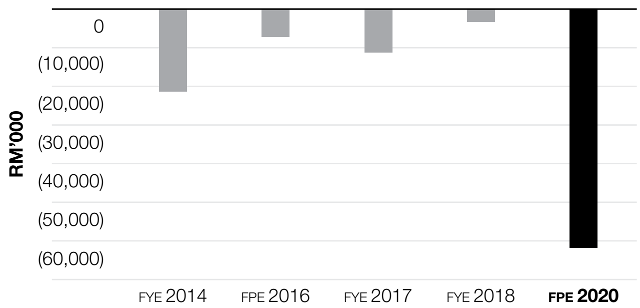
	FYE 31 Dec '14 (1) (RM'000)	18-mth FPE 30 Jun '16 (1) (RM'000)	FYE 30 Jun '17 (1) (RM'000)	FYE 31 Dec '18 (2) (RM'000)	18-mth FPE 30 Jun '20 (2) (RM'000)
Revenue	5,074	10,632	9,106	19,278	33,818
Finance costs	–	–	–	(5,372)	(6,198)
(Loss) before taxation	(20,528)	(7,099)	(9,842)	(1,940)	(63,940)
(Loss) after tax	(20,528)	(7,185)	(11,072)	(1,350)	(62,374)
Net assets	30,373	23,188	35,032	43,794	38,039
Total assets	37,080	28,090	45,950	166,871	194,724
Borrowings	–	–	–	69,885	71,100
Liabilities/Equity (times)	0.22	0.21	0.31	3.81	4.12
No. of shares ('000)	498,660	498,660	795,363	795,363	835,736
(Loss)/ per share (sen)	(4.12)	(1.44)	(1.39)	(0.17)	(7.46)
NA per share (sen)	6.09	4.65	4.40	5.51	4.55
Dividend per share (RM)	–	–	–	–	–

Note:
(1) The Group numbers are accounted for using direct acquisition method
(2) The Group numbers are accounted for using the reverse acquisition method

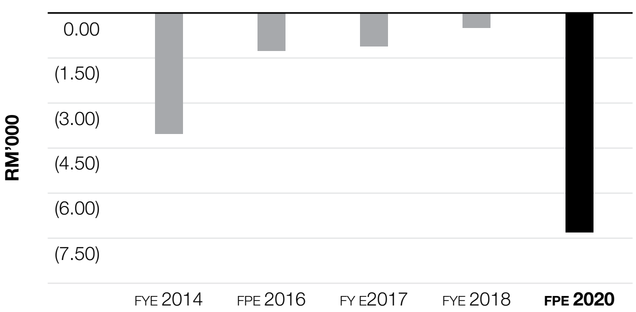
REVENUE



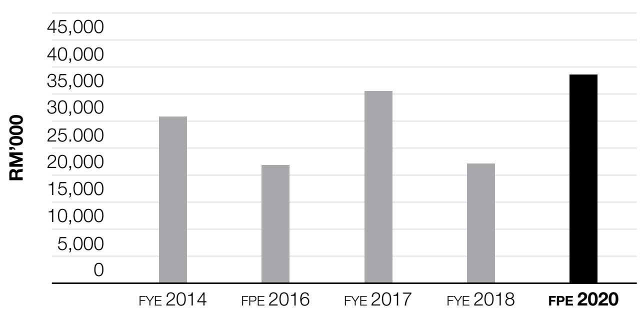
LOSS AFTER TAX



LOSS PER SHARE



NET ASSETS



PROFILE OF BOARD OF DIRECTORS
& KEY MANAGEMENT STAFF

Dato’ Seri Ismail @ Farouk bin Abdullah

Malaysian | aged 74 | Male |

Executive Chairman

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

Dato' Seri Farouk is a major shareholder of the Company through his direct and indirect shareholdings in the Company.

As at the date of this Annual Report, his shareholdings in the Company, are as follows:

Direct - 196,087,318 ordinary shares (20.91%)
Indirect - 275,385,492* ordinary shares (29.37%)
*(*Deemed interested by virtue of his shareholdings in Impiana Sdn Bhd)*

Dato’ Seri Farouk attended five (5) out of a total of six (6) Board Meetings held since his appointment to the Board on 18 April 2019 to the financial period ended 30 June 2020. He has abstained from deliberating and voting in respect to any transactions between the Company and related parties involving himself. He does not hold any directorship in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years.

Azrin Mirzhan bin Kamaluddin

Malaysian | aged 48 | Male |

Executive Director

En Azrin was appointed to the Board on 24 October 2017. He graduated with a Bachelor of Laws LL.B (Honours) from London School of Economics and Political Science, University of London, United Kingdom in 1995. He has 25 years of top level management experience with an impeccable record under his stewardship. His earlier years were in the manufacturing industry followed by a stint in the Securities Commission of Malaysia. He subsequently spent a total of 10 years with a Malaysian diversified conglomerate, with the last four years as Country Head of its Indonesian luxury property arm. Azrin joined Impiana Sdn Bhd as its Chief Operating Officer in 2015, a position he still holds.

En Azrin attended all seven (7) Board Meetings held during the period from 1 January 2019 to the financial period ended 30 June 2020. He does not hold any directorship in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years.

Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif

Malaysian | aged 47 | Male |

Independent Non-Executive Director

Chairman of Audit and Risk Management Committee

Member of Remuneration Committee

Member of Nomination Committee

Prof. Dr Amy was appointed to the Board on 18 August 2011 as representative of Perbadanan Nasional Berhad (PNS), a former substantial shareholder of the Company. He was re-designated as Independent Non-Executive Director on 12 March 2014 upon PNS's cessation as a substantial shareholder of the Company.

He holds a Ph.D in Franchising and Financial Planning from the University of Southern Queensland, Australia. He is also a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA), as well as a member of the Malaysian Institute of Management (MIM). He is currently a professor at the School of Economics, Finance and Banking, Universiti Utara Malaysia (UUM). He is highly regarded as a franchise and small medium enterprise (SME) industry expert. His extensive exposure in franchise and SME industry involved research, consultation and presentation of papers relating to franchise, SME, finance and entrepreneur locally and abroad. He currently serve as an Independent Non-Executive Director and Audit Chairman of Khee San Berhad.

Prof. Dr Amy attended all seven (7) Board Meetings held during the period from 1 January 2019 to the financial period ended 30 June 2020. He has no family relationship with any directors or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 5 years.

Datuk Supperamaniam a/l Manickam

Malaysian | aged 75 | Male |

Independent Non-Executive Director

Member of Audit and Risk Management Committee

Chairman of Remuneration Committee

Chairman of Nomination Committee

Datuk Supperamaniam was appointed to the Board on 15 May 2019.

Datuk Supperamaniam graduated graduated from the University of Malaya in 1970 with a Bachelor of Arts (Honours) in Economics. He subsequently joined the Malaysian Administrative and Diplomatic Service in October 1970 and was posted to the Ministry of Trade and Industry as Assistant Director where he served for thirty three years in various capacities including Director, International Trade, Senior Trade Commissioner to Hong Kong / People Republic of China and Deputy Secretary-General of Ministry of International Trade and Industry. He was also the Ambassador/Permanent Representative of Malaysia to the World Trade Organisation in Geneva, Switzerland.

Since his official retirement from Government service, he has assumed role as a speaker resource person/consultant to meetings, workshops and conferences organised by United Nations Agencies, regional and international organisations and foreign governments. He is also a Distinguished Fellow of Institute of Strategic and International Studies (ISIS) Malaysia. Besides the aforesaid, he also serves as an Adjunct Professor to the International Islamic University of Malaysia, and Advisor to Asia-Pacific Research Trade Network (Artnet) Coordinated by UNESCAP based in Bangkok, Thailand and Asean-China Research Institute of Guangxi University, China, Steering Committee Member Asia WTO Research Network based in Tokyo and member of the International Advisory Panel, Belt and Road Research Institute based in Hong Kong. He is currently an Exco member of the Economic Club of Kuala Lumpur.

Datuk Supperamaniam is presently a director of BATA Malaysia Sdn Bhd and has resigned from his position as an Independent Non-Executive Director of Panasonic Manufacturing Malaysia Berhad on 30 August 2019.

Datuk Supperamaniam attended all four (4) Board Meetings held since his appointment to the Board on 15 May 2019 to the financial period ended 30 June 2020. He has no family relationship with any other director and/or any other major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 5 years.

Datuk Mohammad Kamal bin Yan Yahaya

Malaysian | aged 66 | Male |

Non-Independent Non-Executive Director

Member of Nomination Committee

Datuk Kamal was appointed to the Board on 24 October 2017. He graduated with a Bachelor of Arts in International Relations (Honours) Degree from University of Malaya in 1977, and a Master of Science in Foreign Service from Georgetown University, USA in 1987. Datuk Kamal was a career diplomat, serving as Malaysian Ambassador to various countries such as Belgium, Luxembourg, European Union, Brazil, Cuba, Dominican Republic, Haiti, Jamaica and The Bahamas. He was the Personal Envoy of the Prime Minister of Malaysia to countries such as Egypt, Turkey, Saudi Arabia, Thailand and Namibia. He concurrently also served as Special Advisor to the Prime Minister for International Relations. He retired from the diplomatic corps in 2014. Datuk Kamal served as the Chairman of Malakoff Utilities Sdn Bhd, a wholly-owned subsidiary of Malakoff Corporation Bhd from February 2015 to July 2019.

He attended all seven (7) Board Meetings held during the period from 1 January 2019 to the financial period ended 30 June 2020. He does not hold any directorship in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years.

Dyana Sofya Mohd Daud

Malaysian | aged 33 | Female |

Non-Independent Non-Executive Director

Member of Audit and Risk Management Committee

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

Upon her graduation, she began her pupillage in Messrs Azmi & Associates and commenced her practice in Messrs Nizamuddin Hamid & Co in 2012 as a partner dealing with corporate matters until the end of 2013. She also served as political secretary to the Democratic Action Party Parliamentary Leader from 2013 to 2015.

Puan Dyana is presently a partner of a legal firm, Ayub Dyana Zainal & Zakaria Advocates & Solicitors where her responsibilities include managing and advising clients on legal matters, focusing on the corporate field as well as managing client relationships and public relations of the firm. She also currently serves as an Independent Non-Executive Director in MTAG Group Berhad.

Puan Dyana attended all seven (7) Board Meetings held during the period from 1 January 2019 up to the financial period ended 30 June 2020. She does not hold any directorship in any other public listed companies. She does not have any family relationship with any director and/or major shareholder of the Company and she does not have any conflict of interest with the Company. She has not been convicted of any offences within the past 5 years.

Shamsul Bahar bin Shamsudin

Malaysian | aged 48 | Male |

Group Chief Financial Officer

En Shamsul joined the Company and assumed his current position on 1 October 2020. He graduated with a Bachelor of Accounting (Hons) from International Islamic University, Malaysia in 1995 and is a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA). He has over 24 years of working experience in the audit and commerce sectors.

After his graduation, En Shamsul acquired his professional qualification from the Institute of Chartered Secretaries & Administrators in 1996 and Association of Chartered Certified Accountant in 2003. He commenced his employment with Ernst & Young from Associate, Assurance right up to Manager and continued his employment with PricewaterhouseCoopers. En Shamsul then joined Privasia Sdn Bhd as a Financial Controller for a brief stint. He then joined KPMG as Senior Manager, Audit from 2005 to 2007.

Prior to joining the Company, En Shamsul was with Giga Shipping Sdn Bhd as the Group Chief Financial Officer from October 2007 to September 2020 where he was responsible for the entire spectrum of accounting and finance, capital and funding, strategic planning and forecasting, legal and secretarial, billing and collection, governance and stakeholders' management of the group.

En Shamsul does not hold any directorship in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years.

EXECUTIVE CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of Impiana Hotels Berhad ("Impiana") for the 18-month financial period ended 30th June 2020 ("FPE 2020"). This report provides an overview of the Group during the last 18 months and touches on the prospects that lies ahead for us. During the FPE 2020, Impiana was an investment holding company involved in the management, operations, ownership and development of hotels and resorts through its subsidiaries, Impiana Hotels & Resorts Management Sdn. Bhd. ("IHRM"), Impiana Ipoh Sdn. Bhd. ("IISB"), Astaka Mekar Sdn. Bhd. ("AMSB"), Impiana Cherating Sdn. Bhd. ("ICSB") and Impiana Pangkor Sdn. Bhd. ("IPSB").

Financial Performance

This FPE 2020 was the first financial period for the Group as a pure hospitality player, having divested its water bottling business at the end of 2018. The Group enjoyed a successful early start of FPE 2020 by registering profits for the period up to March 2020. Unfortunately, the global disaster known as the Covid-19 pandemic started wreaking havoc to our industry and many others globally from as early as December 2019. Next to airlines, the hospitality industry was the 2nd most affected by Covid-19. This caused the Group to move into a loss position for the last 2 quarters of FPE 2020. If there is ever any silver lining behind a loss, it would be that the Group has managed to minimise the operating loss ended being relatively small compared to others. Whilst the Group's net loss was a large figure, 78% of that loss was due to a one-off impairment of goodwill that totally eliminated goodwill from the Group's balance sheet. The financial performance of the Group's business will be detailed further in this annual report.

Outlook

With the local hospitality industry showing shoots of recovery, the Group has re-focused its marketing strategies towards domestic tourism as well as the corporate and government sectors. This has shown promising results since the middle of 2020 with average occupancies at Impiana Hotel Ipoh and Impiana Hotel Senai touching 60% and 50% respectively as of early September 2020. Meanwhile, Impiana Hotel KLCC is enjoying 60% average occupancy operating partially as a quarantine centre. The international outlook however remains uncertain as international borders remain closed with no clear indication on the timing of re-opening. IHRM is also seeking to increase the number of third party hotels managed locally and is currently in negotiations with a number of parties.

To ride through these challenging times, the Group has implemented cost-cutting measures and has renegotiated terms with banks and suppliers. It is hoped that this will allow the Group to emerge from these times leaner and more efficient. Additionally, it is hoped that the Group's diversification into property development will provide non-hospitality revenue as a buffer against the challenging times faced by the hospitality sector.

On a brighter note, the Impiana brand has enjoyed a quarter century of successful existence even in the face of past challenges such as the SARS and Ebola outbreaks as well as the global financial crisis and each time, we managed to weather the storm to emerge stronger. We remain committed to continuous improvement and innovation in product and service delivery. Above all, we are able to quickly adapt to changing circumstances. These attributes are key to engaging the new normal.

To end, I offer my thanks to all our employees across the Group for their loyal and outstanding service, diligence and commitment through good times and bad. And to our shareholders, I'm grateful for your continued support and I look forward to continuing this journey with all of you.

Dato' Seri Ismail @ Farouk bin Abdullah
Executive Chairman

1. FINANCIAL REVIEW

The Company had changed its financial year end from 31 December to 30 June during the current financial period ended 30 June 2020 ("FPE 2020"). The change in the current financial period was made to facilitate more time for our External Auditors to assess the Purchase Price Allocation exercise arising from the completion of the Corporate Exercise on 21 February 2019. The business combination has been accounted for by adopting the reverse acquisition method and hence, the comparative figures have been restated retroactively to comply with the requirement of the accounting standards.

Review of Statement of Comprehensive Income

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

(RM '000)	FPE 2020 (18 Months)	FYE 2018	Variance FPE 2020 vs. FYE 2018
Revenue	33,818	19,278	*75.4%*
Gross Profit ("GP")	17,256	14,725	*17.2%*
Gross Profit Margin ("GPM")	*51.0%*	*76.4%*	
Administrative Expenses	(18,032)	(10,912)	*65.2%*
Other Cost	(63,164)	(5,753)	*>100.0%*
(Loss) Before Tax ("LBT")	(63,940)	(1,940)	*>100.0%*
(Loss) After Tax from Continued Operations (1) ("LAT")	(62,374)	(1,350)	*>100.0%*

Note:

(1) Attributable to owner of the Company

For the FPE 2020, the Group recorded a total revenue of RM33.82 million, higher compared to FYE 2018 of RM19.28 million which represents an increase by approximately RM14.54 million or 75.4%. The increase was substantially contributed by Impiana Cherating Sdn Bhd ("Impiana Cherating") on the development of Impiana Resort & Residences Cherating ("IRC"). During the FPE 2020, Impiana Cherating, a wholly-owned subsidiary of the Company undertook the development and property sale of IRC whereby certain blocks of the project will be owned and operated by Impiana Cherating as a resort and the remaining blocks will be sold to end customers under the sale and leaseback whereby Impiana Cherating will be managing these units on behalf of the owners. There was no such revenue recognised in FYE 2018.

The GP for the FPE 2020 was RM17.26 million, higher compared to RM14.73 million recorded in FYE 2018. The increase in the GP however, was not proportionate to the increase in the revenue mainly due to the recognition of development cost for IRC project in the current period, hence the dropped in the GPM from 76.4% to 51.0%.

Review of Statement of Comprehensive Income (Cont'd)

The Group had incurred a LBT of RM63.94 million for the FPE 2020 as compared to a LBT of RM1.94 million for FYE 2018. The increased losses was mainly attributable to the impairment loss on goodwill arising from the reverse acquisition of RM48.38 million, intangible assets written off of RM3.84 million and corporate exercise expenses incurred in relation to the acquisition of Impiana Group assets namely the entire equity interest of Impiana Hotels & Resort Management Sdn Bhd, Impiana Cherating Sdn Bhd ("Impiana Cherating"), Astaka Mekar Sdn Bhd, Impiana Pangkor Sdn Bhd ("Impiana Pangkor") as well as the remaining 25% equity interest in Intra Magnum Sdn Bhd ("IMSB"), which was duly completed on the 21 February 2019 of RM1.90 million. In addition, the Group had also incurred an amortisation of intangible assets charge amounting to RM0.95 million.

The Group operates primarily in the hospitality industry whereby its source of income is mainly from the provision of management and operations services to hotel & resorts and hotel businesses. The global disaster known as Covid-19 pandemic has hit the industry that we are in severely and as a result, we were not able to maintain profitability from our business operations and this has resulted in an operating loss from our operating activities by approximately RM9.8 million. Comparing to FYE 2018, the Group's finance cost was RM6.20 million as compared to RM5.37 million in FYE 2018.

The Group's LAT, was lower compared to its LBT mainly due to reversal of overprovision of income tax in prior period and reversal of certain temporary differences net of under provision of deferred tax liability in prior year.

Review of Statement of Financial Position

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

(RM '000)	As at 30 Jun 2020	As at 31 Dec 2018	Variance 30.06.2020 vs. 31.12.2018
Property, Plant and Equipment	71,615	63,130	*13.4%*
Intangible Assets	7,091	–	*100.0%*
Total Trade Receivables	19,531	6,913	*>100.0%*
Contract Assets	16,996	–	*100.0%*
Total Assets	194,724	166,871	*16.7%*
Total Trade, Other Payables & Accruals	46,074	27,249	*69.1%*
Contract Liabilities	1,065	–	*100.0%*
Total Liabilities	156,685	123,077	*27.3%*
Shareholders' Equity	38,039	43,794	*(13.1%)*
NA per share (sen) (1)	7.01	8.20	*(14.4%)*

Note:

(1) Based on weighted average number of shares

Review of Statement of Financial Position (Cont'd)

For FPE 2020, the Group total asset base increased by 16.7% to RM194.72 million from RM166.87 million recorded in FYE 2018. The notable increase was primarily due to revaluation of lands and building which were revalued during the FPE 2020 with net revaluation surplus before tax of RM7.72 million. The intangible assets were mainly on the hotel management rights which a subsidiary of the Company has the rights over the management of hotels under our Impiana brand name. These rights are reflected in the Group's statement of financial position upon completion of the corporate exercise.

On the receivables front, total trade receivables saw an increase from RM6.91 million in FYE 2018 to RM19.53 million in FPE 2020 mainly due to the amount owing from buyers of IRC project. The contract assets which arose from IRC project refer to the Group's right to consideration for work completed on property development but not yet billed at the reporting date. The Management is not aware of any possible non-collection from these trade receivables and contract assets.

Total liabilities witnessed a notable increase of 27.3% from RM123.08 million recorded in FYE 2018 to RM156.69 million in FPE 2020. The overall increase was mainly due to accrual of sales rebate on units sold under IRC projects.

Shareholders' Equity saw an overall decline of 13.1% from RM43.79 million in FYE 2018 to RM38.04 million in FPE 2020. The decline in Shareholders' Equity was primarily attributed to the increase in accumulated losses of the Group in FPE 2020 which stood at 98.83 million vis-à-vis RM30.52 million for FYE 2018. The corresponding rise was due to the LAT recorded in the current period.

Review of Statement of Cash Flows

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

(RM '000)	FPE 2020 (18 Months)	FYE 2018	Variance FPE 2020 vs. FYE 2018
Net cash flow generated from operating activities	15,848	2,883	*>100.0%*
Net cash flow used in investing activities	(29,237)	(1,395)	*>100.0%*
Net cash flow generated from/(used in) financing activities	13,272	(1,064)	*>100.0%*
Net (decrease)/increase in cash and cash equivalents	(117)	424	*(>100.0%)*
Cash and cash equivalents at the beginning of the financial period/ year	(9,176)	(9,600)	*(>4.4%)*
Cash and cash equivalents at the end of the financial period/ year	(9,293)	(9,176)	*1.3%*

The Group experienced a net decrease in cash and cash equivalents during the FPE 2020 of RM117 thousand as compared to FYE 2018. This was mainly attributable to the higher net cash flow used in Investing activities of RM29.24 million during the FPE 2020 as compared to RM1.40 million used in Investing activities in the FYE 2018. The cash used in Investing activities in the FPE 2020 mainly arose from the acquisition through reverse acquisition, net of cash and cash equivalents of RM25.06 million, acquisition of property, plant and equipment of RM3.16 million and additional subscription of shares in associate of RM1.02 million.

Review of Statement of Cash Flows (Cont'd)

This was partially offset by the increase in net cash flow from operating activities and financing activities from RM2.88 million in the FYE 2018 to RM15.85 million for the FPE 2020 and from deficit of RM1.06 million in FYE 2018 to RM13.27 million in FPE 2020 respectively. The stronger net operating cashflow position was mainly attributable to the improvement in the cash flow from operations position mainly from the Group's IRC project and financing activities, due to proceeds from drawdown of borrowings of RM3.57 million and proceeds from issuance of new ordinary shares of RM4.50 million.

2. BUSINESS OPERATIONS REVIEW

The Group's revenue for the FPE 2020 was derived from the hospitality and the property development businesses. The hospitality revenue was derived from Impiana Ipoh Sdn. Bhd. ("IISB"), hotel management revenue from Impiana Hotels & Resorts Management Sdn. Bhd. ("IHRM") and property development revenue was from Impiana Cherating. Please refer to the Outlook in the 'Executive Chairman's Statement' section in this Annual Report.

3. BUSINESS RISKS OVERVIEW

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

(a) <u>Changes in Economic Environment and Natural Disasters</u>

Spending on travel and tourism is discretionary and price sensitive, being affected by factors such as the supply and demand for modes of transportation and accommodation, the rate of growth of economic growth, interest rates, inflation and economic developments affect travel and tourism activities. In addition, the hospitality business is vulnerable to natural disasters such as earthquakes and major floods depending on the location of the Group's assets.

However, the Group manages the above risks by constantly monitoring movements in economy to pre-identify risks to ensure that action plans are devised at an earlier stage to mitigate risk.

FPE 2020 saw the global destruction brought about by the Covid-19 pandemic which not only resulted in human toll but also wreaked havoc to the global economy. To minimize the human toll, governments across the globe introduced severe restrictions on movement and business operations. International and even domestic borders were closed and employees were made to work from home. The closure of borders and movement restrictions severely affected most industries. After to airlines, the hospitality industry was the next worst affected as the demand for business and leisure accommodation disappeared. The gradual relaxation of domestic movement restrictions has somewhat alleviated the situation, but as at time of writing, most international borders remain closed.

While the risk of epidemic or pandemic has always been present, it was considered a relatively remote risk. The Covid-19 pandemic has made it a key risk. The Group manages this risk by identifying and implementing the best "clean and safe" procedures as this is now paramount in the decision making process of guests. Strict internationally accepted Standard Operating Procedures ("SOP") and best practices have been adopted and are practiced in our owned and managed hotels. These properties are also applying for internationally recognized certifications to provide assurance to guests that our properties are independently certified as "clean and safe".

(b) Foreign Exchange Risk

The Group has business transactions in foreign currencies in the normal course of its business under its hotel management agreements which are predominantly denominated in currencies of the countries these hotels are operating. Any significant increase in operating country currency may have an adverse effect on its operations.

The foreign exchange risk is partly mitigated as the Group's operating cost incurred are also predominantly paid in the operating country's currency. Nevertheless, the Group constantly monitors movements of the foreign currencies applicable to the business to ensure correct responses are implemented in response to currency rate movements.

(c) Development Risks

Impiana Cherating is in the midst of developing the Impiana Resorts & Residences Cherating which will consist of service residences to be sold and then leased back to be operated under the Impiana brand.

The development is subject to the inherent risks in the property development industry, such as completion risk, adverse changes to the demand for investment hospitality properties, purchaser defaults, risk of increasing labour and raw material costs as well as taxation, legal and environmental framework affecting the property development industry.

(d) Risks of redevelopment, renovation works and, repair and maintenance of assets

The assets of the Group are required to be up-to-date and in good working condition to ensure smooth running operations. This means that the Group's assets may incur further costs as it may be subject to redevelopments, renovation works and ad hoc maintenance and repairs. These costs usually increase over time.

Due to the inherent nature of these costs, the cashflow and profitability of the Group's business is highly dependent on the ability of the management in determining and managing these costs.

The Group has an experienced finance team with expertise in financial planning to forecast the future costs that may be incurred in maintaining the Group assets and provide for such costs in financial projections and budgets. This will enable the Group to mitigate the risk from unplanned escalation of costs for future redevelopments, renovation works, and repair and maintenance of assets.

(e) Competition Risk

Location, quality, attractive pricing and niche marketing are crucial factors towards remaining relevant and maintaining a competitive edge in the hospitality industry. The emergence of alternative tourism accommodation such as AirBnB has provided travellers with new alternatives for accommodation and raises the level of competition for traditional hotel operators like the Impiana group.

Nevertheless, the Group has been aggressively promoting its products and services through marketing partners such as wholesalers, travel agents, online travel agents and other collaborative partners. This will enable the Group to maintain its competitiveness both domestically and globally. Most importantly, the Group will endeavour to continue to provide a superior product offering which allows guests and customers to experience a different dimension, differentiating between the Impiana brand from mere accommodation.

(f) Dependency on key personnel

The Group believes that its continual success will depend on the abilities, skills, experience, competency and continuous efforts of its existing directors and management team. The Group's hospitality business is positioned for continued strength under the stewardship of the Executive Chairman, Dato' Seri Farouk, who has half a century of hotel experience under his belt, supported by other highly experienced management personnel of the Group.

Efforts are being made by the Group to develop younger talents of the management team to gradually assume greater responsibilities of the business and operations in preparation for long-term expansion. This also ensures succession planning for the Group's future business continuity.

(g) Renewal of Licences

The Group is required to obtain certain licences such as, operating, health and safety and equipment licences for its hospitality business. These licenses are subjected to periodic renewal/assessment by the relevant authorities and the terms and conditions for renewal may change from time to time.

While these factors are beyond the Group's control, the Group mitigates such risk by ensuring compliance with the relevant laws and regulations and conditions that are enforced and that the relevant licenses are obtained and renewed on a timely basis.

impiana

Hotels Berhad

Registration No. 200601021085
(740838-A)

Impiana Resort Cherating & Residences
Kuantan, Pahang

SCOPE

This report encompasses the sustainable development of Impiana Hotels Berhad and its subsidiary companies.

REPORTING PERIOD

1 January 2019 to 30 June 2020 ("FPE June 2020")

Our sustainability statement ("Sustainability Statement") focuses on sustainability initiatives in which we focus and highlight on the economic, environmental, and social ("EES") impacts of our activities and initiatives. We are reporting in accordance with the Global Reporting Initiative ("GRI") Standards for sustainability reporting and mapping out our route forward to embed sustainability throughout our business operations. Throughout this statement, we demonstrate our initiatives in integrating sustainability practices and preparing this statement pursuant to the Main Market Listing Requirements ("Listing Requirements") and Sustainability Reporting Guide 2018 issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the guidelines issued by the GRI.

As we set key financial targets and pursue new growth opportunities, we also recognise the importance of building sustainability and shared value creation into our corporate strategies. Seizing the opportunity to better serve our stakeholders, we revitalised our sustainability reporting process to address the changing stakeholders' needs.

This Sustainability Statement presents the review on the initiatives. It also evaluates our existing Corporate Social Responsibility ("CSR") initiatives and provides a roadmap for strengthening our sustainability management activities, processes and reporting in the future.

Our Roadmap to Sustainability

Our sustainability strategy is led by the Board of Directors ("Board") of Impiana Hotels Berhad, and is implemented and monitored within the framework.

Our success as an organisation relies on the strong and continuing support of our customers, suppliers, business partners, governments and other stakeholders. We believe that being a corporate citizen continuously contributing to the vitality of our marketplace are the best ways to command our stakeholders' respect and confidence. Business ethics, corporate governance and stakeholder engagement are therefore of key material importance for our Group as a whole.

We worked closely with selected internal and external stakeholders to determine sustainability risks and opportunities with particular focus given to economic, environmental and social risk factors. We understand that each stakeholder has different requirements and concerns. Therefore, we engaged our stakeholders in various ways to further understand their concerns, interests and obstacles.

REPORTING STANDARDS AND GUIDELINES

We have based our reporting approach on the framework and guidance provided by GRI. The report is developed with reference to the Sustainability Reporting Guide 2018. This report has been prepared in accordance with the "core" option of the GRI Standards. This includes adhering to the GRI Principles for defining report content:

- Stakeholder Inclusiveness – being responsive to stakeholder expectations and interest.
- Sustainability Context – presenting performance in the wider sustainability context.
- Materiality – focusing on issues where we can have the greatest impact and that are most important to our business stakeholders.
- Completeness – including all information that is of significant economic, environmental and social impact to enable the stakeholders to assess the Group's performance.

REPORTING SCOPE AND BOUNDARIES

The Group's Sustainability Statement 2020 was prepared in accordance with the GRI Standards. This Sustainability Statement covers the reporting period for the FPE June 2020. Our focus for this year is relating to reviewing our material sustainability topics that covers economic, environmental and social. The content of this report is based on the material topics that we have identified. Our scope and boundaries cover all our entities and operations in Malaysia. Our corporate sustainability strategy is overseen by the Board. The Board is accountable for overall management of our sustainability strategy. Through an on-going process of identification and evaluation, the Board establishes the direction of our sustainability strategy.

ABOUT IMPIANA HOTELS BERHAD

Vision

We aspire to be acknowledged regionally and accepted globally as one of the most efficiently managed hospitality groups wherein our staff at both managerial and service levels consistently strives to deliver the highest of service standards at all times and under all circumstances.

Mission

We are unswervingly committed in providing and delivering outstanding services and experiences to new and returning guests by exceeding their expectations of what we can offer, by recognizing and acknowledging our employees' contributions and involvement, by ensuring fair and reasonable returns to our shareholders, and by being responsible, conscientious, trustworthy, and dependable corporate citizens.

Our Business Model

Our Group's business model focuses on hotel operations, consultancy services (Hotel Management and Technical service consultancy) and property development where the revenues are recognised from the following:

(1) Under Impiana Ipoh Sdn. Bhd. ("Impiana Ipoh"), the operations of 'Impiana Hotel Ipoh';

(2) Under Impiana Hotels & Resorts Management Sdn. Bhd. ("Impiana Management"), the management of – Impiana KLCC Hotel; Impiana Hotel Ipoh; Impiana Hotel Senai; Impiana Resort & Residences Cherating; Impiana Resort Patong (Phuket, Thailand); Impiana Private Villas Kata Noi (Phuket, Thailand); Impiana Resort Chaweng Noi (Koh Samui, Thailand); Impiana Private Villas Seminyak (Bali, Indonesia); Impiana Private Villas Cemagi (Bali, Indonesia); and Impiana Private Villas Ubud (Bali, Indonesia);

Our Business Model (Cont'd)

(3) Development and property sales under Impiana Cherating Sdn. Bhd. ("Impiana Cherating") and thereafter the operations of 'Impiana Resort & Residences Cherating'; and

(4) Under Impiana Pangkor Sdn. Bhd. ("Impiana Pangkor"), the development and thereafter operations of 'Impiana Resort Pangkor'.

Our Group's market focus strategy is to excel in hotel operations and management segments as well as property development that will provide us with a sustainable business that maximises our profits.

Our Core Values

The Group's Codes of Ethics & Conduct for Directors and employees govern the standards of conduct and behaviour expected. The Board commits itself and its Directors towards ethical, business like and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

WHO WE ARE

The Company was incorporated in Malaysia on 13 July 2006 under the Companies Act as a private limited company under the name of Bio Osmo Sdn Bhd and its principal activity is investment holding. The Company was subsequently converted into a public limited company on 24 January 2007. The Company was renamed Impiana Hotels Berhad on 12 April 2019.

The Group is primarily involved in the ownership and operations of hotels in Malaysia. In addition, the Group also provides hotel management services to those hotels in Thailand and Indonesia. The third revenue segment of the Group is property sales through its subsidiary Impiana Cherating which employs a sale and leaseback model wherein properties are sold and leased back to operate as a resort.

The Group takes pride in its effort to nurture a vertically integrated range of in-house expertise and capabilities including all critical positions. This structure enables the Group to effectively control the construction process, thus ensuring cost control and efficient use of resources.

WHAT WE DO

The Group's stream of revenue for the FPE June 2020 was predominantly from the property development business under its subsidiary Impiana Cherating. The hospitality business was the next largest contributor with revenues from hotel operations as well as hotel management.

The companies under the Group are:

(i) **Impiana Management**

Currently, Impiana Management is the "hotel manager" of Impiana KLCC Hotel, Impiana Hotel Ipoh, Impiana Resort & Residences Cherating and Impiana Hotel Senai in Malaysia; Impiana Resort Patong and Impiana Private Villas Kata Noi in Phuket, Impiana Resort Chaweng Noi in Koh Samui, Thailand; and Impiana Private Villas Cemagi, Impiana Private Villas Seminyak and Impiana Private Villas Ubud in Bali, Indonesia. This subsidiary is anticipated to enlarge the existing hotel management operations of the Group.

(ii) **Impiana Pangkor**

Impiana Pangkor holds 2 parcels of land situated along the western coast line of Pangkor Island. The total land area is approximately 28.98 acres and was valued at RM31.50 million in June 2020 by a professional valuer. It is the Group's intention to develop these lands into 'Impiana Pangkor Resort' in the future.

(iii) **Astaka Mekar Sdn Bhd**

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

(iv) **Impiana Cherating**

Impiana Cherating currently holds 6 parcels of lands situated in Cherating, Pahang along the eastern coastline of Peninsular Malaysia with an aggregate land area of 30.34 acres. The said lands are in the midst of being redeveloped into 'Impiana Resort & Residences Cherating' which is expected to comprise of approximately 556 units of serviced residences and 99 units of villas together with other world-class resort facilities upon completion. The company adopts a sale and leaseback model for all the serviced residences, which will allow the company to generate revenue from both the sale of the units as well as the management and operations of the units upon completion.

(v) **Impiana Ipoh**

Impiana Ipoh is the "hotel owner" of Impiana Hotel Ipoh and holds the parcel of land in which the hotel sits on, which is situated at Ipoh, Perak. The total land area is approximately 2.4 acres.

The Group's headquarters and registered office are located at 21st Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur.

Review of operations

Please refer to 'Executive Chairman's Statement' and 'Management Discussion & Analysis' sections of this Annual Report for further details.

Key Highlights for FPE 2020

Market	**Market Capitalisation (as at 30 June 2020): RM83.57 million**	
Business	Revenue	33.82 million
	(Loss) before tax	(63.94 million)
	(Loss after tax (PAT)	(62.37 million)
	Basic (Loss) Per Share	(11.49 sen)
	Net Tangible Assets per share	4.55 sen

OUR APPROACH IN DRIVING SUSTAINABILITY

Our approach to sustainability is based on our core values of excellence, integrity, humility and building relationship, supported by policies and procedures. We consistently embed sustainability into the core of our business. The following value-added sustainability framework forms the basis of the Group's steps to strengthen our approach to sustainability.

SUSTAINABILITY STRATEGY

1. As a Public Listed Company

- As a public listed company we are pre-emptive of the sustainability matters focusing on economic value creation for the shareholders and the stakeholders;
- We plan to elevate sustainability in company governance, through engaging in direct Board oversight and accountability over environmental and social issues, more diversity and special expertise on Board and linking executive and other employee compensation to sustainability goals;
- We plan to have regular dialogues with key stakeholders on sustainability challenges, including employees, investors, suppliers and consumers;
- We are in the process of open reporting on sustainability strategies, goals and accomplishments;
- We are in the process of developing systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains and products.

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

- We plan to provide quality and reliable products and service to all of our clients as they are part of our valued stakeholders as a means to increase repeat purchases and loyalty;
- We aim to source for staffing within the local communities in which we operate in order to provide employment and enhance ties with the local community;
- We aim to use locally sourced materials and products wherever possible to provide business for local suppliers and to minimise the logistics requirement, thereby reducing our carbon footprint;
- We aim to use environmentally friendly and recyclable materials, products and packaging wherever possible to minimise any impact to the environment;
- We aim to utilise energy and water efficient solutions and practices wherever possible to prevent unnecessary usage of scarce resources and minimise any impact on the environment.

GOVERNANCE OF SUSTAINABILITY

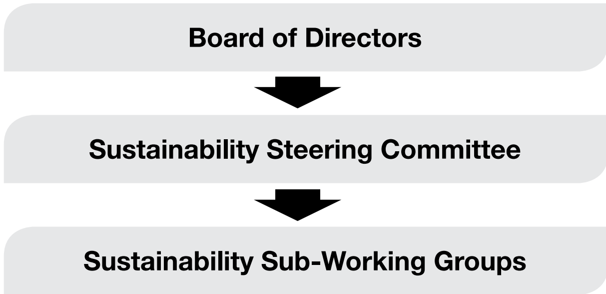
The Group complies with the high standards of corporate governance ("CG") practices and is being closely monitored under the leadership of our Board, as guided by the Malaysian Code on Corporate Governance 2017 ("MCCG 2017").

In line with sustainability, the Board has the ultimate responsibility to ensure that sustainability efforts are embedded in the strategic direction of the Group. We will establish a Sustainability Steering Committee ("SSC") to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies. The SSC will be supported by various working groups responsible for implementing initiatives within the organisation. The Management will provide the Board with regular updates relating to all key EES risks and opportunities (sustainability matters).

The governance of our sustainability agenda is a process that is important to the Group as it enables the business to effectively embed sustainability. Good governance structures also ensure that we are consistently aligned to our principles and standards. Demonstrating its commitment from the top, the Group's sustainability agenda is governed by the Board which shall be supported by the SSC in the future.

ORGANISATION STRUCTURE FOR SUSTAINABILITY

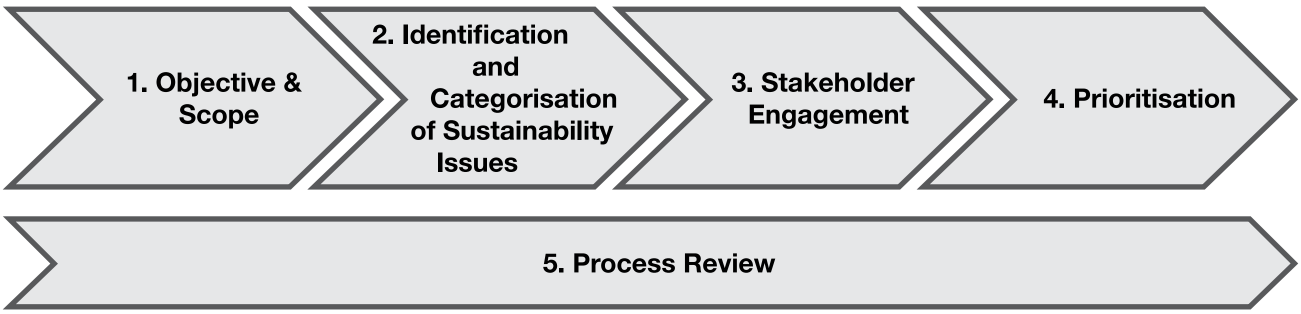
The Group's sustainability strategy is led by the Board, and will be implemented and monitored within the following governance structure:



Sustainability Structure	Roles and Responsibilities
Board of Directors	The Board oversees the Group's overall sustainability related performance
Sustainability Steering Committee	Sustainability Steering Committee will be chaired by an Executive Director to formulate sustainability policies and drive the sustainability efforts and initiatives while ensuring consistency with the Group's Sustainability Strategy and Business Strategy
Sustainability Sub-Working Groups	Sustainability Sub-Working Groups are the sub-working groups of Sustainability Steering Committee established to carry out the following: • Set sustainability priorities and goals • Develop and implement sustainability programmes • Advise on sustainability opportunities and innovations • Track, monitor and analyse sustainability metrics and measures • Address and manage challenges and constraints to the sustainability initiatives • Work on quality, health, safety and environmental issues of the Group

STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, the Group continues to practice prudence and remain focused on delivering quality growth, while being watchful of emerging risks. The Group is fully committed to uphold responsible financing which is reflected through its prudent infrastructure transformation as well as sustainability in its supply chain.



1. **Objectives & Scope**

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

2. **Identification and Categorisation of Sustainability Issues**

   In identifying the list of sustainability issues relevant to the Group and its stakeholders, the Group assesses the operating environment and emerging trends affecting our sector and conducted study across a broad range of references to identify the relevant sustainability issues. The references include the Sustainability Reporting Guide 2018 and Toolkits, and international standards such as the GRI Standards.

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

Our Material Factors

As we monitor, manage and report on a wide variety of issues, the key to our approach is focusing our resources on material sustainability risks and opportunities that are associated with each material factor. Understanding our key priorities allows us to set our time, resources and investment to the best use.

In determining sustainability priority, we combine the views from the Management and the stakeholders from the preliminary materiality process with the purpose of identifying and addressing key sustainability issues which reflect significant economic, environmental and social impact on our business.

The materiality process involves several steps including:

- Identification of potential material topics by reviewing GRI aspects, benchmarking against key corporate peers and analysing past reports which reflects the feedback from customers, community representatives and employees generally.

- Identification of aspects and topics most important to external stakeholders, customers and their supply chain vendors, based upon requests, surveys and on-going engagement during the reporting period.

The materiality factors are based on the priority of the organisation.

Material Factors	Description	What Are The Risk	What Are The Opportunities
Competition	The Group is exposed to competition within the industry	Lesser chance to secure occupancy, sales and contracts will impact the Group's business and performance. • *Lower occupancy* • *Lower room rate* • *Lower management fees* • *Lower sales*	• Innovative products, eco-friendly and safe & hygienic systems could be offered to the clients so as to improve on our core value • Responsible sales and marketing campaigns reflecting the areas of customer needs • Regional partnerships and collaborations

Our Material Factors (cont'd)

Material Factors	Description	What Are The Risk	What Are The Opportunities
Market Stability	A well-facilitated business, supported together with an effective and balanced regulatory framework that provides adequate levels of client protection while facilitating business efficiency and innovation are imperative for the continued growth and development of our business	• Any event – such as breaches in regulation, lack of effective CG practices – that undermines integrity or stability will influence stakeholder confidence and possibly participation in the market • Epidemic/ Pandemic diseases such as Covid-19 – that resulted in country lockdowns and global travelling restrictions – affect tourism, hotel industry and revenue	• Having a robust approach to ensure the integrity and stability of the market serves to engender trust and confidence, which in turn encourages participation and growth • Fostering a strong corporate governance and sustainability culture will also drive long-term value, both in the market and within Bursa Securities

		Factors	Why material	Managing Materiality
MATERIALITY	Very Important	Optimisation / Resources	To help the Group become efficient and effective	Taking the necessary measures to ensure all our staffs and resources are being optimised
		Market Condition	Market condition affects all businesses in every industry	Our business segment depends on the market condition where we conduct market study prior to engaging in any projects or ventures
		Compliance	Compliance with laws and regulations is one of our main requirements	We provide adequate training and resources to ensure we meet compliance obligations
		Safety	Impact on safety of workforce to avoid workplace injuries and manage the product safety	We support the on-going training of operational teams to ensure understanding in recognising and improving as well as maintaining safe working conditions
		Quality	It is part of our core business value to satisfy all of our customers	By obtaining prompt stakeholder feedback to gauge our quality
		Customer Satisfaction	It is important for us to benchmark ourselves and to collaborate closely with our customers to achieve mutual success	We are in the process of enhancing the customer satisfaction surveys to obtain customer's feedbacks
		Reputation	To get a more realistic picture of how the business is actually being perceived by others	We take initiatives to enhance our reputation by providing balanced reporting

Our Material Factors (cont'd)

		Factors	Why material	Managing Materiality
MATERIALITY	Very Important	Procurement	It ensures the stable, sustainable procurement and supply of resources	We are always on the lookout for best quality and economical pricing in order to be competitive
		Corporate Governance	To ensure the Group protects the members, officers and the Management	Governance is conducted according to various regulations and sub committees. The Board oversees the governance based on quarterly review of management reporting
		Customer Privacy	It is important to build customer trust and loyalty	We take necessary measures to protect the customer's privacy by having our staff trained on this matter
		Business Model	Business model plays a vital role in challenging market condition of the market and business	We engage high level review on the business model with the Management
		Networking Stakeholder	It is important to have new opportunities and positive influence	Our nature of business requires networking with all parties in order to reconcile the business needs
		Business Ethics / Code	Maintaining business ethics is part of our core values	We proactively promote and positively reinforce good behaviour to the employees
		Anti-Bribery and Corruption	This reduces risks of economic imbalance and compliance with laws, international charters and conventions.	On-going monitoring, briefing and review of compliance throughout the Group are carried out to make sure that the Group's policies and procedures as well as system of internal controls are being properly implemented Reviewing and improving the manual on the anti-bribery management system to prevent, detect and respond to bribery and comply with anti-bribery laws for internal reference by the various business units of the Group for operational application
		Social Media	The use of social media boosts visibility among potential customers and improves awareness of our brand	We engage social media to promote our services and products and learn from feedback to improve our service delivery
	Important	Local Environment Impact	It safeguards the environment impact	We monitor and review the environmental compliance strategy and performance
		Business Mix	Diversification is part of our business model to stay sustainable	We are always on the lookout for potential business synergy which creates better value to our core business

3. **Stakeholder Engagement**

Our interaction involves a large number of different stakeholder groups and our engagement with them is important to ensure we can identify, prioritise and address material matters and adopt them into our business strategies. As the Group's businesses and markets evolve, we find ourselves engaging with a growing number of diverse stakeholder groups such as our customers, employees, suppliers, shareholders and regulators. The Group believes that fostering relationships with our key internal and external stakeholders strengthens the financial position of the Group.

We also recognise the importance of our key stakeholders' views in all areas that we operate, in order to keep us on track towards our sustainability goals. Therefore, the Group has undertaken various approaches and communication and engagement strategies to engage with our key stakeholders to solicit their views. The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms. All issues raised by stakeholders are brought to the attention of the Management or during management meetings by the respective business and functional units. On-going engagements, where applicable, are carried out on a regular basis as they are integral to our business development, relationships with stakeholders and commitment to sustainability.

Sustainability Strategy

Stakeholder Group	Engagement Approach	Engagement Focus & Objectives
Customers	• Data mining solutions • Website, email and social media i.e. Facebook, Instagram, Twitter updates etc. • Birthday and festive greetings • Customer service and hotline centers	• Valuable data for business decisions • Improve products and services • Create the best customer experience • Improve customer retention
Employees	• Recruitment, training and development programmes • Study trip • Long service award • Performance reviews (KPI) and appraisal • In-house newsletters • Consultation and monitoring (survey) • CSR Events • Staff activities	• Career progression • Employee development needs • Employee retention and loyalty
Suppliers / Contractors / Consultants	• Common code of ethics and conduct • Regular meetings and dialogues • Request for proposal • Letter of appointment / Letter of award • Supplier evaluation and selection • Periodic review of purchasers and suppliers • Transparent tender process facilitated by our procurement team • Timely payment	• Sound payment practices • Evaluation of performance • Improve products and services • Cost saving

Sustainability Strategy (Cont'd)

Stakeholder Group	Engagement Approach	Engagement Focus & Objectives
Regulators	• Regular meetings • Knowledge sharing • Regular dialogue • Participation in Government and regulator events/ seminars/ webinars • Regulatory and technical association	• Compliance of all regulatory requirements and reporting • Public disclosures
Community	• Community outreach and strategic partnership • Contribution of goods and financial support • Contributions to non-governmental organisations (NGOs) • Awareness on the livelihood of the surrounding community throughout the construction phase	• Developing awareness and understanding of the community we live in • Community programmes / charity activities (donations in cash, kind or special events) for needy groups
Media & Investors / Bankers	• Media coverage • Conferences • Interviews • Online and offline media campaigns • Immediate notification of financial releases and material developments	• Regular updates and engagement sessions • Announcement of new launches and project updates • Addressing special issues • Keeping good rapport with media publications houses
Non-governmental organisations (NGOs)	• Face-to-Face meetings • Joint events	• Biodiversity and other environmental concerns
Shareholders & the Investment Community	• Financial results announcements • Investor relations' conference and road shows • Corporate website • Annual/ Extraordinary General Meetings • Financial results and annual report • Prudence risk management	• Proactively engage with the investment community through multiple channels such as: - Statutory Announcements - Annual General Meetings - Corporate Events - Website • Sustainable and responsible investing • Financial literacy and investor education

Top 5 Stakeholders' Possible Concerns

As highlighted in the table above, and whilst most of the concern areas overlap with our material issues discussed earlier, their order of priority for stakeholders is different.

1. Financial performance not in line with the market condition.
2. Capital injection for refurbishment of the hotels.
3. Work-life balance and working environment.
4. Sufficiency of cash flows.
5. Quality of service vs value for money.

4. **Prioritisation of Material Sustainability Matters**

The Group has undertaken a stakeholder prioritisation and engagement process to engage with its stakeholders. This include on-going efforts to engage with stakeholders in the usual course of business through the day-to-day operations as well as specific engagements carried out to seek stakeholders' feedback. The outcome of these engagements was considered in the course of the Group's materiality assessment.

As part of the process in conducting the materiality assessment of sustainability matters, the Group conducted the specific engagement process as follows:

- To determine the key stakeholders with whom the Group should engage, the Group carried out assessments to identify key stakeholders based on each stakeholder's influence and dependence.
- To gain insights into these key stakeholders' concerns, interests and expectations, the Group conducted discussions including on-going sessions throughout the year to gauge stakeholders' concerns pertaining to the list of sustainability matters identified.

5. **Process Review**

The materiality process is undertaken as a key component of the Group's journey towards identifying the material sustainability matters. The SSC will review and approve the processes and outcome of the materiality process including the Group's materiality which guides the Management in addressing and managing its material sustainability matters in its business operations.

The following section aims to provide insights on the Group's sustainability commitments and practices across 3 key areas – economic, environmental and social undertaken by our key business divisions.

A) ECONOMIC

Economic scenario remains as our core glitches based on the market condition affected by global influence. The Group has taken measures to identify the critical risk which influence the strategy of the Group. By taking the necessary steps, and together with the Senior Management and the Board's input, we foresee mitigating the risk elements.

Financial Sustainability

Our commitment to business excellence is focused on strong corporate governance and prudent financial management in view of the challenging market environment brought about by the Covid-19 pandemic. We strive to achieve the following financial goals:

- Boost turnover and seek to achieve positive cash flow
- Improve operation efficiency with minimum costs while maintaining standard
- Diversify income generating sources

Whistleblowing Policy

The Group has adopted a whistleblowing policy that will allow employees and any external stakeholders to report cases in relation to any breach of any legal obligations by the Company and its subsidiaries.

Anti-Bribery and Corruption Policy

The Group has implemented an anti-bribery and corruption policy to foster the growth of a business environment that is free of corruption and to prevent occurrence of corrupt practices by an employee in the course of their dealings with external stakeholders when carrying out their business activities. The scope of the policy also applies to all members of the Board and officers of the Group.

Code of Ethics & Conduct

The Group has in place a code of conduct for all members of the Board and its employees. The Directors will be governed by a Code of Ethics & Conduct ("Code") which sets out the standards of conduct expected from the Directors to advocate good corporate behaviour in a professional, honest and ethical manner which are published on the Company's website, www.impianaberhad.com. Through the Code, the Board sets the tone for proper ethical behaviour expected of a Board member. The Code for the employees are contained in the employees' handbook.

Corporate Governance and Regulatory Compliance

The Group strives to comply with best practices of good governance, guided by the MCCG 2017 throughout its operations. The Group has established standard operating policies and procedures, discretionary authority levels and guidelines for recruitment and human capital development. These policies, procedures and guidelines will be reviewed from time to time, and is communicated to all staff levels.

The Group has in place the following policies:

1. Board Charter
2. Code of Ethics & Conduct for Directors
3. Corporate Disclosure Policies and Procedures
4. Whistle-Blowing Policy
5. Anti-Bribery and Corruption Policy
6. Safety and Health Policy
7. Personal Data Protection Policy
8. Audit and Risk Management Committee Terms of Reference
9. Nomination Committee Terms of Reference
10. Remuneration Committee Terms of Reference

Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement section of this Annual Report.

Risk Management

As an integral part of good corporate governance, a comprehensive risk management framework enables the Group to identify and manage risks in a systematic and consistent manner. In driving risk awareness, decision-making and business processes are put through prudent risk assessment. Fraud, corruption and economic value-added risks have been identified as material to ensure business sustainability.

Our Supply Chain

Supply Chain management is an integral part of all businesses and key to optimum performance. Accordingly, the Group places great emphasis on its suppliers' economic, environmental and social credentials in the lifecycle of supply chain when making responsible sourcing decisions.

Commitment to Quality

The Group has the policies, procedures and best practices in place to deliver products and services of outstanding quality. Furthermore, regular reviews, improvements on processes and quality control assessments are adopted to ensure that our processes remain in compliance and are continually enhanced.

Customer Satisfaction

Customer satisfaction and engagement are identified as one of the most important material issues in the market place dimension across all our divisions. Knowing exactly what customers expect from us improves our bottom line and strengthens our brands and reputation in the long term.

Business Conduct

We strive to be environmentally responsible and encourage all our stakeholders to do the same Consequently, our stakeholders need to use sustainable materials whenever they are cost-effective.

Safety and Health

It is one of our key priorities to maintain a safe and healthy work environment for our workforce. Our Safety and Health Policy goes beyond the requirements of the Occupational Safety and Health Act 1994 to ensure that our employees work under safe conditions.

B) ENVIRONMENTAL

Towards a Greater Planet

As a responsible corporate citizen, the Group continues and regularly reviews its effort to promote a cleaner, greener and healthier environment.

We are mindful of the environmental impact as a result of our activities and maintain compliance with all the environmental regulations and take full responsibility to manage our environmental impacts. The Group will continue to develop effective environment initiatives to protect the environment.

These efforts include:

Water Management & Consumption

We promote water saving practices among our subsidiaries' employees and adopt water efficient technologies and equipment wherever possible. We have taken small steps to control water usage to be in line with the sustainability efforts, which includes:

- Seeking out any water leakages.
- Conducting checks and fixing leaks immediately, where possible.
- Giving guests the option not to have their bed linens and towels washed daily.

The data presented below represents our subsidiaries' water consumption statistics. We have minimised the usage in the FPE June 2020, compared to the previous years. However, this table may not provide a clear comparison, as previous periods include the consumption of the now disposed water bottling business and the current period includes new hotels' consumption not present in past periods.

Environment	FYE 2017	FYE 2018	18-mth FPE Jun 2020
Total Water Consumption - Offices	RM3,455	RM576	n/a
Total Water Consumption - Factory	RM52,070	RM51,856	n/a
Total Water Consumption - Hotels and Offices	n/a	n/a	RM210,698

Energy Management

We understand that energy management is essential for combating climate change and for lowering an organisation's overall environmental footprint. We aim to minimise the energy usage in our subsidiaries' hotels and offices by implementing the following efforts:

- A lighting schedule across key areas in our head office to switch off lights during certain hours of least use and switching off the air-conditioning at 6pm daily.
- Use of electronic door key card sensors in guest rooms to minimise energy usage when guests are not in their rooms.
- Air-conditioning temperature management.
- Maintenance and replacement of electrical equipment and light fittings to maximise energy efficiency.
- Installation of heat pump powered cold and hot water systems at Impiana Hotel Ipoh to reduce electricity usage. Diesel is no longer used to power the boiler systems thus eliminating diesel usage.

The table below shows the total electricity consumption in subsidiaries' offices and hotels (and factory for past periods). However, this table may not provide a clear comparison, as previous periods include the consumption of the now disposed water bottling business and the current period includes new hotels consumption not present in past periods.

Environment	FYE 2017	FYE 2018	18-mth FPE Jun 2020
Total Electricity Consumption - Offices	RM5,750	n/a	n/a
Total Electricity Consumption - Factory	RM537,505	RM582,176	n/a
Total Electricity Consumption - Hotels and Offices	n/a	n/a	RM2,148,041

Waste Management

The Group acknowledges that the environmental impact of paper and plastics usage is significant. The Group's approach to waste management is to avoid unnecessary paper and plastics consumption and waste generation where possible and appropriate, in order to reduce wastages. The Group is always mindful of reducing usage of paper and plastics to further reduce waste. Generally the Group practises the following on the paper and plastics management initiatives:

- Reducing paper – to avoid any printing and photocopying if possible, and encourage paperless and electronic modes of usage. In addition, if printing or photocopying is necessary, to practise double sided printing or reduce the paper size for economic reasons.
- Re-using one-sided printed papers – by printing on the other side of the printed papers.
- Recycling papers – by having proper recycling bins.
- Introduction of paper based recyclable drinking straws to replace single-use plastic straws.
- Wherever possible, to replace single use plastic packaging with recyclable packaging.

C) SOCIAL

Human Capital Development

Employees are a vital component of the Group's business. Their performance, commitment and loyalty to the job are critical not only in achieving the Group's goals and objectives but most importantly for its long term survival and sustainability. In this respect, the Company and its subsidiary companies continues to build and upgrade its employees with the following efforts to ensure that they can realise their full potential:

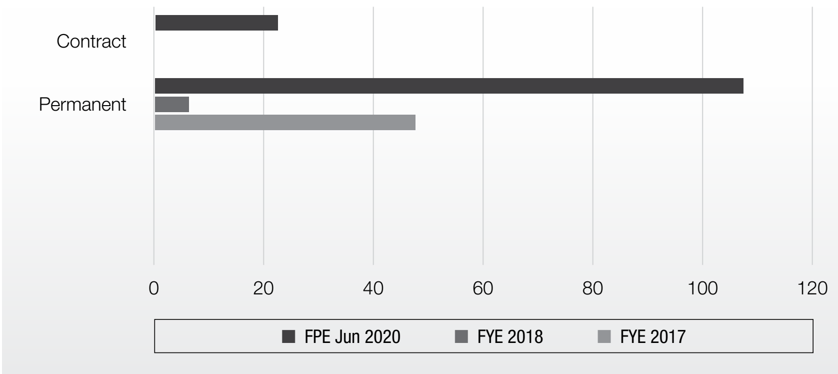
- Participation in external training programmes or workshops that are tailored to different divisions and individuals, comprising technical and non-technical topics to broaden the knowledge base and exposure of its employees and to keep abreast on new developments in their respective field of expertise and improve the soft skills of the employees.
- New employees will participate in orientation programme for new employees as well as on-site visit to get clear insights into the Group's operations and its wide range of products.

Corporate Social Responsibility

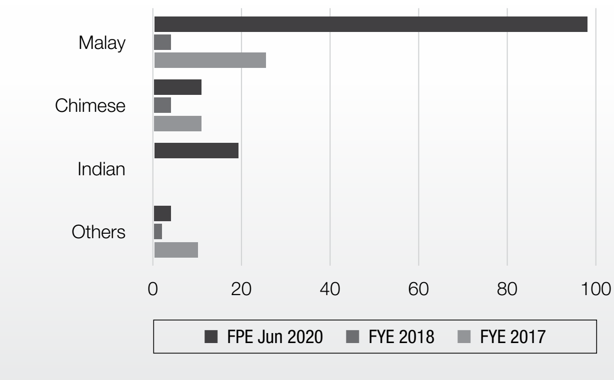
The Company understands that its operating subsidiaries' sustainability depends on acceptance by the local communities in which they operate. To that end, the Company's subsidiaries conduct initiatives to enhance ties with local communities. During the FPE June 2020, Impiana Hotel Ipoh conducted a "Berbuka Puasa" event for orphans and single mothers on 9 May 2019, annual "Bubur Lambuk" distribution to the public during Ramadhan, contribution to Pertubuhan Kebajikan Rumah Orang Tua-Tua Islam Titian Abadi (PEKITA) of RM3,636.00 in July 2019 and a blood donation drive on 10 March 2020.

Our Employee Segment

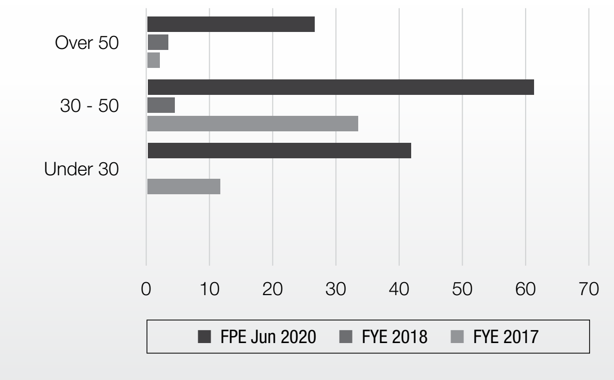
Total Employees by Employment Contract



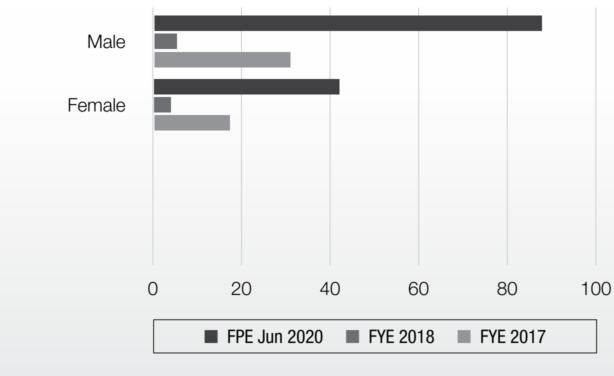
**Breakdown of
Total Employees by Race**



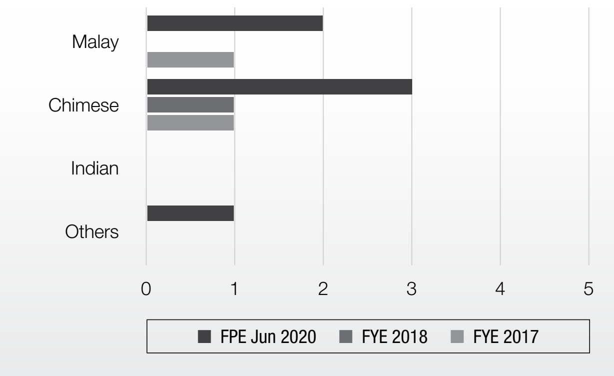
**Breakdown of
Total Employees by Age**



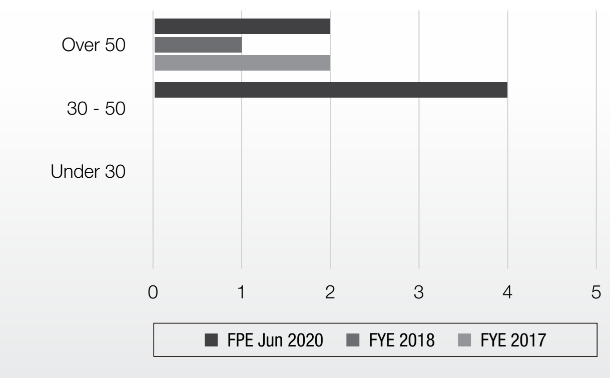
**Breakdown of
Total Employees by Gender**



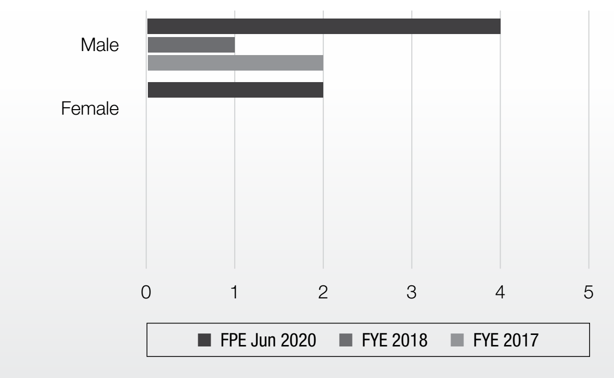
**Breakdown of
Senior Management by Race**



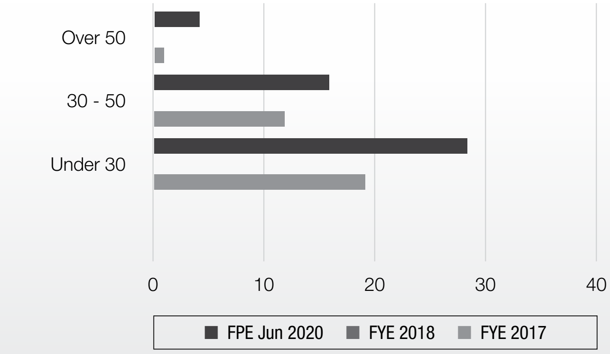
**Breakdown of
Senior Management by Age**



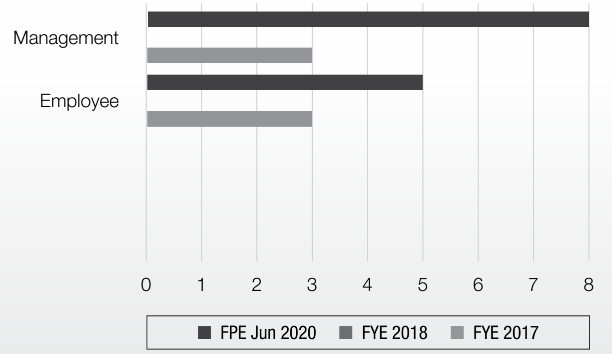
**Breakdown of
Senior Management by Gender**



New Hires by Age Group



Number of Representatives in the OSH Committee



MOVING FORWARD

Although we have made some development towards formalising sustainability within our business, we recognise that we still have room for enhancement, both in terms of initiatives undertaken and our reporting structure. As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for generations to come. To achieve this, we will continually keep abreast of developments in our industry, actively and regularly engage our stakeholders, build upon our existing sustainability framework and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance. We are proud of our work with clients and customers to promote sustainable economic growth in our markets. Since 2018, our Sustainability Aspirations have provided a valuable framework for demonstrating our sustainability performance, and in the FPE June 2020, we have made further improvements along this road of continuous improvement.

Moving forward, we will enhance the materiality factors & metrics, Stakeholder Target & Indicators, Stakeholder Respondent and Integrating Sustainability to measure issues that are material to our business and move towards benchmarking our progress against international standards of reporting.

As we look to the future, it is our hope that we will continue to introduce new and exciting quality for our customers, enrich our local communities, create value for our stakeholders and be an organisation that people will be proud to associate.

This Statement has been reviewed and approved by the Board of Directors on 26 October 2020.

The Board of Directors ("Board") of Impiana Hotels Berhad recognises the importance of adopting high corporate governance standards in its efforts to enhance shareholder value, besides safeguarding stakeholders' interest. In its application of pertinent governance practices, the Board has taken into consideration the enumerations of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

As an extension of the Corporate Governance Report available on the Company's website, www.impianaberhad.com, the Board is pleased to present the following Corporate Governance Overview Statement to present the application of MCCG 2017 for the financial period ended 30 June 2020 ("FPE June 2020"). The Company's compliance with MCCG 2017 is guided by the following main principles:-

(I) Principle A : Board leadership and effectiveness;
(II) Principle B : Effective audit and risk management; and
(III) Principle C : Integrity in corporate reporting and meaningful relationships with stakeholders.

(I) PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

The Board has the overall responsibility to lead and control the Company and its subsidiaries ("the Group") and assumes responsibility for the strategic direction, corporate governance, business conduct and risk management of the Group.

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

In line with the practice of good corporate governance, the Board has established and implemented various processes to assist its members in carrying out their roles and responsibilities. The Board assumes the following roles and responsibilities in the discharging its obligations:

(a) Ensuring that the Group's goals are clearly established and that strategies are in place for achieving them;
(b) Establishing policies for strengthening the performance of the Group including ensuring that the Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
(c) Monitoring the performance of the Management;
(d) Deciding on whatever steps are necessary to protect the Group's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
(e) Ensuring that the financial statements of the Group and the Company are true and fair and conform with law;
(f) Ensuring that the Group adheres to high standards of ethics and corporate behaviour; and
(g) Ensuring that the Group has appropriate risk management/regulatory compliances policies in place.

The Board reviews the Board Charter from time to time to ensure that it remains consistent with the Board's objectives and is in line with current laws, regulations and practices. The Board also reviews new policies to be adopted by the Group and the Management to meet the requirements and changes in law which affects the Group, and ensures the Group carry through in its implementation in compliance with the law.

In ensuring the effective discharge of the Board's functions and responsibilities, the Board delegates specific responsibilities and functions to various Board Committees – the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference, as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making however lies with the Board. The Board reviews the Committees' authority and terms of reference from time to time to ensure its relevance and enhance its efficacy.

Board Composition and Balance

The Board currently consists of six (6) members, comprising one (1) Non-Independent Executive Chairman, one (1) Non-Independent Executive Director, two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors. The profile of the Directors are set out in the 'Profile of Board of Directors & Key Management Staff' section of this Annual Report.

The Board comprised of professionals and competent individuals of calibre with diverse backgrounds, expertise and experience suitable for managing the Group's businesses.

The Chairman and Managing Director

The Chairman of the Board is Dato' Seri Ismail @ Farouk bin Abdullah, appointed to the Board on 18 April 2019. Dato' Seri Farouk is responsible for ensuring the integrity and effectiveness of the governance processes of the Board. In addition, as Chairman of the Board, Dato' Seri Farouk oversees and facilitates effective functioning of the Board, oversees and facilitates the Board, the Board Committees and members evaluation reviews and succession planning alongside the Chairman of the Nomination Committee.

In line with the recommendation of MCCG 2017, the role of the Chairman should be separated from the Chief Executive Officer and held by 2 different individuals. This is also reflected in the Company's Board Charter. However, having more than 50 years' experience in the hospitality industry, Dato' Seri Farouk has considerable experience in the Group's businesses and provides leadership for the Board in considering and setting the overall strategies and objectives of the Group.

The Board is of the view that it is in the interest of the Group to maintain the above arrangement so that the Board could have the benefit of a Chairman who is knowledgeable about the businesses of the Group, sets the overall strategies, conceptualises plans and leads the execution of all major development projects and investments, capable of guiding discussions at Board meetings and who is able to brief the Board in a timely manner on key issues and developments that may directly or indirectly affect any of the businesses of the Group.

Qualified and Competent Company Secretaries

The Board is advised and supported by three (3) suitably qualified and competent Company Secretaries. The Company Secretaries provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices as prescribed in the MCCG 2017.

Aside from discharging their duties in maintaining the statutory books of the Company, the Company Secretaries are also responsible to advise the Board on issues pertaining to compliance with the Listing Requirements, laws, rules, procedure and regulations affecting the Group as well as principles of best corporate governance practices. The Company Secretary also makes efforts to remind the Directors of their obligations and adherence to matters pertaining to disclosure of any conflict of interest in transactions involving the Group, as well as to alert the Directors on dealings in securities and restrictions on disclosure of price-sensitive information.

The Company Secretaries attends all Board and Committee Meetings, and ensure that proceedings of the Board Meetings and decisions made are accurately and sufficiently recorded. The records are properly kept for purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements and other regulatory requirements.

Independent Directors

In line with the recommendation of MCCG 2017, the tenure of an independent director should not exceed a cumulative term limit of nine years. As at the date of this Annual Report, two (2) members of the Board are Independent Non-Executive Directors ("INEDs") and neither directors have served the Board beyond 9 years as at the date of this Annual Report.

Mr Wong Kok Seong who sat on the Board as INED for 12 years has resigned from the Board on 15 May 2019.

Supply and Access to Information

The Board meets at regular intervals during the financial period. The agendas for the Board meetings are circulated in advance to the Directors. The Directors are also supplied with the detailed reports and relevant supporting documents pertaining to the financial performance, investments and strategic direction to assist them in making well-informed decisions. All rationales of proposals, issues discussed and decisions made at the Board meetings are properly recorded to provide clear historical records and references.

In addition to Board papers, the Board is notified of any corporate announcements released to Bursa Securities and is also kept informed of the requirements and updates issued by the various regulatory authorities.

The Board members are given unrestricted access to all information to assist them in discharging their duties. Should it be deemed necessary, the Board members shall engage independent professionals at the Company's expense on specific issues in order to equip the Board members with adequate knowledge on matters being deliberated.

Board Charter

The Board established its Board Charter as a point of reference for Board activities. The Board Charter clearly delineates the roles, duties and responsibilities of the Board, Board Committees and the Management. It provides a structured guidance regarding the various responsibilities of the Directors in carrying out their leadership and supervisory role, as well as in discharging their duties towards the Company as well as boardroom activities. The Board Charter is published on the Company's website, www.impianaberhad.com

Code of Ethics & Conduct

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

Whistle-Blowing Policy

The Board established a Whistle-Blowing Policy for the Board, Senior Management and employees of the Group to provide a formal and confidential channel to enable employees and any external party to report in good faith, serious concerns of any improper conduct and/or wrongdoing committed by an employee to the Chairman of the Audit Committee ("AC") including and without limitation to the following matters:

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

The Policy aims to enhance corporate governance by helping to foster an environment where integrity and ethical behaviour is maintained. The Policy may also act as an early warning system and enable the Group to remedy any wrongdoings before serious damage is caused to the Group.

The Policy is published on the Company's website, www.impianaberhad.com and any reports or complaints can be communicated in writing to the Chairman of the AC, whose details are disclosed under the "Whistleblowing Policy" section on the Company's website.

Anti-Bribery and Corruption Policy

The Board reviewed the Group's policies and procedures on anti-bribery and anti-corruption policy following the introduction of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which came into effect in June 2020.

The Board shall ensure the Management implements and practices the policies and procedures in its businesses throughout the Group as part of good corporate governance practice in support with the Malaysian Government's initiatives in tackling corruption in the public and private sectors. The Policy is published on the Company's website, www.impianaberhad.com.

Board Diversity

The profiles of the Directors are set out in this Annual Report. The Directors, with their diverse backgrounds and qualifications, collectively provide an effective blend of entrepreneurship, business and professional expertise in general management, finance, legal and technical areas of the industries the Group is involved in.

The Company recognises that a diverse and talented workforce is a competitive advantage. The Board is cognizant of the recommendation of MCCG 2017 to ensure gender diversity and at least 2 female directors or 30% female board representation. As at the date of this Annual Report, there is only one (1) female director sitting on the Board.

The Board shall keep in mind on MCCG 2017 recommendation of meeting at least two (2) female directors when making new appointments to the Board in future, taking into account the candidate's skills, contributions, background, commitments and experience.

Board Meetings

The Board met a total of seven (7) times during the FPE June 2020. The details of the attendance of each board member at the Board meetings and Committees meetings are disclosed below:

	No. of meetings attended			
Directors	**Board**	**AC** [(a)]	**NC**[(b)]	**RC** [(c)]
Dato' Seri Ismail @ Farouk bin Abdullah *(Executive Chairman)*	5/6	–	–	–
En Azrin Mirzhan bin Kamaluddin *(Executive Director)*	7/7	–	–	–
En Shahrizal Hisham bin Abdul Halim *(Executive Director)*	6/6	–	–	–
Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif *(Independent Non-Executive Director)*	7/7	7/7	3/3	3/3

	No. of meetings attended			
Directors	**Board**	**AC** [(a)]	**NC**[(b)]	**RC** [(c)]
Datuk Supperamaniam a/l Manickam *(Independent Non-Executive Director)*	4/4	4/4	1/1	2/2
Mr Wong Kok Seong *(Independent Non-Executive Director)*	3/3	3/3	2/2	1/1
Datuk Mohammad Kamal bin Yan Yahaya *(Non-Independent Non-Executive Director)*	7/7	–	3/3	–
Pn Dyana Sofya binti Mohd Daud *(Non-Independent Non-Executive Director)*	7/7	7/7	–	–
Dato' Yahya bin A. Jalil *(Non-Independent Non-Executive Director)*	0/4	–	–	0/2

Note:

(a) Audit Committee Meetings - total of 7 meetings held during FPE June 2020
(b) Nomination Committee Meeting - total of 3 meetings held during FPE June 2020
(c) Remuneration Committee Meetings - total of 3 meetings held during FPE June 2020

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their responsibilities as Directors. This, amongst others, is evidenced by the attendance record of the Directors at Board meetings. All Directors, except Dato' Yahya bin A. Jalil have complied with the minimum 50% attendance requirement as stipulated in the Listing Requirements. Dato' Yahya's non-attendance to Board meetings was due to health reasons. He has since resigned from the Board on 21 August 2019.

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

Directors Training

The Board members acknowledge the importance of being updated on the latest regulatory requirements as well as accounting standards to enable them to keep abreast with new statutory and regulatory requirements. The Board members are encouraged to enroll in suitable and relevant training sessions, on their own accord or through in-house trainings organised by the Group. All the Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities.

During the financial period under review, the Directors attended the following training programmes and seminars:

Date	Training programmes/ Seminars
27 Feb 2019	Guidelines on Adequate Procedures
2 & 3 Jul 2019	MAICSA Annual Conference 2019: Next Dimension in Governance
31 Jul - 1 Aug 2019	School of Economics, Finance and Banking (SEFB) Team Building, UUM
23 Aug 2019	The Convergence of Digitisation and Sustainability
24 Sep 2019	Seminar On Road To Financial Freedom
13 Oct 2019	Forum Pasca Bajet 2020

Date	Training programmes/ Seminars
17 Oct 2019	Evaluating Effective Internal Audit Function - Audit Committee's Guide on How To Workshop by Bursa Malaysia & IIAM
31 Oct 2019	Session on Corporate Governance & Anti-Corruption by Bursa Malaysia and Securities Commission
18 Nov 2019	Governance Convention 2019 : Rising Beyond Principles and Policies
8 - 11 Dec 2019	The Inaugural International Conference on Multidisciplinary 2019

Board Committees

To ensure the effective discharge of its fiduciary duties and responsibilities more effectively, the Board delegates specific responsibilities to the Board Committees established by the Board.

All Board Committees function within and in accordance with clearly defined terms of reference which were approved by the Board from the onset. These Board Committees have unrestricted authority to examine issues and submit reports of their findings to the Board. As the Board Committees have no authority to make decisions on matters reserved for the Board, the recommendations would then be deliberated by the Board as a whole for decision making.

(A) Nomination Committee

The Nomination Committee was established on 23 October 2007 to consider candidates for directorship and Board Committee membership, and to review the effectiveness of the Board, through performance assessment of the Board, Board Committees and individual Directors. The Nomination Committee comprises of three (3) members, majority of whom are Independent Non-Executive Directors as at the date of this Annual Report:

- Datuk Supperamaniam a/l Manickam (Chairman)
- Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif (Member)
- Datuk Mohammad Kamal bin Yan Yahya (Member)

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

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

Based on the review of the Nomination Committee, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors of the Board and their ability to act in the best interest of the Group and each Board member has performed satisfactorily, and that the composition of the Board is effective.

Process for selection and appointment of new directors

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

- The Nomination Committee evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation, the Nomination Committee determines the role and the key attributes that an incoming director should have.
- The Nomination Committee taps on the resources of directors' personal contacts and recommendations of the potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed in the search process.
- The Nomination Committee meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- The Nomination Committee recommends the most suitable candidate to the Board for appointment as director.

Re-appointment / re-election of directors

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

In recommending the re-election of Directors, the Nomination Committee took into account the following:

- character, knowledge, expertise, professionalism, integrity and time availability;
- the results of the assessment on individual Directors; and
- in the case of Independent Non-Executive Directors, their abilities to discharge such responsibilities and functions as expected from Independent Non-Executive Directors.

The Nomination Committee carried out and reported to the Board the outcome of the following key activities:

(a) reviewed the required mix of skills, experience and other qualities of the Board;
(b) assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity;
(c) assessed the effectiveness and performance of the Executive Director;
(d) assessed the independence of its Independent Directors, particularly in relation to the nine (9) years limit on the tenure of Independent Directors;
(e) recommendation for the re-election of the Director who was retiring and seeking for re-election at the forthcoming Annual General Meeting of the Company;
(f) recommended the continuance of Independent Directors exceeding the nine (9) years tenure limit; and
(g) recommended for the Directors to determine their training programs as they are in a better position to assess their training needs.

Proposed appointment of member(s) to the Board to fill vacancy and proposal for re-election of Directors seeking re-election at the Annual General Meeting are recommended by the Nomination Committee to the Board for approval or tabling at the Annual General Meeting for shareholders' approval, as the case may be.

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

(B) Remuneration Committee

The Remuneration Committee was established on 23 October 2007 to assist the Board on fair remuneration practices and attracting, retaining and motivating Directors and make relevant recommendations to the Board. The Remuneration Committee comprises of the following two (2) members, both of whom are Independent Non-Executive Directors as at the date of this Annual Report:

- Datuk Supperamaniam a/l Manickam (Chairman)
- Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif (Member)

The Remuneration Committee operates within defined terms of reference that have been drawn up in accordance with the best practices prescribed by the Code. The terms of reference of the Remuneration Committee are available for reference at the Company's corporate website.

Directors' Remuneration

The principal objective of the Company's framework for directors' remuneration is to attract, retain and motivate Directors of the calibre needed to successfully manage the Group's business.

The Remuneration Committee reviews, assesses and recommends to the Board the remuneration package of the Executive Director. The Executive Director's remuneration consists of basic salary, contribution to the national pension fund and benefits-in-kind whilst the Non-Executive Directors' package primarily consists of director fees and meeting allowances. The Director concerned shall abstain in deliberation and voting on decisions in respect of his individual remuneration.

The aggregate remuneration paid or payable to all Directors of the Company for the FPE June 2020 *(based on cumulative 18-month)* are as follows:

Directors	Fees (RM)	Allowance (RM)	Salaries (RM)	Statutory Contribution (RM)	BIK [(a)] (RM)	Total (RM)
Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif	46,000	13,500	–	–	–	59,500
Datuk Supperamaniam a/l Manickam	35,750	7,500	–	–	–	43,250
Datuk Mohammad Kamal bin Yan Yahaya	45,000	8,500	–	–	–	53,500
Pn Dyana Sofya binti Mohd Daud	45,000	10,500	–	–	–	55,500
En Shahrizal Hisham bin Dato' Setia Abdul Halim [(b)]	27,500	6,000	–	–	–	33,500
Dato' Yahya bin A. Jalil [(c)]	20,000	–	–	–	–	20,000
Mr Wong Kok Seong [(d)]	10,000	6,000	–	–	–	16,000
Total	**229,250**	**52,000**	**–**	**–**	**–**	**281,250**

Note:

(a) BIK denotes as Benefits-in-Kind
(b) En Shahrizal Hisham bin Dato' Setia Abdul Halim resigned from the Board on 31 March 2020
(c) Dato' Yahya bin A. Jalil resigned from the Board on 21 August 2019
(d) Mr Wong Kok Seong resigned from the Board on 15 May 2019

Directors' Remuneration (Cont'd)

The Board approves for the Executive Chairman and the Executive Directors to receive Directors' fees and allowances for their service contribution to the Board.

The aggregate remuneration paid or payable to the Executive Directors, Senior Management and Key Executives of the Company for the FPE June 2020 *(based on cumulative 18-month)* are as follows:

Executive Chairman/ Executive Directors/ Key Executives	Fees (RM)	Allowance (RM)	Salaries (RM)	Statutory Contribution (RM)	BIK [(a)] (RM)	Total (RM)
Dato' Seri Ismail @ Farouk bin Abdullah [(b)]	37,250	5,000	n/a	–	–	–
En Azrin Mirzhan bin Kamaluddin	45,000	7,000	n/a	–	–	–
En Shahrizal Hisham bin Abdul Halim [(c)]	n/a	n/a	40,000	5,108	–	45,108
Mr Chang How Weng [(d)]	–	–	80,000	9,908	–	89,908
Financial Controller [(e)]	–	–	135,978	18,328	–	154,306
Internal Auditor [(f)]	–	–	45,100	5,795	–	50,895
Total	**82,250**	**12,000**	**301,078**	**39,139**	**–**	**340,217**

Note:

(a) BIK denotes as Benefits-in-Kind
(b) Dato' Seri Ismail @ Farouk bin Abdullah's appointment to the Board on 18 April 2019
(c) En Shahrizal re-designated from his position as Executive Director to Non-Executive Director on 1 May 2019
(d) The Group Chief Operating Officer resigned from office on 23 April 2019
(e) The Financial Controller resigned from office on 22 May 2020
(f) The Internal Auditor was appointed to office on 1 February 2020

Number of Senior Management[1] and Key Executives[2] whose remuneration falls into the bands *(based on cumulative 18-month)*:

Range of remuneration	Senior Management	Key Executives
RM50,000 and below		1
RM50,001 - RM100,000	1	
RM101,001 - RM150,000		
RM150,001 - RM200,000		1
Total	**2**	**2**

Note:

(1) Senior Management denotes the Group Chief Operating Officer
(2) Key Executives denotes the Financial Controller and Internal Auditor of the Company

(II) PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

It is the Board's commitment to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of the Group's results to Bursa Securities and the financial statements for each financial year in accordance with applicable Financial Reporting Standards and requirements of the Companies Act 2016 in Malaysia. The Board is satisfied that appropriate accounting policies have been consistently applied and supported by reasonable judgements and estimates.

Audit Committee

The Board has established, through the Audit Committee, a close and transparent relationship with the External Auditors in seeking professional advice and ensuring compliance with relevant accounting standards. The External Auditors have confirmed to the Audit Committee that they have been independent throughout the conduct of audit engagement in accordance with terms of relevant professional and regulatory requirements. The Audit Committee evaluated the External Auditors based on cost effective of the audit process together with the External Auditors' performance and assurances as well as discussion with the Management and concluded that the External Auditors demonstrated appropriate qualifications and expertise.

On 24 August 2020, the Board received the notification of resignation from Messrs Baker Tilly Monteiro Heng PLT with immediate effect as per Section 281(2) of the Companies Act 2016 ("Act") as announced by the Company.

Messrs Moore Stephens Associates PLT (LLP0000963-LCA & AF2096) was identified as the replacement external auditor and provided their consent to act as the Auditors of the Group pursuant to Section 271(2)(b) and Section 264(5) of the Act vide letter dated 4 September 2020.

Therefore, the Audit Committee recommended to the Board that Messrs Moore Stephens Associates PLT be re-appointed as the External Auditors. The Board accepted this recommendation and has proposed such resolution for shareholders' approval at the forthcoming Annual General Meeting ("AGM").

The total audit fees incurred for services rendered to the Group for the FPE June 2020 by Messrs Baker Tilly are RM267,200.00 and Messrs Moore Stephens are RM350,000 respectively. Annual appointment or re-appointment of the external auditor is via shareholders' resolution at the AGM on the recommendation of the Board.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial period under review.

(A) Relationship with the Auditors

The Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors will highlight to the Audit Committee and the Board on matters that require the Board's attention. The Audit Committee also meets the external auditors without the presence of the Executive Directors and the Management at least twice a year on any matters relating to the Group and its audit activities.

(B) Assessment of External Auditors

In assessing the independence of external auditors, the Audit Committee reviewed and considered a written assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of their audit engagement with the Company in accordance with the independence criteria of International Standards on Auditing and By-Laws issued by the Malaysian Institute of Accountants.

Risk Management and Internal Control

The Board regards risk management and internal controls as an integral part of the overall management processes. The Board as a whole is ultimately responsible for identifying the principal risks of the Group's business and ensuring the implementation of appropriate systems to manage those risks.

The Board has established internal control procedures and policies for its operations, and monitors through the Internal Auditor, to ensure that such internal control system is implemented and carried out effectively by the Management. The internal audit function is carried out by the Internal Audit Department, led by the Internal Audit Manager ("Internal Auditor"). The Internal Audit Department was established in early 2019 to take over the outsourced internal audit function performed previously by an independent consulting firm. The audit work carried out by the Internal Auditor is carried out based on the audit plan, reviewed and approved by the Audit Committee. The internal audit plan is developed based on the key risk areas of each major operating unit within the Group. Each year, the Board and the Management discuss at length the scope of audit works to be undertaken by the Internal Auditor. The Internal Auditor is then invited to conduct the audit based on the agreed scope of work.

The Statement on Risk Management and Internal Control, which provided an overview of the state of internal control and risk management within the Group, is included in this Annual Report.

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

Communication with Stakeholders

The Company recognises the value of transparent and effective communication with the investment community and aims to build long-term relationships with its shareholders and investors through appropriate channels for disclosure of information.

The Company mainly communicates with its shareholders, stakeholders and the public through press releases, press conferences, timely announcements and disclosures made to Bursa Securities.

Information disseminated is clear, relevant and comprehensive, provided on a timely basis and is readily accessible by all stakeholders. The Group endeavours to provide investors with sufficient business, operational and financial information on the Group to enable them to make informed investment decisions.

The Annual Report, which includes the annual audited financial statements together with the auditors' and directors' reports, is a key communication channel between the Company and its shareholders and investors, is issued to the shareholders within four (4) months from the close of the financial year. 'The Management Discussion & Analysis' section in the Annual Report provides an insightful interpretation of the Group's performance, operations, prospects and other matters affecting the Group's business and shareholders' interests.

Conduct of General Meetings

The Annual General Meeting is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarifications on the Group's businesses, performance and prospects. In compliance with the Listing Requirements and the Companies Act 2016, the Annual Report and the notice of Annual General Meeting are sent to shareholders within the prescribed timeframe. The notice of Annual General Meeting is also published in a national newspaper and released through Bursa Securities for public dissemination. Members of the Board are present at the meeting to answer questions raised. All suggestions and comments put forth by shareholders will be noted by the Board for consideration. The Company also welcomes electronic communications from its shareholders via its email address at info@impiana.com

Voting

In line with the Listing Requirements, all resolutions as set out in the notice of all general meetings of the Company will be voted by way of poll.

For the financial period ended 2020 until up to the date of this Annual Report, the Company has complied substantially with the principles and recommendations of the MCCG 2017 so far as applicable and described herein.

This Statement has been reviewed and approved by the Board on 26 October 2020.

Hotels Berhad

Registration No. 200601021085
(740838-A)

Impiana Private Villas Cemagi
Bali, Indonesia

AUDIT AND RISK MANAGEMENT
COMMITTEE REPORT

The Audit Committee's function is to oversee and advise the Company's Board of Directors ("Board") in the areas of financial reporting, external and internal audit, risk management, review of related party transactions as well as conflict of interest situations of the Company. The Board approved to rename the Audit Committee to 'Audit and Risk Management Committee' ("ARC") on 27 August 2020.

COMPOSITION AND MEMBERSHIP

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

Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif
Chairman / Independent Non-Executive Director

Datuk Supperamaniam a/l Manickam [(1)]
Member / Independent Non-Executive Director

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

Note:

(1) Appointed as member on 15 May 2019. Datuk Supperamaniam replaced Mr Wong Kok Seong who resigned on 15 May 2019

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

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

TERMS OF REFERENCE

The ARC's Terms of Reference is published on the Company's website, www.impianaberhad.com

MEETINGS

During the FPE June 2020, the Audit Committee convened a total of seven (7) meetings and the attendance of the members were observed as follows:

Members	No. of meetings attended
Prof Dr Mohd Amy Azhar bin Haji Mohd Harif	7/7
Datuk Supperamaniam a/l Manickam	4/4
Pn Dyana Sofya binti Mohd Daud	7/7
Mr Wong Kok Seong (Resigned)	3/3

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

MEETINGS (CONT'D)

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

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

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

FUNCTIONS AND ACTIVITIES

Below is a summary of activities carried out by the Audit Committee during the FPE June 2020:

Financial Reporting

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

Internal Audit

- Reviewed Internal Audit Plan and Memorandum proposed by the Internal Auditor;
- Discussed with the Management on the actions taken to improve the internal controls based on improvement opportunities identified in the Internal Audit Report; and
- Reviewed the adequacy and relevance of the scope, function, competency and resources of the internal audit functions.

External Audit

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

Compliance with Bursa Securities

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

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

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

Other Functions

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

REVIEW OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit Committee's Terms of Reference has been reviewed and updated to be in line with the requirements of the Listing Requirements and the Malaysian Code on Corporate Governance 2017 (MCCG 2017). The Audit Committee's Terms of Reference will be further improved on to include the ARC's additional role in assessing the risk management practices of the Group's business processes and operations.

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

The Board, together with the Nomination Committee are satisfied that the ARC have discharged their duties and responsibilities in accordance with the ARC's Terms of Reference during the FPE June 2020.

INTERNAL AUDIT FUNCTION

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

The Internal Auditor has conducted risk-based audits on selected business units within the Group as included in the approved internal audit plan for the FPE June 2020.

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

The cost incurred for the internal audit function inclusive of risk management review in respect of the FPE June 2020 was RM17,005 (FYE Dec 2018: RM12,000).

INTRODUCTION

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

The Board is pleased to highlight to the shareholders the state of risk management and internal control of the Group pursuant to **Paragraph 15.26, Part E of Chapter 15 of the Listing Requirements, Part II of Principle B of the Malaysian Code on Corporate Governance 2017 (MCCG2017)**, and as guided by the **'Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers'** ("the Guidelines"), which outlines the nature and scope of risk management and internal controls of the Group during the financial period ended 30 June 2020.

RESPONSIBILITY OF THE BOARD

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

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

CONTROL ENVIRONMENT

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

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

INTERNAL AUDIT

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

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

PRACTICES & FRAMEWORK

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

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

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

For the financial period ended 30 June 2020, the Internal Auditor had:

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

INFORMATION AND COMMUNICATIONS

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

RISK MANAGEMENT

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

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

The ERM process is based on the following principles:

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

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

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

COVID-19 PANDEMIC

The outbreak of Covid-19 has affected the global health and economy significantly.

Effective 17 March 2020, the Federal Government of Malaysia had implemented Movement Control Order (MCO) to curb Covid-19 pandemic in the country. The government has also introduced several short-term fiscal and monetary measures to sustain businesses in the country and to reduce the adverse effect of the pandemic to the country's economy.

At the date of this report, the pandemic situation is still evolving. The Board and the Management endeavours to manage the impact arising from this pandemic on the performance and operations of the hospitality and property development businesses.

MONITORING ACTIVITIES

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

ASSURANCE FROM THE MANAGEMENT

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

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

CONCLUSION

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

This Statement has been reviewed and approved by the Board of Directors on 26 October 2020.

Hotels Berhad

Registration No. 200601021085
(740838-A)

Impiana Private Villas, Ubud
Bali, Indonesia

STATEMENT OF
DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

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

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

In preparing the financial statements, the Directors have:

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

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

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

This Statement has been reviewed and approved by the Board of Directors on 26 October 2020.

FINANCIAL STATEMENTS CONTENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period ended 30 June 2020.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Group and of the Company were changed from 31 December to 30 June.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

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

RESULTS

	Group RM	Company RM
Net loss for the financial period	62,373,959	246,046,784

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES AND DEBENTURES

Ordinary shares

On 9 April 2019, the Company has increased its issued ordinary shares from RM42,298,835 to RM282,298,835 by the issuance and allotment of 4,800,000,000 new ordinary shares at an issue price of RM0.05 per share for the purpose of acquisition of subsidiaries.

On 25 October 2019, 2 December 2019 and 30 January 2020, a total of 1,052,000,000 of irredeemable convertible preference shares ("ICPS") were converted into 1,052,000,000 ordinary shares at the conversion ratio of 1 ICPS for 1 new ordinary share, hence the paid-up ordinary shares have increased from RM282,298,835 to RM334,898,835.

**The abovementioned shares were issued prior to the consolidation of 10 existing shares into 1 new share on 7 February 2020.*

On 21 February 2020, 25 February 2020 and 4 June 2020, a total of 1,100,000,000 of ICPS were converted into 110,000,000 ordinary shares at the conversion ratio of 10 ICPS for 1 new ordinary share, hence the paid-up ordinary shares have increased from RM334,898,835 to RM389,898,835.

On 12 June 2020, the Company has increased its issued ordinary shares from RM389,898,835 to RM394,400,635 through private placement by the issuance and allotment of 61,000,000 new ordinary shares at an issue price of RM0.0738 per share for working capital purpose.

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

The Company has not issued any debentures during the financial period.

ICPS

On 9 April 2019, the Company has issued and allotted 3,200,000,000 new ICPS of RM160,000,000 at an issue price of RM0.05 per share for the purpose of acquisition of subsidiaries.

On 25 October 2019, 2 December 2019 and 30 January 2020, the ICPS of the Company decreased from RM160,000,000 to RM107,400,000 by way of conversion of 1,052,000,000 ICPS for 1,052,000,000 new ordinary shares at the conversion ratio of 1 ICPS for 1 new ordinary share.

**The abovementioned ICPS were issued prior to the consolidation of 10 existing ICPS into 1 new ICPS on 7 February 2020.*

On 21 February 2020, 25 February 2020 and 4 June 2020, the ICPS of the Company decreased from RM107,400,000 to RM52,400,000 by way of conversion of 1,100,000,000 ICPS to 110,000,000 new ordinary shares at the ratio of 10 ICPS for 1 new ordinary share.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS OF THE COMPANY

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

Azrin Mirzhan Bin Kamaluddin	
Datuk Mohammad Kamal Bin Yan Yahaya	
Dyana Sofya Binti Mohd Daud	
Prof. Dr. Mohd Amy Azhar Bin Haji Mohd Harif	
Dato' Seri Ismail @ Farouk Bin Abdullah	Appointed on 18 April 2019
Datuk Supperamaniam A/L Manickam	Appointed on 15 May 2019
Wong Kok Seong	Resigned on 15 May 2019
Dato' Yahya Bin A-Jalil	Resigned on 21 August 2019
Shahrizal Hisham Bin Dato' Setia Abdul Halim	Resigned on 31 March 2020

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries (including Directors who are also Directors of the Company) since the beginning of the financial period to the date of this report are as follows:

Azrin Mirzhan Bin Kamaluddin	
Datin Afrizah Binti Abu Bakar	
Dato' Seri Ismail @ Farouk Bin Abdullah	
Eng Kim Lan	
Lee Chee Yin	
Mohd Shukri Bin Haji Mohd Jai	
Prof. Dr. Mohd Amy Azhar Bin Haji Mohd Harif	
Raja Dato' Seri Eleena Binti Sultan Azlan Shah	
Chang How Weng	Resigned on 23 April 2019
Wong Kok Seong	Resigned on 14 August 2019
Shazilan Bin Dahalan	Resigned on 1 February 2020

DIRECTORS' INTERESTS

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

	Number of ordinary shares						
	At 1.1.2019 Unit	Bought Unit	Sold Unit	Number of share after share consolidation Unit	Bought Unit	Sold Unit	At 30.6.2020 Unit
Director of the Company							
Ordinary shares in the Company							
Direct interest:							
- Dato' Seri Ismail @ Farouk Bin Abdullah	-	2,102,873,180	(1,212,000,000)	89,087,318	107,000,000	-	196,087,318
Indirect interest:							
- Dato' Seri Ismail @ Farouk Bin Abdullah*	-	2,978,568,920	(324,714,000)	265,385,492	10,000,000	-	275,385,492

	Number of ICPS			
	At 1.1.2019 Unit	Bought Unit	Transfer/ conversion Unit	At 30.6.2020 Unit
Director of the Company				
ICPS in the Company				
Direct interest:				
- Dato' Seri Ismail @ Farouk Bin Abdullah	-	2,207,175,440	(2,192,013,000)	15,162,440
Indirect interest:				
- Dato' Seri Ismail @ Farouk Bin Abdullah*	-	1,985,271,040	(1,182,000,000)	803,271,040

DIRECTORS' INTERESTS (cont'd)

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

	Number of ordinary shares						
	At 1.1.2019 Unit	**Bought Unit**	**Sold Unit**	**Number of share after share consolidation Unit**	**Bought Unit**	**Sold Unit**	**At 30.6.2020 Unit**
Directors of subsidiaries							
Ordinary shares in the Company							
Direct interest:							
- Datin Afrizah Binti Abu Bakar	-	5,300	-	530	-	-	530
Indirect interest:							
- Raja Dato' Seri Eleena Binti Sultan Azlan Shah*^	-	5,081,442,100	(1,536,714,000)	354,472,810	117,000,000	-	471,472,810

	Number of ICPS			
	At 1.1.2019 Unit	**Bought Unit**	**Transfer/ conversion Unit**	**At 30.6.2020 Unit**
Directors of subsidiaries				
ICPS in the Company				
Direct interest:				
- Datin Afrizah Binti Abu Bakar	-	10,953,520	-	10,953,520
- Eng Kim Lan	-	9,300,000	-	9,300,000
- Lee Chee Yin	-	2,600,000	-	2,600,000
Indirect interest:				
- Raja Dato' Seri Eleena Binti Sultan Azlan Shah*^	-	4,192,446,480	(3,374,013,000)	818,433,480

DIRECTORS' INTERESTS (cont'd)

* *Indirect interest pursuant to Section 8(4) of the Companies Act 2016 via Impiana Sdn. Bhd.*
^ *Indirect interest via her spouse's shareholding*

Dato' Seri Ismail @ Farouk Bin Abdullah is deemed to have interest in the shares held by the Company in its subsidiaries by virtue of his substantial interest in shares via Impiana Sdn. Bhd.

None of the other Directors in office at the end of the financial period had any interest in the ordinary shares of the Company or its related corporations during the financial period.

DIRECTORS' REMUNERATION AND BENEFITS

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

	Company RM
Fees	307,500
Salaries and other emoluments	108,000
Contributions to defined contribution plan	4,800
Social security contributions	276
Other benefits	63
Total fees and other benefits	420,639

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest, other than those as disclosed in Note 33 to the financial statements.

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

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (cont'd)

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

   (i) which would render the amount written off for bad debts or the provision for doubtful debts inadequate to any substantial extent;

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;

   (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and

   (iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

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

   (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

(d) In the opinion of the Directors:

   (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial period, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

   (ii) the results of the operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature other than the reverse acquisition of new subsidiaries as disclosed in Note 13 to the financial statements; and

   (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

(e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial period from the Company and its subsidiaries are set out in Note 6 to the financial statements.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.

(g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Group and of the Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Details of significant events during the financial period are disclosed in Note 38 to the financial statements.

EVENTS SUBSEQUENT TO THE END OF FINANCIAL PERIOD

Details of significant events subsequent to the end of financial period are disclosed in Note 39 to the financial statements.

AUDITORS

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

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 26 October 2020.

DATO' SERI ISMAIL @ FAROUK BIN ABDULLAH

AZRIN MIRZHAN BIN KAMALUDDIN

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on page 71 to 157 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and cash flows for the financial period then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 26 October 2020.

DATO' SERI ISMAIL @ FAROUK BIN ABDULLAH

AZRIN MIRZHAN BIN KAMALUDDIN

STATUTORY DECLARATION

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

I, Shamsul Bahar Bin Shamsudin (MIA No.: 15510), being the Officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on page 71 to 157 the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
at Kuala Lumpur in the Federal Territory
on 26 October 2020

SHAMSUL BAHAR BIN SHAMSUDIN

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IMPIANA HOTELS BERHAD
Registration No.: 200601021085 (740838-A)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Impiana Hotels Berhad, which comprise the statements of financial position as at 30 June 2020 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 71 to 157.

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 30 June 2020, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters (cont'd)

Key Audit Matters	Our audit procedures performed and responses thereon
Impairment Review of Property, Plant and Equipment ("PPE")	
As at 30 June 2020, as shown in Note 9 to the financial statements, the carrying amounts of the Group's PPE amounted to RM71,614,857, representing approximately 37% of the Group's total assets. The main operating subsidiary of the Group with significant PPE at carrying amount of RM39,763,261 is affected by Covid-19 Pandemic which in turn recorded a loss for the period and accumulated losses position. These resulted in indications that the carrying amounts of PPE may be impaired. Accordingly, the Group estimated the recoverable amount of the PPE based on value-in-use ("VIU") calculation using cash flows projections derived from the most recent financial forecast approved by the Directors covering a five-year period. We have identified the impairment review of PPE as a key audit matter as impairment test involves significant management judgement in estimating the underlying assumptions to be applied in the discounted cash flows projections of the VIU calculation. The recoverable amount of the Group's PPE is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long-term growth rate and the pre-tax discount rate used in the cash flows projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.	We have performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU: • Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors; • Evaluated management's budgeting process by comparing actual results to historical cash flows projections; • Evaluated the reasonableness of the Directors' assessment that a group of PPE for its hotel operation is the cash generating unit ("CGU") which represents the smallest identifiable group of assets that generate independent cash inflows, by understanding the business model of the Group; • Compared the key assumptions including forecast revenue, growth rate, gross margin and discount rate against our knowledge of the Group's historical performance, business and cost management strategies based on facts and circumstances currently available; and • Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculation and assessed the impact of the recoverable amount of the PPE.

Key Audit Matters (cont'd)

Key Audit Matters	Our audit procedures performed and responses thereon
Impairment Review of the Company's Investment in Subsidiaries	
As at 30 June 2020, as shown in Note 13 to the financial statements, the carrying amount of the Company's investment in subsidiaries amounted to RM198,333,603. During the financial period, the Company has recognised an impairment loss of RM205,907,523 for its investment in subsidiaries. A recent history of losses and significant accumulated losses recorded by certain subsidiaries have resulted in indications that the carrying amount of investment in subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amount of the investment in subsidiaries either based on value-in-use ("VIU") calculation using cash flows projections derived from the most recent financial projections approved by the Directors covering a five-year period or fair value less costs of disposal (as the case may be). We have identified the impairment review of investment in subsidiaries as a key audit matter as impairment test involves significant judgement in estimating the underlying assumptions to be applied in the discounted cash flow projections of the VIU calculation. The recoverable amount of the Company's investment in subsidiaries is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long-term growth rate and the pre-tax discount rate used in the cash flows projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.	We have performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU and the estimate of fair value less cost of disposal for respective subsidiaries: • Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors; • Evaluated management's budgeting process by comparing actual results to historical cash flows projections; • Compared the key assumptions including forecast revenue, growth rates, gross margin and discount rate against our knowledge of the subsidiaries' historical performance, business and cost management strategies based on facts and circumstances currently available; • Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the cost of investment; • Assessed the adjusted net assets of the subsidiaries in deriving the recoverable amounts (i.e. fair value) of the cost of investment of the subsidiaries; and • Evaluated the adequacy of the work of the Management's expert including reviewing significant assumptions, methods and reasonableness.

Key Audit Matters (cont'd)

Key Audit Matters	Our audit procedures performed and responses thereon
Business Combination	
During the financial period, the Group had completed its acquisition of the subsidiaries and a business for a total purchase consideration of RM425,900,000 as disclosed in Notes 13 and 38 to the financial statements. The business combination arising from the acquisitions was accounted for using the reverse acquisition method within the scope of MFRS 3 Business Combinations wherein the Company was identified as the accounting acquiree instead of the accounting acquirer. Entities and businesses that were under common control prior to the completion acquisition were combined as a unit and identified as the accounting acquirer. We focused on the adjustments recognised following the Group's application of reverse acquisition method, particularly in areas involving estimates and judgements in identifying the accounting acquirer and how the goodwill being derived.	We have performed the following audit procedures to evaluate management's consolidation process: • Reviewed appropriateness of cut-off date for the business acquisition determined by the management; • Obtained an understanding and reviewed the accounting policy applied by the management on the business combination via common control followed by reverse acquisition method; • Reviewed independent expert report on the appropriateness in the application of accounting treatment under MFRS 3 Business Combinations; • Reviewed the consolidation process performed by the management in accordance with reverse acquisition method; and • Assessed the adequacy and appropriateness of the disclosures made in the financial statements, including the presentation of comparative amounts and disclosure.

Key Audit Matters (cont'd)

Key Audit Matters	Our audit procedures performed and responses thereon
Revenue and cost recognition	
Revenue from property development activity recognised during the period as disclosed in Note 4 to the financial statements amounted to RM16,914,132. Property development revenue is recognised over the period of the project by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project). Judgement is required in determining the progress of property development towards the complete satisfaction of the performance obligation, which include relying on past experience and continuous monitoring of the budgeting process. These management estimates and judgements affect the cost-based input method computations and the amount of revenue and profit recognised during the period. We focused on this area because of the magnitude of the revenue and the costs recognised by the Group from these activities, which are based on significant estimates and judgements.	We have performed the following audit procedures to assess the revenue and cost recognition: • Reviewed the terms and conditions of the agreements to determine that the revenue recognised conforms with the Group's policies and requirements of MFRS 15 Revenue from Contracts with Customers; • Agreeing to the contracted selling price of the property development units and multiplied with their respective stage of completion; • Verified the costs incurred to supporting documentation such as the sub-contractors' claim certificates and invoices from vendors; • Performed site-visits for on-going project to verify the existence and progress of project; • Checked reasonableness of the stage of completion based on actual costs incurred to date over the estimated total property development costs with architect certificates; • Performed re-computation of percentage of completion and percentage of sales; and • Examined material non-standard journal entries and other adjustments posted to revenue and cost of sales accounts.

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 and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 and the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

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

(b) The comparative figures for the Company were audited by another firm of chartered accountants who expressed an unmodified opinion on those financial statements on 23 April 2019. As disclosed in Note 3(a) to the financial statements, the comparative figures for the Group were prepared retroactively on the basis of combined financial statements of Impiana Combined Units and were not audited by us.

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

LO KUAN CHE
03016/11/2020 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 26 October 2020

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

		Group		Company	
		1.1.2019 to 30.6.2020	1.1.2018 to 31.12.2018	1.1.2019 to 30.6.2020	1.7.2017 to 31.12.2018
	Note	RM	RM	RM	RM
Revenue	4	33,818,222	19,278,447	-	1,687,500
Cost of sales	5	(16,562,170)	(4,553,654)	-	-
Gross profit		17,256,052	14,724,793	-	1,687,500
Other income		601,044	140,013	-	6,102,442
Selling and distribution costs		(221,807)	(585,652)	-	(40,138)
Administrative expenses		(18,032,403)	(10,912,438)	(5,190,479)	(3,426,114)
Other expenses		(57,086,535)	(1,797,743)	(240,855,544)	(3,413,454)
(Loss)/Profit from operations		(57,483,649)	1,568,973	(246,046,023)	910,236
Finance costs	6	(6,198,434)	(5,372,136)	-	-
Share of result in an associate	14	(258,224)	1,863,318	-	-
(Loss)/Profit before tax	6	(63,940,307)	(1,939,845)	(246,046,023)	910,236
Income tax expense	7	1,566,348	589,471	(761)	-
(Loss)/Profit for the financial period/year, net of tax		(62,373,959)	(1,350,374)	(246,046,784)	910,236
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Revaluation surplus, net of deferred tax		5,777,151	12,692,477	-	-
Total comprehensive income for the financial period/year		(56,596,808)	11,342,103	(246,046,784)	910,236
Basic loss per ordinary share attributable to Owners of the Company (sen):	8	(11.49)	(0.25)		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Group 30.06.2020 RM	Group 31.12.2018 RM	Company 30.06.2020 RM	Company 31.12.2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	9	71,614,857	63,130,417	8,822	18,234
Intangible assets	10	7,091,311	-	-	-
Right-of-use assets	11	78,674	-	-	-
Goodwill	12	-	-	-	-
Investment in subsidiaries	13	-	-	198,333,603	18,750,000
Investment in an associate	14	40,420,094	39,658,318	-	-
Inventories	15	3,359,456	3,441,056	-	-
		122,564,392	106,229,791	198,342,425	18,768,234
Current assets					
Inventories	15	34,482,761	28,128,868	-	-
Trade receivables	16	19,531,492	6,913,055	-	-
Other receivables	17	417,268	24,236,158	10,100	2,049,523
Amounts due from subsidiaries	18	-	-	-	247,421
Contract assets	19	16,995,804	-	-	-
Fixed deposits with a licensed bank	20	652,182	602,290	-	-
Cash and bank balances		80,219	500,738	18,756	108,931
		72,159,726	60,381,109	28,856	2,405,875
Non-current asset held for sale	21	-	260,000	-	-
TOTAL ASSETS		194,724,118	166,870,900	198,371,281	21,174,109
EQUITY AND LIABILITIES					
Equity					
Ordinary shares	22	101,411,643	49,536,848	394,400,635	42,298,835
Irredeemable convertible preference shares ("ICPS")	23	5,069,907	-	52,400,000	-
Accumulated losses		(98,828,991)	(30,517,401)	(271,993,998)	(25,947,214)
Asset revaluation reserve	24	30,386,309	24,774,056	-	-
Total Equity		38,038,868	43,793,503	174,806,637	16,351,621

STATEMENTS OF FINANCIAL POSITION
(Cont'd)

		Group		Company	
		30.06.2020	31.12.2018	30.06.2020	31.12.2018
	Note	RM	RM	RM	RM
Liabilities					
Non-current liabilities					
Deferred tax liabilities	25	5,205,404	3,490,939	-	-
Borrowings	26	59,443,947	54,293,397	-	-
Lease liabilities	27	7,847	-	-	-
		64,657,198	57,784,336	-	-
Current liabilities					
Trade payables	28	3,641,800	6,626,280	-	-
Other payables	29	42,432,102	20,623,098	6,337,803	4,822,488
Contract liabilities	19	1,065,196	-	-	-
Borrowings	26	11,655,555	15,591,360	-	-
Lease liabilities	27	69,073	-	-	-
Amount due to a subsidiary	30	-	-	17,222,441	-
Amounts due to Directors' related companies	31	21,802,900	12,335,254	4,400	-
Amount due a to Director	32	6,923,030	6,385,803	-	-
Tax payable		4,438,396	3,731,266	-	-
		92,028,052	65,293,061	23,564,644	4,822,488
Total Liabilities		156,685,250	123,077,397	23,564,644	4,822,488
TOTAL EQUITY AND LIABILITIES		194,724,118	166,870,900	198,371,281	21,174,109

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

	Attributable to Owners of the Company			
	Non-Distributable			
	Share Capital RM	Asset Revaluation Reserve RM	Accumulated Losses RM	Total Equity RM
Group				
At 1 January 2018	49,536,848	12,239,389	(29,324,837)	32,451,400
Loss for the financial year	-	-	(1,350,374)	(1,350,374)
Other comprehensive income				
Asset revaluation reserve, net	-	12,692,477	-	12,692,477
Realisation of asset revaluation reserve	-	(157,810)	157,810	-
Total comprehensive income	-	12,534,667	(1,192,564)	11,342,103
At 31 December 2018	49,536,848	24,774,056	(30,517,401)	43,793,503

	Note	Attributable to Owners of the Company — Non-Distributable: Share Capital RM	ICPS RM	Asset Revaluation Reserve RM	Accumulated Losses RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group								
At 1 January 2019		49,536,848	-	24,774,056	(30,517,401)	43,793,503	-	43,793,503
Loss for the financial period		-	-	-	(62,373,959)	(62,373,959)	-	(62,373,959)
Other comprehensive income								
Asset revaluation reserve, net of tax		-	-	5,777,151	-	5,777,151	-	5,777,151
Realisation of asset revaluation reserve		-	-	(164,898)	164,898	-	-	-
Total comprehensive income		-	-	5,612,253	(62,209,061)	(56,596,808)	-	(56,596,808)
Transactions with Owners of the Company								
Acquisition through reverse acquisition	22	39,768,135	-	-	-	39,768,135	6,572,238	46,340,373
Increase in stake of a subsidiary	13(b), 22 and 23	7,604,860	5,069,907	-	(6,102,529)	6,572,238	(6,572,238)	-
Issuance of ordinary shares pursuant to private placement	22	4,501,800	-	-	-	4,501,800	-	4,501,800
Total transactions with Owners of the Company		51,874,795	5,069,907	-	(6,102,529)	50,842,173	-	50,842,173
At 30 June 2020		101,411,643	5,069,907	30,386,309	(98,828,991)	38,038,868	-	38,038,868

		Attributable to Owners of the Company			
		Non-Distributable			
	Note	Share Capital RM	ICPS RM	Accumulated Losses RM	Total Equity RM
Company					
At 1 July 2017		42,298,835	-	(26,857,450)	15,441,385
Profit for the financial period, representing total comprehensive income for the financial period		-	-	910,236	910,236
At 31 December 2018/ 1 January 2019		42,298,835	-	(25,947,214)	16,351,621
Loss for the financial period, representing total comprehensive income for the financial period		-	-	(246,046,784)	(246,046,784)
Transactions with Owners of the Company					
Issuance of ordinary shares pursuant to:	22				
- reverse acquisition		232,395,140	-	-	232,395,140
- increase in stake of a subsidiary		7,604,860	-	-	7,604,860
- private placement		4,501,800	-	-	4,501,800
- conversion of ICPS	22 and 23	107,600,000	(107,600,000)	-	-
Issuance of ICPS pursuant to:	23				
- reverse acquisition		-	154,930,093	-	154,930,093
- increase in stake of a subsidiary		-	5,069,907	-	5,069,907
Total transactions with Owners of the Company		352,101,800	52,400,000	-	404,501,800
At 30 June 2020		394,400,635	52,400,000	(271,993,998)	174,806,637

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

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Note	Group 1.1.2019 to 30.6.2020 RM	Group 1.1.2018 to 31.12.2018 RM	Company 1.1.2019 to 30.6.2020 RM	Company 1.7.2017 to 31.12.2018 RM
Cash flows from operating activities					
(Loss)/Profit before tax:		(63,940,307)	(1,939,845)	(246,046,023)	910,236
Adjustments for:					
Amortisation of intangible assets		953,387	-	-	-
Depreciation of property, plant and equipment		2,291,887	1,608,466	9,612	23,157
Depreciation of right-of-use assets		132,716	-	-	-
Dividend income		-	-	-	(1,687,500)
Loss on disposal of property, plant and equipment		468	-	-	-
Gain on disposal of subsidiaries	13(d)	-	-	-	(2,500,000)
Impairment loss on:					
- amounts due from subsidiaries		-	-	34,948,021	-
- goodwill		48,377,299	-	-	-
- investment in subsidiaries		-	-	205,907,523	3,343,041
- trade receivables		853,235	284,239	-	-
- other receivables		-	135,000	-	-
Waiver of debts		-	-	-	(269,300)
Written off on:-					
- amounts due from subsidiaries		-	-	-	(2,988,469)
- intangible assets		3,842,083	-	-	-
- property, plant and equipment		117,534	598,645	-	22,995
- trade receivables		83,713	836,974	-	32,419
Reversal of impairment loss on:-					
- non-current asset held for sale		(70,000)	-	-	-
- investment in subsidiaries		-	-	-	(325,350)
- property, plant and equipment		-	(50,000)	-	-
- trade receivables		(284,239)	-	-	-
Balance carried forward		(7,642,224)	1,473,479	(5,180,867)	(3,438,771)

	Note	Group 1.1.2019 to 30.6.2020 RM	Group 1.1.2018 to 31.12.2018 RM	Company 1.1.2019 to 30.6.2020 RM	Company 1.7.2017 to 31.12.2018 RM
Balance bought forward		(7,642,224)	1,473,479	(5,180,867)	(3,438,771)
Interest expenses		6,198,434	5,372,136	-	-
Interest income		(33,314)	(28,004)	-	(19,323)
Share of result of an associate		258,224	(1,863,318)	-	-
Unrealised gain on foreign exchange		(25,241)	-	-	-
Operating (loss)/gain before working capital changes		(1,244,121)	4,954,293	(5,180,867)	(3,458,094)
Changes in working capital:					
Contract assets/liabilities		(15,930,608)	-	-	-
Inventories		7,306,407	(5,703,426)	-	-
Receivables		15,514,225	(485,006)	2,039,423	307,504
Payables		17,375,420	10,047,563	1,515,315	1,157,268
Cash generated from/ (used in) operations		23,021,323	8,813,424	(1,626,129)	(1,993,322)
Dividend received		-	-	-	1,687,500
Interest received		33,314	28,004	-	19,323
Interest paid		(6,198,434)	(5,372,136)	-	-
Tax paid		(1,008,671)	(586,299)	(761)	-
Net cash from/(used in) operating activities		15,847,532	2,882,993	(1,626,890)	(286,499)
Cash flows from investing activities					
Acquisition of property, plant and equipment		(3,156,441)	(1,398,159)	(200)	(3,040)
Acquisition through reverse acquisition, net of cash and cash equivalents	13(a)	(25,062,310)	-	-	-
Proceeds from disposal of subsidiaries	13(d)	-	-	-	500,000
Proceeds from disposal of property, plant and equipment		2,101	3,233	-	-
Subscription of shares in associate	14	(1,020,000)	-	-	-
Net cash (used in)/from investing activities		(29,236,650)	(1,394,926)	(200)	496,960

		Group		Company	
	Note	1.1.2019 to 30.6.2020 RM	1.1.2018 to 31.12.2018 RM	1.1.2019 to 30.6.2020 RM	1.7.2017 to 31.12.2018 RM
Cash flows from financing activities					
Advances from Directors	(iii)	867,227	-	-	-
Advances to subsidiaries	(iii)	-	-	(2,146,514)	(612,465)
Repayment of loan from third parties		-	-	-	(1,337,500)
Drawdown of borrowings	(iii)	3,570,293	-	-	-
(Increase)/Decrease in fixed deposits pledged		(49,892)	320,675	-	-
Proceeds from issuance of ordinary shares		4,501,800	-	4,501,800	-
Repayment of borrowings	(iii)	(2,052,566)	(3,473,207)	-	-
Repayment of principal portion of lease liabilities	(ii)(iii)	(134,470)	-	-	-
Advances from/(Repayment to) Directors' related companies	(iii)	6,569,189	2,088,298	(818,371)	269,300
Net cash from/(used in) financing activities		13,271,581	(1,064,234)	1,536,915	(1,680,665)
Net (decrease)/increase in cash and cash equivalents		(117,537)	423,833	(90,175)	(1,470,204)
Cash and cash equivalents at beginning of financial period/year		(9,175,695)	(9,599,528)	108,931	1,579,135
Cash and cash equivalents at end of financial period/year	(i)	(9,293,232)	(9,175,695)	18,756	108,931

(i) Cash and cash equivalents comprise the following:

		Group		Company	
		1.1.2019 to 30.6.2020	1.1.2018 to 31.12.2018	1.1.2019 to 30.6.2020	1.7.2017 to 31.12.2018
	Note	RM	RM	RM	RM
Cash and bank balances		80,219	500,738	18,756	108,931
Fixed deposits with a licensed bank	20	652,182	602,290	-	-
		732,401	1,103,028	18,756	108,931
Less:					
- Bank overdrafts	26	(9,373,451)	(9,676,433)	-	-
- Fixed deposits pledged	20	(652,182)	(602,290)	-	-
		(9,293,232)	(9,175,695)	18,756	108,931

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

	Group 1.1.2019 to 30.6.2020 RM
Included in net cash used in operating activities	
Interest paid in relation to lease liabilities	35,333
Included in net cash from financing activities	
Payment for the principal portion of lease liabilities	134,470
	169,803

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

	Lease liabilities RM	Term loans, finance lease and revolving credit RM	Amount due to Directors' related companies RM	Amount due to a Director RM
Group				
30.6.2020				
At beginning of financial period	-	60,208,324	12,335,254	6,385,803
Effect of adoption of MFRS 16	211,390	-	-	-
	211,390	60,208,324	12,335,254	6,385,803
Advances from	-	-	6,569,189	867,227
Payment for the principal portion of lease liabilities	(134,470)	-	-	-
Drawdown	-	3,570,293	-	-
Repayment	-	(2,052,566)	-	-
Net changes in cash flow from financing activities	(134,470)	1,517,727	6,569,189	867,227
Acquisition through reverse acquisition (Note 13(a))	-	-	2,898,457	-
Sale of non-current asset held for sale	-	-	-	(330,000)
At end of financial period	76,920	61,726,051	21,802,900	6,923,030
31.12.2018				
At beginning of financial year	-	63,681,531	10,246,956	6,385,803
Advances to	-	-	2,088,298	-
Repayment	-	(3,473,207)	-	-
Net changes in cash flow from financing activities	-	(3,473,207)	2,088,298	-
At end of financial year	-	60,208,324	12,335,254	6,385,803

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

	Amount due to Directors' related companies RM	Amount due (from)/to subsidiaries RM
Company		
30.6.2020		
At beginning of financial period	-	(247,421)
Advances to	(822,771)	(2,146,514)
Repayment from	4,400	-
Net changes in cash flow from financing activities	(818,371)	(2,146,514)
Novation of debt	822,771	(822,771)
Impairment loss on amounts due from subsidiaries	-	34,948,021
Issuance of equity instrument for acquisition of business	-	(14,508,874)
At end of financial period	4,400	17,222,441
Company		
31.12.2018		
At beginning of financial period	-	365,044
Advances to	-	(612,465)
Advances from	269,300	-
	269,300	(612,465)
Waiver of debts	(269,300)	-
At end of financial period	-	(247,421)

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

1. CORPORATE INFORMATION

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

The registered office of the Company is located at 21st Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company is located at 21st Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan.

The Company is principally engaged in investment holdings. The principal activities of the subsidiaries are disclosed in Note 13. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial period.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 26 October 2020.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The Group and the Company have considered the below new accounting pronouncements in the preparation of the financial statements.

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

The Group and the Company have adopted the following new accounting pronouncements that are mandatory for the current financial period:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015-2017 Cycle	

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

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

(i) Accounting pronouncements that are effective and adopted during the financial period (cont'd)

MFRS 16 Leases

MFRS 16 replaced MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance lease under MFRS 117. The Group has an operating lease for properties.

The Group measures the lease liabilities based on the present value of future lease payments calculated using incremental borrowing rate at date of commencement of the lease period. Lease payments would be split into principal and interest payments, using the effective interest method.

Correspondingly, the right-of-use ("ROU") assets will be the present value of the liability at the commencement date of the lease, adding any directly attributable costs. The ROU asset will be depreciated on a straight-line basis over the shorter of the lease term and useful life of the leased asset.

The following practical expedients as permitted by the standards have been adopted:

- leases of less than 12 months duration and leases for low value items are excluded. Rental payments associated with these leases will be recognised in the statement of comprehensive income on a straight-line basis over the life of the lease;
- initial direct costs incurred on leases are excluded from the measurement of the ROU assets at the date of initial application; and
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

The adoption of MFRS 16 will require the Group to make judgment on the discount rates used on transition to discount future lease payments (i.e. Group's incremental borrowing rates). These rates have been calculated to reflect the underlying lease terms and observable inputs. The risk-free rate component has been based on Base Lending Rate over the same term as the lease and has been adjusted for credit risk.

The Group applied the modified retrospective approach which requires the impact of the adoption to be included in the opening retained earnings on 1 January 2019. As such, comparative information was not restated and continues to be reported under MFRS 117 and related interpretations.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

(i) Accounting pronouncements that are effective and adopted during the financial period (cont'd)

MFRS 16 Leases (cont'd)

The effects arising from initial application of MFRS 16 are as follows:

	As previously reported RM	Effects of adoption of MFRS 16 RM	As restated RM
1 January 2019			
Statement of financial position			
Right-of-use asset	-	211,390	211,390
Lease liabilities	-	(211,390)	(211,390)

Note:
Reconciliation for the differences between operating lease commitments disclosed as at 31 December 2018 and lease liabilities recognised at the date of initial application of 1 January 2019 are as follow:

	RM
Operating lease commitments at 31 December 2018	252,200
Effects from discounting at the incremental borrowing rate of 8%	(40,810)
Lease liabilities recognised as at 1 January 2019	211,390

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

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

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16	Covid-19 Related Rent Concessions

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

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

Effective for financial periods beginning on or after 1 July 2020

Agenda Decision on MFRS 123 Borrowing Costs relating to over time transfer of constructed good

In March 2019, IFRS Interpretation Committee ("IFRIC") published an agenda decision on borrowing costs confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the Malaysian Accounting Standards Board ("MASB") decided that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is assessing the impact on the change in accounting policy pursuant to IFRIC Agenda Decision on borrowing costs incurred on property under construction where control is transferred over time.

Effective for financial periods beginning on or after 1 June 2021

Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 - 2020	

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications.

2. BASIS OF PREPARATION (cont'd)

(b) Basis of Measurement

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

(c) Functional and presentation currency

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

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's result of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

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

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

(i) Impairment of non-financial assets

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

(ii) Impairment of financial assets

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

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

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

2. BASIS OF PREPARATION (cont'd)

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

(iii) Revaluation of properties

All properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers. The independent professional valuers have exercised judgement in determining the fair values of the lands based on comparison method and of the buildings based on replacement cost model less the amount of accrued physical depreciation as evidenced by the observed condition and assuming the continued use of the installed property for the designed purpose as part of a going concern but without specific relation to earnings.

Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(iv) Carrying value of investment in subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries.

(v) Property development

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, except as disclosed in Note 3(g).

(a) Basis of consolidation

Consolidation

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Consolidation (cont'd)

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

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

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

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

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

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

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

Business combination

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

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

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

Combined financial statements

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

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

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

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

(collectively known as "Impiana Combined Units")

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

Reverse acquisition accounting

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Reverse acquisition accounting (cont'd)

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

(a) the assets and liabilities of Impiana Combined units are recognised and measured in the consolidated statement of financial position of the Group at their pre-acquisition carrying amounts;

(b) the assets and liabilities of the Company are recognised and measured in the consolidated statement of financial position of the Group at their acquisition-date fair values;

(c) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of Impiana Combined Units immediately before the reverse acquisition;

(d) the amount recognised as issued equity interests in the consolidated financial statements is determined by adding to the issued equity of Impiana Combined Units immediately before the Reverse Acquisition the fair value of the consideration effectively transferred based on the issue price of the Company's share. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflects the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the reverse acquisition;

(e) the consolidated statement of comprehensive income for the financial period ended 30 June 2020 reflects the full financial period results of Impiana Combined Units together with the post-acquisition results of the Company; and

(f) the comparative figures presented in these consolidated financial statements are those of Impiana Combined Units, except for its capital structure which is retroactively adjusted to reflect the legal capital of the accounting acquiree.

The consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the financial period ended 30 June 2020 refers to the Group which includes the results of Impiana Combined Units from 1 January 2019 to 30 June 2020 and the post-acquisition results of the Company from the date of completion of the reverse acquisition to 30 June 2020. The consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the financial year ended 31 December 2018 refer to the results of Impiana Combined Units from 1 January 2018 to 31 December 2018.

Separate financial statements of the Company

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Non-controlling interests

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

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

Associates

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Transactions eliminated on consolidation

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

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

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are converted into the functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into the functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rates as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Revenue and other income recognition

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue and other income recognition (cont'd)

(i) Revenue from contracts with customers (cont'd)

Property development revenue

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

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

Technical service revenue

Technical service revenue is recognised upon customers' satisfactory work progress subsequent to consultancy service rendered to the customers.

Management service revenue

Management service revenue is recognised when service is rendered to the hotel owners.

Marketing fee revenue

Marketing fee revenue are recognised when services are rendered.

Hotel room revenue

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

Restaurant revenue

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

Other hotel-related segments

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue and other income recognition

(i) Revenue from contracts with customers (cont'd)

Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. The Group's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

(ii) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on asset.

(iii) Dividend income

Dividend income is recognised on the date the Company's right to receive payment is established.

(d) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. 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, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group has no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Interest incurred on borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset related to property development activities or construction of assets are capitalised as part of the cost of the asset during the period of time required to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs ceased when the assets are ready for their intended use or sale whereby the assets are no longer qualifying asset.

(f) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. 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 be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Leases

Current financial period

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets and lease liabilities are presented as a separate line in the statements of financial position.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment except as follows:

Office premises	Over the lease term

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3(n)(ii).

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

Previous financial year

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Leases (cont'd)

Previous financial year (cont'd)

(i) Finance Lease

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

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating Lease

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

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

Leasehold land which is in substance is an operating lease is classified as prepaid lease payments and amortised on a straight-line basis over the lease period as disclosed in the notes to the financial statements.

(h) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise ICPS granted to shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property, plant and equipment

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

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

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

(ii) Subsequent costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property, plant and equipment (cont'd)

(iii) Depreciation

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

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Leasehold lands	30 to 87 years
Leasehold building	41 years
Office equipment and furniture and fittings	5 to 10 years
Motor vehicles	5 years
Operating equipment, plant and machineries, signboard	3 to 10 years
Renovation	5 to 10 years

Freehold land has an indefinite useful life and therefore is not depreciated.

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

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

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

(j) Intangible assets

Goodwill

Goodwill acquired in a business combination represents the difference between deemed purchase consideration and the net fair value of the identifiable assets, liabilities and contingent liabilities of the business at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Impairment losses recognised are not reversed in subsequent periods.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Intangible assets (cont'd)

Intellectual property

Intellectual property rights are recognised as intangible asset if it is probable that the future economic benefits that are attributable to such asset will flow to the Group and the costs of such asset can be measured reliably.

Intellectual property rights acquired for the use of certain brand names and trademarks are stated at cost less accumulated amortisation and impairment losses, if any.

The intellectual property rights are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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

Trademarks	15 years
Hotel Management Rights	15 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less cost to completion and selling expenses.

(i) Food and beverage, and general store

The cost of inventories is measured based on weighted average basis and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Inventories (cont'd)

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defect liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

(iii) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is transferred to property development costs (under current assets) where development activities have commenced and where the development activities can be completed within the normal operating cycle of the Group.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand and fixed deposits with licensed banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial instruments

(i) Initial recognition and measurement

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

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets.

All financial assets, are subject to impairment assessment under Note 3(n)(i).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement

Financial liabilities

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently have a legally enforceable right to set off the amounts and they intend either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment of assets

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowances of the Group and of the Company are measured on either of the following bases:

(a) 12-month ECLs - represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(b) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

<u>Simplified approach - trade receivables and contract assets</u>

The Group and the Company apply the simplified approach to provide ECLs for all trade receivables and contract assets as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

<u>General approach - other financial instruments</u>

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-months ECLs at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment of assets (cont'd)

(i) Financial assets (cont'd)

General approach - other financial instruments (cont'd)

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or

- The financial asset is more than 1 year past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Credit impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event (e.g being more than 1 year past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due. Any recoveries made are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment of assets (cont'd)

(ii) Non-financial assets

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

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

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

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

An impairment loss recognised for goodwill is not reversed.

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

(o) Equity instrument

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

<u>Ordinary shares</u>

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.

<u>Irredeemable convertible preference shares ("ICPS")</u>

Preference share capital is classified as equity if it is non-redeemable and any dividends are at the Company's discretion. Dividends thereon are recognised as distributions within equity.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Operating segments

Operating segments are defined as components of the Group that:

(a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

(b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount of:
  (i) the combined reported profit of all operating segments that did not report a loss; and
  (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are 10% or more of the combined segments that reported a loss.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75% of the revenue of the Group. Operating segments identified as reportable segments in the current financial period in accordance with the quantitative thresholds would result in a restatement of prior period segment date for comparative purposes.

(q) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Fair value measurements (cont'd)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(r) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The criteria for held for sale classification is regarded as met only when:-

- The asset is available for immediate sale in its present condition;
- The management is committed to a plan to sell the asset and the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- The sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the asset are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

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

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

4. REVENUE

		Group		Company	
		1.1.2019 to 30.6.2020	1.1.2018 to 31.12.2018	1.1.2019 to 30.6.2020	1.7.2017 to 31.12.2018
	Note	RM	RM	RM	RM
Technical service revenue		1,372,311	-	-	-
Management service revenue		4,414,325	5,077,900	-	-
Marketing fee revenue		1,355,294	1,362,726	-	-
Hotel rooms		5,227,558	7,221,398	-	-
Restaurants		3,991,658	5,215,929	-	-
Other hotel-related segments		542,944	400,494	-	-
Property development	(i)	16,914,132	-	-	-
Dividend income		-	-	-	1,687,500
		33,818,222	19,278,447	-	1,687,500
Timing of revenue recognition:					
Point in time		16,904,090	19,278,447	-	1,687,500
Over time		16,914,132	-	-	-
		33,818,222	19,278,447	-	1,687,500

(i) Property development

Unsatisfied long-term contracts

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

	Group	
	30.06.2020	31.12.2018
	RM	RM
Total contracted revenue	80,814,957	-
Less: Property development revenue recognised	(16,914,132)	-
Aggregate amount of the transaction price allocated to property development revenue that are partially or fully unsatisfied as at financial period	63,900,825	-

4. REVENUE (cont'd)

(i) Property development (cont'd)

Unsatisfied long-term contracts (cont'd)

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

	Group 30.06.2020 RM	Group 31.12.2018 RM
Within 1 year	23,493,069	-
Between 1 and 3 years	40,407,756	-
	63,900,825	-

5. COST OF SALES

	Group 1.1.2019 to 30.6.2020 RM	Group 1.1.2018 to 31.12.2018 RM
Technical fee	86,644	-
Management fee	20,361	-
Hotel-related costs	5,143,000	4,553,654
Property development costs	11,312,165	-
	16,562,170	4,553,654

6. (LOSS)/PROFIT BEFORE TAX

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

	Note	Group 1.1.2019 to 30.6.2020 RM	Group 1.1.2018 to 31.12.2018 RM	Company 1.1.2019 to 30.6.2020 RM	Company 1.7.2017 to 31.12.2018 RM
Auditors' remuneration					
- statutory audit		571,200	85,000	245,700	127,000
- under/(over) provision in previous financial year		46,000	(13,685)	46,000	23,000
- other services		218,000	-	218,000	353,000
Amortisation of intangible assets		953,387	-	-	-
Corporate exercise expenses		1,902,796	-	1,902,796	1,223,787

6. (LOSS)/PROFIT BEFORE TAX (cont'd)

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

		Group		Company	
	Note	**1.1.2019 to 30.6.2020 RM**	**1.1.2018 to 31.12.2018 RM**	**1.1.2019 to 30.6.2020 RM**	**1.7.2017 to 31.12.2018 RM**
Depreciation of property, plant and equipment		2,291,887	1,608,466	9,612	23,157
Depreciation of right-of-use assets		132,716	-	-	-
Directors' remuneration	6(a)	420,639	-	420,639	587,438
Employee benefits expense	6(b)	7,769,968	4,716,254	430,661	836,262
Finance costs:-					
- bank overdrafts		697,101	300,992	-	-
- finance lease payable		-	2,234	-	-
- lease liabilities		35,333	-	-	-
- revolving credit		38,567	-	-	-
- term loans		5,427,433	4,086,007	-	-
- unwinding of interest from discounting of payables		-	982,903	-	-
Impairment loss on:-					
- amounts due from subsidiaries		-	-	34,948,021	-
- goodwill		48,377,299	-	-	-
- investment in subsidiaries		-	-	205,907,523	3,343,041
- trade receivables		853,235	284,239	-	-
- other receivables		-	135,000	-	-
Reversal of impairment loss on:					
- property, plant and equipment		-	(50,000)	-	-
- investment in subsidiaries		-	-	-	(325,350)
- trade receivables		(284,239)	-	-	-
- non-current asset held for sale		(70,000)	-	-	-
Short term lease of office equipment		14,365	122,864	-	-
Rental of office		-	77,500	-	77,500

6. (LOSS)/PROFIT BEFORE TAX (cont'd)

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

		Group		Company	
	Note	1.1.2019 to 30.6.2020 RM	1.1.2018 to 31.12.2018 RM	1.1.2019 to 30.6.2020 RM	1.7.2017 to 31.12.2018 RM
Written off on:					
- amounts due from subsidiaries		-	-	-	(2,988,469)
- intangible assets		3,842,083	-	-	-
- property, plant and equipment		117,534	598,645	-	22,995
- trade receivables		83,713	836,974	-	32,419
Realised (gain)/loss on foreign exchange		(94,699)	78,047	-	-
Unrealised gain on foreign exchange		(25,241)	-	-	-
Loss on disposal of property, plant and equipment		468	-	-	-
Gain on disposal of subsidiaries		-	-	-	(2,500,000)
Interest income		(33,314)	(28,004)	-	(19,323)
Waiver of debts		-	-	-	(269,300)

(a) Directors' remuneration:

	Group		Company	
	1.1.2019 to 30.6.2020 RM	1.1.2018 to 31.12.2018 RM	1.1.2019 to 30.6.2020 RM	1.7.2017 to 31.12.2018 RM
Directors' remuneration				
Directors' fee	307,500	-	307,500	288,000
Salaries and other emoluments	108,000	-	108,000	277,838
Contributions to defined contribution plan	4,800	-	4,800	21,600
Others	339	-	339	-
	420,639	-	420,639	587,438

6. (LOSS)/PROFIT BEFORE TAX (cont'd)

(b) Employee benefits expense:

	Group		Company	
	1.1.2019 to 30.6.2020 RM	1.1.2018 to 31.12.2018 RM	1.1.2019 to 30.6.2020 RM	1.7.2017 to 31.12.2018 RM
Staff costs				
Salaries and wages	6,635,013	3,806,671	388,761	761,035
Contributions to defined contribution plan	744,835	506,407	37,812	75,227
Others	390,120	403,176	4,088	-
	7,769,968	4,716,254	430,661	836,262

7. INCOME TAX EXPENSE

	Group		Company	
	1.1.2019 to 30.6.2020 RM	1.1.2018 to 31.12.2018 RM	1.1.2019 to 30.6.2020 RM	1.7.2017 to 31.12.2018 RM
Income tax:				
Current period	283,153	981,659	-	-
(Over)/Underprovision in prior period/year	(912,788)	(425,866)	761	-
	(629,635)	555,793	761	-
Deferred tax (Note 25):				
Reversal of temporary differences	(1,569,394)	(701,690)	-	-
Realisation of deferred tax liabilities arising from depreciable revaluation reserve	(52,073)	(49,835)	-	-
Under/(over) provision in prior period/year	684,754	(393,739)	-	-
	(936,713)	(1,145,264)	-	-
Income tax (credit)/ expense for the period/year	(1,566,348)	(589,471)	761	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (31.12.2018: 24%) of the estimated assessable profit for the period/year.

7. INCOME TAX EXPENSE (cont'd)

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

	Group		Company	
	1.1.2019 to 30.6.2020 RM	**1.1.2018 to 31.12.2018 RM**	**1.1.2019 to 30.6.2020 RM**	**1.7.2017 to 31.12.2018 RM**
(Loss)/Profit before tax	(63,940,307)	(1,939,845)	(246,046,023)	910,236
Tax at the Malaysian statutory income tax rate of 24%	(15,345,674)	(465,563)	(59,051,046)	218,457
Reduction of statutory tax on first RM500,000 chargable income	-	(30,000)	-	-
Income not subject to tax	(803,050)	(13,071)	-	(1,800,317)
Expenses not deductible for tax purpose	15,284,076	1,167,709	59,048,739	1,581,860
Deferred tax assets not recognised	20,787	1,423	2,307	-
Utilisation of previously unrecognised deferred tax assets	(442,380)	(380,529)	-	-
Realisation of deferred tax liabilities arising from depreciable revaluation reserve	(52,073)	(49,835)	-	-
(Over)/Underprovision in prior financial years				
- income tax	(912,788)	(425,866)	761	-
- deferred tax	684,754	(393,739)	-	-
Income tax (credit)/ expense for the period/ year	(1,566,348)	(589,471)	761	-

7. INCOME TAX EXPENSE (cont'd)

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

	Group		Company	
	1.1.2019 to 30.6.2020 RM	**1.1.2018 to 31.12.2018 RM**	**1.1.2019 to 30.6.2020 RM**	**1.7.2017 to 31.12.2018 RM**
Unabsorbed capital allowance	7,714,659	204,833	15,474	14,311
Unutilised tax losses	-	1,638,417	-	-
	7,714,659	1,843,250	15,474	14,311

8. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

Due to the reverse acquisition during the financial period, the comparative loss per ordinary share has been restated and reflects the results of Impiana Combined Units during the financial year ended 31 December 2018. The number of ordinary shares issued by the Company for the reverse acquisition is deemed to be the weighted average number of ordinary shares for the financial year ended 31 December 2018.

The weighted average number of ordinary shares for the financial period ended 30 June 2020 is calculated using the number of ordinary shares issued by the Company for the reverse acquisition, which is the number of shares deemed to be outstanding from the beginning of the year to the reverse acquisition date, and the number of ordinary shares of the Company outstanding from the reverse acquisition date to the end of the period.

	Group	
	1.1.2019 to 30.6.2020	**1.1.2018 to 31.12.2018**
Loss attributable to Owners of the Company (RM)	(62,373,959)	(1,350,374)
Weighted average number of ordinary shares:		
Number of ordinary shares in issue at beginning of the period	795,362,700	795,362,700
Effect of share consolidation	(715,826,430)	(715,826,430)
Effect of weighted average number of ordinary shares issued during the financial period	463,082,051	454,702,930
	542,618,321	534,239,200
Basic loss per share (sen)	(11.49)	(0.25)

The Group has no dilution in its loss per ordinary share as the potential conversion of ICPS into ordinary shares are anti-dilutive.

9. PROPERTY, PLANT AND EQUIPMENT

	Note	<---------- At valuation		------------>	<--------	------------	----At cost----	------------	--------->	
	Note	Freehold land RM	Leasehold lands RM	Leasehold building RM	Office equipment and furniture and fittings RM	Motor vehicles RM	Operating equipment, plant and machineries and signboard RM	Renovation RM	Work-in-progress RM	Total RM
Group										
30.6.2020										
Cost/Valuation										
At 1 January 2019		14,690,000	27,995,316	22,585,504	6,770,360	413,771	2,678,099	2,933,486	-	78,066,536
Additions		-	-	-	72,681	-	466,442	784,142	1,833,176	3,156,441
Addition through reverse acquisition	13(a)	-	-	-	46,346	-	-	-	-	46,346
Revaluation upward		-	456,025	9,690,797	-	-	-	-	-	10,146,822
Revaluation downward		(490,000)	(1,932,808)	-	-	-	-	-	-	(2,422,808)
Disposal		-	-	-	(245)	-	(5,500)	-	-	(5,745)
Written off		-	-	-	(117,534)	-	-	-	-	(117,534)
At 30 June 2020		14,200,000	26,518,533	32,276,301	6,771,608	413,771	3,139,041	3,717,628	1,833,176	88,870,058
Accumulated depreciation										
At 1 January 2019		-	2,290,973	4,213,092	5,872,987	413,767	1,578,637	566,663	-	14,936,119
Charge for the financial period		-	927,560	563,209	118,793	-	283,767	398,558	-	2,291,887
Addition through reverse acquisition	13(a)	-	-	-	30,371	-	-	-	-	30,371
Disposal		-	-	-	(44)	-	(3,132)	-	-	(3,176)
At 30 June 2020		-	3,218,533	4,776,301	6,022,107	413,767	1,859,272	965,221	-	17,255,201
Net carrying amount										
At 30 June 2020		14,200,000	23,300,000	27,500,000	749,501	4	1,279,769	2,752,407	1,833,176	71,614,857

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Note	Freehold land RM	Leasehold lands RM	Leasehold building RM	Office equipment and furniture and fittings RM	Motor vehicles RM	Operating equipment, plant and machineries and signboard RM	Renovation RM	Work-in-progress RM	Total RM
		<---------- At valuation ------------>			<------------------------------At cost------------------------------>					
Group										
31.12.2018										
At 1 January 2018		8,747,888	19,134,827	22,585,504	13,130,313	629,754	2,882,894	2,060,749	-	69,171,929
Additions		-	1	-	488,319	-	37,102	872,737	-	1,398,159
Revaluation upward		6,272,112	8,860,488	-	-	-	-	-	-	15,132,600
Disposal		-	-	-	(867)	-	(2,366)	-	-	(3,233)
Transfer to non-current asset held for sale	21	(330,000)	-	-	-	-	-	-	-	(330,000)
Written off		-	-	-	(6,847,405)	(215,983)	(239,531)	-	-	(7,302,919)
At 31 December 2018		14,690,000	27,995,316	22,585,504	6,770,360	413,771	2,678,099	2,933,486	-	78,066,536
Accumulated depreciation and impairment loss										
At 1 January 2018		120,000	1,829,920	3,761,382	11,996,700	629,749	1,467,902	346,274	-	20,151,927
Charge for the financial year		-	461,053	451,710	194,670	-	280,644	220,389	-	1,608,466
Transfer to non-current asset held for sale	21	(70,000)	-	-	-	-	-	-	-	(70,000)
Written off		-	-	-	(6,318,383)	(215,982)	(169,909)	-	-	(6,704,274)
Reversal of impairment loss		(50,000)	-	-	-	-	-	-	-	(50,000)
At 31 December 2018		-	2,290,973	4,213,092	5,872,987	413,767	1,578,637	566,663	-	14,936,119
Net carrying amount										
At 31 December 2018		14,690,000	25,704,343	18,372,412	897,373	4	1,099,462	2,366,823	-	63,130,417

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Furniture and fittings RM	Renovation RM	Office equipment RM	Total RM
Company				
30.6.2020				
Cost				
At 1 January 2019	459	-	45,887	46,346
Addition	-	-	200	200
At 30 June 2020	459	-	46,087	46,546
Accumulated depreciation				
At 1 January 2019	289	-	27,823	28,112
Charge for the financial period	36	-	9,576	9,612
At 30 June 2020	325	-	37,399	37,724
Net carrying amount				
At 30 June 2020	134	-	8,688	8,822
31.12.2018				
Cost				
At 1 July 2017	21,919	22,353	45,167	89,439
Addition	-	-	3,040	3,040
Written off	(21,460)	(22,353)	(2,320)	(46,133)
At 31 December 2018	459	-	45,887	46,346
Accumulated depreciation				
At 1 July 2017	2,943	7,451	17,699	28,093
Charge for the financial period	3,255	8,382	11,520	23,157
Written off	(5,909)	(15,833)	(1,396)	(23,138)
At 31 December 2018	289	-	27,823	28,112
Net carrying amount				
At 31 December 2018	170	-	18,064	18,234

(a) Assets pledged as security

Freehold land, leasehold lands and building with a total carrying amount of RM56,902,580 (31.12.2018: RM53,004,120) have been pledged to a licensed bank as securities for credit facilities granted to the Group as disclosed in Note 26.

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

Freehold land, leasehold lands and building were revalued on 30 June 2020, 15 September 2018 and 16 March 2018 respectively. Their fair values were arrived at by reference to market evidence of transaction prices for similar properties and were performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

The fair values of the freehold and leasehold lands were determined based on comparison method with similar lands that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities to arrive at the value of the subject lands.

The fair value of the building was determined based on replacement cost model less the amount of accrued physical depreciation as evidenced by the observed condition and assuming the continued use of the installed property for the designed purpose as part of a going concern but without specific relation to earnings.

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

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

	Group	
	Net carrying amount	
	30.6.2020	**31.12.2018**
	RM	**RM**
At historical cost		
Freehold land	766,961	766,961
Leasehold lands	10,541,167	10,718,156
Leasehold building	17,809,203	18,372,412
	29,117,331	29,857,529

10. INTANGIBLE ASSETS

	Note	Trademarks RM	Hotel Management Rights RM	Total RM
Group				
30.06.2020				
Cost				
At beginning of financial period		-	-	-
Addition through reverse acquisition	13(a)	150,000	14,067,329	14,217,329
Written off		-	(4,706,235)	(4,706,235)
At end of financial period		150,000	9,361,094	9,511,094
Accumulated amortisation				
At beginning of financial period		-	-	-
Addition through reverse acquisition	13(a)	72,256	2,258,292	2,330,548
Charge for the financial period		32,922	920,465	953,387
Written off		-	(864,152)	(864,152)
At end of financial period		105,178	2,314,605	2,419,783
Net carrying amount				
At end of financial period		44,822	7,046,489	7,091,311

11. RIGHT-OF-USE ASSETS

	Office Premises RM
Group	
30.6.2020	
Cost	
At beginning of financial period	-
Effect of adoption of MFRS 16	211,390
At end of financial period	211,390
Accumulated depreciation	
At beginning of financial period	-
Charge for the financial period	132,716
At end of financial period	132,716
Net carrying amount	
At end of financial period	78,674

11. RIGHT-OF-USE ASSETS (cont'd)

The expenses charged to profit and loss during the financial period are as follows:

	Group 30.6.2020 RM
Depreciation of right-of-use assets	132,716
Interest expense of lease liabilities	35,333
	168,049

12. GOODWILL

	Group 30.6.2020 RM
At cost	
At beginning of financial period	-
Arising from the reverse acquisition (Note 13(a))	48,377,299
Less: Impairment loss	(48,377,299)
At end of financial period	-

Goodwill represents the premium paid for the reverse acquisition as follows:

	Group 30.6.2020 RM
Deemed consideration transferred (non-cash)	39,768,135
Cash consideration transferred	25,900,000
Fair value of net identifiable assets acquired (Note13(a))	(17,290,836)
Goodwill	48,377,299

Upon the completion of the reverse acquisition exercise as disclosed in Note 13(a), the Group caried out a review of the recoverable amount of the goodwill arising from the reverse acquisition and noted that the recoverable amount of the said goodwill was lower than its carrying amount. Accordingly, an impairment loss of RM48,377,299 arising from the reverse acquisition was recognised and expensed off in the "Other Expenses" line item of the Statements of Comprehensive Income.

13. INVESTMENT IN SUBSIDIARIES

	Company	
	30.6.2020 RM	31.12.2018 RM
Unquoted shares		
At cost		
At beginning of financial period	18,750,000	51,448,203
Addition	385,491,126	51,993,041
Disposal	-	(84,691,244)
	404,241,126	18,750,000
Less: Allowance for impairment loss	(205,907,523)	-
At end of financial period	198,333,603	18,750,000

Movement in allowance for impairment loss in respect of investment in subsidiaries is as follows:

	Company	
	30.6.2020 RM	31.12.2018 RM
At beginning of financial period	-	81,673,553
Addition	205,907,523	3,343,041
Disposal	-	(84,691,244)
Reversal	-	(325,350)
At end of financial period	205,907,523	-

Details of the subsidiaries

Name of Subsidiaries	Country of Incorporation	Principal Activities	Effective Equity Interest 30.6.2020 %	Effective Equity Interest 31.12.2018 %
Impiana Ipoh Sdn. Bhd. (formerly known as Intra Magnum Sdn. Bhd.)	Malaysia	Investment holding, management and operation of hotels and resorts, property investment and hotel development	100%	75%
Impiana Hotels & Resorts Management Sdn. Bhd.	Malaysia	Giving professional management services to hotels, resorts and recreation clubs	100%	-

13. INVESTMENT IN SUBSIDIARIES

Details of the subsidiaries (cont'd)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Effective Equity Interest 30.6.2020 %	31.12.2018 %
Impiana Cherating Sdn. Bhd.	Malaysia	Property development, operation of resort, hotel business and related services	100%	-
Astaka Mekar Sdn. Bhd.	Malaysia	Investment holding	100%	-
Impiana Pangkor Sdn. Bhd.	Malaysia	Dormant	100%	-
Morning Valley Sdn. Bhd.*	Malaysia	Dormant	-	100%
Amshore Vista Sdn. Bhd.*	Malaysia	Dormant	-	100%

* *The struck off of Morning Valley Sdn. Bhd. and Amshore Vista Sdn. Bhd. were completed on 28 March 2019 and 13 April 2019 respectively.*

(a) The reverse acquisition, i.e. acquisition of the equity interest in Impiana Combined Units was completed on 21 February 2019. As Impiana Combined Units is a private entity group, the fair value of the Company's shares provides a more reliable basis for measuring the consideration transferred than the estimated fair value of the shares in Impiana Combined Units. The consideration transferred is determined using the fair value of the issued equity of the Company before the acquisition and the number of new ordinary shares Impiana Combined Units would have to issue to the equity holders of the Company to maintain the ratio of ownership interest in the combined entity, being a combination of 4,647,902,800 ordinary shares and 3,098,601,860 of ICPS of the Company issued at RM0.05 per ordinary share and ICPS respectively.

Impiana Combined Units is regarded as accounting acquirer, and Impiana Hotels Berhad, previously known as Bio Osmo Berhad, is regarded as the accounting acquiree in the reverse acquisition.

For accounting purposes, the cut-off was taken on 28 February 2019.

The acquisition of business unit of Impiana Hotel Ipoh Sdn. Bhd. by the Company's subsidiary of RM40,408,874 was financed by the Company, being a combination of cash consideration of RM25,900,000, 174,106,480 ordinary shares and 116,071,000 of ICPS of the Company issued at RM0.05 per ordinary share and ICPS respectively.

13. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) The fair value of the identifiable assets and liabilities of Impiana Hotels Berhad and its subsidiary arising from the acquisition are as follows:

	As at 28.2.2019 RM
Property, plant and equipment	15,975
Intangible assets	11,886,781
Inventories	13,578,700
Trade and other receivables	4,941,240
Cash and cash equivalents	837,690
Non-controlling interest	(6,572,238)
Deferred tax liabilities	(704,315)
Trade and other payables	(1,449,104)
Amount due to related companies	(2,898,457)
Tax payable	(2,345,436)
Fair value of net identifiable assets acquired (Note 12)	17,290,836

The effect of the acquisition on cash flows is as follows:-

	As at 30.6.2020 RM
Net cash flow arising from reverse acquisition	
Cash consideration	25,900,000
Less: Cash and cash equivalents from reverse acquisition	(837,690)
Net cash outflow on completion of reverse acquisition	25,062,310

(b) On 21 February 2019, the Group acquired 6,250,000 ordinary shares of Impiana Ipoh Sdn. Bhd. ("IISB") (formerly known as Intra Magnum Sdn. Bhd.), representing the remaining equity interest of 25% for total consideration of RM12,674,767. Total consideration includes a combination of 152,097,200 ordinary shares and 101,398,140 of ICPS of the Company issued at RM0.05 per ordinary share and ICPS respectively.

Consequently, IISB became a wholly-owned subsidiary of the Group. The carrying amount of IISB's adjusted net assets in the Group's financial statements on the date of acquisition was RM26,020,480. The Group recognised a decrease in non-controlling interest of RM6,572,238 and increase in accumulated losses of RM6,102,529.

13. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) As at 30 June 2020, the Company carried out a review of the recoverable amounts of its investment in subsidiaries that are in loss-making and significant accumulated losses position. An impairment loss amounting to RM205,907,523 (31.12.2018: RM3,343,041) was recognised as "other expenses" line item in the statements of comprehensive income for the financial period ended 30 June 2020. The recoverable amounts of subsidiaries have been determined based on higher of value-in-use calculation using cash flows projection from financial budgets approved by Board of Directors covering a five-year period and fair value less costs of disposal which was measured based on adjusted net assets of a subsidiary.

The calculations of value-in-use for the subsidiaries are most sensitive to the following assumptions:

(i) Revenue

Revenue is projected based on the current projects on hand and future demand outlook as well as historical revenue achieved in the past.

(ii) Gross margin

Gross margins are based on the historical performance achieved in the past preceding to the start of the budget period. Gross margins are assumed to be maintained over the budgeted period.

(iii) Pre-tax discount rate

Pre-tax discount rate of 8.55% and 9.87% per annum applied to the property development and hotel operation's cash flows respectively in determining the recoverable amounts of subsidiaries. The discount rates used are based on the weighted average cost of capital of the respective subsidiaries.

Management believes that any reasonably possible change in the key assumptions on which the subsidiary's recoverable amount is based on would not cause the carrying amount to exceed its recoverable amount. Actual outcomes could vary from these estimates. Management considered that any reasonably possible changes in the above key assumptions applied are not likely to cause the recoverable amount of the subsidiary to be lower than its carrying amount.

(d) In prior period, investment in subsidiaries had increased by RM51,993,041 due to capitalisation of amount due from subsidiaries of which the settlement is neither planned nor likely occur in the foreseeable future. This amount is in substance, a part of the Company's investment in subsidiaries.

On 14 November 2018, the Company completed the disposal of its entire equity interest in Amshore Holdings Sdn. Bhd. and its subsidiary, Amshore KL Sdn. Bhd. for a total cash consideration of RM2,500,000. Consequently, the Company recognised a gain on disposal of RM2,500,000 in prior period.

14. INVESTMENT IN AN ASSOCIATE

	Group 30.6.2020 RM	Group 31.12.2018 RM
Unquoted shares		
At cost		
At beginning of financial period/year	37,795,000	37,795,000
Addition	1,020,000	-
At end of financial period/year	38,815,000	37,795,000
Add: Share of post acquisition result		
At beginning of financial period/year	1,863,318	-
Addition	(258,224)	1,863,318
At end of financial period/year	1,605,094	1,863,318
	40,420,094	39,658,318

(a) Details of the associates are as follows:

Name	Country of Incorporation	Principal Activities	Effective Equity Interest 30.06.2020	Effective Equity Interest 31.12.2018
Held through Astaka Mekar Sdn Bhd				
Heritage Lane Sdn. Bhd.	Malaysia	Property investment	20%	20%

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

	30.6.2020 RM	31.12.2018 RM
Assets and liabilities		
Total assets	242,758,104	254,779,839
Total liabilities	60,099,298	75,929,914

	1.1.2019 to 30.6.2020 RM	1.1.2018 to 31.12.2018 RM
Results		
Revenue	62,936,144	58,243,814
Loss for the financial period/year	(1,291,119)	9,316,589
Total comprehensive income	(1,291,119)	9,316,589

(c) During the financial period, the associate had capitalised the advancement of RM1,020,000 through issuance of shares to Astaka Mekar Sdn. Bhd.

15. INVENTORIES

	Note	Group 30.06.2020 RM	Group 31.12.2018 RM
At cost:			
Non-current			
Lands held for property development	(a)	3,359,456	3,441,056
Current			
Food and beverages		28,286	69,595
General store		64,472	81,024
Property development costs	(b)	34,390,003	27,978,249
		34,482,761	28,128,868

(a) Lands held for property development

Lands held for property development of the Group have been pledged to a licensed bank for the banking facilities granted to a Directors' related company. The pledge was created in prior year before the acquisition of a subsidiary as disclosed in Note 13(a).

(b) Property development costs

	Group 30.6.2020 RM	Group 31.12.2018 RM
Cumulative property development costs		
At beginning of financial period/year		
- Development costs	27,978,249	22,654,307
Cost incurred during the financial period/year		
- Land costs	13,578,700	-
- Development costs	4,145,219	5,323,942
At end of financial period/year	45,702,168	27,978,249
Cumulative costs recognised in statement of comprehensive income		
At beginning of financial period/year	-	-
Recognised during the financial period/year	(11,312,165)	-
At end of financial period/year	(11,312,165)	-
Property development costs at end of financial period/year	34,390,003	27,978,249

Included in property development costs is:

	30.6.2020 RM	31.12.2018 RM
Interest expenses	202,510	489,987

16. TRADE RECEIVABLES

	Group	
	30.6.2020	31.12.2018
	RM	RM
Trade receivables		
- third parties	18,731,375	2,558,133
- associate	515,132	-
- Directors' related companies	963,901	4,818,469
Retention sum		
- Directors' related companies	174,319	-
	20,384,727	7,376,602
Less: Allowance for impairment loss	(853,235)	(463,547)
	19,531,492	6,913,055

The normal credit terms of trade receivables range from 30 to 60 days (31.12.2018: 30 to 60 days).

Movement in the allowance for impairment loss is as follows:

	Group	
	30.6.2020	31.12.2018
	RM	RM
At beginning of financial period/year	463,547	179,308
Addition	853,235	284,239
Reversal	(284,239)	-
Written off	(179,308)	-
At end of financial period/year	853,235	463,547

17. OTHER RECEIVABLES

	Group		Company	
	30.6.2020	31.12.2018	30.6.2020	31.12.2018
	RM	RM	RM	RM
Other receivables	175,675	22,259,405	-	2,000,000
Less: Allowance for impairment loss	-	(135,000)	-	-
	175,675	22,124,405	-	2,000,000
Deposits	136,121	106,294	100	15,031
Prepayments	105,472	1,807,139	10,000	34,492
Goods and Services Tax ("GST") refundable	-	198,320	-	-
	417,268	24,236,158	10,100	2,049,523

17. OTHER RECEIVABLES (cont'd)

Movement in the allowance for impairment losses is as follows:

	Group	
	30.6.2020	31.12.2018
	RM	RM
At beginning of financial period/year	135,000	-
Addition	-	135,000
Written off	(135,000)	-
At end of financial period/year	-	135,000

Other receivables of the Company in prior financial period amounting to RM2,000,000 referred to amount receivable from vendor arising from the disposal of subsidiaries as disclosed in Note 13(d).

In prior year, included in other receivables of the Group was an amount of RM16,969,341 in respect of retroactive adjustment for the acquisition as disclosed in Note 3(a).

18. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	30.6.2020	31.12.2018
	RM	RM
Amounts due from subsidiaries	34,948,021	247,421
Less: Allowance for impairment loss	(34,948,021)	-
	-	247,421

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

Movement in the allowance for impairment losses is as follows:

	Company	
	30.6.2020	31.12.2018
	RM	RM
At beginning of financial period	-	3,696,122
Addition	34,948,021	-
Written off	-	(3,696,122)
At end of financial period	34,948,021	-

19. CONTRACT ASSETS/(LIABILITIES)

		Group	
		30.6.2020	31.12.2018
	Note	RM	RM
Contract assets	(a)	16,995,804	-
Contract liabilities	(b)	(1,065,196)	-
		15,930,608	-

19. CONTRACT ASSETS/LIABILITIES (cont'd)

(a) Contract assets

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

	Group	
	30.6.2020	**31.12.2018**
	RM	**RM**
At beginning of financial period/year	-	-
Revenue recognised during the period (Note 4)	16,914,132	-
Consideration paid on behalf/payable	44,058,672	-
Progress billings during the period	(43,977,000)	-
At end of financial period/year	16,995,804	-

(b) Contract liabilities

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

20. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits placed with a licensed bank by the Group carry interest rates ranging from 2.95% to 3% (31.12.2018: 3.2%) per annum.

The fixed deposits are pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 26.

21. NON-CURRENT ASSET HELD FOR SALE

Property, plant and equipment that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale.

	Group	
	30.06.2020	**31.12.2018**
	RM	**RM**
At lower of carrying amount or fair value less cost to sell:		
At cost	330,000	330,000
Less: Accumulated impairment loss	(70,000)	(70,000)
	260,000	260,000
Add: Reversal of impairment loss	70,000	-
	330,000	260,000
Less: Disposal	(330,000)	-
Net carrying amount at end of financial period/year	-	260,000

On 30 October 2018, the Group has entered into a sale and purchase agreement with a Director of the Group to dispose a freehold land which was previously classified as property, plant and equipment. The sale was completed during the current financial period.

22. ORDINARY SHARES

	Group		Company	
	30.6.2020 RM	31.12.2018 RM	30.6.2020 RM	31.12.2018 RM
Issued and fully paid:				
At beginning of financial period/year	49,536,848	49,536,848	42,298,835	42,298,835
Issuance of ordinary shares pursuant to:				
- private placement	4,501,800	-	4,501,800	-
- acquisition of subsidiaries	-	-	232,395,140	-
- conversion of ICPS	-	-	107,600,000	-
- increase in stake in a subsidiary	7,604,860	-	7,604,860	-
Adjustment on share capital pursuant to reverse acquisition	39,768,135	-	-	-
At end of financial period/year	101,411,643	49,536,848	394,400,635	42,298,835

	Group/Company	
	30.6.2020 Unit	31.12.2018 Unit
Issued and fully paid:		
At beginning of financial period/year	795,362,700	795,362,700
Issued for cash under private placement	61,000,000	-
Issued pursuant to:		
- reverse acquisition	4,647,902,800	-
- increase in stake in a subsidiary	152,097,200	-
Conversion of ICPS	2,152,000,000	-
Share consolidation	(6,972,626,430)	-
At end of financial period/year	835,736,270	795,362,700

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

(b) On 9 April 2019, the Company has increased its issued ordinary shares from RM42,298,835 to RM282,298,835 by the issuance and allotment of 4,800,000,000 new ordinary shares at an issue price of RM0.05 per share together with the issuance of ICPS as disclosed in Note 13(a) for the purpose of acquisition of subsidiaries and to increase the Company's equity interest in an existing subsidiary.

On 25 October 2019, 2 December 2019 and 30 January 2020, a total of 1,052,000,000 of irredeemable convertible preference shares ("ICPS") were converted into 1,052,000,000 ordinary shares at a conversion ratio of 1 ICPS for 1 new ordinary share, hence the Company paid-up ordinary shares have increased from RM282,298,835 to RM334,898,835.

**The abovementioned shares were issued prior to the consolidation of 10 existing shares into 1 new share on 7 February 2020.*

22. ORDINARY SHARES (cont'd)

(b) On 21 February 2020, 25 February 2020 and 4 June 2020, a total of 1,100,000,000 of ICPS were converted into 110,000,000 ordinary shares at the ratio of 10 ICPS for 1 new ordinary share, hence the Company paid-up ordinary shares have increased from RM334,898,835 to RM389,898,835.

On 12 June 2020, the Company has increased its issued ordinary shares from RM389,898,835 to RM394,400,635 through private placement by the issuance and allotment of 61,000,000 new ordinary shares at an issue price of RM0.0738 per share for working capital purpose.

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

(c) The Group's ordinary shares amount differs from that of the Company as a result of reverse acquisition accounting as described in Note 3(a).

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

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

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

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

23. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

	Group 30.6.2020 RM	Company 30.6.2020 RM
At beginning of financial period/year	-	-
Issued pursuant to:		
- reverse acquisition	-	154,930,093
- increase in stake in subsidiary	5,069,907	5,069,907
Conversion during the financial period	-	(107,600,000)
At end of financial period/year	5,069,907	52,400,000

	Group 30.6.2020 Unit	Company 30.6.2020 Unit
At beginning of financial period/year	-	-
Issued pursuant to:		
- reverse acquisition	-	3,098,601,860
- increase in stake in subsidiary	101,398,140	101,398,140
Conversion during the financial period	-	(2,152,000,000)
At end of financial period/year	101,398,140	1,048,000,000

The Group's ICPS amount differs from that of the Company as a result of reverse acquisition accounting as described in Notes 3(a) and 22(c).

On 9 April 2019, the Company has issued and allotted 3,200,000,000 new ICPS of RM160,000,000 at an issue price of RM0.05 per share for the purpose of acquisition of subsidiaries and to increase the Company's equity interest in an existing subsidiary as further disclosed in Note 13(a) and 13(b).

On 25 October 2019, 2 December 2019 and 30 January 2020, the ICPS of the Company decreased from RM160,000,000 to RM107,400,000 by way of conversion of 1,052,000,000 ICPS for 1,052,000,000 new ordinary shares at a conversion ratio of 1 ICPS for 1 new ordinary share.

**The abovementioned ICPS were issued prior to the consolidation of 10 existing ICPS into 1 new ICPS on 7 February 2020.*

On 21 February 2020, 25 February 2020 and 4 June 2020, the ICPS of the Company decreased from RM107,400,000 to RM52,400,000 by way of conversion of 1,100,000,000 ICPS to 110,000,000 new ordinary shares at the ratio of 10 ICPS for 1 new ordinary share.

23. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") (cont'd)

The salient terms of the ICPS are as follows:

(a) Issue

The ICPS shall be irredeemable convertible preference shares and each ICPS confers on the ICPS Holder for the time being the rights, privileges and restriction set out in the Constitution.

(b) Dividend

Dividend rate shall be at the discretion of the Company and subject to availability of distributable profits. The pay out of such dividends is as the Board of the Company may so decide.

(c) Ranking of the ICPS

The ICPS will rank equally in all respects with each other and will rank in priority to all other class of securities of the Company in respect of capital repayments and dividends. The right on a winding-up or return of capital shall rank prior to the holders of any other ordinary shares then in issue.

(d) Conversion

(i) Entitlement to convert

The ICPS Holder may convert the ICPS into new ordinary share of the Company at the Conversion Ratio at any time during the tenure of 5 years commencing and including the date of issuance.

Any outstanding unconverted ICPS at the end of the tenure will be automatically converted into new ordinary share of the Company at the Conversion Ratio.

Any fractions arising from the conversion of the ICPS will be disregarded.

(ii) Conversion ratio

The ICPS will be convertible, at the option of the ICPS Holder at the ratio of 1 ICPS for 1 new ordinary share of the Company without payment of any consideration.

The Conversion Ratio will be subject to adjustments from time to time, at the determination of the Board, in the event of any alteration to the Company's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital.

(e) Ranking of the new ordinary shares

The new shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank equally in all respects with the ordinary shares of the Company.

(f) Redemption

The ICPS shall not be redeemable.

23. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") (cont'd)

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

(g) Transferability

The ICPS shall be transferable at the discretion of the ICPS Holder.

(h) Voting rights

The ICPS Holder will have the same rights as ordinary shareholders on receiving notices, reports and audited accounts and attending general meetings of the Company but will not have the right to vote or approve any shareholders' resolution at any general meeting of the Company except on:

(i) reduction of the Company's share capital;
(ii) disposal of the Company's entire business;
(iii) proposals varying or affecting the rights, privileges or conditions attached to the ICPS, or the exercise of any of those rights, privileges or conditions; or
(iv) winding up of the Company.

24. ASSET REVALUATION RESERVE

The asset revaluation reserve represents net increase in fair value of freehold land, leasehold lands and building, net of deferred tax.

	Group	
	30.6.2020 RM	31.12.2018 RM
At beginning of financial period/year	24,774,056	12,239,389
Realisation of asset revaluation reserve	(164,898)	(157,810)
Revaluation upward	7,711,585	12,692,477
Revaluation downward	(1,934,434)	-
At end of financial period/year	30,386,309	24,774,056

25. DEFERRED TAX LIABILITIES

	Group 30.6.2020 RM	Group 31.12.2018 RM
At beginning of financial period/year	3,490,939	2,196,080
Addition through reverse acquisition (Note 13(a))	704,315	-
Recognised in equity	1,946,863	2,440,123
Recognised in profit or loss (Note 7)	(936,713)	(1,145,264)
At end of financial period/year	5,205,404	3,490,939

The recognised deferred tax (assets)/liabilities before offsetting are as follows:-

	Property, plant and equipment RM	Asset revauation reserve RM	Unabsorbed capital allowance RM	Unutilised tax losses RM	Other temporary difference RM	Total RM
Deferred tax(assets)/liabilities						
Group						
30.6.2020						
At beginning of financial period	25,439	4,159,003	-	-	(693,503)	3,490,939
Addition through reverse acquisition (Note 13(a))	786	-	-	-	703,529	704,315
Recognised in equity	-	1,946,863	-	-	-	1,946,863
Recognised in profit or loss	1,811,212	(52,073)	(1,802,358)	(393,220)	(500,274)	(936,713)
At end of financial period	1,837,437	6,053,793	(1,802,358)	(393,220)	(490,248)	5,205,404
31.12.2018						
At beginning of financial year	2,324,124	1,768,715	-	-	(1,896,759)	2,196,080
Recognised in equity	-	2,440,123	-	-	-	2,440,123
Recognised in profit or loss	(2,298,685)	(49,835)	-	-	1,203,256	(1,145,264)
At end of financial year	25,439	4,159,003	-	-	(693,503)	3,490,939

25. DEFERRED TAX LIABILITIES (cont'd)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group		Company	
	1.1.2019 to 30.6.2020 RM	1.1.2018 to 31.12.2018 RM	1.1.2019 to 30.6.2020 RM	1.7.2017 to 31.12.2018 RM
Unabsorbed capital allowance	86,612	204,833	12,199	2,587
Unutilised tax losses	-	1,638,417	-	-
	86,612	1,843,250	12,199	2,587

26. BORROWINGS

		Group	
	Note	30.6.2020 RM	31.12.2018 RM
Secured			
Non-current			
Term loans	(a)	59,443,947	54,284,548
Finance lease payable	(b)	-	8,849
		59,443,947	54,293,397
Current			
Term loans	(a)	1,614,104	4,875,822
Finance lease payable	(b)	-	39,105
Bank overdrafts		9,373,451	9,676,433
Revolving credit		668,000	1,000,000
		11,655,555	15,591,360
Total borrowings			
Term loans		61,058,051	59,160,370
Finance lease payable		-	47,954
Bank overdrafts		9,373,451	9,676,433
Revolving credit		668,000	1,000,000
		71,099,502	69,884,757

The effective interest rates per annum of the borrowings are as follows:

	Group	
	30.06.2020 %	31.12.2018 %
Term loans	6.45 - 8.00	5.85 - 6.97
Finance lease payable	-	2.38
Revolving credit	4.14 - 5.00	5.08
Bank overdrafts	6.28 - 7.10	6.97 - 7.85

26. BORROWINGS (cont'd)

(a) Term loans

	Group	
	30.6.2020	31.12.2018
	RM	RM
Repayable within 1 year (current)	1,614,104	4,875,822
Repayable between 1 and 2 years	2,224,314	20,679,089
Repayable between 2 and 5 years	9,231,074	3,325,203
Repayable more than 5 years	47,988,559	30,280,256
Repayable after 1 year (non-current)	59,443,947	54,284,548
	61,058,051	59,160,370

During the financial period, the Bank has extended the loan tenure and rescheduled the repayment terms of the outstanding facilities due to the adverse effect of the recent Coronavirus (Covid-19) outbreak on the Group in the following manner:

Term loan 1

(i) 6 months' moratorium from March 2020 to August 2020.
(ii) 12 months' grace period from September 2020 to August 2021.
(iii) 165 monthly instalments of RM230,850 each with adjustment on last instalment, commencing on 7 September 2021 and to expire on 7 May 2035.

Term loan 2

(i) 6 months' moratorium from March 2020 to August 2020.
(ii) 12 months' grace period from September 2020 to August 2021.
(iii) 165 monthly instalments of RM59,640 each with adjustment on last instalment, commencing on 7 September 2021 and to expire on 7 May 2035.

Term loan 3

(i) 6 months' moratorium from March 2020 to August 2020.
(ii) 12 months' grace period from September 2020 to August 2021.
(iii) 164 monthly instalments of RM29,910 each with adjustment on last instalment, commencing on 12 September 2021 and to expire on 12 April 2035.

Term loan 4

(i) 6 months' moratorium from March 2020 to August 2020.
(ii) 12 months' grace period from September 2020 to August 2021.
(iii) 164 monthly instalments of RM7,040 each with adjustment on last instalment, commencing on 12 September 2021 and to expire on 12 April 2035.

Moratorium refers to deferment of monthly instalments and grace period refers to monthly interest servicing only.

26. BORROWINGS (cont'd)

(b) Finance lease payable

	Group 31.12.2018 RM
Minimum lease payment	
Repayable within 1 year	40,157
Repayable between 1 and 2 years	8,932
	49,089
Less: Future finance charge	(1,135)
	47,954
Present value of lease payment	
Repayable within 1 year (current)	39,105
Repayable between 1 and 2 years (non-current)	8,849
	47,954

Other than finance lease payable, the borrowings are secured by the followings:

(i) Legal charge over the Group's freehold lands, leasehold lands and building as disclosed in Note 9(a);
(ii) Personal guarantee by a Director of the Company;
(iii) Legal assignments of dividend proceed of the associate;
(iv) Legal assignments of management fees of a subsidiary;
(v) Corporate guarantee by its Directors' related companies;
(vi) Corporate guarantee by the Company;
(vii) Fixed deposits pledged as disclosed in Note 20;
(viii) Facility agreement for the sum of RM2,000,000;
(ix) Existing third party open monies legal charge registered over the property of a Director's related company; and
(x) Specific Debenture over the property of a Director's related company together with fixtures and fittings both present and future on the property.

27. LEASE LIABILITIES

	Group 30.6.2020 RM
Minimum lease payments	
Within 1 year	75,000
More than 1 year but not more than 2 years	8,000
	83,000
Less: Future finance charges	(6,080)
Present value of lease payments	76,920

27. LEASE LIABILITIES (cont'd)

	Group 30.6.2020 RM
Present value of lease payments	
Within 1 year	69,073
More than 1 year but not more than 2 years	7,847
	76,920

The lease liabilities bear effective interest rate of 15.22% to 15.54% per annum.

28. TRADE PAYABLES

	Group	
	30.6.2020 RM	31.12.2018 RM
Third parties	2,800,462	2,738,250
Directors' related companies	226,245	3,242,252
Retention sum on contracts	615,093	645,778
	3,641,800	6,626,280

The normal trade credit terms granted to the Group range from 30 to 60 days (31.12.2018: 30 days to 90 days). Other credit terms are assessed and approved on a case by case basis.

29. OTHER PAYABLES

	Group		Company	
	30.6.2020 RM	31.12.2018 RM	30.6.2020 RM	31.12.2018 RM
Third parties	17,976,095	2,513,423	5,798,917	4,507,752
Accruals	24,345,715	15,384,675	538,886	314,736
Deposit received	-	2,725,000	-	-
GST payables	110,292	-	-	-
	42,432,102	20,623,098	6,337,803	4,822,488

Other payables of the Company include loans from third parties amounted to RM2,892,500 (31.12.2018: RM3,192,500). These amounts are unsecured, interest free which is repayable on demand.

Other payables of the Group include an amount of RM10,000,000 (31.12.2018: RM Nil) representing factoring facilities with a third party secured by progress billing of property purchaser.

30. AMOUNT DUE TO A SUBSIDIARY

This amount is non-trade in nature, unsecured, interest free advance which is repayable on demand.

31. AMOUNTS DUE TO DIRECTORS' RELATED COMPANIES

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

32. AMOUNT DUE TO A DIRECTOR

This amount is non-trade in nature, unsecured, interest free advance which is repayable on demand.

33. RELATED PARTY DISCLOSURES

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with its subsidiaries, associate, Directors, Directors' related companies and key management personnel. Directors' related companies refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies.

Related party transactions

Other than disclosed elsewhere in the financial statements, the related party transactions between the Group and the Company and their related parties during the financial period are as follows:

	1.1.2019 to 30.6.2020 RM	1.1.2018 to 31.12.2018 RM
Group		
Directors' related companies		
Development consultant fee	1,272	-
Hotel management services revenue	(3,393,017)	-
Technical service revenue	(1,372,311)	-
Rental expenses charged	68,364	-
Transaction with parties connected to the Directors		
Legal fee	85,024	-
Repayment of legal fee	(38,969)	-

33. RELATED PARTY DISCLOSURES (cont'd)

Related party transactions (cont'd)

	1.1.2019 to 30.6.2020 RM	1.7.2017 to 31.12.2018 RM
Company		
Novation of debts		
Assignment of debts due from Astaka Mekar Sdn Bhd	14,255,759	-
Assignment of debts due from Impiana Cherating Sdn Bhd	1,563,404	-
Assignment of debts due from Impiana Pangkor Sdn Bhd	30,854	-
Assignment of debts due to Impiana Ipoh Sdn Bhd	(9,201,092)	-
Assignment of debts due to Impiana Hotels & Resorts Management Sdn Bhd	(6,648,925)	-
Subsidiaries		
Dividend income	-	(1,687,500)
Subscription of ordinary shares in subsidiaries by way of capitalisation of the amounts due from subsidiaries	-	51,993,041

The outstanding balances of the related parties together with their terms and conditions are disclosed in Notes 16, 18, 28, 30, 31 and 32 respectively.

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel refer to all the Directors and of the Company and its subsidiaries.

The remuneration of the Directors is disclosed in Note 6(a).

34. SEGMENT INFORMATION

(a) Reporting format

Segment information is presented in respect of the Group's business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purposes, the Group is organised into the following three (3) operating segments:

(a) Hospitality business - Management and operation of hotels and resorts, property investment and hotel development.

(b) Property development - Property development activities

(c) Others - Investment holding and dormant

34. SEGMENT INFORMATION (cont'd)

(a) Reporting format (cont'd)

In prior year, the Group consists of hospitality business segment only and therefore no segment information is presented.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represent profit or loss before finance costs and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax assets.

Segment liabilities

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax liabilities.

34. SEGMENT INFORMATION (cont'd)

(a) Reporting format (cont'd)

	Note	Hospitality business RM	Property development RM	Others RM	Elimination RM	Total RM
Period from 1.1.2019 to 30.6.2020						
Revenue						
Sales to external customers		16,904,090	16,914,132	-	-	33,818,222
Inter-company sales		8,447,692	-	-	(8,447,692)	-
		25,351,782	16,914,132	-	(8,447,692)	33,818,222
Result						
Segment results		1,552,498	1,130,855	(246,546,515)	186,379,513	(57,483,649)
Interest income		(33,314)	-	-	-	(33,314)
Interest expenses		(1,869,799)	(506,791)	(3,821,844)	-	(6,198,434)
Other non-cash expenses/(income)	(i)	5,285,262	1,035,567	240,832,451	(239,187,737)	7,965,543
Share of result of an associate		-	-	(258,224)	-	(258,224)
Segment loss before tax		396,709	624,064	(249,904,875)	184,943,795	(63,940,307)
Segment assets		99,087,291	117,677,733	237,186,281	(259,227,187)	194,724,118
Segment liabilities		59,933,518	92,997,916	84,804,721	(90,694,705)	147,041,450

34. SEGMENT INFORMATION (cont'd)

(a) Reporting format (cont'd)

(i) Other non-cash expenses/(income)

	Group 30.6.2020 RM
Amortisation of intangible assets	953,387
Depreciation of property, plant and equipment	2,291,887
Depreciation of right-of-use assets	132,716
Impairment loss on trade receivables	853,235
Reversal on impairment loss on trade receivables	(284,239)
Written off on:	
- intangible assets	3,842,083
- property, plant and equipment	117,534
- trade receivables	83,713
Loss on disposal of property, plant and equipment	468
Unrealised gain on foreign exchange	(25,241)
	7,965,543

(b) Geographical information

No other segmental information such as geographical segment is presented as the Group is principally involved in the investment holding, hotel management and property development activities and operate from Malaysia only.

(c) Major customers

Revenue from a major customer with revenue equal or more than 10% of the Group's revenue is RM16,790,648 (31.12.2018: RM Nil).

35. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised at amortised costs.

Financial Risk Management Objectives and Policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, interest risk, foreign currency risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

35. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies (cont'd)

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

(a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables (which consist of trade receivables and other receivables), contract assets and amounts due from subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

<u>Risk management objectives, policies and processes for managing the risk</u>

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

There are no significant changes as compared to previous period.

<u>Exposure to credit risk, credit quality and collateral</u>

As at the end of the reporting period, the maximum exposure to credit risk from receivables and financial assets is represented by the carrying amounts in the statements of financial position.

<u>Concentration of credit risk</u>

The Group determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

The Group has significant concentration of credit risk arising from amount owing by 1 customer (31.12.2018: Nil) constituting 92% (31.12.2018: Nil) of the Group's gross trade receivables.

35. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment loss

Property Development Operating Segment

The Group recognises a loss allowance for expected credit losses on a financial asset that is measured as receivable and a contract asset if the credit risk on that financial instrument has increased significantly since initial recognition. The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition as the trade receivable and contract assets are determined to have low credit risk at the reporting date.

For the purposes of measuring expected credit losses, the estimate of expected cash shortfalls shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable (ie the estimate of expected cash flows considers the probability of a foreclosure and the cash flows that would result from it).

The Group has possession of the legal rights to the properties sold and this had served as a collateral and in the event of defaults by the purchaser, the expected cash shortfall from selling the collateral less the cost of obtaining and selling the collateral is immaterial.

Hospitality Business Operating Segment

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Any receivables having significant balances past due more than 60 to 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group assesses impairment of trade receivable on individual basis and the Group has reasonable and supportable information available to assess the impairment individually.

Loss rates are based on actual credit loss experienced over the prior years. The Group also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believe that these factors are immaterial for the purpose of impairment calculation for the period.

Any receivables having significant balances past due more than 90 days (i.e. observation periods) from different customer profiles are deemed to have higher credit risk.

As at period end, there were no indications of impairment loss in respect of the trade receivables.

35. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment loss (cont'd)

Impairment losses

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at the reporting date which are grouped together as they are expected to have similar risk nature.

	Gross RM	Loss Allowance RM	Net RM
Group			
30.6.2020			
Collateralised trade receivables			
Past due but not impaired:			
- 61 days to 90 days	18,004,005	-	18,004,005
- 91 days to 120 days	88,500	-	88,500
	18,092,505	-	18,092,505
Contract assets	16,995,804	-	16,995,804
Subtotal	35,088,309	-	35,088,309
Non-collateralised trade receivables			
Not past due	984,718	-	984,718
Past due but not impaired:			
- 1 to 30 days	40,484	-	40,484
- 31 to 60 days	340,558	-	340,558
- 61 days to 90 days	736,913	(663,686)	73,227
- more than 120 days	189,549	(189,549)	-
	1,307,504	(853,235)	454,269
Subtotal	2,292,222	(853,235)	1,438,987
Total	37,380,531	(853,235)	36,527,296
Group			
31.12.2018			
Non-collateralised trade receivables			
Not past due	606,164	-	606,164
Past due but not impaired:			
- 1 to 30 days	263,188	-	263,188
- 31 to 60 days	473,854	-	473,854
- 61 days to 90 days	4,484,593	-	4,484,593
- 90 days to 120 days	459,917	-	459,917
- more than 120 days	1,088,886	(463,547)	625,339
	6,770,438	(463,547)	6,306,891
	7,376,602	(463,547)	6,913,055

35. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Receivables that are not past due nor impaired

Trade receivables that are not past due, amounted to RM984,718 (31.12.2018: RM606,164) are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

Receivables that are past due but not impaired

Collateralised trade receivables that are past due but not impaired are secured in nature. The Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

The Group has not provided for impairment for these non-collateralised trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable. The Group has generally set the observation period of 90 days after individual trade receivables has passed its credit term granted. These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default and settled within observation period. The Group does not hold any collateral or other credit enhancement over these balances.

Credit impaired

Trade receivables that are determined to be impaired at the reporting date relate to debtors that have defaulted on payments subsequent to 90 days after observation periods. These receivables are not secured by any collateral or credit enhancements.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position. In prior year, the Group had assessed a debtor which was past due more than 1 year and considered as credit impaired. As such, the Group had provided allowances for expected credit losses on the debtor as disclosed in Note 17.

Amounts due from subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

35. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Amounts due from subsidiaries (cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from subsidiaries is represented by the carrying amount in the statements of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when their financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when it is payable, the Company considers the subsidiaries' loan or advance to be credit impaired when they are unlikely to repay the loan or advances to the Company in full given insufficient highly liquid resources when the loan is demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

At the reporting date, the Company assumes that there is a significant increase in credit risk given the subsidiaries financial position has deteriorated significantly which may lead to high probability of default for the advances to the subsidiaries. An impairment loss of RM34,948,021 has been recognised in profit or loss as disclosed in Note 18.

Financial guarantees

The Company provides financial guarantees to a bank in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM27,593,071 (31.12.2018: RM Nil) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. The financial guarantees are provided as credit enhancements to the subsidiary's fully secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit in shareholders' fund.

35. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Financial guarantees

Recognition and measurement of impairment loss (cont'd)

The Company determines the probability of default of the guaranteed loans individually using internal information available. The fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote at the initial recognition as the borrowings in the subsidiary are adequately secured by assets as disclosed in Note 26. Should the subsidiary default any loan repayments, the proceeds from the realisation of assets will be able to satisfy the outstanding debts.

(b) Interest rate risk

	Group	
	30.6.2020	31.12.2018
	RM	RM
Floating rate interest		
Financial assets	652,182	602,290
Financial liabilities	(71,099,502)	(69,836,803)
	(70,447,320)	(69,234,513)

The Group is exposed to interest rate risk through the impact of rate changes in floating rate fixed deposits and borrowings. The interest rates of fixed deposits and borrowings are disclosed in Note 20 and Note 26.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group	
	30.6.2020	31.12.2018
	(Increase)/ Decrease	(Increase)/ Decrease
	RM	RM
Effects on loss after tax		
Increase of 100 basis points	(535,400)	(526,182)
Decrease of 100 basis points	535,400	526,182

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value of cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales that are denominated in a currency other than functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar (''USD'') and Thai Baht.

35. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Foreign currency risk (cont'd)

Foreign exchange exposures in transactional currency other than functional currency of the Group is kept to an acceptable level.

Exposure to foreign currency risk

The Group's significant exposure to foreign currency (a currency which is other than functional currency of the Group) risk, based on carrying amounts as at end of the reporting period was:

	Denominated in		Total
	Thai Baht	**USD**	**RM**
Group			
30.06.2020			
Trade receivables	-	535,644	535,644
31.12.2018			
Trade receivables	382,586	875,510	1,258,096

A 5% strengthening/weakening of the RM against the USD and Thai Baht at the end of the reporting period would have immaterial impact on loss after tax. This assumes that all other variables remain constant.

(d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity risk arise primarily from mismatch of financial assets and liabilities. The Group and the Company practice prudent risk management by maintaining sufficient cash balances and availability of funding through use of standby credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. To mitigate the impact on the Group's liquidity risks caused by Covid-19 outbreak, the Group has in place the following sources of funding:

(i) raising funds via private placement;
(ii) available banking facilities which yet to be utilised; and
(iii) managing costs and ensuring positive cash generated from hotel operations.

All of the Company's liabilities at the reporting date mature within one year or repayable on demand.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

35. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(d) Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	<--- Contractual cash flows ---> Within one year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM
Group						
30.6.2020						
Trade payables	3,641,800	3,641,800	3,641,800	-	-	-
Other payables	42,432,102	42,432,102	42,432,102	-	-	-
Borrowings:-						
- Term loans	61,058,051	93,120,693	3,361,958	6,385,262	21,165,669	62,207,804
- Bank overdrafts	9,373,451	9,373,451	9,373,451	-	-	-
- Revolving credit	668,000	675,493	675,493	-	-	-
Lease liabilities	76,920	83,000	75,000	8,000	-	-
Amount due to Directors' related companies	21,802,900	21,802,900	21,802,900	-	-	-
Amount due to a Director	6,923,030	6,923,030	6,923,030	-	-	-
	145,976,254	178,052,468	88,285,733	6,393,262	21,165,669	62,207,804
31.12.2018						
Trade payables	6,626,280	6,626,280	6,626,280	-	-	-
Other payables	20,623,098	20,623,098	20,623,098	-	-	-
Borrowings:-						
- Term loans	59,160,370	87,434,906	7,471,718	7,081,845	14,440,246	58,441,097
- Bank overdrafts	9,676,433	9,676,433	9,676,433	-	-	-
- Revolving credit	1,000,000	1,004,233	1,004,233	-	-	-
- finance lease payable	47,954	49,089	40,157	8,932	-	-
Amount due to Directors' related companies	12,335,254	12,335,254	12,335,254	-	-	-
Amount due to a Director	6,385,803	6,385,803	6,385,803	-	-	-
	115,855,192	144,135,096	64,162,976	7,090,777	14,440,246	58,441,097

36. FAIR VALUES INFORMATION

Assets and liabilities carried at fair value

The fair value measurement hierarchies used to measure non-financial assets at fair values in the statements of financial position are disclosed in Note 9(b).

There was no material transfer between Level 1, Level 2 and Level 3 during the financial period.

Financial instrument other than those carried at fair value

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

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments and insignificant impact of discounting.

The carrying amounts of long-term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease payable was determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period. At the reporting date, the carrying value as compared to fair value of the finance lease payable is not materially different.

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group monitors capital using net debt-to-equity ratio which is the net debt divided by total capital. Net debt includes loans and borrowings, less cash and cash equivalents whilst total capital is equity attributable to Owners of the Company.

The net debt-to-equity ratio at end of the reporting period is as follows:-

	Group	
	30.06.2020	**31.12.2018**
	RM	**RM**
Borrowings	71,099,502	69,884,757
Lease liabilities	76,920	-
Less: Cash and bank balances	(80,219)	(500,738)
Fixed deposits with a licensed bank	(652,182)	(602,290)
Total net debts	70,444,021	68,781,729
Total equity	38,038,868	43,793,503
Debt-to-equity ratio (%)	185%	157%

The Group is in compliance with all externally imposed capital requirements.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Business acquisition

On 12 April 2018, the Company entered into Shares Sale Agreement ("SSA") with the vendors of the following entities and proposed for private placement which detailed out as follow:

(a) acquisition of the following for a total purchase consideration of RM425,900,000:

- 100% equity interest in Impiana Hotels & Resorts Management Sdn Bhd by Impiana Hotels Berhad;
- 100% equity interest in Impiana Pangkor Sdn Bhd by Impiana Hotels Berhad;
- 100% equity interest in Astaka Mekar Sdn Bhd by Impiana Hotels Berhad;
- Remaining 25% equity interest in Impiana Ipoh Sdn Bhd;
- 100% equity interest in Impiana Cherating Sdn Bhd by Impiana Hotels Berhad; and
- Assets and liabilities of Impiana Hotel Ipoh Sdn Bhd by Impiana Ipoh Sdn Bhd.

(b) Private placement of up to 2,000,000,000 new ordinary shares in the Company.

On 21 February 2019, the Company via an Extraordinary General Meeting obtained the shareholders' approval on abovementioned acquisition.

The SSA became unconditional on 21 February 2019 and the acquisition was completed on 28 February 2019.

Coronavirus (Covid-19) outbreak

The Coronavirus (Covid-19) outbreak was identified in Wuhan, China in December 2019. The World Health Organisation ("WHO") has declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and subsequently WHO declared the Covid-19 outbreak as global pandemic on 11 March 2020.

Following the WHO's declaration, Malaysia Government has on 16 March 2020 imposed the Movement Control Order ("MCO") starting from 18 March 2020 to restrain the spread of Covid-19 outbreak in Malaysia. The emergence of the Covid-19 outbreak since early 2020 has brought economic uncertainties in Malaysia.

During the period from the commencement of the Movement Control Order ("MCO") on 18 March 2020 till 3 May 2020, hotel operations were severely affected as the hotel building was temporarily closed down. The Group's sales also declined significantly during the MCO.

Since the conditional MCO which came into force on 4 May 2020, hotel operations have slowly picked-up and time taken for preparation prior to the re-opening of hotel operations, to ensure the sales get back to normal. Barring any unforeseen circumstances, the Group expects the said operations to resume to pre-MCO levels at the end of the financial year ending 2021.

Private placement

On 16 June 2020, the Group completed its private placement of 61,000,000 units of ordinary shares at an issue price of RM0.0738 per unit.

39. EVENTS SUBSEQUENT TO THE END OF FINANCIAL PERIOD

On 2 July 2020, the Company has increased its paid up share capital of RM5,000,000 via conversion of ICPS to ordinary share pursuant to the conversion of 100,000,000 ICPS to 10,000,000 new ordinary shares at the ratio of 10 ICPS for 1 new ordinary share.

On 9 September 2020, the Group completed its private placement of 91,815,000 units of ordinary shares at an issue price of RM0.0865 per unit.

40. COMPARATIVE

The comparative figures for the Company were audited by a firm of chartered accountants other than Moore Stephens Associates PLT who expressed an unmodified opinion on those financial statements on 23 April 2019.

As disclosed in Note 3(a), the comparative figures for the Group were prepared retroactively as a continuation of the financial statements of the accounting acquirer following the reverse acquisition and were not previously audited as combined financial statements of Impiana Combined Units. Correspondingly, the comparative figures for the Group covered the financial year from 1 January 2018 to 31 December 2018 as this was deemed to be the Impiana Combined Units financial year end as a result of the retroactive application of the reverse acquisition method. Accordingly, the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not in respect of comparable periods to the current financial period from 1 January 2019 to 30 June 2020.

Impiana Hotels Berhad

Registration No. 200601021085
(740838-A)

Impiana Private Villas Kata Noi
Phuket, Thailand

1. MATERIAL CONTRACT

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and substantial shareholders' interest as at 30 June 2020.

2. UTILISATION OF PROCEEDS

For the FPE June 2020, the Company issued a total of 61,000,000 new ordinary shares at an issue price of RM0.0738 each in the share capital of the Company ("Private Placement"). The Private Placement exercise had raised gross proceeds of approximately RM4.502 million. The proceeds from the Private Placement have been fully utilised as at the date of this Annual Report.

3. RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OF TRADING NATURE ("RRPT")

The RRPTs of the Group have been entered into in the normal course of business. A breakdown of the aggregate value of the RRPTs made during the financial period are set out below:

Nature of RRPS with IHB Group	Name of Related Party(ies)	Relationship of Related Party(ies) with IHB Group	Aggregate Value Transacted up to 30 June 2020 (RM)
To provide consultancy services for the development of Impiana Tioman Hotel & Resort	Impiana Tioman Sdn Bhd	Company connected to major shareholders of Impiana Hotels Berhad	87,000
To manage and operate Impiana Resort Patong, Phuket, Thailand	Haad Sai Ngen, Thailand	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	1,253,246
To manage and operate Impiana Private Villas Kata Noi, Thailand	Haad Sai Ngen, Thailand	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	459,686
To manage and operate Impiana Resort Chaweng Noi, Koh Samui, Thailand	South Shore Co. Ltd., Thailand	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	672,771
To manage and market Impiana Private Villas Seminyak, Bali, Indonesia	PT. Villas Hotel, Indonesia	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	925,819
To manage and market Impiana Private Villas Cemagi, Bali, Indonesia	PT. Villas Hotel, Indonesia	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	34,517
For Impiana Management to manage and market Impiana Private Villas & Resorts Ubud, Bali, Indonesia	PT. Impiana Ubud Bali	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	–

Nature of RRPS with IHB Group	Name of Related Party(ies)	Relationship of Related Party(ies) with IHB Group	Aggregate Value Transacted up to 30 June 2020 (RM)
To provide consultancy services on the development of Impiana Private Villas & Resorts Ubud, Bali	Impiana Ubud (Labuan) Co. Ltd	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	108,305
To provide consultancy services on the development of Impiana Private Villas Seminyak	Impiana Seminyak (Labuan) Co. Ltd	Company connected to major shareholders of IHB, via Dato' Seri Farouk and Impiana Sdn Bhd	51,995

4. CORPORATE SOCIAL RESPONSIBILITIES

Further information of the Group's initiatives towards Corporate Social Responsibility is outlined in the 'Sustainability Report' section of this Annual Report.

This Statement has been reviewed and approved by the Board of Directors on 26 October 2020.

ANALYSIS OF
SHAREHOLDINGS
As at 19 October 2020

Number of Shares Issued	:	937,551,270
Voting rights	:	One vote for one ordinary share
No. of Shareholders	:	3,827

DISTRIBUTION OF SHAREHOLDINGS

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	244	6.38	8,148	0.00
100 - 1,000	893	23.33	439,325	0.05
1,001 - 10,000	1,350	35.28	7,242,050	0.77
10,001 - 100,000	1,038	27.12	39,950,408	4.26
100,001 to less than 5% of issued shares	296	7.73	512,430,339	54.66
5% and above of issued shares	6	0.16	377,481,000	40.26
TOTAL	3,827	100.00	937,551,270	100.00

THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Seri Ismail @ Farouk bin Abdullah (M&A)	70,721,000	7.54
2	Kenanga Capital Sdn Bhd Pledged Securities Account for Impiana Sdn Bhd	69,200,000	7.38
3	Kenanga Capital Sdn Bhd Pledged Securities Account for Dato' Seri Ismail @ Farouk bin Abdullah	64,560,000	6.89
4	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Yield Enhancement Fund	61,000,000	6.51
5	RHB Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Impiana Sdn Bhd – (PSA)	60,000,000	6.40
6	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Impiana Sdn Bhd	52,000,000	5.55
7	BI Nominees (Tempatan) Sdn Bhd Impiana Sdn Bhd	45,520,000	4.86
8	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account Maax Factor Sdn Bhd for Impiana Sdn Bhd	40,000,000	4.27
9	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Chan Yok Peng (M&A)	39,470,000	4.21
10	Lee Choon Hooi	33,100,000	3.53
11	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kim Heung (MY1989)	29,000,000	3.09

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
12	Dato' Seri Ismail @ Farouk bin Abdullah	25,006,518	2.67
13	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ng Lee Ling (PB)	20,100,000	2.14
14	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account Maax Factor Sdn Bhd for Dato' Seri Ismail @ Farouk bin Abdullah	20,000,000	2.13
15	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Chow Dai Ying (M&A)	17,166,240	1.83
16	RHB Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Dato' Seri Ismail @ Farouk bin Abdullah – (PSA)	15,598,500	1.66
17	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Kin Lip (7003423)	13,521,840	1.44
18	Kok Yew Fatt	11,600,000	1.24
19	Lee Chooi Bit	11,600,000	1.24
20	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Woo Chee Wah (PW-M00682) (419920)	10,305,640	1.10
21	Al Maurid Resources Sdn Bhd	10,000,000	1.07
22	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Chen Foong (MY1718)	9,000,000	0.96
23	M & A Nominee (Tempatan) Sdn Bhd Majestic Salute Sdn Bhd for Impiana Sdn Bhd	8,500,000	0.91
24	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Kin Lip (MY0502)	6,350,200	0.68
25	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rickoh Corporation Sdn Bhd (MY0507)	6,000,000	0.64
26	CIMB Islamic Nominees (Tempatan) Sdn Bhd PMB Investment Berhad for Majlis Amanah Rakyat	6,000,000	0.64
27	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mak Tian Meng (7001418)	5,000,000	0.53
28	Aaron Tan Ngo Hui	4,645,000	0.50
29	Cecilia Tong Siu Ming @ Tung Siu Ming	4,295,300	0.46
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Piah Heng (E-TAI/PRS)	4,000,000	0.43

SUBSTANTIAL SHAREHOLDERS		Direct Interest	%	Deemed interest	%
		SHAREHOLDINGS			
1	Dato' Seri Ismail @ Farouk bin Abdullah	196,087,318	20.91	275,385,492 [(a)]	29.37
2	Impiana Sdn Bhd	275,385,492	29.37	–	–
3	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Yield Enhancement Fund	61,000,000	6.51	–	–

DIRECTORS' SHAREHOLDINGS		Direct Interest	%	Deemed interest	%
		SHAREHOLDINGS			
1	Dato' Seri Ismail @ Farouk bin Abdullah	196,087,318	20.91	275,385,492 [(a)]	29.37
2	Azrin Mirzhan bin Kamaluddin	–	–	–	–
3	Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif	–	–	–	–
4	Datuk Supperamaniam a/l Manickam [(b)]	–	–	–	–
5	Datuk Haji Mohammad Kamal bin Yan Yahaya	–	–	–	–
6	Dyana Sofya binti Mohd Daud	–	–	–	–

Note:

(a) Deemed interested by virtue of his interests in Impiana Sdn Bhd
(b) Appointed as Director on 15 May 2019

Notice to
Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twelfth (12th) Annual General Meeting ("AGM") of Impiana Hotels Berhad will be held at Impiana Banquet Hall, Level 2, Impiana KLCC Hotel, 13, Jalan Pinang, 50450 Kuala Lumpur on Wednesday, 23 December 2020 at 10.00 a.m. for the following purposes:

A G E N D A

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period from 1 January 2019 until 30 June 2020 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the payment of Directors' Fees for the financial period from 1 January 2019 until 30 June 2020. **RESOLUTION 1**

3. To approve the payment of total Directors' Benefit up to an amount of RM70,000 for the period from the conclusion of the 12th AGM of the Company scheduled on 23 December 2020 until the date of the 13th AGM of the Company. **RESOLUTION 2**

4. To re-elect Pn Dyana Sofya binti Mohd Daud, who retires in accordance with Article 28.1 of the Company's Constitution and being eligible, has offered herself for re-election. **RESOLUTION 3**

   Datuk Mohammad Kamal bin Yan Yahaya who holds office until the conclusion of the 12th AGM, has expressed his intention of not to seek for re-election and shall retain office until the conclusion of the 12th AGM.

5. To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **RESOLUTION 4**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:

6. **ORDINARY RESOLUTION - AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES**

   "THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance." **RESOLUTION 5**

7. **ORDINARY RESOLUTION - PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")**

"THAT approval be hereby given to the Company and its subsidiaries ("Impiana Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Sections 2.3 of the Circular to Shareholders dated 30 October 2020, provided that: **RESOLUTION 6**

(a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;

(b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;

(c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and

(d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:

    (i) the related transacting parties and their respective relationship with the Company; and

    (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

(a) the conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM; or

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD
SIEW SUET WEI (MAICSA 7011254)
SSM Practicing Certificate No. 202008001690
TEE SIEW LEE (LS0009570)
SSM Practicing Certificate No. 202008001875
LIM YEN TENG (LS0010182)
SSM Practicing Certificate No. 201908000028
Company Secretaries

Kuala Lumpur
Date: 30 October 2020

NOTES: -

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 14 December 2020 (General Meeting Record of Depositors) shall be eligible to attend the 12th AGM.

2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where two (2) proxies are appointed, a member shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the 12th AGM shall have the same rights as the member to participate, speak and vote at the meeting.

4. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 12th AGM will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling and to verify the results of the poll.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a Power of Attorney.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

7. The instrument appointing a proxy must be deposited at the Company's Registered Office at 21st Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

EXPLANATORY NOTES

1. **Audited Financial Statements for the financial period from 1 January 2019 until 30 June 2020**

   The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

2. **Resolutions 1 & 2: Payment of Directors' Fees & Benefits**

   Pursuant to Section 230(1) of the Companies Act 2016, the shareholders' approval is sought for the proposed payment of Directors' Fees for the financial period from 1 January 2019 until 30 June 2020 to the Directors and Benefits to the Directors for the period from 23 December 2020 until the conclusion of the next AGM of the Company. The calculation of the benefits which include meeting allowance is based on the estimated number of scheduled and/or special Board and Board Committees' meetings and on the assumption that the number of Directors in office until the next AGM remains the same.

3. **Resolutions 3: Re-election of Directors**

   Article 28.1 of the Company's Constitution provides that an election of Directors shall take place each year at the annual general meeting of the Company where one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. PROVIDED ALWAYS THAT all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Hence, two (2) out of six (6) Directors are to retire in accordance with Article 28.1 of the Constitution.

   Pn Dyana Sofya binti Mohd Daud is standing for re-election as Director of the Company and being eligible, has offered herself for re-election. Her profile is set out in the Directors' Profile of this Annual Report 2020.

   Datuk Mohammad Kamal bin Yan Yahaya who holds office until the conclusion of the 12th AGM, has expressed his intention of not to seek for re-election and shall retain office until the conclusion of the 12th AGM.

4. **Resolution 4: Re-appointment of Auditors**

   The Board and Audit Committee had at their respective meetings on 26 October 2020 recommended the re-appointment of Messrs Moore Stephens Associates PLT for the financial year ending 30 June 2021. Messrs Moore Stephens Associates PLT have met the criteria prescribed under the Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and indicated their willingness to continue their services for the next financial year.

5. **Resolution 5: Authority under Sections 75 And 76 of the Companies Act 2016 for the Directors to allot and issue shares**

   The proposed Ordinary Resolution 5 is a renewal mandate of the general mandate for the issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016. Bursa Securities had vide its letter dated 16 April 2020, allowed a listed corporation to seek higher general mandate under paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities from the existing 10% to not more than 20% of the total number of issued share capital of the Company ("20% General Mandate") for such purposes as the Directors of the Company consider would be in the interest of the Company. This 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated.

This 20% General Mandate, if passed, will provide flexibility for the Company and empower the Board to allot and issue new shares speedily in the Company up to an amount not exceeding in total 20% of the total number of issued shares of the Company to meet its funding requirements for working capital, operational expenditure and for the purpose of the strategic development of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued under the provision of the general mandate granted to the Directors at the 11th Annual General Meeting held on 18 June 2019, which will lapse at the conclusion of the 12th Annual General Meeting. Hence, no proceeds were raised therefrom.

6. **Resolution 6: Proposed Renewal of Shareholders' Mandate**

For further information on the proposed Ordinary Resolution 6, please refer to the Circular to Shareholders dated 30 October 2020 accompanying the Annual Report 2020.

STATEMENT ACCOMPANYING NOTICE OF 12TH ANNUAL GENERAL MEETING
(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. **Details of individual who are standing for election as Directors (excluding Directors standing for re-election)**

No individual is seeking election as a Director at the 12th AGM of the Company.

2. **General mandate for issue of securities in accordance with Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

The Company will seek shareholders' approval on the general meeting for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the Proposed Ordinary Resolution 5 as stated in the Notice of the 12th AGM of the Company for details.

IMPIANA HOTELS BERHAD
Registration No. 200601021085 (740838-A)

FORM OF PROXY

No. of shares held		
CDS Account No.		
No. of shares to be represented by each proxy	**Proxy 1**	**Proxy 2**

I/We ____________________________________ of ____________________________________

____________________________________ being a member/members of **IMPIANA HOTELS BERHAD**, hereby appoint:

(1) Mr/Ms ____________________________________ (NRIC No. ______________) OR

failing whom, Mr/Ms ____________________________________ (NRIC No. ______________)

(the next name should be completed where it is desired to appoint two proxies)

*(2) Mr/Ms ____________________________________ (NRIC No. ______________)

failing whom, Mr/Ms ____________________________________ (NRIC No. ______________) OR

the CHAIRMAN OF THE MEETING, as *my/our proxy, to vote for *me/us and on *my/our behalf at the 12th Annual General Meeting of the Company to be held at Impiana Banquet Hall, Level 2, Impiana KLCC Hotel, 13, Jalan Pinang, 50450 Kuala Lumpur on Wednesday, 23 December 2020 at 10.00 a.m. and, at every adjournment thereof *for/against the resolutions to be proposed thereat.

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

		For	Against
RESOLUTION 1	To approve the payment of Directors' Fees for the financial period from 1 January 2019 until 30 June 2020		
RESOLUTION 2	To approve the payment of total Directors' Benefit up to an amount of RM70,000 for the period from the conclusion of the 12th AGM of the Company scheduled on 23 December 2020 until the date of the 13th AGM of the Company		
RESOLUTION 3	To re-elect Pn Dyana Sofya binti Mohd Daud who retires in accordance with Article 28.1 of the Company's Constitution		
RESOLUTION 4	To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
RESOLUTION 5	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares		
RESOLUTION 6	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this ________ day of ____________________ 2020

____
Signature(s)/Common Seal of Member

NOTES: -

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 14 December 2020 (General Meeting Record of Depositors) shall be eligible to attend the 12th AGM.

2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where two (2) proxies are appointed, a member shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the 12th AGM shall have the same rights as the member to participate, speak and vote at the meeting

4. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 12th AGM will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling and to verify the results of the poll.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a Power of Attorney.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

7. The instrument appointing a proxy must be deposited at the Company's Registered Office at 21st Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
IMPIANA HOTELS BERHAD 200601021085 (740838-A)
21st Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur

1st fold here

CORPORATE OFFICE

21st Floor, Menara KH
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Tel : +603 2141 6233
Fax : +603 2142 2295

impiana.com