



JADE MARVEL GROUP BERHAD

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(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTY-FIRST ANNUAL GENERAL MEETING (“21ST AGM”) OF JADE MARVEL GROUP BERHAD (“JMGB” OR “THE COMPANY”) HELD ON THURSDAY, 7 SEPTEMBER 2023

Q1. Referring to an article by The Edge Malaysia on 29 September 2022, please explain the reason(s) for the resignation of Datuk David Khoo (Dato’ Khoo Yik Chou) from his position as the Joint Managing Director of the Company other than health and personal interests as he is relatively young and having active involvement in various projects in the Company.

A1. No doubt Dato David Khoo is a relatively young and dynamic professional, it is important to note that his resignation was his desire to pursue his personal interest. Rest assured, the Company remains committed to its ongoing projects and endeavours, and we will continue to work diligently to ensure their successful completion and growth.

Q2. As Ms. Ng Yeng Yeng (“Ms. Ng”) is standing for re-election as a director at this AGM, can the Nomination Committee explain the selection of Ms. Ng as an Executive Director of the Company given that her experience until recently as a junior Public Relations practitioner with no relations whatsoever to the business of the Company and/or its subsidiaries (“the Group”)?

A2. Ms. Ng’s appointment as an Executive Director of the Company was based on a comprehensive evaluation of her qualifications and expected contributions to the Company. Ms. Ng has contributed to the Company’s growth and recent diversification to enhance the Company’s brand image and reputation. Her commitment to maintaining high standards of branding and her innovative approach to communications has positively impacted our business operations.

Ms. Ng has recently taken on additional responsibilities besides marketing and communications. The expanded scope of work showcases her adaptability and willingness to take on diverse challenges for the benefit of the Group. Ms. Ng’s appointment as an Executive Director was made after careful consideration of her skills and ability to bring a unique perspective to the Company.

Q3. Please explain the basis and deliberation made with regard to prior acquisitions that resulted in the massive impairments made with their disposals and whether the Board has been given an opportunity to deliberate and consider such prior acquisitions and voted on them. Please further explain whether the Board has been briefed and subsequently approved the announcements made in association with acquisitions and joint projects announced throughout the year 2022, a considerable number of which have now been disposed of resulting in massive impairments. Were these forward-looking statements and announcements qualified and was due diligence exercised as part of the Board's fiduciary duty? Is there a practice in place for the Board to be briefed and approve such future announcements and be held accountable for them?

- A3. All business acquisitions and disposals have been subjected to rigorous assessment and consideration. Each of the acquisitions was evaluated on its own merits, taking into account various factors such as market conditions, financial projections, and strategic alignment with the Company's objectives. The Board plays a pivotal role in the decision-making process, and their expertise is instrumental in shaping the Company's strategic direction. The Board is committed in ensuring sound governance practices and prudent decision-making in all matters related to acquisitions and disposals.

It is essential to emphasise that all business decisions and announcements made by the Company adhere to established protocols. As part of the Board's fiduciary duty, the process for making forward-looking statements and announcements involves comprehensive evaluation and consideration of any potential impact on the Company and its stakeholders. This includes a rigorous due diligence process to assess the feasibility and strategic alignment of the proposed initiatives. The Board often seeks advice from external consultants, reviews and deliberates on the proposed projects before such announcements are made.

The Board was briefed by the Management before approving announcements, especially those with potential financial implications. This practice is aligned with the Board's responsibility to safeguard the best interests of the Company and its shareholders. All actions are carried out with the utmost diligence and in compliance with fiduciary duties, ensuring that the Board remains accountable for its decisions.

- Q4. Please provide a detailed rationale for each of the grantee of the Employees' Share Option Scheme ("ESOS") options and for each Key Performance Indicator ("KPI"), if applicable, whether and how each grantee has achieved their respective KPI. Given that the Company suffered an unprecedented loss of RM 69,445,072 for the financial year ended 31 March 2023, does the Board intend to continue recommending and approving ESOS options to Executive Directors and senior management of the Company? If the answer is in the affirmative, how is this not diluting minority shareholders to reward poor performance and ineptitude?**

Please further explain the rationale for granting ESOS options to Non-Executive Directors and whether such grants will render the Independent Directors not independent under the Malaysian Code on Corporate Governance. Are those Independent Directors prepared to reject these grants to maintain their independence?

- A4. The granting of ESOS options and the establishment of KPIs are intricately tied to individual contributions and performance. The process of awarding ESOS options is based on a thorough assessment of an employee's value and dedication to the Company's growth and success. KPIs, when applicable, are carefully tailored to align with the Company's strategic objectives and ensure that the grantee's performance contributes to the Company's overall progress.

The Company remains committed to its practice of recognising and rewarding exceptional performance. The Company will continually review and adjust compensation structures to align with industry standards and market norms. This approach ensures our talented workforce is motivated to excel and contribute to the Company. The losses are mainly from impairment which is temporary instead of permanent.

Regarding the ESOS, it is a valuable tool that serves multiple purposes, including talent retention, motivation and alignment of the Directors and Senior Management with the long-term success of the Company. The granting of ESOS options is subject to rigorous evaluation, and performance criteria are designed to reward exceptional contributions and achievements.

The Board remains dedicated to responsible corporate governance and considers the interests of all shareholders, including minority shareholders. Dilution concerns are taken seriously, and the allocation of ESOS options is carefully structured to strike a balance between incentivizing performance and safeguarding shareholder interests. Any decisions regarding ESOS options will be made with a focus on sustainable long-term growth and value creation, taking into account the interests of all shareholders.

The allocation of ESOS options to Non-Executive Directors is a practice aimed at enhancing their alignment with the Company's long-term objectives and shareholder interests. These options are intended to serve as a form of compensation that encourages Non-Executive Directors to contribute their expertise and insights towards the Company's growth and success.

Nonetheless, the Board fully recognises the importance of maintaining the independence of the Independent Directors as recommended under the Malaysian Code on Corporate Governance. To address concerns about their independence, the Company's Independent Directors are committed to carefully evaluating and, if necessary, rejecting ESOS grants if they believe it may compromise their independence.

The decision to accept or reject ESOS grants by Independent Directors is guided by their fiduciary duty to act in the best interests of all shareholders, ensuring that they continue to provide impartial judgment and oversight.

Q5. What are the Directors' key strategies to help steer the Company or the Group back to the black? Is there a timeline for when the Company or the Group will return to the black?

A5. There are some key strategies that the Group considers to implement:-

- (a) Cost reduction – to identify and eliminate unnecessary costs and inefficiencies within the Group, this may involve streamlining operations and reducing overhead expenses.
- (b) Talent Management – to provide staff training and development opportunities, and align the workforce with the Group's goal.
- (c) Market research and competitive analysis – staying informed about the industry trends and competitors' actions, then revising the Group's business strategies accordingly.
- (d) Risk Management - emphasises in identifying and effectively dealing with potential risks that have the capacity to exert an impact to our business operations. Protecting the Company's interests and maintaining a strong and secure route towards continuous profitability are both dependent on our dedication to proactive risk management.

- (e) Legal and Regulatory Compliance - ensure that the Group's business operations strictly adhere to all legal and regulatory requirements, demonstrating our commitment to compliance and the maintenance of our ethical standing and credibility within the marketplace. It is vital for a long-term success and the preservation of a positive reputation within the industry.
- (f) Revenue growth - the Management expect the Information Technology ("IT") division will generate revenue in the coming quarter and contribute positively to the Group.

Q6. Please share more on the rationale for acquiring Only Korea (M) Sdn. Bhd.?

A6. Only Korea (M) Sdn. Bhd. is a beauty retail business that carries several favourite brands from Korea, specialising in beauty segments such as make-up, skin care, hair care, fragrance, facial and body care products. They also have hair and facial treatment which will be at their signature outlet in Pavilion Bukit Jalil. It is unique in terms of other purpose beauty shops, the Company and the Management believe the retail business will continue to grow and will contribute profits to the Company.

Q7. May I know what is the status of the material litigation with Nanjing Changjiang Waterway Engineering Bureau ("Nanjing")?

A7. On 20 September 2022, the Penang High Court has allowed the Company's application to strike out Nanjing's claim due to Nanjing's non-compliance with the Court of Appeal Order dated 19 January 2022 in relation to the Security for Costs. Nanjing's appeal was dismissed by the Court of Appeal on 1 August 2023. Therefore, Nanjing's main suit was struck out based on the condition stated in the Court of Appeal Order dated 19 January 2022. The case was then concluded as Nanjing did not file its application to appeal by 30 August 2023.

Q8. Please provide the reasons for the increase of the administrative expenses by 158% from RM6.08 million (FY 2022) to RM15.66 million (FY 2023), while there has been just a slight increase in JMGB's revenue.

A8. The increase in administrative expenses was mainly due to an increase in staff cost due to diversification/expansion of incubator businesses during FY 2023, professional fees incurred for corporate exercises and legal matters, amortisation cost in software, written off of amount owing from JV partner following to the mutual termination of JV agreement.

Q9. As there is an impairment loss of RM17.84 million for trade and loan receivables (FY 2023) when compared to the reversal of impairment loss of RM2.9 million (FY 2022). What is the division that has been causing the impairment loss?

A9. An impairment loss of RM18.13 million from the moneylending division was taken up in the Audited Financial Statement for the FYE 2023 as the Board recognised the importance of maintaining a prudent approach in financial reporting. After due consideration of the recoverability assessment and ensuring the accuracy and reliability of the financial statements, the Board decided to make additional impairment impairments on the loan receivables. However, most of the impaired borrowers have made payments subsequently.

Q10. On the Moneylending Division, what measures is the Management taking to mitigate the credit risk exposures and loan receivables recoverability?

A10. There were recommendations for the improvement of internal control and mitigation of the risks proposed by the internal auditor. The Management will adopt and implement the enhancement in the internal control to ensure sound and effective credit management is in place.

Q11. Other than the property development and financing division. Any other new business that can enhance the financial performance of the Group?

A11. The IT division is making good progress and is expected to generate revenue gradually and the division is expected to bring positive contributions to the Group.

Q12. Given that Managing Director, Mr. Chong Wei Chuan (“Mr. Chong”) and/or other parties in concert have disposed of a substantial amount (Direct interest: 7,357,300 shares and Indirect interest: 19,260,000 shares) of the Company’s shares at or near the peak of the Company’s share price in August and September 2022, prior to the Company’s share price hitting a limit down, can the Directors provide an assurance that Mr. Chong was not in possession of any material insider information at the time of such disposal?

A12. Mr Chong’s shareholdings and the Company’s share price limit down were unrelated events and were purely coincidental. The heavy selling was attributed to the margin call. Mr Chong’s disposal was a result of individual circumstances and market dynamics. It was not driven by any non-public information.

The Company remains committed to adhering to the highest standards of corporate governance and transparency. We continuously strive to ensure that all stakeholders are provided with accurate and timely information concerning our operations and financial performance.

Q13. Given that Managing Director Mr. Chong is seeking re-election as a director at this AGM and therefore his background is of utmost importance to the shareholders, can the Board give an explanation as to why since 12 December 2022 the Company has ceased to use the title ‘Dato’ Sri’ in the announcements related to Mr. Chong? Can the Directors ascertain the history of Mr. Chong’s Dato’ Sri title and whether at any time during his employment as the Managing Director and/or as Director of the Company has misled the Company, the Board or Bursa Malaysia Securities Berhad as to the veracity of his title?

A13. The Company has temporarily excluded Mr Chong’s conferment pending verification by the Company.