FINANCIAL STATEMENTS

Directors' Report and
Audited Financial Statements
For the Financial Year Ended
31 December 2023

DIRECTORS' REPORT

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

Principal activities

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Loss net of tax	(40,127)	(46,305)
Loss attributable to:		
Owners of the parent	(37,224)	(46,305)
Non-controlling interests	(2,903)	-
	(40,127)	(46,305)

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

Reserves and provisions

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

Treasury shares

As at 31 December 2023, the number of treasury shares was 15,376,900 and the outstanding ordinary shares in issue after set-off of treasury shares was therefore 140,239,113.

Dividends

No dividends have been paid or declared since the end of the previous financial year.

The directors do not recommend the payment of any final dividend for the current financial year.

Directors

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

Chua Seng Huat **	(Executive Chairman)
Dato' John Chua Seng Chai **	(Group Managing Director)
Chua Seng Guan **	(Group Executive Director)
Chua Yew Lin **	
Pauline Getrude Chua Hui Lin **	
Yong Lin Lin	
Kho Soon Kheng	(Appointed on 25 May 2023)
Dato Sim Kheng Boon	(Appointed on 25 May 2023)
Fong Tshu Kwong @ Fong Tshun Kwong	(Retired on 24 May 2023)
Ong Ah Ba	(Retired on 24 May 2023)

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

DIRECTORS' REPORT (CONT'D)

Directors (contd.)

The directors of the Company's subsidiaries in office since the beginning of the financial year and up to the date of this report (not including those directors listed above) are:

Charline Pan Ling Hwen
Chua Chui Kim
Cicy Cai Chun Hui
David Chua Kee Yong
Meera Sen Mei-Li
Ngui Sam Ted
Wang Chin Chieh
Wang Chin Hsiang
Stephen James Purcell (Resigned on 10 March 2023)

Directors' benefits

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

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

Details of directors' remuneration for the financial year are as follows:

	Group RM'000	**Company** RM'000
Executive Directors' remuneration		
Fees	165	165
Other emoluments	5,181	3,376
	5,346	3,541
Non-Executive Directors' remuneration		
Fees	102	102
Total directors' remuneration	5,448	3,643
Estimated monetary value of benefits-in-kind	195	106
Total directors' remuneration including benefits-in-kind	5,643	3,749

Indemnification of directors and officers

The Group maintains a liability insurance for the directors and officers of the Group and of the Company. The amount of insurance premium effected for the directors and officers of the Malaysia subsidiaries and the Company during the financial year was RM12,100. The directors and officers shall not be indemnified by such insurance for any negligence, fraud, intentional breach of the law or breach of trust proven against them. There were no payments of indemnification during the financial year and up to the date of this report.

For foreign operation, a foreign subsidiary of the Group paid a premium in respect of a contract to insure the Directors and officers of the foreign subsidiary against a liability to the extent permitted by the regulation. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

DIRECTORS' REPORT (CONT'D)

Directors' interests

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

(a) Shareholdings in the Company registered in the names of directors:

	Number of ordinary shares At 1.1.2023 and 31.12.2023
Chua Seng Huat	1,113,225
Dato' John Chua Seng Chai	524,650
Chua Seng Guan	566,000
Chua Yew Lin	242,400
Pauline Getrude Chua Hui Lin	328,900

(b) Shareholdings in which directors are deemed to have an interest:

Indirect interest via holding company	Number of ordinary shares At 1.1.2023 and 31.12.2023
Chua Seng Huat	86,189,825
Dato' John Chua Seng Chai	86,189,825
Chua Seng Guan	86,189,825
Chua Yew Lin	86,189,825
Pauline Getrude Chua Hui Lin	86,204,175

By virtue of their substantial indirect interest in shares in Kim Hin Industry Berhad, Chua Seng Huat, Dato' John Chua Seng Chai, Chua Seng Guan, Chua Yew Lin and Pauline Getrude Chua Hui Lin are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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

Other statutory information

(a) Before the statements of profit or loss and other 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 an allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

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

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) it necessary to write off any bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT (CONT'D)

Other statutory information (cont'd.)

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

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

(f) In the opinion of the directors:

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

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

Holding company

The holding company is Kim Hin (Malaysia) Sdn. Bhd., a company incorporated and domiciled in Malaysia, with its registered office located at 4½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching.

Auditors

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

The auditors' remuneration of the Group and Company for the financial year are as follows:

	Group RM'000	**Company** RM'000
Ernst & Young PLT and affiliated company	525	110
Other auditors	218	-
	743	110

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2024.

Chua Seng Huat **Chua Seng Guan**

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **Chua Seng Huat** and **Chua Seng Guan**, being two of the directors of **Kim Hin Industry Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 67 to 151 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and their cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2024.

Chua Seng Huat

Chua Seng Guan

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Peter Chiam Tau Mien**, being the officer primarily responsible for the financial management of **Kim Hin Industry Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 67 to 151 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Peter Chiam Tau Mien**
at Kuching in the State of Sarawak
on 29 April 2024

Peter Chiam Tau Mien
(MIA 14085)

Before me,

Phang Dah Nan
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIM HIN INDUSTRY BERHAD (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Kim Hin Industry Berhad**, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 67 to 151.

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

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Impairment review of property, plant and equipment ("PPE") and right-of-use ("ROU") assets

As at 31 December 2023, the carrying amounts of the Group's PPE and ROU assets amounted to RM104,615,000 and RM61,366,000, which accounted for 24% and 14% of the Group's total assets, respectively.

There were indications that the carrying amounts of the Group's PPE and ROU assets may be impaired due to the continued losses recorded in certain cash-generating units ("CGUs"). Management has performed impairment assessments to estimate the recoverable amounts of the respective CGUs of these assets. The recoverable amounts of the CGUs were based on either value in use ("VIU") or fair value less costs of disposal ("FVLCD"), whichever is higher. Arising from the impairment assessments carried out for the year ended 31 December 2023, the Group recognised impairment losses relating to PPE and ROU assets amounting to RM5,704,000 and RM3,268,000, respectively as disclosed in Note 7.

The determination of the recoverable amounts of these PPE and ROU assets is significant to our audit due to their quantum and the significant judgements and estimates involved in determining their recoverable amounts. Accordingly, the impairment assessments of these PPE and ROU assets have been identified as a key audit matter.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIM HIN INDUSTRY BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

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

Key audit matters (cont'd.)

Impairment review of property, plant and equipment ("PPE") and right-of-use ("ROU") assets (cont'd.)

Our procedures to address this area of focus included, amongst others, the following:

i. Challenged management's assessment in identifying PPE and ROU assets that have impairment indicators by evaluating whether internal and external indicators had been considered;

ii. Evaluated the appropriateness of the valuation techniques, key assumptions and data used by management to make their accounting estimates used for FVLCD (either relied on valuation reports or published market data of the comparable properties) or VIU;

iii. For impairment assessment of PPE and ROU assets based on FVLCD, to the extent that management relied on valuation reports provided by independent professional valuers, we have assessed the objectivity, capabilities and competence of the independent valuer and interviewed the independent professional valuer, discussed and challenged the significant estimates and key assumptions applied in the valuation process;

iv. For impairment assessment of PPE and ROU assets based on VIU, we have:

- assessed the significant and highly sensitive assumptions applied in management's impairment assessment to determine if they are appropriate and supported by comparing those assumptions with internally derived information and market data;

- involved internal specialist to assess the appropriateness of the discount rates and growth rates applied in respective discounted cash flow projections; and

v. We assessed the adequacy of the disclosures in the financial statements in accordance with the requirements of MFRS 136 *Impairment of Assets*..

The disclosures are provided in Notes 2.11, 3.2(a), 13 and 14 to the financial statements.

Net realisable value of inventories

The Group's inventories as at 31 December 2023 amounted to RM103,074,000 which represented approximately 24% of the Group's total assets and during the financial year, the Group recorded a write down of inventories of RM1,248,000 as disclosed in Note 7 to the financial statements. We focused on this area because of the quantum and significant judgement involved in determining the amount of write-down required.

Our audit procedures included

i. attended and observed physical year-end inventory counts to verify the existence and condition of the inventories on a sampling basis;
ii. assessed the compliance of the Group's inventory provisioning policies, evaluated analyses and assessments made by management with respect to slow moving inventories and reviewed management's assumptions and method used in calculating the write-down;
iii. tested the net realisable value of the inventories on a sampling basis by comparing their carrying amounts to their selling prices based on actual sales made near or subsequent to the financial year;
iv. assessed the reliability of the inventory ageing reports provided by the management; and
v. considered the adequacy of the disclosures related to inventories as disclosed in Notes 2.16, 3.2(e) and 19 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIM HIN INDUSTRY BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

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

Key audit matters (cont'd.)

Impairment assessment of investments in subsidiaries

The carrying amount of investment in subsidiaries stood at RM85,547,000 as at 31 December 2023, net of accumulated impairment loss amounting to RM155,502,000. As a result of the continuing operational losses incurred by certain subsidiaries, management performed impairment assessments during the year to determine the recoverable amounts of the investment in subsidiaries. The recoverable amounts were based on higher of FVLCD and VIU. Arising from the impairment assessments, the Company recognised impairment losses amounting to RM30,784,000 for the current financial year, as disclosed in Note 7.

The determination of the recoverable amount of the investment in subsidiaries is significant to our audit due to the quantum of the carrying amount to the financial statements of the Company, and the significant judgements and estimates involved in determining the recoverable amount. Accordingly, the impairment assessment of these investments has been identified as a key audit matter.

As part of the audit, our procedures to address this area of focus included, amongst others, the following:

i. Challenged management's assessment in identifying investments that have impairment indicators by evaluating whether internal and external indicators had been considered;

ii. Evaluated the appropriateness of the valuation techniques, key assumptions and data used by management to make their accounting estimates used for FVLCD or VIU;

iii. For impairment assessment of investment in subsidiaries based on FVLCD, to the extent that management relied on valuation reports provided by independent professional valuers, we have assessed the objectivity, capabilities and competence of the independent valuer and interviewed the independent professional valuer, discussed and challenged the significant estimates and key assumptions applied in the valuation process;

iv. For impairment assessment of investment in subsidiaries based on VIU, we have:

    - assessed the significant and highly sensitive assumptions applied in management's impairment assessment to determine if they are appropriate and supported by comparing those assumptions with internally derived information and market data;

    - involved internal specialist to assess the appropriateness of the discount rates and growth rates applied in respective discounted cash flow projections; and

    - assessed the adequacy of the disclosures in the financial statements in accordance with the requirements of MFRS 136.

The disclosures are provided in Notes 2.11, 3.2(b) and 16 to the financial statements.

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 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining other information expected to be included in the Annual Report, which is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIM HIN INDUSTRY BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

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

Information other than the financial statements and auditors' report thereon (cont'd)

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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 skepticism throughout the audit. We also:

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation; and

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIM HIN INDUSTRY BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

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

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

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

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

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

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

Other matters

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

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

LUI SOO LING
No. 03710/01/2025 J
Chartered Accountant

Kuching, Malaysia
29 April 2024

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(INCORPORATED IN MALAYSIA) (CONT'D)

	Note	Group 2023 RM'000	Group 2022 Restated RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	4	310,122	339,988	1,436	3,816
Cost of sales		(238,081)	(271,872)	-	-
Gross profit		72,041	68,116	1,436	3,816
Other income	5	21,695	15,970	4,963	4,577
Selling and distribution costs		(37,982)	(36,574)	-	-
Administrative expenses		(70,743)	(68,766)	(7,307)	(7,092)
Other expenses		(22,609)	(9,565)	(45,443)	(73,256)
Operating loss		(37,598)	(30,819)	(46,351)	(71,955)
Finance costs	6	(2,446)	(2,315)	-	-
Loss before tax	7	(40,044)	(33,134)	(46,351)	(71,955)
Income tax (expense)/credit	10	(83)	736	46	(342)
Loss net of tax		(40,127)	(32,398)	(46,305)	(72,297)
Other comprehensive income/(loss):					
Other comprehensive income/(loss) that will be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange translation differences on foreign subsidiaries		877	(1,647)	-	-
Other comprehensive income/(loss) for the year, net of tax		877	(1,647)	-	-
Total comprehensive loss for the year		(39,250)	(34,045)	(46,305)	(72,297)
Loss attributable to:					
Owners of the parent		(37,224)	(32,403)	(46,305)	(72,297)
Non-controlling interests		(2,903)	5	-	-
		(40,127)	(32,398)	(46,305)	(72,297)
Total comprehensive loss attributable to:					
Owners of the parent		(36,560)	(33,722)	(46,305)	(72,297)
Non-controlling interests		(2,690)	(323)	-	-
		(39,250)	(34,045)	(46,305)	(72,297)
Loss per share attributable to owners of the parent (sen):					
- Basic	11	(26.54)	(23.11)		

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	As at 31.12.2023 RM'000	As at 31.12.2022 Restated RM'000	As at 1.1.2022 Restated RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	13	104,615	119,829	123,519
Right-of-use assets	14	61,366	70,151	77,345
Investment properties	15	31,590	33,832	34,647
Other investments	17	17,641	23,719	31,821
Intangible assets	18	8,179	14,204	14,640
Deferred tax assets	27	5,758	6,737	5,575
		229,149	268,472	287,547
Current assets				
Inventories	19	103,074	126,992	132,087
Trade and other receivables	20	52,091	57,680	60,149
Other current assets	21	2,391	2,506	3,066
Tax recoverable		185	966	807
Derivative assets	27	128	-	86
Cash and bank balances	22	47,339	30,675	52,786
		205,208	218,819	248,981
Assets held for sale	12	758	-	-
		205,966	218,819	248,981
TOTAL ASSETS		435,115	487,291	536,528

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 (CONT'D)

	Note	As at 31.12.2023 RM'000	As at 31.12.2022 Restated RM'000	As at 1.1.2022 Restated RM'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	23	206,658	206,658	206,658
Treasury shares	23	(24,309)	(24,309)	(24,309)
Other reserves	24	18,333	17,669	18,905
Retained earnings		96,679	133,903	166,389
		297,361	333,921	367,643
Non-controlling interests		10,136	12,933	13,941
TOTAL EQUITY		307,497	346,854	381,584
Non-current liabilities				
Loans and borrowings	25	5,218	8,159	10,326
Deferred tax liabilities	26	1,914	3,771	3,914
Trade and other payables	28	730	-	-
Provisions	29	276	303	356
Lease liabilities	30	22,126	27,252	33,014
		30,264	39,485	47,610
Current liabilities				
Loans and borrowings	25	12,984	14,680	13,326
Derivative liabilities	27	-	5	-
Trade and other payables	28	68,423	71,240	78,265
Provisions	29	4,891	4,463	4,622
Lease liabilities	30	10,383	9,373	9,888
Tax payable		673	1,191	1,233
		97,354	100,952	107,334
TOTAL LIABILITIES		127,618	140,437	154,944
TOTAL EQUITY AND LIABILITIES		435,115	487,291	536,528

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	4,815	5,149
Right-of-use assets	14	11,936	12,679
Investment properties	15	13,962	14,311
Investment in subsidiaries	16	85,547	106,316
Other investments	17	17,641	23,719
		133,901	162,174
Current assets			
Other receivables	20	61,686	84,752
Other current assets	21	17	54
Tax recoverable		172	275
Cash and bank balances	22	6,989	1,325
		68,864	86,406
TOTAL ASSETS		202,765	248,580
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	23	206,658	206,658
Treasury shares	23	(24,309)	(24,309)
Retained earnings		19,147	65,452
TOTAL EQUITY		201,496	247,801
Non-current liability			
Deferred tax liability	26	-	50
Current liabilities			
Trade and other payables	28	1,143	647
Provisions	29	126	82
		1,269	729
TOTAL LIABILITIES		1,269	779
TOTAL EQUITY AND LIABILITIES		202,765	248,580

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Company							
	Non-distributable				Distributable			
	Share capital (Note 23) RM'000	**Treasury shares** (Note 23) RM'000	**Reserve and enterprise expansion funds** (Note 24) RM'000	**Translation adjustment account** (Note 24) RM'000	**Retained earnings** RM'000	**Total** RM'000	**Non-controlling interests** RM'000	**Total equity** RM'000
At 1 January 2023, as previously stated	206,658	(24,309)	7,015	10,351	129,094	328,809	13,047	341,856
Prior year adjustments (Note 41)	-	-	-	303	4,809	5,112	(114)	4,998
At 1 January 2023, restated	206,658	(24,309)	7,015	10,654	133,903	333,921	12,933	346,854
Loss net of tax	-	-	-	-	(37,224)	(37,224)	(2,903)	(40,127)
Other comprehensive loss	-	-	-	664	-	664	213	877
Total comprehensive loss	-	-	-	664	(37,224)	(36,560)	(2,690)	(39,250)
Transactions with owners								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(107)	(107)
At 31 December 2023	206,658	(24,309)	7,015	11,318	96,679	297,361	10,136	307,497

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Attributable to equity holders of the Company							
	Non-distributable				Distributable			
	Share capital (Note 23) RM'000	Treasury shares (Note 23) RM'000	Reserve and enterprise expansion funds (Note 24) RM'000	Translation adjustment account (Note 24) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2022, as previously stated	206,658	(24,309)	6,932	11,575	162,904	363,760	14,057	377,817
Prior year adjustments (Note 41)	-	-	-	398	3,485	3,883	(116)	3,767
At 1 January 2022, restated	206,658	(24,309)	6,932	11,973	166,389	367,643	13,941	381,584
Loss net of tax, as previously stated	-	-	-	-	(33,727)	(33,727)	3	(33,724)
Prior year adjustments (Note 41)	-	-	-	-	1,324	1,324	2	1,326
Loss net of tax, restated	-	-	-	-	(32,403)	(32,403)	5	(32,398)
Other comprehensive loss, as previously stated	-	-	-	(1,224)	-	(1,224)	(328)	(1,552)
Prior year adjustments (Note 41)	-	-	-	(95)	-	(95)	-	(95)
Other comprehensive loss, restated	-	-	-	(1,319)	-	(1,319)	(328)	(1,647)
Total comprehensive loss	-	-	-	(1,319)	(32,403)	(33,722)	(323)	(34,045)
Transactions with owners								
Capital repayment to non-controlling interests	-	-	-	-	-	-	(460)	(460)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(225)	(225)
Transfer between reserves	-	-	83	-	(83)	-	-	-
At 31 December 2022, restated	206,658	(24,309)	7,015	10,654	133,903	333,921	12,933	346,854

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Non-distributable		Distributable	
	Share capital (Note 23) RM'000	**Treasury shares** (Note 23) RM'000	**Retained earnings** RM'000	**Total equity** RM'000
At 1 January 2023	206,658	(24,309)	65,452	247,801
Loss net of tax, representing total comprehensive loss for the year	-	-	(46,305)	(46,305)
At 31 December 2023	206,658	(24,309)	19,147	201,496
At 1 January 2022	206,658	(24,309)	137,749	320,098
Loss net of tax, representing total comprehensive loss for the year	-	-	(72,297)	(72,297)
At 31 December 2022	206,658	(24,309)	65,452	247,801

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 Restated RM'000
Operating activities			
Loss before tax		(40,044)	(33,134)
Adjustments for:			
Expected credit losses on trade receivables, net	7	(957)	504
Depreciation of property, plant and equipment	7	10,863	10,169
Depreciation of right-of-use assets	7	11,840	12,070
Depreciation of investment properties	7	665	448
Amortisation of intangible assets	7	436	436
Dividend income	4	(4)	(1,972)
Gain on disposal of investment properties	5	(78)	-
Gain on disposal of other investments	5	(264)	(12)
Gain on disposal of property, plant and equipment	5	(8,911)	(1,229)
Gain on termination of right-of-use assets	5	(3)	(70)
(Gain)/loss on fair value changes for derivatives	7	(13)	91
(Gain)/loss on fair value changes on instruments at fair value through profit or loss	7	(554)	4,086
Impairment loss on property, plant and equipment	7	5,704	1,874
Impairment loss on investment properties	7	159	17
Impairment loss on intangible assets	7	5,589	-
Interest expense	6	2,446	2,315
Interest income	5	(505)	(171)
Write-down/(write-back) of inventories, net	7	1,248	(3,885)
Inventories written off	7	7	192
Property, plant and equipment written off	7	3,536	145
Impairment loss on right-of-use assets provided/(reversed)	7	3,268	(724)
Unrealised (gain)/loss on foreign exchange, net	7	(2,298)	897
Operating cash flows before working capital changes		(7,870)	(7,953)
Changes in working capital:			
Inventories		22,663	7,943
Receivables		9,008	1,074
Other current assets		(4)	560
Payables		(2,122)	(5,977)
Provision		401	(212)
Cash generated from/(used in) operations		22,076	(4,565)
Interest paid		(2,446)	(2,315)
Taxes paid, net of refund		(84)	(778)
Net cash generated from/(used in) operating activities		19,546	(7,658)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Note	2023 RM'000	2022 Restated RM'000
Investing activities			
Acquisition of property, plant and equipment	13	(9,274)	(11,331)
Interest received		505	171
Proceeds from disposal of other investments		6,900	6,000
Proceeds from disposal of property, plant and equipment		17,211	2,779
Proceeds from disposal of investment property		516	-
(Placement)/upliftment of short-term deposits with maturity more than 3 months		(6,990)	2,625
Net cash generated from investing activities		8,868	244
Financing activities			
Capital repayment to non-controlling interests		-	(460)
Dividend paid to non-controlling interests		(107)	(225)
(Repayment)/drawdown of trade facilities		(789)	2,722
Payment of principal portion of lease liabilities		(10,836)	(10,548)
Payment of principal portion of hire purchase		(110)	(61)
Repayment of term loans		(3,423)	(3,642)
Net cash used in financing activities		(15,265)	(12,214)
Net increase/(decrease) in cash and cash equivalents		13,149	(19,628)
Net foreign exchange differences		(3,662)	134
Cash and cash equivalents at the beginning of the year		27,553	47,047
Cash and cash equivalents at the end of the year	22	37,040	27,553

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Operating activities			
Loss before tax		(46,351)	(71,955)
Adjustments for:			
Depreciation of property, plant and equipment	7	379	394
Depreciation of right-of-use assets	7	743	744
Depreciation of investment properties	7	349	349
Dividend income	4	(380)	(2,760)
Impairment loss on amount due from subsidiaries	7	14,653	576
Gain on disposal of other investments	5	(264)	(12)
Gain on disposal of property, plant and equipment	5	-	(371)
(Gain)/loss on fair value changes on instruments at fair value through profit or loss	7	(554)	4,086
Impairment loss on investment in subsidiaries	7	30,784	68,428
Interest income	5	(3,426)	(3,484)
Unrealised (gain)/loss on foreign exchange, net	7	(297)	71
Operating cash flows before working capital changes		(4,364)	(3,934)
Changes in working capital:			
Other receivables		8,710	20,463
Other current assets		37	(43)
Other payables		496	(1,448)
Provisions		44	(6)
Cash generated from operating activities		4,923	15,032
Tax refund/(paid), net		99	(466)
Net cash generated from operating activities		5,022	14,566
Investing activities			
Acquisition of property, plant and equipment	13	(45)	(196)
Additional investment in subsidiaries		(10,015)	(36,467)
Dividends received		376	788
Interest received		3,426	3,484
Proceeds from disposal of other investments		6,900	6,000
Proceeds from disposal of property, plant and equipment		-	1,298
Placement of short-term deposits with maturity		(6,094)	-
Net cash used in investing activities		(5,452)	(25,093)
Net decrease in cash and cash equivalents		(430)	(10,527)
Cash and cash equivalents at the beginning of the year		1,325	11,852
Cash and cash equivalents at the end of the year	22	895	1,325

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 4½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia.

The holding company is Kim Hin (Malaysia) Sdn. Bhd., a company incorporated and domiciled in Malaysia, with its registered office located at 4½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

2. Basis of preparation and material accounting policy information

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except otherwise disclosed in the accounting policies below. The Group and the Company adhere to the same accounting policies below unless otherwise stated.

These financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that, in the current financial year, the Group and the Company adopted the amended MFRSs (collectively referred to as "pronouncements"), which are effective for annual financial periods as follows:

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts (including amendments on Initial Application of MFRS 17 and MFRS 9 – Comparative Information)	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules	1 January 2023

The adoption of these pronouncements did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.3 Pronouncements issued but not yet effective

The standards and amended MFRSs (collectively referred to as "pronouncements") that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these pronouncements, if applicable, when they become effective:

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

The pronouncements are not expected to have any material impact to the financial statements of the Group and the Company.

2.4 Basis of 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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.4 Basis of consolidation (contd.)

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

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

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

Business combinations and goodwill

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

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.5 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

2.6 Foreign currencies

The Group's consolidated financial statements are presented in RM, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.6 Foreign currencies (cont'd.)

(i) Transactions and balances (cont'd.)

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group and the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group and the Company determine the transaction date for each payment or receipt of advance consideration.

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.7 Property, plant and equipment

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over the residual lease period. Capital work-in-progress is not depreciated as these assets are not yet available for use.

Depreciation of other property, plant and equipment is provided on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Buildings	2% to 10%
Plant, machinery and equipment	9% to 50%
Motor vehicles	20%
Furniture, fittings and office equipment	9% to 30%

A contract which involves the use of an item of property, plant and equipment that meets the definition of a lease is recognised as a right-of-use asset.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.8 Investment properties

Investment properties, which are properties that are held either to earn rental income or for capital appreciation or both, are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses (if any). Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Depreciation of the investment properties is provided for at 2% to 4.5% per annum on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the Group loses control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15 *Revenue from Contract with Customers.*

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. The Group's intangible assets that has finite life comprises arrangement with franchisees is stated at cost and is amortised on a straight-line method based on the expected useful life of 24 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The Group's intangible assets with indefinite useful lives, which are brands and goodwill are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. For brands, the assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statements of profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.10 Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

2.11 Impairment of non-financial assets

The Group and the Company assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the assets are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's and the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years or more. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statements of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the asset's or CGU's recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.12 Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the practical expedient has been applied, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the practical expedient has been applied are measured at the transaction price determined under MFRS 15.

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

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

Initial recognition and measurement

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

Subsequent measurement

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

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

(a) Financial assets at amortised cost (debt instruments)

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

The Group's and Company's financial assets at amortised cost include trade and other receivables (excluding trade deposits to suppliers) and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.12 Financial assets (cont'd.)

Subsequent measurement (cont'd.)

For purposes of subsequent measurement, financial assets are classified in four categories: (cont'd.)

(b) Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company have no debt instruments that are designated as financial assets at fair value through OCI.

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

(c) Financial assets designated at fair value through OCI (equity instruments)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group or the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company have no equity instruments that are designated as financial assets at fair value through OCI.

(d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and investment in unit trusts which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.12 Financial assets (cont'd.)

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

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

2.13 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group or the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 Fair value measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.14 Fair value measurement (cont'd.)

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials, packing materials, spare parts and sundry inventories: cost is determined on a weighted average basis, which approximates actual costs and includes cost of purchase and other directly attributable costs of acquisition.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, excluding borrowing costs.

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

2.17 Provisions

Provisions are recognised when the Group or the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group or the Company expect some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.17 Provisions (cont'd.)

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

2.18 Financial liabilities

Initial recognition and measurement

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

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

Financial liabilities include trade and other payables (excluding trade deposits from customers and deferred revenue), loans and borrowings, derivative liabilities and lease liabilities.

Subsequent measurement

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

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statements of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied.

The Group's financial liability as at fair value through profit or loss includes derivative liabilities.

(b) Financial liabilities at amortised cost

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

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

This category generally applies to interest-bearing loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.18 Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

Derecognition

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

Offsetting of financial instruments

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

2.19 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs when the likelihood of default by the debtors is more than probable. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group or the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.20 Employee benefits

(a) Short-term benefits

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

(b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. The Group's foreign subsidiaries also make contribution to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liabilities for leave is recognised for services rendered by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.21 Leases

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

(a) Group as a lessee

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

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	5 to 91 years
Buildings	2 to 7 years
Plant and machinery	3 years
Motor vehicles	5 years
Other equipment	2 to 4 years

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

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.21 Leases (cont'd.)

(a) Group as a lessee (cont'd.)

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

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

(b) Group as a lessor

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

2.22 Assets held for sale

Non-current assets are classified as held for sale if they meet certain conditions and their carrying amounts will be recovered principally through sale transactions rather than through continuing use.

The condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition subject to terms that are usual and customary and the sale is highly probable.

Non-current assets held for sale are not depreciated and are measured at the lower of carrying amount and fair value less costs of disposal. Any differences are recognised in profit or loss.

2.23 Revenue and other income

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that it is the principal in its revenue arrangements.

Sale of goods

Revenue from sale of goods consists of a single performance obligation and is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods or collection by customers.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.23 Revenue and other income (cont'd.)

(a) Revenue from contracts with customers (cont'd.)

Sale of goods (cont'd.)

(ii) Significant financing component

The Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Franchisee management fee

Franchisee management fee is recognised based on the percentage of franchisees' gross sales of the goods and services.

Management fees

Management fees are recognised when services are rendered.

(b) Interest income

Interest income is recognised on effective interest rate basis unless collectability is in doubt.

(c) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(d) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.24 Taxes

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.24 Taxes (cont'd.)

(b) Deferred tax

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction when, affects neither the accounting profit nor taxable profit or loss; or

- in respect of deductible temporary differences associated with investment in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Basis of preparation and material accounting policy information (cont'd.)

2.24 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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

(c) Sales and Service Tax ("SST")

Revenue is recognised net of the amount of SST as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

When SST is incurred, SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on geographical areas which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segments' managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

2.26 Share capital and share issuance expenses

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

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

2.27 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share capital.

2.28 Contingencies

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

3. Significant accounting judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management did not make any critical judgment which may have significant effect on the amount recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

(a) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are tested for impairment when there is an indication that they may be impaired. The recoverable amounts of the property, plant and equipment and right-of-use assets are estimated based on the higher of value in use and fair value less costs of disposal of the assets or cash-generating units ("CGU").

Estimating the recoverable amount by using value in use involves estimating the future cash inflows and outflows that will be derived from these assets and discounting them at an appropriate rate. The key assumptions include projected revenue growth rate, projected gross margin and discount rate. For fair value less costs of disposal, the recoverable amount of the CGU is estimated based on independent valuations carried out by registered property valuers or directors' valuation on recent transacted dealings of comparable properties within the vicinity of the properties as disclosed in Note 13(c). The key assumptions of the fair value of the properties include market value per square foot which are affected by factors such as vicinity, size and accessibility. Based on management's impairment assessment, an impairment loss of RM5,704,000 million (2022: RM1,874,000) for property, plant and equipment and RM3,268,000 (2022: Reversal of impairment loss of RM 724,000) of right-of-use assets is recognised during the financial year.

(b) Impairment assessment of investment in subsidiaries

The Company performed impairment testing on investment in subsidiaries if there is an indication of impairment. In performing impairment review over certain of the Company's subsidiaries, management estimates the recoverable amounts of the investment based on fair value less costs of disposal or value in use. Based on management's impairment assessment, impairment loss of RM30,784,000 (2022: RM68,428,000) is recognised for investment in subsidiaries during the financial year. Further details of the impairment losses are disclosed in Note 16.

(c) Impairment of intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually. Whereas, intangible assets with definite useful life are tested for impairment when there is an indication that they may be impaired. This requires an estimation of the value in use or the fair value less costs of disposal of the cash-generating units to which intangible assets are allocated.

When discounted cash flow calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of intangible assets are disclosed in Note 18. Based on management's impairment assessment, impairment loss of RM5,589,000 (2022: RM Nil) was recognised for intangible assets during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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

3.2 Key sources of estimation uncertainty (cont'd.)

(d) Impairment of investment properties

Investment properties are tested for impairment when there is an indication that they may be impaired. The recoverable amounts of the investment properties are estimated by using fair value less costs of disposal method based on directors' valuation on recent transacted dealings of comparable properties within the vicinity of the properties as disclosed in Note 15. The key assumptions of the fair value of the properties include market value per square foot which is affected by the vicinity, size and its accessibility. Based on management's impairment assessment, an impairment loss of RM159,000 (2022: RM17,000) was recognised for certain CGUs during the year.

(e) Net realisable value of inventories

The Group reviews the adequacy of write-down of inventories at each reporting date to ensure that the inventories are stated at lower of cost and net realisable value. In assessing the extent of write-down for slow moving inventories, discontinued and unsold inventories in excess of 3 years have been written down to Nil for the Malaysian subsidiaries.

For overseas subsidiaries, the Group tailored the provisioning policies based on typical product life cycle vis-a-vis market demand for the specific geographical location where the overseas subsidiaries operate. Changes in the inventory ageing and expected sales patterns may have an impact on the provision recorded. Based on management's assessment, a write-down of inventories of RM1,248,000 (2022: Write-back of inventories of RM3,885,000) is recognised during the year.

(f) Allowance for expected credit loss of trade receivables

The Group uses simplified approach in calculating loss allowances for trade receivables by applying expected credit losses ("ECL") rate. Significant estimate required in determining the impairment of trade receivables. Impairment loss measured based on ECL model is based on assumptions on risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past collection records, existing market conditions as well as forward looking estimates as at the end of the reporting period. Based on management's assessment, reversal of expected credit loss of trade receivables of RM957,000 (2022: Allowance for expected credit loss of RM504,000) is recognised during the year as disclosed in Note 20.

(g) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances, unutilised incentive allowances, unabsorbed reinvestment allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and tax allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based on the likely timing and level of future taxable profits together with future tax planning strategies. Based on management's assessment, deferred tax assets of RM5,758,000 (2022: RM6,737,000) is recognised during the year as disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

4. Revenue

The significant categories of revenue during the year are analysed as follows:

	Group		Company	
	2023 RM'000	**2022** RM'000	**2023** RM'000	**2022** RM'000
Revenue from contracts with customers				
Sales of goods	304,266	331,784	-	-
Rendering of services:				
Franchisee management fee	5,852	6,232	-	-
Management fees from subsidiaries	-	-	1,056	1,056
	310,118	338,016	1,056	1,056
Other revenue				
Dividend income				
- unquoted securities in Malaysia	4	1,972	4	1,972
- subsidiaries	-	-	376	788
	4	1,972	380	2,760
Total revenue	310,122	339,988	1,436	3,816

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2023 RM'000	**2022** RM'000	**2023** RM'000	**2022** RM'000
Geographical regions				
Malaysia	156,330	160,185	1,056	1,056
China	21,045	27,140	-	-
Australia	131,085	146,744	-	-
Vietnam	1,658	3,947	-	-
	310,118	338,016	1,056	1,056
Timing of revenue recognition				
At a point in time	304,266	331,784	-	-
Over time	5,852	6,232	1,056	1,056
	310,118	338,016	1,056	1,056

The performance obligation arising from sale of goods is satisfied upon delivery of goods and payment is generally due within 30 to 120 days (2022: 30 to 120 days) from delivery. The Group did not have contracts with original duration more than one year and hence, the Group applied practical expedient by not disclosing the remaining performance obligations that yet to be unsatisfied.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

5. Other income

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fumigation charges received	278	348	-	-
Gain on disposal of other investments	264	12	264	12
Gain on disposal of property, plant and equipment	8,911	1,229	-	371
Gain on disposal of investment properties	78	-	-	-
Gain on foreign exchange				
- realised	3	486	-	483
- unrealised	2,298	-	297	-
Gain on fair value change of other investments	554	-	554	-
Gain on fair value change of derivatives	13	-	-	-
Gain on termination of right-of-use assets	3	70	-	-
Interest income				
- subsidiaries	-	-	3,317	3,449
- others	505	171	109	35
Rental income	6,053	4,990	422	227
Reversal of impairment of right-of-use assets upon termination of lease, net (Note 14)	-	724	-	-
Reversal of expected credit losses of trade receivables, net (Note 20)	957	-	-	-
Write-back of inventories	-	3,885	-	-
Miscellaneous	1,778	4,055	-	-
	21,695	15,970	4,963	4,577

6. Finance costs

	Group	
	2023	2022
	RM'000	RM'000
Interest expense on:		
Bank overdraft	24	40
Bankers' acceptances	124	125
Hire purchase interest	20	9
Lease liabilities (Note 30)	1,172	1,392
Term loan	637	459
Other interest	469	290
	2,446	2,315

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

7. Loss before tax

The following amounts have been included in arriving at loss before tax:

	Group 2023 RM'000	Group 2022 Restated RM'000	Company 2023 RM'000	Company 2022 RM'000
Auditors' remuneration:				
- Statutory audit				
- Ernst & Young PLT and affiliated company	525	482	110	87
- other auditors	218	274	-	-
- Audit related services				
- Ernst & Young PLT	74	41	74	41
- other auditors	2	-	-	-
- Non-audit services				
- Ernst & Young PLT's affiliated companies	142	62	11	11
Expense relating to short-term leases (Note 30)	2,668	2,061	-	-
Expense relating to leases of low-value assets (Note 30)	60	69	7	7
Impairment loss on amount due from subsidiaries, net (Note 20)	-	-	14,653	576
(Reversal)/allowance for expected credit losses on trade receivables, net (Note 20)	(957)	504	-	-
Depreciation of investment properties (Note 15)	665	448	349	349
Depreciation of property, plant and equipment (Note 13)	10,863	10,169	379	394
Depreciation of right-of-use assets (Note 14)	11,840	12,070	743	744
Amortisation of intangible assets (Note 18)	436	436	-	-
Employee benefits expense (Note 8)	72,864	74,214	4,050	3,916
Impairment loss on investment in subsidiaries (Note 16)	-	-	30,784	68,428
Impairment loss on investment properties (Note 15)	159	17	-	-
Impairment loss on property, plant and equipment (Note 13)	5,704	1,874	-	-
Impairment loss on right-of-use assets provided/(reversed), net (Note 14)	3,268	(724)	-	-
Impairment loss on intangible assets (Note 18)	5,589	-	-	-
Write-down/(write-back) of inventories, net	1,248	(3,885)	-	-
Inventories written off	7	192	-	-
(Gain)/loss on fair value changes on instruments at fair value through profit or loss:				
- derivatives (Note 27)	(13)	91	-	-
- other investments	(554)	4,086	(554)	4,086
(Gain)/loss on foreign exchange:				
- realised	(3)	(486)	-	(483)
- unrealised, net	(2,298)	897	(297)	71
Non-executive directors' remuneration (Note 9)	102	106	102	106
Property, plant and equipment written off	3,536	145	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

8. Employee benefits expense

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	63,835	63,038	3,332	3,267
Defined contribution plan	6,626	6,404	622	621
Social security contributions	5,558	1,286	9	8
Other staff related costs	1,845	3,486	87	20
	72,864	74,214	4,050	3,916

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration, excluding benefits-in-kind, amounting to RM5,346,000 (2022: RM5,280,000) and RM3,541,000 (2022: RM3,541,000), respectively, as further disclosed in Note 9.

9. Directors' remuneration

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000
Executive Directors' remuneration				
Fees	165	165	165	165
Other emoluments	5,181	5,115	3,376	3,376
	5,346	5,280	3,541	3,541
Non-Executive Directors' remunerations				
Fees (Note 7)	102	106	102	106
Total directors' remuneration	5,448	5,386	3,643	3,647
Estimated monetary value of benefits-in-kind	195	154	106	41
Total directors' remuneration including benefits-in-kind	5,643	5,540	3,749	3,688

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and bonuses	4,405	4,350	2,808	2,808
Defined contribution plan	772	760	565	565
Social security contributions	4	5	3	3
	5,181	5,115	3,376	3,376
Fees	165	165	165	165
	5,346	5,280	3,541	3,541
Estimated monetary value of benefits-in-kind	195	154	106	41
	5,541	5,434	3,647	3,582
Non-Executive (Note 7):				
Fees	102	106	102	106
	5,643	5,540	3,749	3,688

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

10. Income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 December 2023 and 2022 are as follows:

	Group		Company	
	2023	**2022 Restated**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000
Statements of profit or loss and other comprehensive income:				
Current income tax:				
Malaysian income tax	734	485	-	340
Foreign tax	42	266	-	-
Under/(over) provision in previous years:				
Malaysian income tax	44	13	4	13
Foreign tax	(93)	(69)	-	-
	727	695	4	353
Deferred income tax (Note 26):				
Prior year adjustments (Note 41)	-	(85)	-	-
Relating to origination and reversal of temporary differences	(599)	(1,378)	66	(3)
(Over)/under provision in previous years	(45)	32	(116)	(8)
	(644)	(1,431)	(50)	(11)
Income tax expense/(credit) recognised in profit or loss	83	(736)	(46)	342

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

Income tax for other jurisdictions is calculated at the rate prevailing in the respective jurisdictions. The reconciliation below is prepared by aggregating separate reconciliations for each national jurisdiction.

The reconciliations between tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate are as follows:

	Group	
	2023	**2022 Restated**
	RM'000	RM'000
Accounting loss before tax	(40,044)	(33,134)
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	(9,611)	(7,952)
Effect of different tax rates in other countries	(782)	(670)
Effect of non-deductible expenses for tax purpose	787	1,163
Effect of income not subject to tax	(1,399)	(681)
Deferred tax assets not recognised	11,182	7,428
Over provision of income tax in respect of previous years	(49)	(56)
(Over)/under provision of deferred tax in respect of previous years	(45)	32
Income tax expense/(credit) recognised in profit or loss	83	(736)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

10. Income tax expense/(credit) (cont'd.)

	Company	
	2023	**2022**
	RM'000	RM'000
Accounting loss before tax	(46,351)	(71,955)
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	(11,124)	(17,269)
Effect of income not subject to tax	(346)	(870)
Effect of non-deductible expenses for tax purpose	11,536	18,476
Under provision of income tax in respect of previous year	4	13
Over provision of deferred tax in respect of previous years	(116)	(8)
Income tax (credit)/expense recognised in profit or loss	(46)	342

The Group has the following tax losses, capital allowances, incentives allowances, reinvestment allowances and other temporary differences which are available for offset against the future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation:

	Group	
	2023	**2022**
	RM'000	RM'000
Unutilised tax losses – Malaysian	94,662	71,100
Unutilised tax losses – Other countries	89,703	78,109
Unabsorbed capital allowances	52,113	44,919
Unutilised incentive allowances	2,992	2,992
Unabsorbed reinvestment allowances	41,305	39,842
Other temporary differences	51,823	49,044
	332,598	286,006

Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised tax losses of the Group's subsidiaries in Malaysia can only be carried forward for a maximum period of 10 consecutive years of assessment as follows:

	Group	
	2023	**2022**
	RM'000	RM'000
Unutilised tax losses to be carried forward until:		
- Year of assessment 2028	4,597	4,975
- Year of assessment 2029	14,510	14,510
- Year of assessment 2030	15,012	15,012
- Year of assessment 2031	18,704	18,704
- Year of assessment 2032	17,988	17,899
- Year of assessment 2033	23,851	-
	94,662	71,100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

11. Loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

The following table reflects the loss and share data used in the computation of basic loss per share:

	Group	
	2023	**2022 Restated**
Loss net of tax attributable to owners of the parent (RM'000)	37,224	32,403
Number of ordinary shares in issue ('000)	155,616	155,616
Number of treasury shares ('000)	(15,377)	(15,377)
Weighted average number of ordinary shares for basic earnings per share computation ('000)	140,239	140,239
Basic loss per share (sen)	26.54	23.11

The diluted loss per share is the same as the basic loss per share as there are no dilutive potential ordinary shares outstanding.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

12. Assets held for sale

	Group	
	2023 RM'000	**2022** RM'000
Assets held for sale	758	-

On 22 December 2023, one of the foreign subsidiaries of the Group has entered into a contract with third party on the sale of plant and equipment. The plant and equipment have transferred to third party on 20 February 2024 upon satisfaction of conditions precedent.

13. Property, plant and equipment

Group	Freehold land and buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2023						
Cost						
At 1 January 2023, as previously stated	191,196	386,202	17,025	43,344	87	637,854
Prior year adjustments (Note 41)	(4,937)	3,475	-	-	-	(1,462)
At 1 January 2023, restated	186,259	389,677	17,025	43,344	87	636,392
Additions	1,368	5,071	1,116	1,670	349	9,574
Disposals	(8,645)	(1,558)	(1,410)	(2,626)	-	(14,239)
Write-off	4	(10,471)	-	(25,887)	-	(36,354)
Reclassification (Note A)	-	(28,973)	-	28,146	(2)	(829)
Translation differences	716	633	97	1,381	6	2,833
At 31 December 2023	179,702	354,379	16,828	46,028	440	597,377
Accumulated depreciation and impairment						
At 1 January 2023, as previously stated	110,876	354,170	15,773	34,652	-	515,471
Prior year adjustments (Note 41)	(679)	1,771	-	-	-	1,092
At 1 January 2023, restated	110,197	355,941	15,773	34,652	-	516,563
Depreciation charge for the year (Note 7)	3,047	5,071	418	2,327	-	10,863
Impairment during the year (Note 7)	182	3,382	-	1,731	409	5,704
Disposals	(4,142)	(400)	(1,346)	(51)	-	(5,939)
Write-off	4	(9,523)	-	(23,299)	-	(32,818)
Reclassification	-	(25,828)	-	25,757	-	(71)
Translation differences	624	(856)	38	(1,346)	-	(1,540)
At 31 December 2023	109,912	327,787	14,883	39,771	409	492,762
Net carrying amount						
At 31 December 2023	69,790	26,592	1,945	6,257	31	104,615

Note A – This relates to reclassification of assets and plant and equipment to assets held for sale as disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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

	Freehold land and buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Group (cont'd.)						
At 31 December 2022						
Cost						
At 1 January 2022, as previously stated	191,073	374,913	18,118	41,733	12,184	638,021
Prior year adjustments (Note 41)	(4,937)	3,475	-	-	-	(1,462)
At 1 January 2022, restated	186,136	378,388	18,118	41,733	12,184	636,559
Additions	488	6,067	252	3,378	1,446	11,631
Disposals	(1,517)	(2,870)	(1,054)	(1,024)	-	(6,465)
Write-off	(1,018)	(650)	(194)	(493)	-	(2,355)
Reclassification	3,597	10,442	-	-	(14,039)	-
Translation differences	(1,427)	(1,700)	(97)	(250)	496	(2,978)
At 31 December 2022, restated	186,259	389,677	17,025	43,344	87	636,392
Accumulated depreciation and impairment						
At 1 January 2022, as previously stated	110,117	347,123	16,444	33,982	4,183	511,849
Prior year adjustments (Note 41)	(580)	1,771	-	-	-	1,191
At 1 January 2022, restated	109,537	348,894	16,444	33,982	4,183	513,040
Depreciation charge for the year (Note 7)	2,849	5,055	516	1,749	-	10,169
Impairment during the year (Note 7)	-	1,846	-	28	-	1,874
Disposals	(358)	(2,762)	(925)	(870)	-	(4,915)
Write-off	(1,018)	(585)	(194)	(413)	-	(2,210)
Reclassification	-	4,175	-	8	(4,183)	-
Translation differences	(813)	(682)	(68)	168	-	(1,395)
At 31 December 2022, restated	110,197	355,941	15,773	34,652	-	516,563
Net carrying amount						
At 31 December 2022, restated	76,062	33,736	1,252	8,692	87	119,829

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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

	Buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Company						
At 31 December 2023						
Cost						
At 1 January 2023	14,810	1,078	1,257	6,672	14	23,831
Additions	-	-	-	45	-	45
At 31 December 2023	14,810	1,078	1,257	6,717	14	23,876
Accumulated depreciation						
At 1 January 2023	10,019	1,078	1,255	6,330	-	18,682
Depreciation charge for the year (Note 7)	276	-	-	103	-	379
At 31 December 2023	10,295	1,078	1,255	6,433	-	19,061
Net carrying amount						
At 31 December 2023	4,515	-	2	284	14	4,815

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

	Buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Company (cont'd.)						
31 December 2022						
Cost						
At 1 January 2022	15,491	1,078	1,257	6,640	379	24,845
Additions	162	-	-	34	-	196
Disposal	(1,208)	-	-	(2)	-	(1,210)
Reclassification	365	-	-	-	(365)	-
At 31 December 2022	14,810	1,078	1,257	6,672	14	23,831
Accumulated depreciation						
At 1 January 2022	10,010	1,078	1,255	6,228	-	18,571
Depreciation charge for the year (Note 7)	290	-	-	104	-	394
Disposal	(281)	-	-	(2)	-	(283)
At 31 December 2022	10,019	1,078	1,255	6,330	-	18,682
Net carrying amount						
At 31 December 2022	4,791	-	2	342	14	5,149

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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

(a) The freehold land of the Group with net carrying amount of RM10,192,000 (2022: RM10,192,000) are not depreciated.

(b) Included in buildings of the Group are assets with a net carrying amount of RM19,416,000 (2022: RM19,880,000) which are pledged as security for the Group's loans and borrowings as disclosed in Note 25.

(c) During the financial year, the property, plant and equipment and right-of-use assets of the certain CGUs of the Group were tested for impairment due to impairment indicators resulted by continued losses contributed by the business operation of certain CGUs. Management had undertaken an assessment of the recoverable amount of the assets. Recoverable amount is defined as the higher of value in use and fair value less costs to disposal.

Based on management's impairment assessment, an impairment loss of RM5,704,000 (2022: RM1,874,000) for property, plant and equipment and RM3,268,000 (2022: Reversal of impairment loss of RM 724,000) of right-of-use ("ROU") assets was recognised for certain CGUs during the financial year.

i. Kim Hin Ceramic (Seremban) Sdn. Bhd. – Plant 2 ("KHCS Plant 2") under Malaysia operation

The property, plant and equipment of RM21,227,000 and ROU assets of RM12,097,000 were compared to the recoverable amounts of the KHCS Plant 2. The recoverable amount is based on their fair value less costs to disposal. Based on the assessment, impairment loss of RM1,024,000 (2022: RM1,874,000) on plant, machinery and equipment is recognised during the financial year.

Fair value of property, plant and equipment is estimated using unobservable inputs and categorised under Level 3 of the fair value hierarchy.

<u>Valuation technique used and the significant unobservable inputs used</u>

The recoverable amounts of the land in the CGUs are estimated using the comparison method. This method made reference to recent transactions of industrial land in the vicinity of the Group's plants. The recoverable amounts of the buildings in the CGUs are estimated using the depreciated replacement cost model.

The recoverable amount of the buildings in the CGUs is determined using the current replacement cost of the asset, less accumulated depreciation calculated on the basis that such a cost reflects the already consumed or expired future economic benefits of the asset. This method reflects the amount that would currently be required to replace the service capacity of an asset, adjusted for obsolescence which encompasses physical deterioration, functional obsolescence, and economic obsolescence. The directors have determined that the depreciated replacement cost method represents the highest and best use of the buildings in their current use and that the exit market for the buildings is the same as the entry market.

The fair value of properties are determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

<u>Impact of possible changes in key assumption</u>

Market value per square foot

An increase/(decrease) in the market value per square foot by 10% of the properties in the CGUs of KHCS Plant 2 will result in a reversal of or additional asset impairment of RM3,230,000 (2022: RM3,200,000).

Changes in Level 3 fair values are analysed by the management every year after obtaining valuation report from the property valuers. There has not been any change in fair value hierarchy in the current and prior financial year.

ii. Kim Hin Australia Pty. Ltd. ("KHAPL") under Australia operation

The plant and equipment of RM1,413,000 and ROU assets of RM3,268,000 were compared to the recoverable amounts of KHAPL. The recoverable amount is based on their value-in-use. Based on the assessment, full impairment loss of RM1,413,000 on plant and equipment and RM3,268,000 on ROU assets is recognised during the financial year as disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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

(c) ii. Kim Hin Australia Pty. Ltd. ("KHAPL") under Australia operation (cont'd.)

Key assumption used in valuation for KHAPL

- Projected revenue growth rate

  The projected revenue growth rate is based on average of estimated inflation rate for the next 5 years. The projected revenue growth rate used was 3.2%.

- Projected gross margin

  The projected gross margin is based on actual historical trends for the past 5 years. The average projected gross margin used was 1.8%.

- Discount rate

  The discount rate used is 11%. Discount rate is used to reflect management's estimate of the risks specific to the CGU. In determining appropriate discount rate, consideration has been given to the applicable weighted average cost of capital.

(d) As at financial year end, specific impairment of RM2,422,000 had been made on property, plant and equipment held by Kim Hin Ceramics (Shanghai) Co. Ltd. ("KHC Shanghai") under China operation resulting from cessation of manufacturing operation in Shanghai. On 15 January 2024, KHC Shanghai has closed its production line.

(e) A specific impairment of RM761,000 and RM54,000 has been made on the plant and equipment held by Outset Holdings Pty. Ltd. under Australia operation, resulting from the closure of store in Australia and the remeasurement of assets held for sale immediately prior to classifying them as assets held for sale from plant and equipment as disclosed in Note 12.

(f) The plant and equipment of RM522,000 held by Ceramica Indah Sdn. Bhd. ("CISB") under Malaysia operation were compared to the recoverable amounts of the plant and equipment amounting to RM492,000. Based on the assessment, impairment loss of RM30,000 on plant and equipment is recognised as the recoverable amount is lower than its carrying amount.

(g) Reconciliation to the statements of cash flows

The acquisition of property, plant and equipment during the financial year were by the following means:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000
Cash	9,274	11,331	45	196
Hire purchase	300	300	-	-
	9,574	11,631	45	196

(h) Assets held under finance lease

Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	Group	
	2023	**2022**
	RM'000	RM'000
Motor vehicle	65	150
Plant and machinery	366	150
	431	300

14. Right-of-use assets

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

	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other equipment RM'000	Total RM'000
Group							
Cost							
As at 1 January 2023	48,779	19,501	54,352	1,978	184	8,810	133,604
Additions	-	-	4,240	200	-	180	4,620
Derecognition upon termination	-	-	(491)	-	-	-	(491)
Derecognition upon expiry	-	-	-	(483)	-	-	(483)
Modification of lease	-	-	885	-	-	-	885
Reclassification	-	-	5,948	-	-	(5,948)	-
Translation differences	251	-	2,657	81	10	20	3,019
As at 31 December 2023	49,030	19,501	67,591	1,776	194	3,062	141,154
Accumulated depreciation and impairment							
As at 1 January 2023	23,719	7,413	23,909	1,453	168	6,791	63,453
Depreciation charge for the year (Note 7)	1,202	187	9,492	360	18	581	11,840
Derecognition upon termination	-	-	(289)	-	-	-	(289)
Derecognition upon expiry	-	-	-	(483)	-	-	(483)
Impairment during the year (Note 7, Note 13(c))	-	-	3,049	-	-	219	3,268
Modification of lease	-	-	499	-	-	-	499
Reclassification	-	-	4,503	-	-	(4,503)	-
Translation differences	100	-	1,352	66	8	(26)	1,500
As at 31 December 2023	25,021	7,600	42,515	1,396	194	3,062	79,788
Net carrying amount							
As at 31 December 2023	24,009	11,901	25,076	380	-	-	61,366

14. Right-of-use assets (cont'd.)

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

	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other equipment RM'000	Total RM'000
Group (cont'd.)							
Cost							
As at 1 January 2022	49,210	19,501	56,625	2,054	186	8,336	135,912
Additions	-	-	6,783	-	-	1,109	7,892
Derecognition upon expiry	-	-	-	(59)	-	(528)	(587)
Derecognition upon termination	-	-	(8,418)	(2)	-	-	(8,420)
Translation differences	(431)	-	(638)	(15)	(2)	(107)	(1,193)
As at 31 December 2022	48,779	19,501	54,352	1,978	184	8,810	133,604
Accumulated depreciation and impairment							
As at 1 January 2022	22,803	7,101	21,671	1,184	123	5,685	58,567
Depreciation charge for the year (Note 7)	1,081	312	8,553	335	47	1,742	12,070
Derecognition upon expiry	-	-	-	(59)	-	(528)	(587)
Derecognition upon termination	-	-	(5,296)	-	-	-	(5,296)
Reversal of impairment loss, net (Note 7)	-	-	(730)	6	-	-	(724)
Translation differences	(165)	-	(289)	(13)	(2)	(108)	(577)
As at 31 December 2022	23,719	7,413	23,909	1,453	168	6,791	63,453
Net carrying amount							
As at 31 December 2022	25,060	12,088	30,443	525	16	2,019	70,151

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

14. Right-of-use assets (cont'd.)

Included in right-of-use assets of the Group are assets with a net carrying amount of RM11,982,000 (2022: RM12,229,000) which are pledged as security for the Group's loans and borrowings as disclosed in Note 25.

	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Total RM'000
Company			
Cost			
As at 1 January and 31 December 2023	27,808	115	27,923
Accumulated depreciation			
As at 1 January 2022	14,386	114	14,500
Depreciation charge for the year (Note 7)	744	-	744
As at 31 December 2022	15,130	114	15,244
Depreciation charge for the year (Note 7)	743	-	743
As at 31 December 2023	15,873	114	15,987
Net carrying amount			
As at 31 December 2022	12,678	1	12,679
As at 31 December 2023	11,935	1	11,936

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

15. Investment properties

	Group 2023 RM'000	Group 2022 Restated RM'000
Buildings		
Cost		
At 1 January, as previously stated	34,514	34,889
Prior year adjustments (Note 41)	4,937	4,937
At 1 January, restated	39,451	39,826
Disposal	(495)	-
Translation differences	(883)	(375)
At 31 December	38,073	39,451
Accumulated depreciation and impairment		
At 1 January, as previously stated	4,940	4,599
Prior year adjustments (Note 41)	679	580
At 1 January, restated	5,619	5,179
Disposal	(57)	-
Depreciation charge for the year (Note 7)	665	448
Impairment during the year (Note 7)	159	17
Translation difference	97	(25)
At 31 December	6,483	5,619
Net carrying amount	31,590	33,832
Estimated fair value of investment properties	51,705	35,937

	Company RM'000	Company RM'000
Buildings		
Cost		
At 1 January and 31 December	17,437	17,437
Accumulated depreciation		
At 1 January	3,126	2,777
Depreciation charge for the year (Note 7)	349	349
At 31 December	3,475	3,126
Net carrying amount	13,962	14,311
Estimated fair value of investment properties	27,903	20,417

Disclosure on fair value of the investment properties

The estimated fair value of the properties is based on directors' valuation derived using recent transacted dealings of comparable properties within the vicinity of the properties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

15. Investment properties (cont'd.)

	Group		Company	
	2023 RM'000	**2022** RM'000	**2023** RM'000	**2022** RM'000
Rental income derived from investment properties	1,362	85	196	-
Direct operating expenses that generated rental income during the year	(382)	(18)	(181)	-
Direct operating expenses that did not generate rental income during the year	(53)	(138)	(30)	(122)

The Group and the Company have no restriction on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties are disclosed in Note 34.

Impairment testing for investment properties

During the financial year, the investment properties of certain CGUs of the Group were tested for impairment as these CGUs of the Group recorded continued losses. Impairment assessment has been conducted by management based on fair value less costs to disposal.

Based on the impairment review, an impairment loss of RM159,000 (2022: RM17,000) was recognised for certain CGUs under Malaysia operation during the year. The recoverable amount of investment properties was based on fair value less costs to disposal derived using recent transacted dealings of comparable properties within the vicinity of the properties.

Impact of possible changes in key assumption

Market value per square foot

An increase/(decrease) in the market value per square foot by 10% of the investment properties will result in a reversal of or additional asset impairment of RM229,000.

16. Investment in subsidiaries

	Company	
	2023 RM'000	**2022** RM'000
Unquoted shares, at cost	241,049	231,034
Less: Accumulated impairment losses	(155,502)	(124,718)
	85,547	106,316

Subscription of new ordinary shares

The Company had undertaken subscription of new ordinary shares in the following subsidiaries during the financial year.

	2023 RM'000	**2022** RM'000
Ceramica Indah Sdn. Bhd.	10,000	30,000
Refined Koalin Industries Sdn. Bhd.	10	-
Unicorn Ceramics Sdn. Bhd.	5	-
Kimgres Marketing Sdn. Bhd.	-	4,000
Johnson Tiles Malaysia Sdn. Bhd.	-	4,000
World Ceramic International Sdn. Bhd.	-	200
Kim Hin Properties Sdn. Bhd.	-	50
	10,015	38,250

In prior financial year, there was capital repayment from Kim Hin Ceramics (Shanghai) Co. Ltd. of RM1,783,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

16. Investment in subsidiaries (cont'd.)

Impairment testing

During the financial year, the Company conducted impairment reviews on the recoverable amount of its investment in subsidiaries, which have been incurring continued losses. Management had undertaken an assessment of the recoverable amount of the assets. Recoverable amount is defined as the higher of value in use and fair value less costs of disposal. The review gave rise to the recognition of impairment loss on investment in subsidiaries of RM30,784,000 (2022: RM68,428,000) as disclosed in Note 7. The recoverable amounts of the investment in subsidiaries were based on fair value less costs of disposal below:

(a) Ceramica Indah Sdn. Bhd. ("CISB")

During the financial year, the investment in CISB amounting to RM137,549,000 (2022: RM127,549,000) was tested for impairment as CISB has been recording continued losses since previous years. The recoverable amount is determined by using adjusted net asset method given that CISB is a loss making entity. Based on the review, the Company made an allowance for impairment loss of RM30,691,000 (2022: RM63,858,000) in investment in CISB as at 31 December 2023..

(b) Kim Hin Investment Pty. Ltd. ("KHIPL")

During the financial year, the investment in KHIPL amounting to RM8,180,000 (2022: RM8,180,000) was tested for impairment as KHIPL had been recording continued losses since previous years. The recoverable amount is determined by using adjusted net asset method given that KHIPL is a loss making entity. Based on the review, the Company made an allowance for impairment loss of RM93,000 (2022: RM370,000) on investment in KHIPL as at 31 December 2023.

Fair value of investment in subsidiaries is estimated using unobservable inputs and categorised under Level 3 of the fair value hierarchy. There has not been any change in fair value hierarchy in the current and prior financial year.

Based on the adjusted net asset method, the investment properties of the subsidiary were revalued to fair value less costs of disposal based on directors' valuation derived using recent transacted dealings of comparable properties within the vicinity of the properties. The estimated fair value would increase/(decrease) if the market value per square foot of the properties were higher/(lower).

Details of the subsidiaries are as follows:

Names of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest 2023	2022
Held by the Company:				
Ceramica Indah Sdn. Bhd.*	Manufacture and sale of ceramic floor, homogeneous and monoporosa tiles	Malaysia	100%	100%
Kimgres Marketing Sdn. Bhd.*	Trading in building materials	Malaysia	100%	100%
Kim Hin Ceramic (Seremban) Sdn. Bhd.*	Manufacture and sale of ceramic tiles	Malaysia	100%	100%
Kim Hin Ceramics (Shanghai) Co. Ltd.***	Manufacture and sale of ceramic tiles	People's Republic of China	79.5%	79.5%
Kim Hin Properties Sdn. Bhd.*	Property and investment holding	Malaysia	100%	100%
Kim Hin Investment Pty. Ltd.***	Property letting	Australia	100%	100%
Tileworld Sdn. Bhd.*	Investment holding	Malaysia	100%	100%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

16. Investment in subsidiaries (cont'd.)

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

Names of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest 2023	2022
Held by the Company: (cont'd.)				
Refined Koalin Industries Sdn. Bhd.*	Inactive	Malaysia	100%	100%
Unicorn Ceramics Sdn. Bhd.*	Inactive	Malaysia	100%	100%
World Ceramics International Sdn. Bhd.*	Property letting	Malaysia	100%	100%
Johnson Tiles Malaysia Sdn. Bhd.*	Trading in building materials	Malaysia	100%	100%
Held through Ceramica Indah Sdn. Bhd.:				
Amber Franchising Pty. Ltd.**	Inactive	Australia	100%	100%
Australian Tiles Pty. Ltd.**	Inactive	Australia	100%	100%
Kimgres Australia Pty. Ltd.***	Wholesaler and retailer of ceramic tiles	Australia	100%	100%
Held through Australian Tiles Pty. Ltd.:				
Amber Group Australian Properties Pty. Ltd.**	Inactive	Australia	100%	100%
Outset Holdings Pty. Ltd.**	Investment holding	Australia	100%	100%
Held through Outset Holdings Pty. Ltd.:				
Amber Group Australia Pty. Ltd.**	Wholesaler and retailer of pavers, tiles, natural stone and retaining walls	Australia	100%	100%
Held through Amber Group Australia Pty. Ltd.:				
Norcorp Pty. Ltd.**	Retailer of pavers, tiles, natural stone and retaining walls	Australia	100%	100%
Held through Kimgres Marketing Sdn. Bhd.:				
Kimgres Vietnam Trading Co. Ltd.***	Trading in building materials	Vietnam	70%	70%
Held through Kim Hin Ceramics (Shanghai) Co. Ltd.:				
Shanghai Kuching Realty Co. Ltd.***	Investment holding	People's Republic of China	100%	100%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

16. Investment in subsidiaries (cont'd.)

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

Names of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest 2023	2022
Held by the Company: (cont'd.)				
Held through Tileworld Sdn. Bhd.:				
Kim Hin Australia Pty. Ltd.***	Investment holding	Australia	100%	100%
Held through Kim Hin Australia Pty. Ltd.:				
Johnson Tiles Pty. Ltd.***	Importing and distributing of ceramic wall and floor tiles	Australia	100%	100%
Held through Johnson Tiles Pty. Ltd.:				
Coramic Australia Pty. Ltd.***	Inactive	Australia	100%	100%

* Audited by Ernst & Young PLT, Malaysia
** Audited by member firms of Ernst & Young Global in the respective countries
*** Audited by firms other than Ernst & Young PLT

16. Investment in subsidiaries (cont'd.)

Non-controlling interests in Kim Hin Ceramics (Shanghai) Co. Ltd. and Kimgres Vietnam Trading Co. Ltd.

The Group's material non-controlling interests ("NCI"), relate to its subsidiaries, Kim Hin Ceramics (Shanghai) Co. Ltd. and Kimgres Vietnam Trading Co. Ltd. of 20.5% and 30.0% respectively.

(i) The subsidiaries that have material NCI are as follows:

	Kim Hin Ceramics (Shanghai) Co. Ltd.		Kimgres Vietnam Trading Co. Ltd.		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount of NCI	10,060	12,638	76	295	10,136	12,933
(Loss)/profit for the year attributable to non-controlling interests	(2,540)	93	(363)	(88)	(2,903)	5
Dividend paid to non-controlling interests	107	225	-	-	107	225

(ii) Summarised financial information (before elimination of any intra-group transactions) of these subsidiary that have material NCI, not adjusted for the ownership interest held by the Group, are as follows:

Statement of financial position

	Kim Hin Ceramics (Shanghai) Co. Ltd.		Kimgres Vietnam Trading Co. Ltd.		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	25,823	34,356	184	36	26,007	34,392
Current assets	35,604	33,962	2,166	3,307	37,770	37,269
Total assets	61,427	68,318	2,350	3,343	63,777	71,661
Current liabilities	(11,990)	(6,114)	(2,097)	(2,362)	(14,087)	(8,476)
Net assets	49,437	62,204	253	981	49,690	63,185

16. Investments in subsidiaries (cont'd.)

Non-controlling interests in Kim Hin Ceramics (Shanghai) Co. Ltd. and Kimgres Vietnam Trading Co. Ltd. (cont'd.)

(ii) Summarised financial information (before elimination of any intra-group transactions) of these subsidiary that have material NCI, not adjusted for the ownership interest held by the Group, are as follows: (cont'd.)

Statement of profit or loss and other comprehensive income

	Kim Hin Ceramics (Shanghai) Co. Ltd.		Kimgres Vietnam Trading Co. Ltd.		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	24,540	27,140	1,659	3,947	26,199	31,087
(Loss)/profit for the year	(13,227)	452	(748)	(301)	(13,975)	151
Other comprehensive income/(loss) for the year	778	(1,635)	15	23	793	(1,612)
Total comprehensive loss for the year	(12,449)	(1,183)	(733)	(278)	(13,182)	(1,461)

(iii) Statement of cash flow

	Kim Hin Ceramics (Shanghai) Co. Ltd. 2023 RM'000	Kim Hin Ceramics (Shanghai) Co. Ltd. 2022 RM'000	Kimgres Vietnam Trading Co. Ltd. 2023 RM'000	Kimgres Vietnam Trading Co. Ltd. 2022 RM'000	Total 2023 RM'000	Total 2022 RM'000
Net cash generated from operating activities	1,430	879	39	101	1,469	980
Net cash used in investing activities	(266)	(506)	(177)	-	(443)	(506)
Net cash used in financing activities	(533)	(3,345)	-	-	(533)	(3,345)
Net increase/(decrease) in cash and cash equivalents	631	(2,972)	(138)	101	493	(2,871)
Effect of foreign exchange rate changes	1,037	(224)	3	(3)	1,040	(227)
Cash and cash equivalents at beginning of the year	20,201	23,397	234	136	20,435	23,533
Cash and cash equivalents at end of the year	21,869	20,201	99	234	21,968	20,435

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

17. Other investments

	Group		Company	
	2023 RM'000	**2022** RM'000	**2023** RM'000	**2022** RM'000
Financial assets measured at fair value through profit or loss				
Investment in unit trusts				
- In Malaysia	10,168	17,114	10,168	17,114
- Outside Malaysia	7,473	6,605	7,473	6,605
Total other investments	17,641	23,719	17,641	23,719
Fair value as at 31 December	17,641	23,719	17,641	23,719

18. Intangible assets

	Goodwill RM'000	**Arrange-ments with franchisee** RM'000	**Brand** RM'000	**Total** RM'000
Group				
Cost				
At 1 January 2022, as previously stated	9,838	12,691	4,857	27,386
Reclassification	1,799	(1,799)	-	-
At 1 January 2022, restated, At 31 December 2022, restated and At 31 December 2023	11,637	10,892	4,857	27,386
Accumulated amortisation and impairment				
At 1 January 2022, as previously stated	9,838	-	-	9,838
Prior year adjustments (Note 41)	-	2,908	-	2,908
At 1 January 2022, restated	9,838	2,908	-	12,746
Prior year adjustments (Note 41)	-	436	-	436
At 31 December 2022, restated	9,838	3,344	-	13,182
Amortisation charge (Note 7)	-	436	-	436
Impairment loss (Note 7)	-	5,589	-	5,589
At 31 December 2023	9,838	9,369	-	19,207
Net carrying amount				
At 31 December 2022, restated	1,799	7,548	4,857	14,204
At 31 December 2023	1,799	1,523	4,857	8,179

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

18. Intangible assets (cont'd.)

Impairment testing of intangible assets

Goodwill and brand acquired through business combinations with indefinite useful lives were subjected to annual impairment testing. Impairment assessment for arrangements with franchisee was performed as the CGU has recorded losses. The impairment testing for intangible assets are performed as follows:

(a) Arrangements with franchisee and brand - Outset Holdings Pty. Ltd. ("OHPL") who owned Amber Group Australia Pty Limited, the franchisor of the Amber's trade name, which received franchisee management fee for the right to use of Amber's trade name and involved in wholesale and retail of tiles, pavers natural stone and retaining walls in Australia; and

(b) Goodwill – The goodwill arose due to acquisition of 2 stores by OHPL. The stores are primarily involved in wholesale and retail of tiles, pavers, natural stone and retaining walls in Australia.

Arrangements with franchisees

For arrangements with franchisees, the recoverable amount was determined based on fair value calculations by using multi-period excess earnings method. Based on management's impairment assessment, impairment loss of RM5,589,000 was recognised for the arrangements with franchisee in OHPL's CGU.

Key assumptions used in valuation for arrangements with franchisee

(a) Projected earnings before interest and taxes ("EBIT") margin

The projected EBIT margin is based on historical trends for the past 5 years. The average projected EBIT margin used is 3.1% (2022: 8.5%).

(b) Growth rate

The forecasted growth rate is 2.5% (2022: 2.5%) based on the Group's estimates and do not exceed the long-term average growth rate for the industry relevant to the CGU.

(c) Discount rate

The discount rate used is 12% (2022: 12%). Discount rate is used to reflect management's estimate of the risks specific to the CGU. In determining appropriate discount rate, consideration has been given to the applicable weighted average cost of capital.

(d) Attrition rate

The attrition rate is 4% (2022: 4%) based on historical and expected churn of the franchisee base.

Impact of possible changes in key assumption

An increase of 1.0 percentage point in the discount rate used would have decreased the recoverable amount by RM104,000 and hence, resulted in further impairment loss of RM104,000.

A decrease of 1.0 percentage point in the discount rate used would have increased the recoverable amount by RM113,000 and hence, resulted in reversal of impairment loss of RM113,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

18. Intangible assets (cont'd.)

Impairment testing of intangible assets (cont'd.)

Brand

The recoverable amount was determined based on fair value calculations by using relief-from-royalty method. Based on management's impairment assessment, no impairment loss was recognised during the year as the recoverable amount is higher than the carrying amount of the brand.

Key assumptions used in valuation of brand

(a) Brand contribution to forecasted sales

The brand is expected to drive 40% (2022: 40%) of CGU's forecasted sales based on historical trends for the past 5 years.

(b) Terminal growth rate

The terminal growth rate is 2.5% (2022: 2.5%) based on the Group's estimates and do not exceed the long-term average growth rate for the industry relevant to the CGU.

(c) Discount rate

The discount rate used is 12% (2022: 12%). Discount rate is used to reflect management's estimate of the risks specific to the CGU. In determining appropriate discount rate, consideration has been given to the applicable weighted average cost of capital.

(d) Royalty rate

The royalty rate used is 2.0% (2022: 2.0%) of the forecasted sales is based on average royalty rate adopted by companies in similar industry.

Impact of possible changes in key assumption

An increase of 1.0 percentage point in the discount rate used would have decreased the recoverable amount by RM571,000. Whereas, a decrease of 1.0 percentage point in the discount rate used would have increased the recoverable amount by RM705,000. There is no further impairment loss or reversal of impairment loss required where other realistic variations remained the same.

The fair value of intangible assets is estimated using unobservable inputs and categorised under Level 3 of the fair value hierarchy. There has not been any change in fair value hierarchy in the current and prior financial year.

19. Inventories

	Group		
	2023	2022 Restated	2021 Restated
	RM'000	RM'000	RM'000
At cost			
Raw materials	13,573	22,846	17,572
Work-in-progress	2,393	2,462	3,238
Finished goods	69,724	81,678	87,664
Packing materials	1,476	1,771	2,353
Spare parts and sundry inventories	9,501	9,606	10,343
	96,667	118,363	121,170
At net realisable value			
Finished goods	6,407	8,629	10,917
	103,074	126,992	132,087

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM203,660,000 (2022: RM237,174,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

20. Trade and other receivables

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Trade				
Trade receivables (a)	52,715	59,715	-	-
Less: Allowances for expected credit losses	(4,235)	(5,222)	-	-
	48,480	54,493	-	-
Trade deposits to suppliers	473	-	-	-
	48,953	54,493	-	-
Non-trade				
Amounts due from subsidiaries (b):				
- Interest bearing	-	-	76,340	84,290
- Non-interest bearing	-	-	15,755	16,220
	-	-	92,095	100,510
Less: Allowances for expected credit losses	-	-	(30,658)	(16,005)
	-	-	61,437	84,505
Sundry receivables	1,938	1,925	128	125
Deposits	1,200	1,262	121	122
	3,138	3,187	61,686	84,752
Total trade and other receivables	52,091	57,680	61,686	84,752

(a) Trade receivables

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except as disclosed in Note 37 (a).

The Group's normal trade credit term ranges from 30 to 120 days (2022: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for forward-looking factors that are specific to the debtors and the economic environment.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group 2023 RM'000	Group 2022 RM'000
Neither past due nor impaired	28,060	38,767
1 to 30 days past due	11,198	9,840
31 to 60 days past due	3,622	1,827
61 to 90 days past due	1,972	696
91 to 120 days past due	2,150	626
More than 121 days past due	1,478	2,737
	20,420	15,726
Impaired	4,235	5,222
	52,715	59,715

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

20. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables have been renegotiated during the financial year.

Receivables that are past due

The Group has trade receivables amounting to RM20,420,000 (2022: RM15,726,000) that are past due at the reporting date. These balances mainly relate to customers with good payment records with the Group or those with ongoing transactions and progressive payments but are slow paymasters and hence, are periodically monitored.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record credit losses are as follows:

	Group Individually impaired	
	2023 RM'000	**2022** RM'000
Trade receivables - nominal amounts	4,235	5,222
Less: Allowance for expected credit losses	(4,235)	(5,222)
	-	-

Movement in allowance for expected credit losses:

	Group	
	2023 RM'000	**2022** RM'000
At 1 January	5,222	4,903
Provided for the year (Note 7)	398	1,005
Reversal of expected credit losses (Note 7)	(1,355)	(501)
Translation differences	(30)	(185)
At 31 December	4,235	5,222

(b) Amounts due from subsidiaries

The amounts due from subsidiaries that are impaired at the reporting date and the movement of the allowance accounts used to record credit losses are as follows:

	Company Individually impaired	
	2023 RM'000	**2022** RM'000
Amount due from subsidiaries - nominal amounts	30,658	16,005
Less: Allowance for expected credit losses	(30,658)	(16,005)
	-	-

Movement in allowance for expected credit losses:

	Company	
	2023 RM'000	**2022** RM'000
At 1 January	16,005	15,429
Provided for the year (Note 7)	14,653	576
At 31 December	30,658	16,005

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

20. Trade and other receivables (cont'd.)

(b) Amounts due from subsidiaries (cont'd.)

The provision for amount due from subsidiaries of RM14,653,000 is made during the year as certain subsidiaries are in loss making and net liability position.

These amounts are unsecured and repayable on demand. The interest-bearing portion bore interest at rates ranging from 4% to 4.25% (2022: 3% to 4% per annum during the financial year.

21. Other current assets

	Group		Company	
	2023 RM'000	**2022** RM'000	**2023** RM'000	**2022** RM'000
Prepayments	2,391	2,506	17	54

22. Cash and bank balances

	Group		Company	
	2023 RM'000	**2022** RM'000	**2023** RM'000	**2022** RM'000
Cash on hand and at banks	36,265	28,011	895	1,325
Deposits with financial institutions	11,074	2,664	6,094	-
Total cash and bank balances	47,339	30,675	6,989	1,325

Deposits with financial institutions at the reporting date earned interest at rates ranging from 2.85% to 5.00% (2022: 3.20% to 3.80%) per annum. The tenure of the deposits at the reporting date are between 3 months to 1 year (2022: 6 months to 1 year).

For the purpose of cash flow statement, cash and cash equivalents comprise the following at reporting date:

	Group		Company	
	2023 RM'000	**2022** RM'000	**2023** RM'000	**2022** RM'000
Cash and bank balances	47,339	30,675	6,989	1,325
Less: Bank overdraft (Note 25)	(645)	(458)	-	-
Less: Short-term deposits with maturity more than 3 months	(9,654)	(2,664)	(6,094)	-
Cash and cash equivalents	37,040	27,553	895	1,325

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

23. Share capital and treasury shares

	Number of ordinary shares		Amount	
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid)	Treasury shares
	'000	'000	RM'000	RM'000
Group and Company				
At 1 January 2023 and 31 December 2023	155,616	(15,377)	206,658	(24,309)

Share capital

The holders of the above ordinary shares are entitled to receive dividends as and when declared or paid by the Company as the case may be. All the issued and fully paid ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance. During the financial year, the Company has not purchased any of its own shares. Of the total 155,616,013 (2022: 155,616,013) issued and fully paid ordinary shares as at 31 December 2023, 15,376,900 (2022: 15,376,900) are held as treasury shares by the Company. As at 31 December 2023, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (2022: 140,239,113) ordinary shares.

24. Other reserves

	Group	
	2023	2022 Restated
	RM'000	RM'000
Reserve and Enterprise Expansion Funds		
At 1 January	7,015	6,932
Transfer from retained earnings	-	83
At 31 December	7,015	7,015
Translation adjustment account		
At 1 January	10,351	11,575
Prior year adjustments (Note 41)	303	398
At 1 January, restated	10,654	11,973
Translation difference in subsidiaries	664	(1,224)
Prior year adjustments (Note 41)	-	(95)
At 31 December	11,318	10,654
Total other reserves	18,333	17,669

The nature and purpose of each category of reserve are as follows:

(a) Reserve and Enterprise Expansion Funds

The Reserve and Enterprise Expansion Funds are maintained in compliance with the regulation issued by the governing authority of the People's Republic of China ("PRC") for a subsidiary incorporated in the PRC.

(b) Translation adjustment account

The translation adjustment account represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

25. Loans and borrowings

	Group 2023 RM'000	Group 2022 RM'000
Current		
Unsecured:		
Bank overdraft	645	458
Trade facilities	9,327	10,047
Hire purchase	154	80
Secured:		
Term loans:		
RM loan at Base Leading Rate ("BLR") - 2.2% p.a.	-	1,268
RM loan at BLR - 1.75% p.a.	2,258	2,168
AUD loan at 8.28% p.a.	600	659
	12,984	14,680
Non-current		
Unsecured:		
Trade facilities	-	552
Hire purchase	275	159
Secured:		
Term loans:		
RM loan at BLR - 1.75% p.a.	4,634	6,879
AUD loan at 8.28% p.a.	309	569
	5,218	8,159
Total loans and borrowings	18,202	22,839

The remaining maturities of the loans and borrowings are as follows:

	2023 RM'000	2022 RM'000
On demand or not later than 1 year	12,984	14,680
Later than 1 year and not later than 2 years	2,783	3,485
Later than 2 years and not later than 5 years	2,435	4,674
	18,202	22,839

Term loans

The effective interest rates of the term loans range from 5.10% to 8.28% (2022: 4.29% to 7.18%) per annum. The RM loan is secured by way of fixed charges over certain assets of the Group as disclosed in Note 13 and Note 14 and corporate guarantees from the Company.

Trade facilities

The Group has bankers' acceptances facilities with terms ranging from 100 days to 118 days (2022: 85 days to 118 days). The effective interest rates range from 3.05% to 5.07% (2022: 1.95% to 4.61%) per annum. Out of the trade facilities of RM9,327,000 (2022: RM10,047,000), RM1,772,000 (2022: RM2,561,000) is secured by the corporate guarantee from the Company.

Hire purchase arrangements

The Group has hire purchase arrangements with interest rates ranging from 2.13% to 3.76% per annum (2022: 2.13% to 3.30% per annum).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

26. Deferred tax (assets)/liabilities

	Group		Company	
	2023	**2022 Restated**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000
At 1 January, as previously stated	(1,114)	106	50	61
Prior year adjustments (Note 41)	(1,852)	(1,767)	-	-
At 1 January, restated	(2,966)	(1,661)	50	61
Prior year adjustments (Note 41)	-	(85)	-	-
Recognised in profit or loss (Note 10)	(644)	(1,346)	(50)	(11)
Translation differences	(234)	126	-	-
At 31 December	(3,844)	(2,966)	-	50

Presented after appropriate offsetting as follows:

	Group 2023	Group 2022 Restated	Company 2023	Company 2022
Deferred tax assets	(5,758)	(6,737)	-	-
Deferred tax liabilities	1,914	3,771	-	50
	(3,844)	(2,966)	-	50

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

26. Deferred tax (assets)/liabilities (cont'd.)

The components and movements of deferred tax (assets)/liabilities during the financial year are as follows:

Deferred tax (assets)/liabilities of the Group:

	Unutilised reinvestment and capital allowances RM'000	Unutilised business losses RM'000	Provisions and others RM'000	Property, plant and equipment RM'000	Intangible assets RM'000	Total RM'000
At 1 January 2022, as previously stated	3,648	(190)	1,089	(9,166)	4,725	106
Prior year adjustments (Note 41)	-	-	(895)	-	(872)	(1,767)
Reclassification (Note A)	(7,473)	-	(8,631)	16,104	-	-
At 1 January 2022, restated	(3,825)	(190)	(8,437)	6,938	3,853	(1,661)
Prior year adjustments (Note 41)	-	-	46	-	(131)	(85)
Recognised in profit or loss	458	(2,905)	(108)	1,209	-	(1,346)
Translation differences	-	121	73	(68)	-	126
At 31 December 2022, restated	(3,367)	(2,974)	(8,426)	8,079	3,722	(2,966)
Recognised in profit or loss	(637)	510	1,773	(482)	(1,808)	(644)
Translation differences	-	(26)	(256)	48	-	(234)
At 31 December 2023	(4,004)	(2,490)	(6,909)	7,645	1,914	(3,844)

Note A - This relates to reclassification of temporary differences between the components.

26. Deferred tax (assets)/liabilities (cont'd.)

The components and movements of deferred tax (assets)/liabilities during the financial year are as follows: (cont'd.)

Deferred tax (assets)/liabilities of the Group: (cont'd.)

	Unutilised reinvestment and capital allowances RM'000	Unutilised business losses RM'000	Provisions and others RM'000	Property, plant and equipment RM'000	Intangible assets RM'000	Total RM'000
Presented after appropriate offsetting as follows:						
2021, restated						
Deferred tax assets	(3,825)	(190)	(8,437)	6,877	-	(5,575)
Deferred tax liabilities	-	-	-	61	3,853	3,914
	(3,825)	(190)	(8,437)	6,938	3,853	(1,661)
2022, restated						
Deferred tax assets	(3,367)	(2,974)	(8,426)	8,030	-	(6,737)
Deferred tax liabilities	-	-	-	49	3,722	3,771
	(3,367)	(2,974)	(8,426)	8,079	3,722	(2,966)
2023						
Deferred tax assets	(4,004)	(2,490)	(6,909)	7,645	-	(5,758)
Deferred tax liabilities	-	-	-	-	1,914	1,914
	(4,004)	(2,490)	(6,909)	7,645	1,914	(3,844)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

26. Deferred tax (assets)/liabilities (cont'd.)

Deferred tax liability of the Company

	Property, plant and equipment RM'000
At 1 January 2022	61
Recognised in profit or loss (Note 10)	(11)
At 31 December 2022	50
Recognised in profit or loss (Note 10)	(50)
At 31 December 2023	-

27. Derivative assets/(liabilities)

	Group			
	2023		2022	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Liabilities RM'000
Non-hedging derivatives:				
Current				
Forward currency contracts	4,358	128	1,291	(5)

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

At 31 December 2023, forward currency contracts were used to hedge the Group's sales commitments mainly denominated in USD and AUD.

As at 31 December 2023, the Group recognised a net gain of RM13,000 (2022: net loss of RM91,000) arising from fair value changes of derivative instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

28. Trade and other payables

	Group			Company	
	2023	**2022 Restated**	**2021 Restated**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables (a)	40,826	44,352	48,297	-	-
Trade deposits from customers	3,584	4,111	3,619	-	-
Deferred revenue	300	665	843	-	-
	44,710	49,128	52,759	-	-
Non-trade					
Sundry payables (b)	19,495	17,761	18,167	159	166
Payroll expenses	1,882	2,046	4,614	412	411
Other accruals	3,066	2,305	2,725	99	70
Amount due to subsidiary company	-	-	-	473	-
	24,443	22,112	25,506	1,143	647
Total trade and other payables	69,153	71,240	78,265	1,143	647
Current	68,423	71,240	78,265	1,143	647
Non-current	730	-	-	-	-
Total trade and other payables	69,153	71,240	78,265	1,143	647

(b) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 120 days (2022: 30 to 120 days) terms.

(b) Sundry payables

Sundry payables are normally settled on an average term of 30 days (2022: 30 days) and are generally non-interest bearing. An amount of RM4,096,000 (2022: RM3,817,000) included in the sundry payables represents Marketing Fund of Amber Group Australia Pty. Ltd. ("the Fund"). The Fund receives contributions from franchisees based on a percentage of store sales and is used for the advertising and marketing of products under Amber brand.

29. Provisions

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000
Long service leave and annual leave				
At 1 January	4,766	4,978	82	88
Provided during the year	1,307	1,758	80	28
Utilised during the year	(845)	(1,439)	(36)	(34)
Unused amounts forfeited	(46)	(56)	-	-
Translation differences	(15)	(475)	-	-
At 31 December	5,167	4,766	126	82
Analysed as:				
Current	4,891	4,463	126	82
Non-current	276	303	-	-
At 31 December	5,167	4,766	126	82

The provision is recognised under employee benefits expense as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

30. Lease liabilities

Group as a lessee

The Group has lease contracts for various items of property, plant, machinery and other equipment used in its operations. Leases of property generally have lease terms between 2 to 7 years (2022: 2 to 7 years), while plant and machinery and other equipment generally have lease terms of 2 to 4 years (2022: 2 to 4 years) respectively. The Group's obligations under these leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

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

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Buildings RM'000	**Plant and machinery** RM'000	**Motor vehicles** RM'000	**Other equipment** RM'000	**Total** RM'000
Group					
As at 1 January 2022	38,913	1,017	69	2,903	42,902
Additions	6,783	-	-	1,109	7,892
Accretion of interest	1,265	31	2	94	1,392
Modification of lease	(3,297)	4	-	-	(3,293)
Payment	(9,506)	(437)	(51)	(1,946)	(11,940)
Translation differences	(322)	(6)	-	-	(328)
As at 31 December 2022	33,836	609	20	2,160	36,625
Reclassification	1,616	-	-	(1,616)	-
Additions	4,239	200	-	181	4,620
Accretion of interest	1,136	21	-	15	1,172
Modification of lease	211	-	-	-	211
Payment	(10,928)	(445)	(20)	(615)	(12,008)
Translation differences	1,833	50	-	6	1,889
As at 31 December 2023	31,943	435	-	131	32,509

	Group	
	2023 RM'000	**2022** RM'000
Current	10,383	9,373
Non-current	22,126	27,252
	32,509	36,625

The maturity analysis of lease liabilities is disclosed in Note 37(b).

The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognised on the statements of financial position:

	2023	**2022**
No. of right-of-use assets leased	29	31
No. of leases with extension options	19	22

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

30. Lease liabilities (cont'd.)

Group as a lessee (cont'd.)

The following are the amounts recognised in profit or loss:

	Group		Company	
	2023	**2022 (Restated)**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000
Depreciation expense of right-of-use assets (Note 14)	11,840	12,070	743	744
Interest expense on lease liabilities (Note 6)	1,172	1,392	-	-
Expense relating to short-term leases (included in cost of sales and administrative expenses) (Note 7)	2,668	2,061	-	-
Expense relating to leases of low-value assets (included in administrative expenses) (Note 7)	60	69	7	7

The Group had total cash outflows for leases of RM14,737,000 (2022: RM14,070,000) during the financial year. The Group also had non-cash additions to right-of-use assets and lease liabilities of RM4,620,000 (2022: RM7,892,000) during the financial year.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The Group has exercised the termination options for two of its lease contracts during the financial year.

The discounted potential future lease payments arising from termination and extension options in certain lease contracts are not included in the lease liabilities due to uncertainties as to whether the options will or will not be exercised.

Group as a lessor

The Group has entered into operating leases on its buildings consisting of showroom, factory and two residential properties. These leases are negotiated for terms ranging from one to ten years. All leases include a clause to enable upward revision of the rental charge on an annual basis or renewal/extension according to prevailing market conditions.

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000
Not later than one year	5,352	4,619	227	227
Later than one year and not later than five years	21,208	18,277	907	907
Later than five years	5,302	4,569	227	227
	31,862	27,465	1,361	1,361

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

31. Capital commitments

	Group 2023 RM'000	Group 2022 RM'000
Property, plant and equipment:		
Authorised and contracted for	270	431

32. Related party disclosures

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Group either directly or indirectly and entities that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Directors are of the opinion that all the transactions below have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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

(a) Transactions with director and/or companies in which certain directors and their close family members have substantial financial interest:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income:				
Sale of ceramic tiles:				
Pan Chyi Construction & Development Sdn. Bhd.	10	6	-	-
Trend Homes Sdn. Bhd.	16	17	-	-
Sale of miscellaneous raw materials and spare parts:				
Kam Kam Sanitaryware Sdn. Bhd.	1	-	-	-
Expenditure:				
Purchases of sanitaryware for resale:				
Kam Kam Sanitaryware Sdn. Bhd.	(496)	(868)	-	-
Renovation and maintenance costs:				
Pan Chyi Construction & Development Sdn. Bhd.	(102)	(91)	-	-

(b) Transactions with holding company, Kim Hin (Malaysia) Sdn. Bhd.:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Expenditure:				
Rental of office and warehouses	(1,164)	(1,996)	-	-
Insurance commission earned	(13)	(102)	(11)	(7)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

32. Related party disclosures (cont'd.)

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions entered into between the Group and related parties took place at terms agreed between the parties during the financial year: (cont'd.)

(c) Transactions with subsidiaries:

	Company	
	2023	**2022**
	RM'000	RM'000
Income:		
Dividend income	376	788
Management fees	1,056	1,056
Rental income	227	227
Interest income	3,317	3,449

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	14,168	15,765	3,179	3,188
Social security costs	39	39	7	6
Defined contribution plan	1,817	2,014	610	611
Benefits-in-kind	257	221	107	41
	16,281	18,039	3,903	3,846
Included in the total remuneration of key management personnel are:				
Executive directors' Remuneration (Note 9)	5,346	5,280	3,541	3,541

33. Fair value of financial instruments

Determination of fair value

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

	Note
Other investment	17
Trade and other receivables (excluding trade deposits to suppliers)	20
Cash and bank balances	22
Loans and borrowings	25
Derivatives	27
Trade and other payables (excluding trade deposits from customers and deferred revenue)	28

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

33. Fair value of financial instruments (cont'd.)

Determination of fair value (cont'd.)

(i) Other investments

The fair values of investment in unit trusts are valued based on the net asset values of the underlying funds as at the reporting date.

(ii) Cash and bank balances, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature.

(iii) Trade receivables and trade payables

The carrying amounts of these trade receivables and trade payables approximate their fair value because they are subject to normal trade credit terms.

(iv) Loans and borrowings

The carrying value of bank borrowings and term loans approximate their fair values either due to their short term nature of as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(v) Derivatives

The fair values of forward currency contracts are the amounts that would be payable or receivable on termination of the outstanding position arising and are determined by reference to the contracted rate and forward exchange rates at the reporting date.

34. Fair value measurement

Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. The fair value of an asset or a liability is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as disclosed in Note 2.14.

There has not been any change in fair value hierarchy in the current and prior financial year.

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2023

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
Assets measured at fair value					
Investment in unit trusts	17	-	17,641	-	17,641
Derivatives assets	27	-	128	-	128
Assets for which fair values are disclosed					
Investment properties	15	-	-	51,705	51,705

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

34. Fair value measurement (cont'd.)

Fair value hierarchy (cont'd.)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2023 (cont'd.)

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company					
Assets measured at fair value					
Investment in unit trusts	17	-	17,641	-	17,641
Assets for which fair values are disclosed					
Investment properties	15	-	-	27,903	27,903

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2022

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
Assets measured at fair value					
Investment in unit trusts	17	-	23,719	-	23,719
Assets for which fair values are disclosed (Restated)					
Investment properties	15	-	-	35,937	35,937
Liabilities measured at fair value					
Derivative liabilities	27	-	5	-	5
Company					
Assets measured at fair value					
Investment in unit trusts	17	-	23,719	-	23,719
Assets for which fair values are disclosed					
Investment properties	15	-	-	20,417	20,417

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. Categories of financial instruments

The table below provides an analysis of the Group's and the Company's financial instruments as at 31 December 2023 and 2022, categorised as follows:

(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL")

	Group		Company	
	AC	**FVTPL**	**AC**	**FVTPL**
	RM'000	RM'000	RM'000	RM'000
At 31 December 2023				
Financial assets				
Trade and other receivables (excluding trade deposits to suppliers)	51,618	-	61,686	-
Other investments	-	17,641	-	17,641
Cash and bank balances	47,339	-	6,989	-
Derivative assets	-	128	-	-
	98,957	17,769	68,675	17,641
Financial liabilities				
Loans and borrowings	18,202	-	-	-
Trade and other payables (excluding trade deposits from customers and deferred revenue)	65,269	-	1,143	-
Lease liabilities	32,509	-	-	-
	115,980	-	1,143	-
At 31 December 2022				
Financial assets				
Trade and other receivables	57,680	-	84,752	-
Other investments	-	23,719	-	23,719
Cash and bank balances	30,675	-	1,325	-
	88,355	23,719	86,077	23,719
Financial liabilities				
Loans and borrowings	22,839	-	-	-
Trade and other payables (excluding trade deposits from customers and deferred revenue)	66,464	-	647	-
Lease liabilities	36,625	-	-	-
Derivative liabilities	-	5	-	-
	125,928	5	647	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

36. Changes in liabilities arising from financing activities

	2023 RM'000	2022 RM'000
Group's borrowings (excluding bank overdraft)		
At 1 January	22,381	23,284
Cash:		
(Repayment)/drawdown of trade facilities	(789)	2,722
Repayment of principal portion of hire purchase	(110)	(61)
Repayment of term loans	(3,423)	(3,642)
Others:		
Translation difference	(502)	78
At 31 December	17,557	22,381
Group's lease liabilities		
At 1 January	36,625	42,902
Cash:		
Repayment of principal portion of lease liabilities	(10,836)	(10,548)
Others:		
Additions	4,620	7,892
Modification of lease	211	(3,293)
Translation difference	1,889	(328)
At 31 December	32,509	36,625

37. Financial risk management objectives and policies

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the senior management. The Board of Audit Committee provides independent oversight to the effectiveness of the risk management process.

The Group has not undertaken any derivatives throughout the current and previous financial year except for the use of forward currency contracts. The Group does not apply hedge accounting.

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

(a) Credit risk

Customer credit risk is managed by each entity in the Group and is subject to established policy, procedures and control. As at 31 December 2023, the Group had 20 customers (2022: 24) that owed more than RM500,000 each and accounted for approximately 42% (2022: 50%) of receivables outstanding. There were one (2022: two) customers with balances greater than RM3,000,000 accounting for about 7% (2022: 12%) of total trade receivables.

Impairment reviews are performed regularly and at the reporting date using the simplified approach. Generally, trade receivables are provided for expected credit loss when past due for more than one year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

37. Financial risk management objectives and policies (cont'd.)

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

(a) Credit risk (cont'd.)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM8,664,000 (2022: RM12,876,000) relating to corporate guarantees provided by the Company to banks for bank borrowings granted to a subsidiary of the Company.

Credit risk concentration profile

The Group does not have any significant or concentration of credit risk that may arise from exposures to a single debtor or to groups of related debtors.

(b) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
2023				
Trade and other payables*	64,539	730	-	65,269
Loans and borrowings	13,870	5,512	-	19,382
Lease liabilities	11,192	23,272	-	34,464
Total undiscounted financial liabilities	89,601	29,514	-	119,115
2022				
Trade and other payables*	67,425	-	-	67,425
Loans and borrowings	15,146	8,894	-	24,040
Lease liabilities	10,444	25,597	3,446	39,487
Total undiscounted financial liabilities	93,015	34,491	3,446	130,952

* These amounts excluding trade deposits from customers and deferred revenue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

37. Financial risk management objectives and policies (cont'd.)

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

(b) Liquidity risk (cont'd.)

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Company				
Financial liabilities				
2023				
Other payables, representing total undiscounted financial liabilities	1,143	-	-	1,143
2022				
Other payables, representing total undiscounted financial liabilities	647	-	-	647

(c) Interest rate risk

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

The Group's exposure to market risk for changes in interest rates arises primarily from its long-term debt obligations with floating interest rates. Interest rate exposure is managed by maintaining a balanced mix of fixed and floating rate borrowings and regular reviews of its debt portfolio.

Information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

At the reporting date, it is estimated that a fifty (50) basis points increase in interest rate, with all other variables held constant, would increase the Group's loss net of tax by approximately RM30,000 (2022: RM22,000), arising mainly as a result of higher interest expense on net floating borrowing position. A decrease in interest rate would have had equal but opposite effect on the aforesaid amount, on the basis that all other variables remained constant.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

37. Financial risk management objectives and policies (cont'd.)

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

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Ringgit Malaysia ("RM"), Australian Dollar ("AUD") and Renminbi ("RMB"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD"), AUD and EURO ("EUR").

The Group uses forward currency contracts to eliminate the currency exposures after it has entered into a firm commitment for a sale. At 31 December 2023, the Group hedged its foreign currency denominated sales, for which firm commitments extended to March 2024 as disclosed in Note 27.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, the Group's foreign currency balances denominated in AUD, EURO and USD amounted to RM402,000 (2022: RM3,000) for its Malaysian operations. One of the Group's overseas subsidiaries hold cash and bank balances denominated in foreign currency, i.e. USD and AUD other than its functional currency amounted to RM14,825,000 (2022: RM 14,870,000).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including People's Republic of China, Australia and Vietnam.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's loss net of tax to a reasonably possible strengthening/weakening of 10% (2022: 10%) to the USD, AUD and EUR exchange rates against the functional currency of the Group and of the Company, with all other variables held constant.

		Group Loss net of tax Decrease/(Increase)		Company Loss net of tax Decrease/(Increase)	
		2023 RM'000	**2022** RM'000	**2023** RM'000	**2022** RM'000
USD	- Strengthened	884	1,736	-	-
	- Weakened	(884)	(1,736)	-	-
AUD	- Strengthened	1,041	1,432	563	500
	- Weakened	(1,041)	(1,432)	(563)	(500)
EUR	- Strengthened	82	67	-	-
	- Weakened	(82)	(67)	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

38. Capital management

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and enhance its shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions, risk inherent in its business operations or expansion plan of the Group. The initiatives in maintaining the Group's capital structure include issuance of shares, adjusting dividend payment to shareholders, or returning capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022.

As disclosed in Note 24(a), a subsidiary of the Group is required by the Foreign Enterprise Law of the People's Republic of China to contribute to and maintain a non-distributable reserve fund whose utilisation is subject to the approval by the relevant foreign authority. This externally imposed capital requirement has been complied with by the subsidiary for the financial years ended 31 December 2023 and 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, loans and borrowings and lease liabilities, less cash and bank balances. Capital includes equity attributable to the owners of the parent less translation adjustment account and the above-mentioned restricted reserve fund.

		Group		Company	
	Note	**2023**	**2022 Restated**	**2023**	**2022**
		RM'000	RM'000	RM'000	RM'000
Trade and other payables	28	69,153	71,240	1,143	647
Loans and borrowings	25	18,202	22,839	-	-
Lease liabilities	30	32,509	36,625	-	-
Less: Cash and cash balances	22	(47,339)	(30,675)	(6,989)	(1,325)
Net debt/(cash)		72,525	100,029	(5,846)	(678)
Equity attributable to equity holder of the Company		297,361	333,921	201,496	247,801
Less: Other reserves	24	(18,333)	(17,669)	-	-
Capital		279,028	316,252	201,496	247,801
Net debt/(cash)		72,525	100,029	(5,846)	(678)
Capital		279,028	316,252	201,496	247,801
Total capital plus net debt		351,553	416,281	195,650	247,123
Gearing ratio		21%	24%	N/A*	N/A*

* Not applicable as the Company is in a net cash position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

39. Segmental reporting

The Group operates principally in one industry and is organised into four operating segments according to geographical locations based on information reported internally.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on profit or loss net of tax and non-controlling interests.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between business segments are set on mutually agreed terms. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

	Malaysia operation RM'000	China operation RM'000	Australia operation RM'000	Vietnam operation RM'000	Total RM'000
At 31 December 2023					
Revenue					
Total sales	173,353	24,540	131,085	1,658	330,636
Less: Inter-segment sales	(17,019)	(3,495)	-	-	(20,514)
	156,334	21,045	131,085	1,658	310,122
Results					
Segment operating loss	(7,523)	(13,475)	(15,862)	(738)	(37,598)
Finance costs	(719)	-	(1,727)	-	(2,446)
Loss before tax	(8,242)	(13,475)	(17,589)	(738)	(40,044)
Income tax (expense)/credit	(812)	205	524	-	(83)
Loss for the year	(9,054)	(13,270)	(17,065)	(738)	(40,127)
Non-controlling interests	-	2,540	-	363	2,903
Loss attributable to owners of the parent	(9,054)	(10,730)	(17,065)	(375)	(37,224)
Assets					
Segment assets	237,937	50,988	112,539	1,888	403,352
Other investments	17,641	-	-	-	17,641
Intangible assets	-	-	8,179	-	8,179
Tax recoverable	185	-	-	-	185
Deferred tax assets	1,340	731	3,687	-	5,758
Total assets	257,103	51,719	124,405	1,888	435,115
Liabilities					
Segment liabilities	13,179	11,710	49,290	141	74,320
Loans and borrowings	11,108	-	7,094	-	18,202
Lease liabilities	2,256	-	30,253	-	32,509
Tax payable	438	235	-	-	673
Deferred tax liabilities	-	-	1,914	-	1,914
Total liabilities	26,981	11,945	88,551	141	127,618

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

39. Segmental reporting (cont'd.)

	Malaysia operation RM'000	China operation RM'000	Australia operation RM'000	Vietnam operation RM'000	Total RM'000
At 31 December 2023					
Other information					
Depreciation (Note A)	10,216	2,142	10,981	29	23,368
Amortisation of intangible assets	-	-	436	-	436
Impairment loss on property, plant and equipment and right-of-use assets	1,055	2,422	5,495	-	8,972
Impairment loss on investment properties	159	-	-	-	159
Impairment loss on intangible assets	-	-	5,589	-	5,589
Inventories (write back)/ written down	(1,310)	54	2,043	461	1,248
At 31 December 2022, restated					
Revenue					
Total sales	180,424	29,607	146,744	3,947	360,722
Less: Inter-segment sales	(18,267)	(2,467)	-	-	(20,734)
	162,157	27,140	146,744	3,947	339,988
Results					
Segment operating (loss)/profit	(21,236)	513	(9,787)	(309)	(30,819)
Finance costs	(869)	-	(1,446)	-	(2,315)
(Loss)/profit before tax	(22,105)	513	(11,233)	(309)	(33,134)
Income tax (expense)/credit	(979)	45	1,670	-	736
(Loss)/profit for the year	(23,084)	558	(9,563)	(309)	(32,398)
Non-controlling interests	-	(93)	-	88	(5)
(Loss)/profit attributable to owners of the parent	(23,084)	465	(9,563)	(221)	(32,403)
Assets					
Segment assets	255,851	67,800	114,671	3,343	441,665
Other investments	23,719	-	-	-	23,719
Intangible assets	-	-	14,204	-	14,204
Tax recoverable	966	-	-	-	966
Deferred tax assets	1,422	647	4,668	-	6,737
Total assets	281,958	68,447	133,543	3,343	487,291

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

39. Segmental reporting (cont'd.)

	Malaysia operation RM'000	China operation RM'000	Australia operation RM'000	Vietnam operation RM'000	Total RM'000
At 31 December 2022, restated					
Liabilities					
Segment liabilities	28,294	4,923	42,543	251	76,011
Loans and borrowings	15,220	-	7,619	-	22,839
Lease liabilities	3,639	-	32,986	-	36,625
Tax payable	-	1,191	-	-	1,191
Deferred tax liabilities	50	-	3,721	-	3,771
Total liabilities	47,203	6,114	86,869	251	140,437
Other information					
Depreciation (Note A)	9,593	2,397	10,671	26	22,687
Amortisation of intangible assets	-	-	436	-	436
Impairment loss on property, plant and equipment and right-of-use assets	1,150	-	-	-	1,150
Impairment loss on investment properties	-	-	17	-	17
Inventories (write back)/written down	(5,185)	613	687	-	(3,885)

Note A: Depreciation comprises property, plant and equipment, right-of-use assets and investment properties.

40. Contingent liabilities

Save as disclosed below, there is no contingent liabilities as at the reporting date:

Syarikat Air Negeri Sembilan ("SAINS") (Water Bill)

This case involved one of the Malaysian subsidiary namely, Kim Hin Ceramic (Seremban) Sdn. Bhd. ("KHCS"). This relates to water supply at Gunung Fibre Optik ("GFO") since August 2016 where the water billing amount was only RM15 every month. KHCS has reported to SAINS that there was some issues with the water meter but there were no action taken by SAINS.

On 21 January 2023, SAINS received a complaint from the villagers and workshop nearby that there is water leakage from an unknown source behind the factory. SAINS officer came over and issued a letter that KHCS should make a payment amounting RM947,000. SAINS has also checked the pipeline at the Nepalese hostel at GFO. SAINS declared that some pipelines were broken internally and has reverted to KHCS on this matter.

The total claim as demanded by SAINS amounted to RM947,000. However, KHCS believes that as only limited water was utilised, KHCS is only agreeable to pay an amount of RM154,000, of which this is based on the average water bill from March 2023 to December 2023 and intends to counter-propose the settlement of RM154,000 to SAINS during mediation. The trial of the case is fixed on 19 and 20 August 2024.

The external legal counsel is of the opinion that KHCS would have a good chance of success in this case. Accordingly, the Group has made provision of liability amounted to RM154,000 in the financial year 2023 in relation to this legal case.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

41. Prior year adjustments

Group

During the year, the Group made the following prior year adjustments in respect of its comparatives in the financial statements:

(i) The Group recorded intangible assets arising from arrangements with franchisee amounting to RM10,892,000, within its total intangible assets of RM17,548,000 as at 31 December 2021. In prior years, the Group determined the useful life of arrangement with franchisee to be indefinite. However, it is uncertain that the arrangement with the franchisees will continue indefinitely due to the frequency of the customer turnover and changes in relationship. Accordingly, the Group revisited the useful life of arrangement with franchisees and determined it to be 20 years up to the financial year 2021 and 24 years from 2022 onwards. This is determined upon considering the duration where the Group is expected to generate cash flow from these arrangements, which accounts for both economic and legal factors, as well attrition rate of franchisees used for the purpose of deriving at the fair value of the franchise arrangement.

As a result of the above, the Group had overstated the arrangements with franchisee by RM2,908,000 as at 1 January 2022 and RM436,000 for the financial year ended 31 December 2022 due to the amortisation charges. Consequently, the deferred tax liabilities previously recognised in relation to this intangible asset was reversed by RM872,000 as at 1 January 2022 and RM131,000 for the financial year ended 31 December 2022.

(ii) Management has reviewed the consolidated financial statements of the Group, including permanent consolidation adjustments and noted the following:

(a) Several permanent consolidation adjustments recorded in the Group's financial statements are no longer valid as at 31 December 2022 and/ or prior to 1 January 2022. Accordingly, management has reversed out the permanent consolidation adjustments and restated the Group's profit after tax and/ or retained earnings, with the consequential impact on the foreign currency translation differences and non-controlling interest in the Group's financial statements as at 1 January 2022 and 31 December 2022;

(b) Upon review of the elimination of unrealised profit on unsold inventories for intra-group transactions within the Group, management has restated the inventories and cost of sales, with the consequential impact on deferred tax asset for certain subsidiaries that are expected to generate future taxable income and non-controlling interest in the Group's financial statements as at 1 January 2022 and 31 December 2022; and

(c) Buildings held to earn rental income or held for capital appreciation are reclassified from property, plant and equipment to investment properties to conform with the requirements of MFRS 140 *Investment Property.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

41. Prior year adjustments (cont'd.)

The effects arising from the abovementioned prior year adjustments to the consolidated financial statements are as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022

	31 December 2022 As previously stated	Prior year adjustments (i)	(ii) (a)	(ii) (b)	(ii) (c)	Total (ii)	Total prior year adjustments	31 December 2022 Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost of sales	(273,496)	-	662	962	-	1,624	1,624	(271,872)
Administrative expenses	(68,330)	(436)	-	-	-	-	(436)	(68,766)
Other expenses	(9,618)	-	53	-	-	53	53	(9,565)
Loss before tax	(34,375)	(436)	715	962	-	1,677	1,241	(33,134)
Income tax credit/(expense)	651	131	-	(46)	-	(46)	85	736
Loss net of tax	(33,724)	(305)	715	916	-	1,631	1,326	(32,398)
Loss attributable to owners of the parent	(33,727)	(305)	715	914	-	1,629	1,324	(32,403)
Exchange translation differences on foreign subsidiaries	(1,552)	-	(95)	-	-	(95)	(95)	(1,647)
Total comprehensive loss for the year	(35,276)	(305)	620	916	-	1,536	1,231	(34,045)
Total comprehensive loss attributable to owners of the parent	(34,951)	(305)	620	914	-	1,534	1,229	(33,722)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

41. Prior year adjustments (cont'd.)

Group (cont'd.)

The effects arising from the abovementioned prior year adjustments to the consolidated financial statements are as follows: (cont'd.)

Consolidated Statement of Financial Position as at 1 January 2022

	1 January 2022 As previously stated	Prior year adjustments (i)	(ii) (a)	(ii) (b)	(ii) (c)	Total (ii)	Total prior year adjustments	1 January 2022 Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets								
Property, plant and equipment	126,172	-	1,704	-	(4,357)	(2,653)	(2,653)	123,519
Investment properties	30,290	-	-	-	4,357	4,357	4,357	34,647
Intangible assets	17,548	(2,908)	-	-	-	-	(2,908)	14,640
Deferred tax assets	4,680	-	442	453	-	895	895	5,575
Current assets								
Inventories	129,224	-	7,132	(4,269)	-	2,863	2,863	132,087
Non-current liabilities								
Deferred tax liabilities	4,786	(872)	-	-	-	-	(872)	3,914
Current liabilities								
Trade and other payables	78,606	-	(341)	-	-	(341)	(341)	78,265
Equity attributable to owners of the parent								
Other reserves	18,507	-	398	-	-	398	398	18,905
Retained earnings	162,904	(2,036)	8,872	(3,351)	-	5,521	3,485	166,389
Non-controlling interest	14,057	-	349	(465)	-	(116)	(116)	13,941

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

41. Prior year adjustments (cont'd.)

Group (cont'd.)

The effects arising from the abovementioned prior year adjustments to the consolidated financial statements are as follows: (cont'd.)

Consolidated Statement of Financial Position as at 31 December 2022

	31 December 2022 As previously stated	Prior year adjustments (i)	(ii) (a)	(ii) (b)	(ii) (c)	Total (ii)	Total prior year adjustments	31 December 2022 Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets								
Property, plant and equipment	122,383	-	1,704	-	(4,258)	(2,554)	(2,554)	119,829
Investment properties	29,574	-	-	-	4,258	4,258	4,258	33,832
Intangible assets	17,548	(3,344)	-	-	-	-	(3,344)	14,204
Deferred tax assets	5,888	-	442	407	-	849	849	6,737
Current assets								
Inventories	123,167	-	7,132	(3,307)	-	3,825	3,825	126,992
Non-current liabilities								
Deferred tax liabilities	4,774	(1,003)	-	-	-	-	(1,003)	3,771
Current liabilities								
Trade and other payables	72,201	-	(961)	-	-	(961)	(961)	71,240
Equity attributable to owners of the parent								
Other reserves	17,366	-	303	-	-	303	303	17,669
Retained earnings	129,094	(2,341)	9,587	(2,437)	-	7,150	4,809	133,903
Non-controlling interest	13,047	-	349	(463)	-	(114)	(114)	12,933

42. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2023 were authorised for issue by the Board in accordance with a resolution of the directors on 29 April 2024.

STATISTICS ON SHAREHOLDINGS
AS AT 29 MARCH 2024

Analysis by Size of Shareholdings as at 29 March 2024

Total number of issued shares	:	155,616,013
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

Category	No. of Shareholders	% of Shareholders	No. of Shares ♦	% of Shares ♦
1 to 99	87	3.338	3,366	0.003
100 to 1,000	587	22.525	413,955	0.295
1,001 to 10,000	1,467	56.293	5,834,141	4.160
10,001 to 100,000	396	15.196	12,286,701	8.761
100,001 to less than 5% issued shares	67	2.571	35,511,125	25.322
5% and above of issued shares	2	0.077	86,189,825	61.459
TOTAL	**2,606**	**100.000**	**140,239,113**	**100.000**

List of Thirty (30) Largest Shareholders as at 29 March 2024

No.	Name	No. of Shares ♦	% ♦
1.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB For Kim Hin (Malaysia) Sdn. Bhd. (PB)	62,254,025	44.391
2.	Kim Hin (Malaysia) Sdn. Bhd.	23,935,800	17.068
3.	Lim Pei Tiam @ Liam Ahat Kiat	6,200,000	4.421
4.	Galister International Ltd.	3,900,000	2.780
5.	UOBM Nominees (Asing) Sdn. Bhd. United Overseas Bank Nominees (Pte) Ltd For China Cruise Company Ltd.	2,582,400	1.841
6.	CitiGroup Nominees (Asing) Sdn. Bhd. Exempt An For Bank of Singapore Limited (Foreign)	2,000,000	1.426
7.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Pay Kaon	1,500,000	1.069
8.	Chua Seng Huat	1,113,225	0.793
9.	Maybank Nominees (Tempatan) Sdn. Bhd. Chua Eng Ho Wa'a Chua Eng Wah	795,600	0.567
10.	CGS International Nominees Malaysia (Asing) Sdn. Bhd. Exempt An For CGS International Securities Singapore Pte. Ltd. (Retail Clients)	681,000	0.485
11.	Goh Thong Beng	667,000	0.475
12.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For the Hongkong And Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	650,000	0.463
13.	Gan Kho @ Gan Hong Leong	617,100	0.440
14.	Chai Beng Hwa	612,000	0.436
15.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ho Kok Kiang	600,000	0.427
16.	Choo Kok Heng	587,600	0.418
17.	Kenanga Nominees (Asing) Sdn. Bhd. Exempt An For Phillip Securities Pte. Ltd. (Client Account)	580,000	0.413
18.	Tan Aik Choon	548,700	0.391
19.	Dato' John Chua Seng Chai	524,650	0.374
20.	Asia Selatan (M) Sdn. Bhd.	490,000	0.349
21.	Taman Bunga Merlimau Sdn. Bhd.	486,000	0.346

STATISTICS ON SHAREHOLDINGS
AS AT 29 MARCH 2024

22.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wong Kie Yung	479,500	0.341
23.	Cheng Kok Sang	462,800	0.330
24.	Wong Kie Yung	422,600	0.301
25.	Liau Keen Yee	400,000	0.285
26.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Sim Leck Seng (E-SS2)	389,100	0.277
27.	Chua Seng Guan	296,000	0.211
28.	Ong Liang Teck	295,300	0.210
29.	Pauline Getrude Chua Hui Lin	295,000	0.210
30.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Exempt An For CGS International Securities Singapore Pte. Ltd. (Retail Clients)	293,000	0.208

List of Directors' Shareholdings as at 29 March 2024

No.	Name	Direct	Indirect
1.	Chua Seng Huat	1,113,225	86,189,825*
2.	Dato' John Chua Seng Chai	524,650	86,189,825*
3.	Chua Seng Guan	566,000	86,189,825*
4.	Pauline Getrude Chua Hui Lin	328,900	86,204,175* Δ
5.	Chua Yew Lin	242,400	86,189,825*
6.	Dato Sim Kheng Boon	-	-
7.	Kho Soon Kheng	-	-
8.	Yong Lin Lin	-	-

List of Substantial Shareholders as at 29 March 2024

		No. of shares			
No.	Name of Substantial Shareholders	Direct	% ♦	Indirect	% ♦
1.	Kim Hin (Malaysia) Sdn. Bhd.	86,189,825^	61.459	-	-
2.	Chua Seng Guan	566,000	0.403	86,189,825*	61.459
3.	Dato' John Chua Seng Chai	524,650	0.374	86,189,825*	61.459
4.	Chua Seng Huat	1,113,225	0.793	86,189,825*	61.459
5.	Pauline Getrude Chua Hui Lin	328,900	0.234	86,204,175* Δ	61.469
6.	Chua Yew Lin	242,400	0.172	86,189,825*	61.459
7.	Chua Seng Khoon	-	-	86,189,825*	61.459

Notes:

♦ Exclude treasury shares of 15,376,900 as at 29 March 2024.

* Deemed interest by virtue of shareholdings in Kim Hin (Malaysia) Sdn. Bhd.

Δ Deemed interested by virtue of 14,350 shares held by her spouse, Mr. Charles Pan Chyi.

^ Shares of 62,254,025 held through CIMSEC Nominees (Tempatan) Sdn. Bhd.

PARTICULARS OF THE GROUP'S PROPERTIES

Details of the top 10 properties of the Group as at 31 December 2023, all of which are leasehold/freehold properties, set out below:

No	Location	Description / Existing Use	Year of Revaluation/ Acquisition	Approximate Age Of Building (Year)	Land/Area M2	Leasehold Expiry Date	NBV '000 (RM)
	SARAWAK						
1	Lot 2124 Block 226 Kuching North Land District KNLD	Country Land/ Mixed Zone Land; 3 Storeys Old Office Block	1992	39	60,187	13/07/2057	9,359
	Lot 96, 929 & 930, Block 226 Kuching North Land District KNLD	Factory Building, Worker Quarters, Warehouse, 3 Storeys New Office	1992	32 32 32 28	66,330	31/12/2038	
	FEDERAL TERRITORY						
2	B-31-05, Pavillion Residences 2, No.77, Jalan Raja Chulan, 50200 Kuala Lumpur*	Service Residences	2009	17	223	31/12/2099	1,655
3	39-08, Menara The Stride Bukit Bintang City Centre, No 2, Jalan Hang Tuah, Bukit Bintang, 55100 Kuala Lumpur*	Strata office	2017	2	110	freehold	1,309
	NEGERI SEMBILAN						
4	HS(D) 43950 to HS(D) 43963 Lot 10807 To Lot 10820 Mukim Rentau, Daerah Seremban	Industrial Land; Factory and Office Building	1989	- 34, 13 26	61,500	freehold	23,863
5	Lot 10806, GRN 116899 Tuanku Jaafar Industrial Estate Sungai Gadut, Daerah Seremban	Industrial Land, Warehouse	2013	- 28	44,456	freehold	15,039
6	Hakmilik PN229220, Lot 1780, Pekan Senawang, Daerah Seremban	Industrial Land	2016	-	12,173	20/7/2052	24,967
	Hakmilik H.S.(D) 128462, P.T. 1329 (Plot 75B), Mukim Ampangan, Daerah Seremban	Industrial Land; Factory and Office Building	2016	36	16,187	8/7/2080	
	Hakmilik PN 48805, Lot 61215, Pekan Senawang, Daerah Seremban	Industrial Land, Factory and Office Building	2016	44	40,000	11/12/2074	
	SINGAPORE						
7	#08-10 Goodwood Residence 263, Bukit Timah Road 259704 Singapore	Condominium	2010	10	233	freehold	12,307
	THE PEOPLE REPUBLIC OF CHINA						
8	Zhujing Development Area Jinshan Country, Shanghai	Industrial Land, Factory/Office Building	1992	- 29	199,350	05/11/2042	17,989
9	Unit 610, 5th Floor, No. 108 Qibao Wan Xin International Center Lane 1333, Xinlong Road, Shanghai	Office Unit	2018	5	250.79	2069	8,241
	AUSTRALIA						
10	Unit 5102 11 Bale Circuit Southbank VIC 3026	Condominium	2020	4	190	freehold	6,801

KIM HIN INDUSTRY BERHAD
Registration No.: 197301003569 (18203-V)
(Incorporated in Malaysia)

Number of shares held	
CDS Account No.	

FORM OF PROXY

I/We .... (Name in full) .... (IC/Company No.)

of .... (Address) being a member/

members of KIM HIN INDUSTRY BERHAD ("the Company"), hereby appoint ....

(Name in full) .... (IC No.) of ....

.... (Address) or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifty-First Annual General Meeting ("51st AGM") of the Company to be held at Kim Hin Industry Berhad's Conference Room, 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia on Thursday, 30 May 2024, at 2.00 p.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To re-elect Dato' John Chua Seng Chai as the Director of the Company pursuant to Clause 118 of the Constitution of the Company.		
2.	To re-elect Mdm. Pauline Getrude Chua Hui Lin as the Director of the Company pursuant to Clause 118 of the Constitution of the Company.		
3.	To re-elect Dato Sim Kheng Boon as the Director of the Company pursuant to Clause 117 of the Constitution of the Company.		
4.	To re-elect Mr. Kho Soon Kheng as the Director of the Company pursuant to Clause 117 of the Constitution of the Company.		
5.	To approve the payment of Directors' fees amounting to RM267,000 for the financial year ended 31 December 2023.		
6.	To approve the payment of Directors' fees and Directors' meeting allowances up to RM330,000 for the financial year ending 31 December 2024.		
7.	To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.		
8.	To authorise the Directors to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016 and to approve the waiver of statutory pre-emptive rights of the shareholders of the Company.		
9.	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Shareholders' Mandate").		

Please indicate "X" in the appropriate box against each resolution how you wish your vote to be casted. If no specific direction as to voting is indicated, the proxy will vote or abstain at his/her direction.

Dated this .... day of May 2024.

....
Signature of shareholder(s)/common seal

Notes

1. *Only Depositors whose names appear in the General Meeting Record of Depositors as at 23 May 2024 be regarded as Members and shall be entitled to attend, speak and vote at the 51st AGM.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her place. A proxy need not be a member of the Company. Where a holder appoints two or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
3. *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.*
4. *A corporation which is a member may by resolution of its directors authorise such person as it thinks fit to act as its representative at the meeting pursuant to Section 333 of the Companies Act 2016 and the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney, and the person so appointed may attend and vote at the meeting at which the appointer is entitled to vote.*
6. *The instrument appointing a proxy or representative must be deposited at the registered office at 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia not less than forty-eight (48) hours before the time for holding the meeting.*
7. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*
8. *Registration will start at 1:00 p.m. at Kim Hin Industry Berhad's Conference Room, 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia on Thursday, 30 May 2024.*

Affix Stamp

The Company Secretary
Kim Hin Industry Berhad
Registration No.: 197301003569 (18203-V)
4 $^{1}/_{2}$ Mile, Kung Phin Road,
Off Penrissen Road,
93250 Kuching, Sarawak, Malaysia.

KIM HIN INDUSTRY BERHAD

Registration No.: 197301003569 (18203-V)

Head Office and Factory

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