



Financial STATEMENTS

Directors' Report
and Audited Financial
Statements For the
Financial Year Ended
31 December 2025

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 2025.

Principal activities

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the Group comprise, inter alia, the manufacture, trading and distribution of ceramic tiles and related building materials, franchising, property investment, wholesale and retail of tiles, pavers, natural stone and related products, as well as investment holding.

There were no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

Results

	Group RM'000	Company RM'000
Loss net of tax	(23,917)	(12,144)
Loss attributable to:		
Owners of the parent	(25,502)	(12,144)
Non-controlling interests	1,585	-
	(23,917)	(12,144)

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 permitted by Section 127 of the Companies Act 2016, the Company purchases its own shares and holds them as treasury shares. As at 31 December 2025, the Company held a total of 15,376,900 treasury shares. Accordingly, the number of ordinary shares in issue with voting rights, after excluding treasury shares, was 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 **	
Kho Soon Kheng	
Dato Sim Kheng Boon	
Aw Tai Hui	

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

DIRECTORS' REPORT (CONT'D)

Directors (cont'd.)

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

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	5,124	3,381
	5,289	3,546
Non-Executive Directors' remuneration		
Fees	99	99
Other emoluments	7	7
	5,395	3,652
Estimated monetary value of benefits-in-kind	139	50
Total directors' remuneration including benefits-in-kind	5,534	3,702

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 RM18,000. 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 are as follows:

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

	Number of ordinary shares		
	At 1.1.2025	Acquired	At 31.12.2025
Chua Seng Huat	1,113,225	8,683,740	9,796,965
Dato' John Chua Seng Chai	524,650	-	524,650
Chua Seng Guan	566,000	-	566,000
Chua Yew Lin	242,400	-	242,400
Pauline Getrude Chua Hui Lin	328,900	-	328,900
Aw Tai Hui	10,000	-	10,000

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

	Number of ordinary shares	
	At 1.1.2025 and 31.12.2025	
Indirect interest via holding company		
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 all known bad debts had been written off 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) the amount written off for 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 and liabilities of the Group and of the Company misleading or inappropriate.

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

DIRECTORS' REPORT (CONT'D)

Other statutory information (cont'd.)

- (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 and 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.

Subsequent event

Details of subsequent event is disclosed in Note 42 to the financial statements.

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 the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT and affiliated company	374	169
Other auditors	514	-
	888	169
	888	169

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 2025.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 April 2026.

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 75 to 159 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2025 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 2026.

Chua Seng Huat

Chua Seng Guan

Statutory
DECLARATION

PURSUANT TO SECTION 251(2) 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 75 to 159 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 2026

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 2025 of the Group and of the Company, and 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 75 to 159.

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 2025, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting 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"), as applicable to audits of financial statements of public interest entities 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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company.

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 2025, the carrying amounts of the Group's PPE and ROU assets amounted to RM81.0 million and RM48.7 million, respectively, representing approximately 22% and 13% of the Group's total assets.

In accordance with MFRS 136 *Impairment of Assets*, an impairment review is required when there are indicators of impairment. During the current financial year, impairment indicators existed as the Group was loss-making and its market capitalisation was lower than the carrying amount of its net assets. Accordingly, management performed impairment assessments to estimate the recoverable amounts of the related cashgenerating units ("CGUs") to which the PPE and ROU assets were allocated. The recoverable amounts were determined based on the higher of value in use ("VIU") and fair value less costs of disposal ("FVLCD").

Following the impairment assessments for the financial year ended 31 December 2025, the Group recognised a net reversal of impairment for PPE amounting to RM0.2 million and an impairment loss of RM6.9 million for ROU assets.

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

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.)

The impairment review of PPE and ROU assets was significant to our audit due to the material carrying amounts involved and the level of judgement and estimation required in determining the recoverable amounts of the CGUs, including the selection of valuation methodologies and key assumptions. As a result, this matter was of particular audit focus and was determined to be a key audit matter.

Our audit procedures included, amongst others, the following:

- i. We reviewed management's determination of the CGUs to assess whether the allocation of PPE and ROU assets was appropriate and consistent with the manner in which the Group monitors its operations;
- ii. We evaluated management's assessment of impairment indicators for PPE and ROU assets, taking into consideration both internal and external factors, including the Group's financial performance and market-based indicators;
- iii. We evaluated the appropriateness of the valuation techniques, key assumptions and data used by management in determining the recoverable amounts of the CGUs, whether based on VIU or FVLCD, including where management relied on valuation reports or published market data of comparable properties;
- iv. For impairment assessments based on FVLCD where independent professional valuers were engaged, we assessed the objectivity, competence and capabilities of the valuers. We also held discussions with the independent valuers and challenged the significant assumptions and estimates applied in their valuation processes;
- v. For impairment assessments based on VIU, we assessed the reasonableness of significant and sensitive assumptions applied by management by comparing them with internally derived information and relevant market data. This included evaluating the appropriateness of discount rates, growth rates, royalty rates and terminal values, and performing sensitivity analyses where considered necessary; and
- vi. We assessed whether the disclosures in the financial statements relating to the impairment review of PPE and ROU assets were adequate and in accordance with the requirements of MFRS 136. The disclosures are provided in Notes 2.11, 3.2 (a), 14 and 15 to the financial statements.

Net realisable value of inventories

As at 31 December 2025, the Group's inventories amounted to RM87.6 million, representing approximately 24% of the Group's total assets. During the financial year, the Group recorded a net write-back of inventories amounting to RM1.6 million, as disclosed in Note 20 to the financial statements.

Inventories are stated at the lower of cost and net realisable value ("NRV"). The assessment of NRV involves significant judgement, particularly in relation to finished goods and slow-moving inventories, where management is required to evaluate inventory ageing, expected future sales, and recoverability. Given the significance of the inventory balance and the judgement involved in determining the extent of inventory write-down or write-back, we identified this as a key audit matter.

Our audit procedures included, amongst others, the following:

- i. We attended and observed physical year-end inventory counts on a sampling basis to verify the existence and condition of inventories;
- ii. We assessed the basis of inventory provisioning, evaluated management's analyses of slow-moving inventories, and reviewed the assumptions and methodology applied in determining inventory write-downs or write-backs;
- iii. We tested the net realisable value of inventories on a sampling basis by comparing their carrying amounts to actual selling prices based on sales made near to or subsequent to the financial year end;
- iv. We assessed the reliability of inventory ageing reports prepared by management used in identifying slow-moving and aged inventories; and
- v. We considered the adequacy of disclosures relating to inventories in accordance with the applicable accounting standards, as disclosed in Notes 2.16, 3.2(b) and 20 to the financial statements.

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

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

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' 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 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.

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 MFRS Accounting Standards, IFRS Accounting 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 scepticism throughout the audit. We also:

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 17 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

LOW KHUNG LEONG
No. 02697/01/2027 J
Chartered Accountant

Kuching, Malaysia
29 April 2026

Statements of Profit or Loss and Other
COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	4	258,909	311,250	1,103	1,173
Cost of sales		(175,694)	(212,496)	-	-
Gross profit		83,215	98,754	1,103	1,173
Other operating income	6(a)	18,079	8,074	906	6,757
Selling and distribution costs		(43,599)	(52,430)	-	-
Administrative expenses		(67,277)	(65,709)	(7,548)	(7,502)
Other operating expenses	6(b)	(10,442)	(13,953)	(9,937)	(7,050)
Operating loss		(20,024)	(25,264)	(15,476)	(6,622)
Other income		175	32	175	32
Other expenses		-	(338)	-	(338)
Finance income	7(a)	834	530	3,202	3,583
Finance costs	7(b)	(2,025)	(2,029)	-	-
Loss before tax	8	(21,040)	(27,069)	(12,099)	(3,345)
Income tax expense	11	(2,877)	(1,124)	(45)	(60)
Loss net of tax		(23,917)	(28,193)	(12,144)	(3,405)
Other comprehensive loss:					
<i>Other comprehensive loss that will be reclassified to profit or loss in subsequent periods (net of tax):</i>					
Exchange translation differences on foreign subsidiaries		(2,181)	(1,296)	-	-
Other comprehensive loss for the year, net of tax		(2,181)	(1,296)	-	-
Total comprehensive loss for the year		(26,098)	(29,489)	(12,144)	(3,405)
Loss attributable to:					
Owners of the parent		(25,502)	(29,209)	(12,144)	(3,405)
Non-controlling interests		1,585	1,016	-	-
		(23,917)	(28,193)	(12,144)	(3,405)
Total comprehensive loss attributable to:					
Owners of the parent		(27,131)	(29,978)	(12,144)	(3,405)
Non-controlling interests		1,033	489	-	-
		(26,098)	(29,489)	(12,144)	(3,405)
Loss per share attributable to owners of the parent (sen):					
- Basic and diluted	12	(18.18)	(20.83)		

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

Consolidated Statement of
FINANCIAL POSITION
 AS AT 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	80,992	86,021
Right-of-use assets	15	48,680	45,329
Investment properties	16	30,948	33,226
Other investments	18	1,658	13,027
Intangible assets	19	3,918	4,343
Deferred tax assets	27	2,244	4,195
		<u>168,440</u>	<u>186,141</u>
Current assets			
Inventories	20	87,577	89,533
Trade and other receivables	21	46,392	48,823
Other current assets	22	6,265	2,699
Tax recoverable		457	249
Derivative assets	28	86	-
Cash and bank balances	23	63,090	43,457
		<u>203,867</u>	<u>184,761</u>
Assets held for sale	13	-	8,993
		<u>203,867</u>	<u>193,754</u>
TOTAL ASSETS		<u><u>372,307</u></u>	<u><u>379,895</u></u>

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

Consolidated Statement of **FINANCIAL POSITION** AS AT 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	24	206,658	206,658
Treasury shares	24	(24,309)	(24,309)
Other reserves	25	16,103	17,564
Retained earnings		41,800	67,470
		<hr/>	<hr/>
		240,252	267,383
		11,658	10,625
		<hr/>	<hr/>
Non-controlling interests			
		251,910	278,008
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings	26	79	2,436
Deferred tax liabilities	27	1,175	1,203
Trade and other payables	29	853	717
Provisions	30	1,521	370
Lease liabilities	31	18,607	12,420
		<hr/>	<hr/>
		22,235	17,146
		<hr/>	<hr/>
Current liabilities			
Loans and borrowings	26	11,306	8,869
Derivative liabilities	28	-	14
Trade and other payables	29	69,646	60,134
Provisions	30	2,460	4,815
Lease liabilities	31	10,560	7,655
Other current liability	32	3,173	2,993
Tax payable		1,017	261
		<hr/>	<hr/>
		98,162	84,741
		<hr/>	<hr/>
TOTAL LIABILITIES		120,397	101,887
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		372,307	379,895
		<hr/> <hr/>	<hr/> <hr/>

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

Statement of
FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	4,170	4,474
Right-of-use assets	15	10,473	11,193
Investment properties	16	13,265	13,613
Investment in subsidiaries	17	88,787	90,090
Other investments	18	1,658	13,027
		<u>118,353</u>	<u>132,397</u>
Current assets			
Other receivables	21	62,072	64,612
Other current assets	22	282	230
Tax recoverable		223	232
Cash and bank balances	23	5,665	3,654
		<u>68,242</u>	<u>68,728</u>
TOTAL ASSETS		<u><u>186,595</u></u>	<u><u>201,125</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	24	206,658	206,658
Treasury shares	24	(24,309)	(24,309)
Retained earnings		3,598	15,742
TOTAL EQUITY		<u>185,947</u>	<u>198,091</u>
Current liabilities			
Other payables	29	560	2,905
Provisions	30	88	129
		<u>648</u>	<u>3,034</u>
TOTAL LIABILITIES		<u>648</u>	<u>3,034</u>
TOTAL EQUITY AND LIABILITIES		<u><u>186,595</u></u>	<u><u>201,125</u></u>

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 2025

	Attributable to equity holders of the Company						Total equity
	Non-distributable			Distributable			
	Share capital (Note 24)	Treasury shares (Note 24)	Reserve and enterprise expansion funds (Note 25)	Translation adjustment account (Note 25)	Retained earnings	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2025	206,658	(24,309)	7,015	10,549	67,470	10,625	278,008
Loss net of tax	-	-	-	-	(25,502)	1,585	(23,917)
Other comprehensive loss	-	-	-	(1,629)	-	(552)	(2,181)
Transfer between reserve	-	-	168	-	(168)	-	-
Total comprehensive loss	-	-	168	(1,629)	(25,670)	1,033	(26,098)
At 31 December 2025	206,658	(24,309)	7,183	8,920	41,800	11,658	251,910
At 1 January 2024	206,658	(24,309)	7,015	11,318	96,679	10,136	307,497
Loss net of tax	-	-	-	-	(29,209)	1,016	(28,193)
Other comprehensive loss	-	-	-	(769)	-	(527)	(1,296)
Total comprehensive loss	-	-	-	(769)	(29,209)	489	(29,489)
At 31 December 2024	206,658	(24,309)	7,015	10,549	67,470	10,625	278,008

Statement of
CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Non-distributable Share capital (Note 24) RM'000	Treasury shares (Note 24) RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2025	206,658	(24,309)	15,742	198,091
Loss net of tax, representing total comprehensive loss for the year	-	-	(12,144)	(12,144)
At 31 December 2025	<u>206,658</u>	<u>(24,309)</u>	<u>3,598</u>	<u>185,947</u>
At 1 January 2024	206,658	(24,309)	19,147	201,496
Loss net of tax, representing total comprehensive loss for the year	-	-	(3,405)	(3,405)
At 31 December 2024	<u>206,658</u>	<u>(24,309)</u>	<u>15,742</u>	<u>198,091</u>

Consolidated Statement of
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Operating activities			
Loss before tax		(21,040)	(27,069)
Adjustments for:			
Allowance for expected credit losses on trade receivables, net	6(b)	180	545
Bad debts written off	6(b)	1,159	-
Depreciation of property, plant and equipment	8	8,126	8,132
Depreciation of right-of-use assets	8	10,696	9,294
Depreciation of investment properties	8	1,091	1,478
Amortisation of intangible assets	8	95	418
Dividend income	4	(47)	(117)
Gain on disposal of investment properties	6(a)	(229)	-
Gain on disposal of other investments	8	(71)	(32)
(Gain)/loss on disposal of property, plant and equipment	6	(3,602)	31
Gain on disposal of assets held for sale	6(a)	(708)	-
(Gain)/loss on modification of leases	6	(46)	70
(Gain)/loss on fair value changes for derivatives	6	(100)	138
(Gain)/loss on fair value changes for other investments	8	(104)	338
(Reversal of)/impairment loss on property, plant and equipment	6	(178)	575
Impairment loss on investment properties	6(b)	597	937
Impairment loss on intangible assets, net	6(b)	330	3,418
Impairment loss on right-of-use assets, net	6(b)	6,926	1,940
Interest expense	7(b)	2,025	2,029
Interest income	7(a)	(834)	(530)
Write-back of inventories, net	6(a)	(1,594)	(497)
Inventories written off	6(b)	93	119
Property, plant and equipment written off	6(b)	316	736
Unrealised loss on foreign exchange, net	6(b)	688	5,284
Operating cash flows before working capital changes		3,769	7,237
Changes in working capital:			
Inventories		2,534	9,162
Receivables		326	1,079
Other current assets		(3,566)	(404)
Payables		10,659	(1,450)
Provision		(980)	444
Other current liability		180	96
Cash generated from operations		12,922	16,164
Interest paid		(2,025)	(2,029)
Taxes paid, net of refund		(529)	(1,216)
Net cash generated from operating activities		10,368	12,919

Consolidated Statement of
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Investing activities			
Acquisition of investment properties	16	(158)	(715)
Acquisition of property, plant and equipment	14	(3,819)	(3,375)
Acquisition of other investments		-	(16,045)
Interest received		834	530
Proceeds from disposal of other investments		11,591	20,470
Proceeds from disposal of property, plant and equipment		3,607	221
Proceeds from disposal of investment property		471	-
Proceeds from disposal of assets held for sale (Placement)/upliftment of short-term deposits with maturity more than 3 months		9,701	758
		<u>(23,870)</u>	<u>1,756</u>
Net cash (used in)/generated from investing activities		<u>(1,643)</u>	<u>3,600</u>
Financing activities			
Drawdown/(repayment) of trade facilities, net		2,253	(2,357)
Payment of principal portion of lease liabilities		(11,729)	(10,229)
Payment of principal portion of hire purchase		(104)	(148)
Repayment of term loans		(2,378)	(3,061)
		<u>(11,958)</u>	<u>(15,795)</u>
Net cash used in financing activities		<u>(11,958)</u>	<u>(15,795)</u>
Net (decrease)/increase in cash and cash equivalents		(3,233)	724
Net foreign exchange differences		(1,244)	(2,262)
Cash and cash equivalents at the beginning of the year		35,502	37,040
Cash and cash equivalents at the end of the year	23	<u>31,025</u>	<u>35,502</u>

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 2025

	Note	2025 RM'000	2024 RM'000
Operating activities			
Loss before tax		(12,099)	(3,345)
Adjustments for:			
Depreciation of property, plant and equipment	8	333	366
Depreciation of right-of-use assets	8	720	743
Depreciation of investment properties	8	348	349
Dividend income	4	(47)	(117)
Gain on disposal of other investments	8	(71)	(32)
(Gain)/loss on fair value changes for other investments	8	(104)	338
Expected credit loss/(reversal) on amount due from subsidiaries	6	2,922	(5,747)
Impairment loss on investment in subsidiaries	6(b)	6,813	6,357
Interest income	7(a)	(3,202)	(3,583)
Property, plant and equipment written off	6(b)	1	-
Unrealised loss on foreign exchange	6(b)	201	687
Operating cash flows before working capital changes		(4,185)	(3,984)
Changes in working capital:			
Other receivables		(500)	(8,760)
Other current assets		(52)	(213)
Other payables		(2,345)	1,762
Provisions		(41)	3
Cash used in operating activities		(7,123)	(11,192)
Tax paid		(36)	(120)
Net cash used in operating activities		(7,159)	(11,312)
Investing activities			
Acquisition of property, plant and equipment	14	(30)	(25)
Acquisition of other investments		-	(16,045)
Acquisition of shares in subsidiaries		(5,510)	-
Interest received		3,202	3,583
Proceeds from disposal of other investments		11,591	20,470
(Placement)/upliftment of short-term deposits with maturity more than three months		(99)	3,094
Net cash generated from investing activities		9,154	11,077
Net increase/(decrease) in cash and cash equivalents		1,995	(235)
Net foreign exchange difference		(83)	(6)
Cash and cash equivalents at the beginning of the year		654	895
Cash and cash equivalents at the end of the year	23	2,566	654

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

Notes to the
FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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 17. 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 MFRS Accounting Standards ("MFRS"), IFRS Accounting 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 MFRS Accounting Standards (collectively referred to as "pronouncements"), which are effective for annual financial periods as follows:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Group's or the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2.3 Pronouncements issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Annual Improvement to MFRS Accounting Standards - Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 9: Financial Instruments and MFRS 7: Financial Instruments: Disclosures: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
MFRS 18: Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors do not expect any material impact to the financial statements from the adoption of the above pronouncements in the period of initial application, except for the following:

MFRS 18 Presentation and Disclosure in Financial Statements

In June 2024, the MASB issued MFRS 18, which replaces MFRS 101 Presentation of Financial Statements. MFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to MFRS 107 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

The Group and the Company are currently working to identify the impact the amendments will have on the primary financial statements and notes to the financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, all are prepared as at the same reporting date. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

2.4 Basis of consolidation (cont'd.)

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.

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.

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).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

2.6 Foreign currencies

The Group's consolidated financial statements are presented in Malaysian Ringgit, 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 at 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).

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 recognise 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 Malaysian Ringgit 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

2.6 Foreign currencies (cont'd.)

(ii) Group companies (cont'd.)

The closing exchange rates used for principal foreign currency ruling at the reporting date are as follows:

	2025	2024
	RM	RM
Australian Dollar ("AUD")	2.71900	2.78400
Renminbi ("RMB")	0.57812	0.61162
1000 Vietnam Dong	0.15399	0.17522
United States Dollar ("USD")	4.06000	4.47600
Singapore Dollar ("SGD")	3.15900	3.29700
Euro Dollar ("EUR")	4.78100	4.66900
Japanese Yen ("JPY")	2.60000	2.83900

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. 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. 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 17%
Plant, machinery and equipment	9% to 50%
Motor vehicles	9% to 25%
Furniture, fittings and office equipment	9% to 33%

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 financial year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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. Capital work-in-progress is not depreciated as these assets are not yet available for use.

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.

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 have 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 (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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 is 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 (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

The Group and the Company have not designated any financial assets at fair value through OCI.

Subsequent measurement

(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.

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

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 and 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 (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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 bank balances

Cash and bank balance in the statement of financial position comprise cash at banks and on hand, short-term highly liquid deposits that are held for the purpose of meeting short-term cash commitments and are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

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 sales and service tax payable), loans and borrowings, derivative liabilities and lease liabilities

Subsequent measurement

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

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, allowances and social security contributions are recognised as an expense in the financial 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.

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.

(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.

2.21 Leases

(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

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	27 to 99 years
Buildings	2 to 7.2 years
Plant and machinery	3 to 7.8 years
Motor vehicles and other equipment	1 to 5 years

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

2.21 Leases (cont'd.)

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

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

Leasehold land is depreciated over the residual lease period. Leasehold land with a lease term of less than 50 years is classified as short-term leasehold land, while leasehold land with a lease term of 50 years or more is classified as long-term leasehold land, as disclosed in Note 15.

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 (i.e., 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

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.

(ii) Significant financing component

The Group applies the practical expedient for short-term advances received from 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

2.23 Revenue and other income (cont'd.)

(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.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

2.24 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

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 in the financial 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 Group and the Company offset deferred tax assets and deferred tax liabilities if and only if they have a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

Revenue is recognised net of the amount of SST as it is payable to the taxation authority. SST includes similar consumption taxes in other jurisdictions, such as goods and service tax in Australia and value added tax in China and Vietnam. SST payable to the taxation authority is included as part of other current liability 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 where the SST is not recoverable from the taxation authority.

2.25 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs are incurred in connection with the borrowing of funds.

2.26 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.

2.27 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

2.28 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.

2.29 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.

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

The following are critical management judgements in applying the accounting policies of the Group that have the most significant effect on these financial statements.

(a) Classification between investment properties and owner-occupied properties

The Group applies judgement in determining whether a property qualifies as an investment property. Investment properties are defined as properties held to earn rental income, for capital appreciation, or for both.

Certain properties comprise portions that are held to earn rentals or for capital appreciation and other portions that are held for administrative or operational purposes. The Group accounts for these portions separately where they can be sold separately or leased out separately under a finance lease.

If the portions cannot be sold or leased out separately, the property is classified as an investment property only when the portion held for administrative or operational use is insignificant. Otherwise, the property is classified as owner-occupied.

Further details of properties are disclosed in Note 14.

(b) Recognition of deferred tax assets

Significant judgement is required in assessing whether deferred tax assets should be recognised. Deferred tax assets arising from unutilised tax losses, unabsorbed capital allowances, reinvestment allowances, incentive allowances and other temporary differences are recognised only to the extent that it is considered probable that sufficient taxable profits will be available against which these attributes can be utilised.

In making this judgement, management assesses the timing and level of forecast taxable profits, the expiry profile of the tax attributes, historical operating performance of the relevant subsidiaries, and the effectiveness of tax planning strategies that may be available. Due to uncertainty over the generation of future taxable profits within the applicable utilisation periods, particularly for entities with recent losses or limited profit history, deferred tax assets amounting to RM51.8 million (2024: RM56.9 million), have not been recognised as at the reporting date, as disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

3.2 Key sources of estimation uncertainty

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

(a) Impairment assessment of assets

During the financial year, the Group and the Company reported the following:

	Group	
	2025 RM'000	2024 RM'000
(Reversal of)/impairment loss on property, plant and equipment (Note 14)	(178)	575
Impairment loss on investment properties (Note 16)	597	937
Impairment loss on intangible assets (Note 19)	330	3,418
Impairment loss on right-of-use assets (Note 15)	6,926	1,940
	6,813	6,357

	Company	
	2025 RM'000	2024 RM'000
Impairment loss on investment in subsidiaries (Note 17)	6,813	6,357
	6,813	6,357

The significant estimates and judgements applied in assessing these impairment losses and reversals are disclosed in the respective notes above.

(b) Net realisable value of inventories

During the financial year, the Group recognised a net reversal of inventories to their net realisable value amounting to RM1,594,000 as disclosed in Note 20.

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 RM Nil for the Malaysian subsidiaries. Carrying amount of finished goods aged between 1 to 3 years amounted to RM9,119,000 as at the reporting date. Allowance for slow moving would be made for these inventories in the event that they continue to be slow moving.

For foreign 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 subsidiaries operate. Changes in the inventory ageing and expected sales patterns may have an impact on the provision recorded. In assessing the extent of write-down/(reversal) for slow moving inventories, the management, having considered all available information including the subsequent realisable prices of these inventories, are of the opinion that these goods can be realised in the ordinary course of business. Carrying amount of finished goods aged more than 1 year amounted to RM5,504,000 as at the reporting date.

(c) Allowance for expected credit loss of receivables

During the financial year, the Group recognised an allowance for expected credit losses of trade receivables amounting to RM180,000 (2024: RM545,000) and the Company recognised an additional allowance for expected credit losses on amounts due from subsidiaries of RM2,922,000 (2024: reversal of RM5,747,000), as disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

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

(c) Allowance for expected credit loss of receivables (cont'd.)

The Group and the Company apply the simplified approach in measuring the allowance for expected credit losses ("ECL") on receivables. Under this approach, lifetime ECL is recognised for trade receivables, while ECL for other receivables, including amounts due from subsidiaries, is assessed based on their individual credit risk characteristics. The determination of ECL involves significant estimates and judgement.

In measuring ECL, management considers assumptions relating to probability of default and expected loss rates, which are based on historical collection experience, the financial position of counterparties, prevailing market conditions, and forward-looking information as at the reporting date. Receivable balances and the related allowances are reviewed on an ongoing basis. Future ECL will vary depending on changes to the assumptions mentioned above.

4. Revenue

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

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Sales of goods	253,717	305,244	-	-
Rendering of services:				
- Franchisee management fee	5,145	5,889	-	-
- Management fees from subsidiaries	-	-	1,056	1,056
	258,862	311,133	1,056	1,056
Other revenue				
Dividend income from unquoted securities in Malaysia	47	117	47	117
Total revenue	258,909	311,250	1,103	1,173

Disaggregation of revenue

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

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Geographical regions				
Malaysia	137,406	162,478	1,056	1,056
China	16,308	19,236	-	-
Australia	104,181	128,018	-	-
Vietnam	967	1,401	-	-
	258,862	311,133	1,056	1,056
Timing of revenue recognition				
At a point in time	253,717	305,244	-	-
Over time	5,145	5,889	1,056	1,056
	258,862	311,133	1,056	1,056

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4. Revenue (cont'd.)

Revenue is recognised when the Group and the Company satisfy a performance obligation by transferring a promised good or service to a 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.

Sale of goods

Revenue from the sale of ceramic tiles, building materials and related products is recognised at a point in time, when control of the goods is transferred to the customer. Control is generally considered to be transferred upon acceptance of the goods by customers, at which point the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods.

Payment for goods sold is generally due within 30 to 120 days (2024: 30 to 120 days) from the date of delivery.

Revenue is stated net of trade discounts, rebates, volume discounts and sales returns.

Rendering of services

Revenue from the rendering of services, including franchisee management fees and management fees charged to subsidiaries, is recognised over time, as the services are provided, because customers simultaneously receive and consume the benefits as the Group and the Company perform.

Revenue is measured based on the contractual consideration specified in the relevant service agreements, where applicable.

Variable consideration

Rebates, discounts and returns are generally settled within the normal billing cycle, and no material refund liabilities or right-of-return assets were recognised during the financial year. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Contract balances

Revenue is generally billed and settled in line with the satisfaction of the related performance obligations. Accordingly, the Group and the Company do not have material contract assets or contract liabilities.

Remaining performance obligations

The Group's and the Company's contracts with customers generally do not extend beyond a year. Accordingly, the Group and the Company have applied the practical expedient under MFRS 15 and has not disclosed information about remaining performance obligations that are unsatisfied or partially satisfied at the end of the reporting period.

5. Segmental reporting

The Group operates principally in one industry and is organised into four operating segments based on geographical locations, in accordance with the information reported internally to the management.

The Group's operating segments are identified based on internal reporting regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of segment performance.

Segment performance is evaluated based on profit or loss net of tax and non-controlling interests.

Segment results, assets and liabilities comprise items that are directly attributable to the respective segments, as well as items that can be allocated on a reasonable basis.

Transfers between operating segments are priced on mutually agreed terms. Segment revenue, expenses and results include transfers between operating segments. Such inter-segment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5. 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 2025					
Revenue					
Total sales	149,851	18,068	104,181	967	273,067
Less: Inter-segment sales	(12,398)	(1,760)	-	-	(14,158)
External sales	<u>137,453</u>	<u>16,308</u>	<u>104,181</u>	<u>967</u>	<u>258,909</u>
Results					
Segment operating (loss)/profit	(15,526)	9,973	(13,920)	(551)	(20,024)
Other income	175	-	-	-	175
Finance income	238	495	101	-	834
Finance costs	(549)	-	(1,476)	-	(2,025)
(Loss)/profit before tax	(15,662)	10,468	(15,295)	(551)	(21,040)
Income tax (expense)/credit	(269)	(2,636)	28	-	(2,877)
(Loss)/profit for the year	(15,931)	7,832	(15,267)	(551)	(23,917)
Non-controlling interests	-	(1,750)	-	165	(1,585)
(Loss)/profit attributable to owners of the parent	<u>(15,931)</u>	<u>6,082</u>	<u>(15,267)</u>	<u>(386)</u>	<u>(25,502)</u>
Assets					
Segment assets	235,543	61,925	66,166	396	364,030
Other investments	1,658	-	-	-	1,658
Intangible assets	-	-	3,918	-	3,918
Tax recoverable	457	-	-	-	457
Deferred tax assets	1,762	482	-	-	2,244
Total assets	<u>239,420</u>	<u>62,407</u>	<u>70,084</u>	<u>396</u>	<u>372,307</u>
Liabilities					
Segment liabilities	33,713	6,582	37,302	56	77,653
Loans and borrowings	5,861	-	5,524	-	11,385
Lease liabilities	3,897	-	25,270	-	29,167
Tax payable	-	1,017	-	-	1,017
Deferred tax liabilities	-	-	1,175	-	1,175
Total liabilities	<u>43,471</u>	<u>7,599</u>	<u>69,271</u>	<u>56</u>	<u>120,397</u>
Other information					
Dividend income	47	-	-	-	47
Depreciation (Note A)	10,688	1,662	7,535	28	19,913
Amortisation of intangible assets	-	-	95	-	95
Additions to non-current assets (Note B)	9,378	-	16,200	-	25,578
Impairment loss on non-current assets (Note C)	(1,424)	-	9,099	-	7,675
Inventories (write-back)/written down	(1,211)	(553)	194	(24)	(1,594)
Property, plant and equipment written off	-	316	-	-	316
Gain on disposal of property, plant and equipment	(104)	(3,498)	-	-	(3,602)
Gain on disposal of assets held for sale	(708)	-	-	-	(708)
Interest income	<u>2,137</u>	<u>495</u>	<u>(1,798)</u>	<u>-</u>	<u>834</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5. 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 2024					
Revenue					
Total sales	177,508	21,116	128,018	1,401	328,043
Less: Inter-segment sales	(14,913)	(1,880)	-	-	(16,793)
External sales	162,595	19,236	128,018	1,401	311,250
Results					
Segment operating (loss)/profit	(17,949)	2,956	(9,791)	(480)	(25,264)
Other income	32	-	-	-	32
Other expenses	(338)	-	-	-	(338)
Finance income	125	276	129	-	530
Finance costs	(463)	-	(1,566)	-	(2,029)
(Loss)/profit before tax	(18,593)	3,232	(11,228)	(480)	(27,069)
Income tax (expense)/credit	(282)	1,696	(2,538)	-	(1,124)
(Loss)/profit for the year	(18,875)	4,928	(13,766)	(480)	(28,193)
Non-controlling interests	-	(1,010)	-	(6)	(1,016)
(Loss)/profit attributable to owners of the parent	(18,875)	3,918	(13,766)	(486)	(29,209)
Assets					
Segment assets	219,177	58,353	70,600	958	349,088
Other investments	13,027	-	-	-	13,027
Intangible assets	-	-	4,343	-	4,343
Tax recoverable	249	-	-	-	249
Deferred tax assets	1,941	2,254	-	-	4,195
Assets held for sale	8,993	-	-	-	8,993
Total assets	243,387	60,607	74,943	958	379,895
Liabilities					
Segment liabilities	30,213	9,840	28,903	87	69,043
Loans and borrowings	5,622	-	5,683	-	11,305
Lease liabilities	414	-	19,661	-	20,075
Tax payable	207	54	-	-	261
Deferred tax liabilities	-	-	1,203	-	1,203
Total liabilities	36,456	9,894	55,450	87	101,887
Other information					
Dividend income	117	-	-	-	117
Depreciation (Note A)	9,516	1,742	7,598	48	18,904
Amortisation of intangible assets	-	-	418	-	418
Additions to non-current assets (Note B)	4,361	-	1,330	-	5,691
Impairment loss on non-current assets (Note C)	(359)	-	7,229	-	6,870
Inventories (write back)/written down	1,248	(309)	(1,319)	(117)	(497)
Property, plant and equipment written off	-	168	568	-	736
(Gain)/loss on disposal of property, plant and equipment	(26)	57	-	-	31
Interest income	125	276	129	-	530

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5. Segmental reporting (cont'd.)

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

Note B: Non-current assets comprise property, plant and equipment, right-of-use assets, and investment properties.

Note C: Non-current assets comprise property, plant and equipment, right-of-use assets, investment properties, and intangible assets.

6. Other operating income and expenses

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(a) Other operating income				
Fumigation charges received	73	205	-	-
Gain on disposal of property, plant and equipment	3,602	-	-	-
Gain on disposal of assets held for disposal	708	-	-	-
Gain on disposal of investment properties	229	-	-	-
Gain on fair value change of derivatives	100	-	-	-
Gain on modification of leases, net	46	-	-	-
Rental income	5,224	5,852	906	1,010
Reversal of impairment loss on amount due from subsidiaries (Note 21)	-	-	-	5,747
Reversal of impairment loss on property, plant and equipment, net (Note 14)	178	-	-	-
Write-back of inventories, net (Note 20)	1,594	497	-	-
Sales of scrap	1,670	402	-	-
Miscellaneous income	4,655	1,118	-	-
	18,079	8,074	906	6,757
(b) Other operating expense				
Allowance for expected credit losses on trade receivables, net (Note 21)	180	545	-	-
Bad debts written off	1,159	-	-	-
Impairment loss on intangible assets (Note 19)	330	3,418	-	-
Impairment loss on investment properties, net of reversal (Note 16)	597	937	-	-
Impairment loss on property, plant and equipment, net (Note 14)	-	575	-	-
Impairment loss on right-of-use assets (Note 15)	6,926	1,940	-	-
Expected credit loss on amount due from subsidiaries (Note 21)	-	-	2,922	-
Impairment loss on investment in subsidiaries (Note 17)	-	-	6,813	6,357
Inventories written off	93	119	-	-
Loss on fair value changes for derivatives	-	138	-	-
Loss on foreign exchange				
- realised	153	160	-	6
- unrealised	688	5,284	201	687
Loss on disposal of property, plant and equipment	-	31	-	-
Loss on modification of leases, net	-	70	-	-
Property, plant and equipment written off (Note 14)	316	736	1	-
	10,442	13,953	9,937	7,050

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

7. Finance income and cost

(a) Finance income

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest income				
- subsidiaries	-	-	3,061	3,557
- others	834	530	141	26
	<u>834</u>	<u>530</u>	<u>3,202</u>	<u>3,583</u>

(b) Finance cost

	Group	
	2025 RM'000	2024 RM'000
Interest expense on:		
Bank overdraft	45	6
Bankers' acceptances	113	73
Hire purchase interest	14	22
Lease liabilities (Note 31)	1,080	934
Term loan	246	448
Trade finance	527	546
	<u>2,025</u>	<u>2,029</u>

8. Loss before tax

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Auditors' remuneration:				
- Statutory audit				
- Ernst & Young PLT and affiliated company	300	565	95	95
- other auditors	514	256	-	-
- Audit related services				
- Ernst & Young PLT	74	74	74	74
- Non-audit services				
- Ernst & Young PLT and affiliated company	66	143	12	91
- other auditors	11	25	-	-
Expense relating to short-term leases (Note 31)	847	1,426	-	-
Expense relating to leases of low-value assets (Note 31)	112	84	8	7
Depreciation of investment properties (Note 16)	1,091	1,478	348	349
Depreciation of property, plant and equipment (Note 14)	8,126	8,132	333	366
Depreciation of right-of-use assets (Note 15)	10,696	9,294	720	743
Amortisation of intangible assets (Note 19)	95	418	-	-
Employee benefits expense (Note 9)	68,658	73,537	4,206	4,048
Non-executive directors' remuneration (Note 10)	106	106	106	106
Gain on disposal of other investments at fair value through profit or loss	(71)	(32)	(71)	(32)
Fair value (gain)/loss on other investments at fair value through profit or loss	(104)	338	(104)	338

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9. Employee benefits expense

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Short term benefits	59,683	64,395	3,439	3,327
Defined contribution plan	6,848	6,856	624	624
Social security contributions	625	503	9	8
Other staff related costs	1,502	1,783	134	89
	68,658	73,537	4,206	4,048
	68,658	73,537	4,206	4,048

Included in employee benefits expense of the Group and of the Company are Executive Directors' remunerations, excluding benefits-in-kind, amounting to RM5,289,000 (2024: RM5,318,000) and RM3,546,000 (2024: RM3,550,000), respectively, as further disclosed in Note 10.

10. Directors' remuneration

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Executive Directors' remuneration				
Fees	165	165	165	165
Other emoluments	5,124	5,153	3,381	3,385
	5,289	5,318	3,546	3,550
Non-Executive Directors' remuneration				
Fees	99	94	99	94
Other emoluments	7	12	7	12
	5,395	5,424	3,652	3,656
Total directors' remuneration	5,395	5,424	3,652	3,656
Estimated monetary value of benefits-in-kind	139	197	50	109
	5,534	5,621	3,702	3,765
	5,534	5,621	3,702	3,765

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Executive:				
Salaries and allowances	4,349	4,376	2,812	2,817
Defined contribution plan	771	773	565	565
Social security contributions	4	4	4	3
	5,124	5,153	3,381	3,385
Fees	165	165	165	165
	5,289	5,318	3,546	3,550
Estimated monetary value of benefits-in-kind	139	197	50	109
	5,428	5,515	3,596	3,659
	5,428	5,515	3,596	3,659

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10. Directors' remuneration (cont'd.)

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-Executive (Note 8):				
Fees	99	94	99	94
Other emoluments	7	12	7	12
	106	106	106	106
Total directors' remuneration	5,534	5,621	3,702	3,765

11. Income tax expense

The major components of income tax expense for the financial years ended 31 December 2025 and 2024 are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Statements of profit or loss and other comprehensive income:				
Current income tax:				
Malaysian income tax	45	790	45	60
Foreign tax	987	-	-	-
Under/(over) provision in previous years:				
Malaysian income tax	45	94	-	-
Foreign tax	-	(132)	-	-
	1,077	752	45	60
Deferred income tax (Note 27):				
Relating to origination and reversal of temporary differences	1,802	383	-	-
Over provision in previous years	(2)	(11)	-	-
	1,800	372	-	-
Income tax expense recognised in profit or loss	2,877	1,124	45	60

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2024: 24%) of the estimated assessable loss for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11. Income tax expense (cont'd.)

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 and the product of accounting loss multiplied by the applicable corporate tax rate are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Accounting loss before tax	(21,040)	(27,069)
Tax at Malaysian statutory tax rate of 24% (2024: 24%)	(5,050)	(6,497)
Effect of different tax rates in other countries	(1,050)	(648)
Effect of income not subject to tax	(1,592)	(127)
Effect of non-deductible expenses for tax purpose	7,752	5,812
Deferred tax assets not recognised, net	2,774	4,144
Utilisation of previously unrecognised deferred tax assets	-	(1,511)
Under/(over) provision of income tax in respect of previous years	45	(38)
Over provision of deferred tax in respect of previous years	(2)	(11)
Income tax expense recognised in profit or loss	<u>2,877</u>	<u>1,124</u>
	Company	
	2025	2024
	RM'000	RM'000
Accounting loss before tax	(12,099)	(3,345)
Tax at Malaysian statutory tax rate of 24% (2024: 24%)	(2,904)	(803)
Effect of income not subject to tax	(53)	(1,415)
Effect of non-deductible expenses for tax purpose	3,002	2,278
Income tax expense recognised in profit or loss	<u>45</u>	<u>60</u>

Deferred tax assets not recognised

The Group has not recognised deferred tax assets on the following 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 legislations:

	Group	
	2025	2024
	RM'000	RM'000
Unutilised tax losses – Malaysian	99,172	92,311
Unutilised tax losses – Other countries	37,020	35,242
Unabsorbed capital allowances	46,275	37,813
Unutilised incentive allowances	2,992	2,992
Unutilised reinvestment allowances	6,538	39,361
Other temporary differences	23,780	29,321
	<u>215,777</u>	<u>237,040</u>
Deferred tax asset @ 24%, if recognised	<u>51,786</u>	<u>56,890</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11. Income tax expense (cont'd.)

During the financial year, reinvestment allowances amounting to RM32,823,000 expired unutilised and were consequently disregarded, as 2025 represented the final year of assessment available for utilisation by the Group under the relevant tax legislation.

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	
	2025	2024
	RM'000	RM'000
Unutilised tax losses to be carried forward until:		
- Year of assessment 2028	3,841	3,841
- Year of assessment 2029	14,002	14,002
- Year of assessment 2030	14,443	14,443
- Year of assessment 2031	17,841	17,841
- Year of assessment 2032	17,988	17,988
- Year of assessment 2033	15,241	15,241
- Year of assessment 2034	8,955	8,955
- Year of assessment 2035	6,861	-
	99,172	92,311
	99,172	92,311

The unutilized tax losses of the Group's subsidiary in Vietnam can only be carried forward for a maximum period of 5 consecutive years of assessment as follows:

	Group	
	2025	2024
	RM'000	RM'000
Unutilised tax losses to be carried forward until:		
- Year of assessment 2025	-	75
- Year of assessment 2026	227	227
- Year of assessment 2027	216	216
- Year of assessment 2028	564	564
- Year of assessment 2029	492	492
- Year of assessment 2030	520	-
	2,019	1,574
	2,019	1,574

During the financial year, the unutilised tax losses of the Group's subsidiary in Vietnam amounting to RM75,000 expired and consequently disregarded, as 2025 represented the final year of assessment available for utilisation by the Group under the relevant tax legislation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12. Loss per share

Basic loss per share is calculated by dividing the loss for the financial 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 and diluted loss per share:

	2025	Group 2024
Loss net of tax attributable to owners of the parent (RM'000)	25,502	29,209
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 and diluted loss per share (sen)	18.18	20.83

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.

13. Assets held for sale

	2025	Group 2024
	RM'000	RM'000
As 1 January	8,993	758
Disposal during the year	(8,993)	(758)
Transfer from property, plant and equipment (Note 14)	-	6,143
Transfer from right-of-use assets (Note 15)	-	2,850
At 31 December	-	8,993

In the previous financial year, the Group committed to a plan to dispose of a leasehold land and building in Seremban, Negeri Sembilan. A buyer was identified in January 2025, and following Directors' approval on 26 February 2025, the Group commenced the sale process. Management assessed the disposal as highly probable, with the asset available for immediate sale and completion expected within one year. Accordingly, as at 31 December 2024, the leasehold land and building were classified as assets held for sale under MFRS 5 and reclassified from property, plant and equipment and right-of-use assets.

Upon classification, the assets were measured at the lower of carrying amount and fair value less costs to sell, with no impairment recognised as the carrying amount was recoverable. Depreciation and amortisation ceased from the date of reclassification.

The disposal was completed in the current financial year. The assets held for sale were previously pledged as security for the Group's loans and borrowings (Note 26), and the related security interests were fully discharged during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

14. Property, plant and equipment

Group	Freehold land and building 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 2025						
Cost						
At 1 January 2025	164,178	352,842	15,595	44,475	564	577,654
Reclassification	11	38	-	-	(49)	-
Additions	74	1,995	6	1,722	22	3,819
Disposals	(254)	(3,188)	(166)	(1,179)	-	(4,787)
Write-off	(4,482)	(14,573)	-	(6,910)	-	(25,965)
Translation differences	(1,859)	603	(147)	(496)	(21)	(1,920)
At 31 December 2025	157,668	337,717	15,288	37,612	516	548,801
Accumulated depreciation and impairment loss						
At 1 January 2025	106,521	330,214	14,307	40,205	386	491,633
Depreciation charge for the year (Note 8)	2,411	3,984	372	1,359	-	8,126
Reversal of impairment during the year, net (Note 6(a))	34	(1,192)	-	980	-	(178)
Disposals	(254)	(3,188)	(166)	(1,174)	-	(4,782)
Write-off	(4,195)	(14,573)	-	(6,881)	-	(25,649)
Translation differences	(1,422)	638	(132)	(404)	(21)	(1,341)
At 31 December 2025	103,095	315,883	14,381	34,085	365	467,809
Net carrying amount						
At 31 December 2025	54,573	21,834	907	3,527	151	80,992

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

Group (cont'd.)	Freehold land and building 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 2024						
Cost						
At 1 January 2024	179,702	354,379	16,828	46,028	440	597,377
Reclassification	-	(1,528)	-	-	1,528	-
Transfer to investment property (Note 16, Note B)	(6,083)	-	-	-	(1,550)	(7,633)
Transfer to assets held for sale (Note A)	(7,390)	-	-	-	-	(7,390)
Additions	155	2,604	-	447	169	3,375
Disposals	-	(560)	(969)	(2)	-	(1,531)
Write-off	(176)	(899)	(1)	(101)	-	(1,177)
Translation differences	(2,030)	(1,154)	(263)	(1,897)	(23)	(5,367)
At 31 December 2024	<u>164,178</u>	<u>352,842</u>	<u>15,595</u>	<u>44,475</u>	<u>564</u>	<u>577,654</u>
Accumulated depreciation and impairment loss						
At 1 January 2024	109,912	327,787	14,883	39,771	409	492,762
Transfer to investment property (Note 16, Note B)	(3,014)	-	-	-	-	(3,014)
Transfer to assets held for sale (Note A)	(1,247)	-	-	-	-	(1,247)
Depreciation charge for the year (Note 8)	2,386	3,779	463	1,504	-	8,132
Impairment during the year (Note 6(b))	-	196	-	379	-	575
Disposals	-	(471)	(806)	(2)	-	(1,279)
Write-off	(8)	(333)	-	(100)	-	(441)
Translation differences	(1,508)	(744)	(233)	(1,347)	(23)	(3,855)
At 31 December 2024	<u>106,521</u>	<u>330,214</u>	<u>14,307</u>	<u>40,205</u>	<u>386</u>	<u>491,633</u>
Net carrying amount						
At 31 December 2024	<u>57,657</u>	<u>22,628</u>	<u>1,288</u>	<u>4,270</u>	<u>178</u>	<u>86,021</u>

Note A – This relates to reclassification of land and building to assets held for sale as disclosed in Note 13.

Note B – The transfer of property, plant and equipment to investment properties as disclosed in Note 16 reflects a change in use, whereby the properties are no longer utilised for business operations and are now held for capital appreciation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

Company	Freehold land and building 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 2025						
Cost						
At 1 January 2025	14,810	1,078	1,257	6,742	14	23,901
Additions	-	-	-	30	-	30
Write-off	-	-	-	(122)	-	(122)
At 31 December 2025	14,810	1,078	1,257	6,650	14	23,809
Accumulated depreciation						
At 1 January 2025	10,572	1,078	1,255	6,522	-	19,427
Depreciation charge for the year (Note 8)	276	-	2	55	-	333
Write-off	-	-	-	(121)	-	(121)
At 31 December 2025	10,848	1,078	1,257	6,456	-	19,639
Net carrying amount						
At 31 December 2025	3,962	-	-	194	14	4,170

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

Company (cont'd.)	Freehold land and building 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 2024						
Cost						
At 1 January 2024	14,810	1,078	1,257	6,717	14	23,876
Additions	-	-	-	25	-	25
At 31 December 2024	14,810	1,078	1,257	6,742	14	23,901
Accumulated depreciation						
At 1 January 2024	10,295	1,078	1,255	6,433	-	19,061
Depreciation charge for the year (Note 8)	277	-	-	89	-	366
At 31 December 2024	10,572	1,078	1,255	6,522	-	19,427
Net carrying amount						
At 31 December 2024	4,238	-	2	220	14	4,474

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

- (a) Freehold land of the Group with a net carrying amount of RM10,192,000 (2024: RM10,192,000) are not depreciated.
- (b) Buildings of the Group with a net carrying amount of RM6,435,000 (2024: RM6,614,000) are pledged as security for the Group's loans and borrowings as disclosed in Note 26.
- (c) During the financial year, management performed impairment assessments to determine the recoverable amount of certain CGUs of the Group prompted by continued operating losses reported by these CGUs. Recoverable amount is defined as the higher of value in use and fair value less costs of disposal.

The assessment gave rise to a net reversal of impairment loss as follows:

	Impairment loss/ (reversal)		Recoverable amount	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CGU held by:				
Kim Hin Ceramic (Seremban) Sdn. Bhd.	(1,815)	(1,287)	14,899	14,428
Ceramica Indah Sdn. Bhd.	465	571	701	388
Kim Hin Australia Pty. Ltd.	712	-	435	-
Outset Holdings Pty. Ltd.	460	1,291	418	867
	(178)	575		

The impairment/(reversal) during the financial year is mainly attributable to:

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

KHCS reported a reversal of impairment loss of RM1,815,000 (2024: RM1,287,000) during the financial year.

The impairment assessment was performed together with the related right-of-use ("ROU") assets with a carrying amount of RM9,394,000 (2024: RM8,911,000), as the ROU assets relate to the leasehold land and plant and equipment on which the CGU is situated.

Management determined the recoverable amount of this CGU based on fair value less costs of disposal, as this measure could be corroborated by observable evidence arising from the disposal of assets previously classified as held for sale, as disclosed in Note 13.

The reversal mainly resulted from improved property market conditions. The recoverable amount of this CGU was estimated at RM24,293,000 (based on the combined carrying amounts of PPE and ROU), based on valuations performed by external independent professional valuers with appropriate recognised professional qualifications and relevant experience.

The impairment reversal recognised during the financial year relates to PPE only. No impairment loss or impairment reversal was recognised in respect of the ROU assets.

Fair value less cost of disposal was estimated using unobservable inputs and categorised under Level 3 of the fair value hierarchy.

Sensitivity Analysis

Market value per square foot represents a key unobservable input in determining the recoverable amount of this CGU.

A 10% increase or decrease in the market value per square foot of the land and buildings within the CGU would result in a corresponding impairment reversal or additional impairment of approximately RM2,431,000 (2024: RM2,336,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

- (c) During the financial year, management performed impairment assessments to determine the recoverable amount of certain CGUs of the Group prompted by continued operating losses reported by these CGUs. Recoverable amount is defined as the higher of value in use and fair value less costs of disposal. (cont'd.)

The impairment/(reversal) during the financial year is mainly attributable to: (cont'd.)

(ii) Ceramica Indah Sdn. Bhd. ("CISB") under Malaysia operation

CISB recognised an impairment loss of RM465,000 (2024: RM571,000) during the financial year as it has continued to incur operational losses. Accordingly, the CGU's recoverable amount was determined based on fair value less costs of disposal, using available secondary market information. The valuation incorporates unobservable inputs and is classified as a Level 3 measurement in the fair value hierarchy. The remaining recoverable amount of CISB's CGU was RM701,000 (2024: RM388,000) is sensitive to changes in the secondary market conditions.

(iii) Australia operations

The Group's operations in Australia operated under Outset Holdings Pty. Ltd. ("OHPL") and Kim Hin Australia Pty. Ltd. ("KHAPL") (collectively, the "Australian CGUs") were identified with impairment indicators during the financial year. The Australian CGUs reported an impairment loss of RM1,172,000 (2024: RM1,291,000) during the financial year.

The impairment assessment of property, plant and equipment was performed in conjunction with the impairment assessment of the right-of-use assets, as disclosed in Note 15(b). The right-of-use assets mainly comprise the properties from which the CGUs operate.

The recoverable amounts of the affected CGUs were determined based on value in use calculations, using cash flow projections approved by the directors covering a period ranging from 5 years to 10 years.

Key assumptions used in value in use calculations

The key assumptions applied in determining the value in use of the Australia CGUs are summarised below. These assumptions are based on historical performance, adjusted for expected market and economic conditions.

Projected revenue growth rate

Projected revenue growth rates are derived from the actual historical trends over the past three years, adjusted for anticipated market conditions. The projected growth rates applied ranged from 3.0% to 5.0%.

Projected gross margin

Projected gross margins are based on historical trends over the past three years, adjusted for expected future conditions. The gross margins applied ranged from 33.9% to 53.6%, reflecting differences in business profiles and cost structures across the CGUs.

Pre-tax discount rate

The pre-tax discount rates were determined based on the weighted average cost of capital, adjusted to reflect risks specific to the respective CGUs. The discount rates applied ranged from 10.0% to 24.3%.

Sensitivity analysis

The recoverable amounts of the Australia CGUs are most sensitive to changes in gross margin, as follows:

- A 1.0 percentage increase or decrease in the gross margin would result in an impairment reversal or additional impairment of approximately RM667,000, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

(d) Acquisitions during the financial year

All acquisitions of property, plant and equipment during the financial year were by of cash payments.

(e) Assets held under finance lease

Net carrying amount of property, plant and equipment held under hire purchase arrangements as at the reporting date is as follows:

	Group	
	2025	2024
	RM'000	RM'000
Motor vehicle	-	75
Plant, machinery and equipment	317	334
	317	409

(f) Owner occupied properties partially leased to third parties

The Group leases out part of its property, plant and equipment and right-of-use assets ("properties") in its China operations. These properties are also used for the Group's own operational purposes and are carried at a total carrying amount of property, plant and equipment and right-of-use assets of RM6,652,000 and RM6,890,000 (2024: RM8,277,000 and RM7,533,000), respectively, as at the reporting date.

Management has assessed that the owner-occupied portion of these properties is significant. As the properties cannot be sold separately, they are therefore classified entirely as property, plant and equipment in accordance with MFRS 116 Property, Plant and Equipment.

During the financial year, the Group derived rental income of RM3,971,000 (2024: RM4,388,000) from these properties. The rental income is recognised in profit or loss as part of other operating income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15. Right-of-use assets

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

Group	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles and other equipment RM'000	Total RM'000
Cost						
As at 1 January 2025	53,971	10,490	60,126	1,665	3,314	129,566
Additions	-	-	19,487	1,337	777	21,601
Write-off	(4,286)	-	-	-	-	(4,286)
Translation differences	(717)	-	(1,181)	(11)	(90)	(1,999)
As at 31 December 2025	48,968	10,490	78,432	2,991	4,001	144,882
Accumulated depreciation and impairment loss						
As at 1 January 2025	30,349	2,888	46,271	1,415	3,314	84,237
Depreciation charge for the year (Note 8)	1,159	136	8,695	444	262	10,696
Impairment during the year (Note 6(b))	-	-	6,624	17	285	6,926
Write-off	(4,286)	-	-	-	-	(4,286)
Translation differences	(311)	-	(949)	(21)	(90)	(1,371)
As at 31 December 2025	26,911	3,024	60,641	1,855	3,771	96,202
Net carrying amount						
As at 31 December 2025	22,057	7,466	17,791	1,136	230	48,680

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

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

Group (cont'd.)	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles and other equipment RM'000	Total RM'000
Cost						
As at 1 January 2024	49,030	19,501	67,591	1,776	3,256	141,154
Additions	-	-	1,022	225	354	1,601
Transfer to assets held for sale (Note A)	-	(3,296)	-	-	-	(3,296)
Derecognition upon termination	-	-	(1,226)	(10)	-	(1,236)
Derecognition upon expiry	-	-	(383)	(124)	-	(507)
Reclassification	5,715	(5,715)	-	-	-	-
Translation differences	(774)	-	(6,878)	(202)	(296)	(8,150)
As at 31 December 2024	53,971	10,490	60,126	1,665	3,314	129,566
Accumulated depreciation and impairment loss						
As at 1 January 2024	25,021	7,600	42,515	1,396	3,256	79,788
Depreciation charge for the year (Note 8)	1,198	187	7,593	316	-	9,294
Derecognition upon termination	-	-	(368)	-	-	(368)
Derecognition upon expiry	-	-	(383)	(124)	-	(507)
Impairment during the year (Note 6(b))	-	-	1,586	-	354	1,940
Transfer to assets held for sale (Note A)	-	(446)	-	-	-	(446)
Reclassification	4,453	(4,453)	-	-	-	-
Translation differences	(323)	-	(4,672)	(173)	(296)	(5,464)
As at 31 December 2024	30,349	2,888	46,271	1,415	3,314	84,237
Net carrying amount						
As at 31 December 2024	23,622	7,602	13,855	250	-	45,329

Note A – This relates to reclassification of leasehold land to assets held for sale as disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

Company	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Total RM'000
Cost			
As at 1 January 2024	27,808	115	27,923
Reclassification	115	(115)	-
As at 31 December 2024, 1 January and 31 December 2025	<u>27,923</u>	<u>-</u>	<u>27,923</u>
Accumulated depreciation			
As at 1 January 2024	15,873	114	15,987
Depreciation charge for the year (Note 8)	743	-	743
Reclassification	114	(114)	-
As at 1 January 2025	16,730	-	16,730
Depreciation charge for the year (Note 8)	720	-	720
As at 31 December 2025	<u>17,450</u>	<u>-</u>	<u>17,450</u>
Net carrying amount			
As at 31 December 2024	<u>11,193</u>	<u>-</u>	<u>11,193</u>
As at 31 December 2025	<u>10,473</u>	<u>-</u>	<u>10,473</u>

- (a) Included in right-of-use assets of the Group are assets with a net carrying amount of RM8,690,000 (2024: RM8,885,000) which are pledged as security for the Group's loans and borrowings as disclosed in Note 26.
- (b) During the financial year, management performed impairment assessments to determine the recoverable amount of certain CGUs of the Group prompted by continued operating losses reported by these CGUs. Recoverable amount is defined as the higher of value in use and fair value less costs of disposal.

The assessment gave rise to an impairment loss as follows:

	Impairment loss		Recoverable amount	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CGU held by:				
Kim Hin Ceramic (Seremban) Sdn. Bhd.	-	-	9,394	8,911
Kim Hin Australia Pty. Ltd.	5,996	854	3,672	-
Outset Holdings Pty. Ltd.	930	1,086	2,362	1,227
	<u>6,926</u>	<u>1,940</u>		

The impairment assessment of the right-of-use assets was performed in conjunction with the impairment assessment of property, plant and equipment, as disclosed in Note 14(c).

- (c) As disclosed in Note 14(f), the Group also leases out part of its leasehold land classified as right-of-use assets in its China operations. These properties are also used for the Group's own operational purposes and were carried at a carrying amount of RM6,890,000 (2024: RM7,533,000) as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16. Investment properties

Group	Buildings RM'000	Capital work-in- progress RM'000	Total RM'000
At 31 December 2025			
Cost			
At 1 January 2025	44,894	1,064	45,958
Addition	-	158	158
Disposal	(483)	-	(483)
Reclassification	462	(462)	-
Adjustment (Note A)	1,190	-	1,190
Translation differences	(2,014)	-	(2,014)
	<u>44,049</u>	<u>760</u>	<u>44,809</u>
Accumulated depreciation and impairment loss			
At 1 January 2025	12,732	-	12,732
Disposal	(241)	-	(241)
Depreciation charge for the year (Note 8)	1,091	-	1,091
Impairment during the year (Note 6(b))	597	-	597
Adjustment (Note A)	1,190	-	1,190
Translation differences	(1,508)	-	(1,508)
	<u>13,861</u>	<u>-</u>	<u>13,861</u>
Net carrying amount	<u>30,188</u>	<u>760</u>	<u>30,948</u>
			<u>59,099</u>
Estimated fair value of investment properties			
Cost			
At 1 January 2024	38,073	-	38,073
Transfer from property, plant and equipment (Note 14, Note B)	6,083	1,550	7,633
Addition	-	715	715
Reclassification	1,201	(1,201)	-
Adjustment (Note A)	1,333	-	1,333
Translation differences	(1,796)	-	(1,796)
	<u>44,894</u>	<u>1,064</u>	<u>45,958</u>
Accumulated depreciation and impairment loss			
At 1 January 2024	6,483	-	6,483
Transfer from property, plant and equipment (Note 14, Note B)	3,014	-	3,014
Depreciation charge for the year (Note 8)	1,478	-	1,478
Impairment during the year (Note 6(b))	937	-	937
Adjustment (Note A)	1,333	-	1,333
Translation differences	(513)	-	(513)
	<u>12,732</u>	<u>-</u>	<u>12,732</u>
Net carrying amount	<u>32,162</u>	<u>1,064</u>	<u>33,226</u>
			<u>64,891</u>
Estimated fair value of investment properties			

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16. Investment properties (cont'd.)

Note A – The Group reclassified certain amounts between cost and accumulated depreciation of investment properties. This reclassification did not affect the net carrying amounts of the assets.

Note B – The transfer of property, plant and equipment to investment properties as disclosed in Note 14 reflects a change in use, whereby the properties are no longer utilised for business operations and are now held for capital appreciation.

	Company	
	2025 RM'000	2024 RM'000
Buildings		
Cost		
At 1 January and 31 December	17,437	17,437
Accumulated depreciation		
At 1 January	3,824	3,475
Depreciation charge for the year (Note 8)	348	349
At 31 December	4,172	3,824
Net carrying amount	13,265	13,613
Estimated fair value of investment properties	26,777	27,529

Estimated fair value of the investment properties

The estimated fair value of the properties is based on independent valuations carried out by registered property valuers or directors' valuation derived using recent transacted dealings of comparable properties within the vicinity of the properties.

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Rental income derived from investment properties	1,252	1,464	679	784
Direct operating expenses from investment properties that generated rental income during the year	(281)	(277)	(218)	(194)
Direct operating expenses from investment properties that did not generate rental income during the year	(90)	(93)	(35)	(43)

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 36.

(a) Investment properties pledged as security

Investment properties with a net carrying amount of RM1,562,000 (2024: RM1,608,000) are pledged as security for the Group's loans and borrowings as disclosed in Note 26.

(b) Impairment assessment

During the financial year, the Group performed impairment assessments on certain of its investment properties. Based on the impairment review, a net impairment loss of RM597,000 (2024: RM937,000), relating to properties in Malaysia and Australia, was recognised in profit or loss for these investment properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16. Investment properties (cont'd.)

(b) Impairment assessment (cont'd.)

The recoverable amounts of certain investment properties were determined based on fair value less costs of disposal, derived from independent valuations performed by registered property valuers and, where applicable, recent transacted prices of comparable properties within the vicinity of the respective properties.

The recoverable amounts of certain investment properties were estimated using the comparison method, which makes reference to recent market transactions of comparable properties. The market values were adjusted for differences in key attributes including location, prevailing market conditions, land size, building structure and other relevant characteristics.

The market value per square foot applied for the investment properties that were subject to impairment loss or reversal of impairment loss during the financial year was as follows:

- Malaysia operations: RM921 (2024: RM442 to RM871)
- Australia operations: RM2,548 to RM3,275 (2024: RM2,676 to RM3,552)

The fair values of the investment properties were estimated using unobservable inputs and are accordingly categorised as Level 3 measurements within the fair value hierarchy. There were no changes in the fair value hierarchy during the current and prior financial years.

Sensitivity Analysis

The recoverable amounts of the investment properties are sensitive to changes in market value per square foot assumptions. A 10% increase or decrease in the market value per square foot of the Group's investment properties would result in a corresponding impairment reversal or additional impairment of approximately:

- RM191,000 (2024: RM187,000) for the Malaysia operations, and
- RM476,000 (2024: RM573,000) for the Australia operations.

17. Investment in subsidiaries

	Company	
	2025 RM'000	2024 RM'000
Unquoted shares, at cost		
As at 1 January	251,949	241,049
Subscription of new ordinary shares	5,510	10,900
As at 31 December	257,459	251,949
Accumulated impairment losses		
As at 1 January	(161,859)	(155,502)
Impairment loss during the year, net (Note 6(b))	(6,813)	(6,357)
As at 31 December	(168,672)	(161,859)
Net carrying amount	88,787	90,090

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. Investment in subsidiaries (cont'd.)

Subscription of new ordinary shares

During the financial year, the Company subscribed for new ordinary shares, which were satisfied by way of capitalisation of amounts due from the following subsidiaries:

	Company	
	2025	2024
	RM'000	RM'000
Ceramica Indah Sdn. Bhd.	5,000	10,000
World Ceramic International Sdn. Bhd.	500	800
Kim Hin Properties Sdn. Bhd.	-	100
Unicorn Ceramics Sdn. Bhd.	10	-
	5,510	10,900
	5,510	10,900

Impairment assessment

During the financial year, the Company conducted impairment reviews on the recoverable amount of its investment in subsidiaries, which have indicators of impairment or reversal of impairment. The review gave rise to the recognition of net impairment loss on investment in subsidiaries of RM6,813,000 (2024: RM6,357,000) as disclosed below and in Note 6(b).

Name of subsidiaries	Impairment loss/ (reversal)		Recoverable amount	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Ceramica Indah Sdn. Bhd. (a)	5,000	10,000	-	-
Johnson Tiles Malaysia Sdn. Bhd. (b)	827	(5,600)	4,773	5,600
Kim Hin Investment Pty. Ltd. (c)	476	1,142	-	476
World Ceramics International Sdn. Bhd. (c)	500	800	-	-
Refined Koalin Industries Sdn. Bhd. (c)	-	10	-	-
Unicorn Ceramics Sdn. Bhd.(c)	10	5	-	-
	6,813	6,357		
	6,813	6,357		

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

The recoverable amount of investment in Ceramica Indah Sdn. Bhd. ("CISB") was determined by using fair value less cost of disposal. Investment in CISB was fully impaired in the previous financial year. The impairment during the financial year relates to the new subscription of shares in CISB.

Based on management assessment, the recoverable amount of CISB continues to be RM Nil.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. Investment in subsidiaries (cont'd.)

Impairment assessment (cont'd.)

(b) Johnson Tiles Malaysia Sdn. Bhd. ("JTMSB")

During the financial year, the carrying amount of investment in JTMSB was assessed for impairment due to existence of indicator of impairment. The recoverable amount of the investment in JTMSB was based on value in use calculation by using cash flow projections approved by directors covering a 5-year period.

Based on the review, the recoverable amount of investment in JTMSB was determined to be RM4,773,000. The Company recognised an impairment loss of RM827,000 (2024: reversal of impairment loss of RM5,600,000) on the investment in JTMSB as at 31 December 2025.

Key assumptions used in valuation of JTMSB

- **Projected revenue growth rate**

The projected revenue growth rate is based on actual historical trend for the past 3 years adjusted for certain market and economic condition. The average projected revenue growth rate used is 3% (2024: 3%) per annum.

- **Projected gross margin**

The projected gross margin is based on actual historical trends for the past 3 years. The average projected gross margin used is 10.9% (2024: 12.5%).

- **Pre-tax discount rate**

The pre-tax discount rate used is 14.0% (2024: 15.6%). Discount rate is used to reflect management's estimate of the risks specific to the CGU. The discount rate is estimated based on its weighted average cost of capital.

Impact of possible changes in key assumption

An increase of 1.0 percentage point in the discount rate used would result in a corresponding impairment loss of RM1,283,000.

A decrease of 1.0 percentage point in the discount rate used would result in a corresponding impairment reversal by RM945,000.

(c) Other subsidiaries

The cost of investment in other subsidiaries impaired is disclosed above. These subsidiaries continued to incur losses during the financial year, and their recoverable amounts were determined based on fair value less costs of disposal. Management does not anticipate any future reversal of impairment, as the recoverable amounts of these investments have been written down to RM Nil.

Recoverable amount

Recoverable amount 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Names of subsidiaries	Principal activities	Country of incorporation and principal place of business	Proportion of ownership interest	
			2025	2024
Held by the Company:				
Ceramica Indah Sdn. Bhd.*	Manufacture and sale of ceramic floor, homogeneous and monoporosa tiles	Malaysia	100%	100%
Kingres 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.**	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%
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%
Kingres 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%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. Investment in subsidiaries (cont'd.)

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

Names of subsidiaries	Principal activities	Country of incorporation and principal place of business	Proportion of ownership interest	
			2025	2024
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	79.5%	79.5%
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 firms other than Ernst & Young global network firms

^ The total effective equity interests held by the Group is 79.5% whereby it is directly held by Kim Hin Ceramics (Shanghai) Co. Ltd for 100%.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. 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
	2025	2024	2025	2024	
	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount of NCI	11,691	10,532	(33)	93	11,658
Profit/(loss) for the year attributable to non-controlling interests	1,750	1,010	(165)	6	1,585
Total comprehensive income/(loss) for the year attributable to non-controlling interests	1,159	472	(126)	17	1,033

(ii) Summarised financial information (before elimination of any intra-group transactions) of these subsidiaries 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
	2025	2024	2025	2024	
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	20,741	25,543	89	129	20,830
Current assets	41,841	37,771	307	829	42,148
Total assets	62,582	63,314	396	958	62,978
Current liabilities	(4,035)	(9,892)	(1,451)	(1,594)	(5,486)
Net assets/(liabilities)	58,547	53,422	(1,055)	(636)	57,492
					25,672
					38,600
					64,272
					(11,486)
					52,786

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. Investment 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 subsidiaries 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
	2025	2024	2025	2024	
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	18,068	21,116	967	1,401	19,035
Profit/(loss) for the year	7,832	4,928	(551)	(480)	7,281
Other comprehensive (loss)/income for the year	(2,882)	(2,646)	131	53	(2,751)
Total comprehensive income/(loss) for the year	4,950	2,282	(420)	(427)	4,530
Statement of cash flow					
Net cash generated from/(used in) operating activities	7,210	5,788	(45)	(36)	7,165
Net cash generated from investing activities	3,873	107	-	-	3,873
Net increase/(decrease) in cash and cash equivalents	11,083	5,895	(45)	(36)	11,038
Effect of foreign exchange rate changes	(1,363)	(1,726)	(6)	(7)	(1,369)
Cash and cash equivalents at beginning of the year	26,038	21,869	56	99	26,094
Cash and cash equivalents at end of the year	35,758	26,038	5	56	35,763

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18. Other investments

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial assets measured at fair value through profit or loss				
Investment in unit trusts				
- In Malaysia	1,658	7,524	1,658	7,524
- Outside Malaysia	-	5,503	-	5,503
Total other investments	<u>1,658</u>	<u>13,027</u>	<u>1,658</u>	<u>13,027</u>
Fair value as at 31 December	<u>1,658</u>	<u>13,027</u>	<u>1,658</u>	<u>13,027</u>

The fair value of other investments is based on prices quotes for similar instruments or valuation techniques based on the market observable inputs (Level 2) as quoted prices of identical instruments from an active market (Level 1) are not available. There has not been any change in fair value hierarchy in the current and prior financial year.

19. Intangible assets

	Goodwill	Arrange- ments with franchisee	Brand	Total
	RM'000	RM'000	RM'000	RM'000
Group				
Cost				
At 1 January 2024, 31 December 2024 and 31 December 2025	<u>11,637</u>	<u>10,892</u>	<u>4,857</u>	<u>27,386</u>
Accumulated amortisation and impairment loss				
At 1 January 2024	9,838	9,369	-	19,207
Amortisation charge (Note 8)	-	418	-	418
Impairment loss (Note 6(b))	1,469	(361)	2,310	3,418
At 31 December 2024	<u>11,307</u>	<u>9,426</u>	<u>2,310</u>	<u>23,043</u>
Amortisation charge (Note 8)	-	95	-	95
Impairment loss, net (Note 6(b))	330	-	-	330
At 31 December 2025	<u>11,637</u>	<u>9,521</u>	<u>2,310</u>	<u>23,468</u>
Net carrying amount				
At 31 December 2024	<u>330</u>	<u>1,466</u>	<u>2,547</u>	<u>4,343</u>
At 31 December 2025	<u>-</u>	<u>1,371</u>	<u>2,547</u>	<u>3,918</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19. Intangible assets (cont'd.)

Impairment assessment

Goodwill, arrangement with franchisee and brand were acquired through business combinations. The goodwill and brand are with indefinite useful lives and hence subject to annual impairment assessment. The cash flow projections are based on the 5-years forecasts prepared by management which considered current operating results and latest available industry information.

The impairment assessment for intangible assets are performed as follows:

(a) Goodwill

The goodwill arose due to acquisition of 2 stores by Amber Group Australia Pty Limited. The stores are primarily involved in wholesale and retail of tiles, pavers, natural stone and retaining walls in Australia.

Based on management's impairment assessment, full impairment losses on goodwill amounting to RM330,000 (2024: RM1,469,000) was recognised due to continued declining financial performance of CGU. The recoverable amount of the goodwill was determined based on value in use calculation by using cash flow projections approved by directors covering a 5-year period.

(b) Arrangements with franchisee

Outset Holdings Pty. Ltd. ("OHPL") owns Amber Group Australia Pty Limited, the franchisor of the Amber trade name. Amber Group Australia Pty Limited earns franchise management fees for granting franchisees the right to use the Amber trade name and is also involved in the wholesale and retail distribution of tiles, pavers, natural stone, and retaining walls to franchisees in Australia.

The recoverable amount of the franchise arrangements was determined based on fair value using the multi-period excess earnings method, derived from cash flow projections approved by the Directors covering a five-year period. No impairment was recognised as at 31 December 2025 (2024: reversal of impairment loss of RM361,000).

Key assumptions used are as follows:

	2025	Group 2024
Arrangements with franchisee		
Projected earnings before interest and taxes ("EBIT") margin	3.0%	4.1%
Long term growth rate	2.5%	2.5%
Pre-tax discount rate	14.1%	12.0%
Attrition rate	4.0%	4.0%
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Sensitivity analysis

A 10% increase or decrease in the EBIT margin used would result in a corresponding impairment reversal or additional impairment of approximately RM350,000 (2024: RM457,000).

(c) Brand

Outset Holdings Pty. Ltd. ("OHPL") owns Amber Group Australia Pty Limited, the franchisor of the Amber trade name. Amber Group Australia Pty Limited earns franchise management fees for granting franchisees the right to use the Amber trade name and is also involved in the wholesale and retail distribution of tiles, pavers, natural stone, and retaining walls through both franchised and company owned stores in Australia.

The recoverable amount was determined based on fair value using the relief-from-royalty method, derived from cash flow projections approved by the Directors covering a five-year period. No impairment was recognised as at 31 December 2025 (2024: impairment loss of RM2,310,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19. Intangible assets (cont'd.)

Impairment assessment (cont'd.)

(c) Brand (cont'd.)

Key assumptions used are as follows:

	Group	
Brand	2025	2024
Brand contribution to forecasted sales	40%	40%
Terminal growth rate	2.5%	2.5%
Royalty rate	1.5%	1.1%
Pre-tax discount rate	14.1%	12.0%

Sensitivity analysis

An increase of 1.0 percentage point in the discount rate used would result in a corresponding impairment loss of RM226,000 (2024: RM313,000).

A decrease of 1.0 percentage point in the discount rate used would result in a corresponding impairment reversal by RM190,000 (2024: RM253,000).

The fair value of arrangement with franchisee and brand were 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.

20. Inventories

	Group	
	2025	2024
	RM'000	RM'000
Raw materials	9,954	9,277
Work-in-progress	1,460	1,831
Finished goods	67,197	68,185
Packing materials	539	750
Spare parts and sundry inventories	8,427	9,490
Total inventories at the lower of cost and net realisable value	87,577	89,533

The amount of inventories recognised as an expense in cost of sales of the Group was RM175,694,000 (2024: RM212,496,000).

During the financial year, the Group recognised a net reversal of inventories to their net realisable value amounting to RM1,594,000 (2024: RM497,000). The net reversal primarily comprised a reversal of inventory provision of RM2,152,000 (2024: RM4,563,000), relating mainly to finished goods of certain subsidiaries that were subsequently sold or consumed during the year.

Such reversals were recognised when the circumstances that previously led to the writedown of inventories no longer existed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

21. Trade and other receivables

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trades				
Trade receivables (a)	45,567	47,896	-	-
Less: Allowances for expected credit losses	(2,183)	(3,380)	-	-
	43,384	44,516	-	-
Trade deposits to suppliers	-	2,363	-	-
	43,384	46,879	-	-
Non-trade				
Amounts due from subsidiaries (b):				
- Interest bearing	-	-	73,098	73,372
- Non-interest bearing	-	-	16,027	15,692
	-	-	89,125	89,064
Less: Allowances for expected credit losses	-	-	(27,833)	(24,911)
	-	-	61,292	64,153
Sundry receivables	1,782	804	677	355
Deposits	1,226	1,140	103	104
	3,008	1,944	62,072	64,612
Total trade and other receivables	46,392	48,823	62,072	64,612

(a) Trade receivables

The Group's exposure to credit risk arises primarily from trade receivables. The Group manages credit risk through credit approvals, credit limits and ongoing monitoring of receivable balances.

Trade receivables comprise unconditional amounts and do not include contract assets. They are non-interest-bearing and denominated in Ringgit Malaysia, Australian Dollar, United States Dollar, Renminbi and Vietnamese Dong. The Group's normal trade credit term ranges from 30 to 120 days (2024: 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 ECL is estimated using a provision matrix based on historical default experience, adjusted for the current financial position of customers and forward-looking information relating to the economic environment.

Management reviews trade receivable balances and expected credit losses on an ongoing basis. There were no changes in the estimation techniques or significant assumptions used in measuring expected credit losses during the financial year.

During the financial year, the Group wrote off bad debts of RM1,159,000 (2024: RM Nil) primarily due to the winding up of a customer.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

(a) Trade receivables (cont'd.)

Ageing analysis of trade receivables

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

	Group	
	2025	2024
	RM'000	RM'000
Not past due	30,569	27,279
1 to 30 days past due	8,294	10,513
31 to 60 days past due	3,314	3,168
61 to 90 days past due	759	1,925
91 to 120 days past due	353	737
More than 121 days past due	95	894
	12,815	17,237
Impaired	2,183	3,380
	45,567	47,896
	45,567	47,896

Receivables that are not past due

Trade receivables that are not past due 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 RM12,815,000 (2024: RM17,237,000) that are past due at the reporting date. These balances mainly relate to customers with the Group or those with ongoing transactions and progressive payments but are slow paymasters and hence, are monitored on an on-going basis.

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	
	2025	2024
	RM'000	RM'000
Trade receivables - nominal amounts	2,183	3,380
Less: Allowance for expected credit losses	(2,183)	(3,380)
	-	-
	-	-

Movement in allowance for expected credit losses:

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	3,380	4,235
Written off	(1,340)	(1,179)
Provided for the year (Note 6(b))	517	706
Reversal of expected credit losses (Note 6(b))	(337)	(161)
Translation differences	(37)	(221)
	2,183	3,380
At 31 December	2,183	3,380

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and receivable on demand. The interest-bearing portion bore interest at rates of 3% to 4.25% (2024: 3% to 4.25%) per annum during the financial year. Certain balances have been outstanding for more than 12 months. Credit risk relating to these balances is managed on a group basis, with ongoing monitoring of the financial performance, liquidity position and cash-flow generating capability of the subsidiaries.

The Company applies the general approach in measuring expected credit losses for amounts due from subsidiaries. Under this approach, loss allowances are measured at an amount equal to 12 month expected credit losses, unless there has been a significant increase in credit risk since initial recognition, in which case lifetime expected credit losses would be recognised.

In assessing whether credit risk has increased significantly, the Company considers both qualitative and quantitative factors, including the aging of the balances, the profitability and net asset position of the subsidiaries.

Although certain amounts have been outstanding for more than 12 months and have no fixed repayment schedules, the Company has assessed that this does not constitute a significant increase in credit risk as the subsidiaries are in net asset positive as at the reporting date and there are no indicators of financial difficulty, default, or restructuring.

Based on the above, the Company has concluded that the credit risk relating to the amounts due from subsidiaries remains low except for those where ECL have provided for during the financial year. Accordingly, the loss allowance recognised represents 12 month expected credit losses, and the allowance for expected credit losses has been recognised as at the reporting date as disclosed below.

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 2025	2024
	RM'000	RM'000
Amount due from subsidiaries - nominal amounts	27,833	24,911
Less: Allowance for expected credit losses	(27,833)	(24,911)
	-	-
	-	-
 Movement in allowance for expected credit losses:		
	Company	
	2025	2024
	RM'000	RM'000
At 1 January	24,911	30,658
Allowance/(reversal) for the year (Note 6)	2,922	(5,747)
At 31 December	27,833	24,911

During the financial year, the Company recognised an allowance for expected credit losses amounting to RM2,922,000 on amounts due from certain subsidiaries, as these subsidiaries were not in a position to fully repay the outstanding balances.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22. Other current assets

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Prepayments	6,265	2,699	282	230

23. Cash and bank balances

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	31,415	35,625	2,566	654
Deposits with financial institutions	31,675	7,832	3,099	3,000
Total cash and bank balances	63,090	43,457	5,665	3,654

The effective interest rates and tenures of deposits with financial institutions at the reporting date are as follows:

	Group		Company	
	2025	2024	2025	2024
Effective interest rate (%)	2.00 - 4.10	2.70 - 4.90	2.00	3.30
Tenure (months)	6 - 12	6 - 12	12	12

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

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	63,090	43,457	5,665	3,654
Less: Bank overdraft (Note 26)	(390)	(123)	-	-
Less: Short-term deposits with maturity more than 3 months	(31,675)	(7,832)	(3,099)	(3,000)
Cash and cash equivalents	31,025	35,502	2,566	654

Included in short-term deposits with maturity more than 3 months of the Group are deposits of RM6,268,000 (2024: RM3,086,000) which are pledged as security for the Group's loans and borrowings as disclosed in Note 26.

24. Share capital and treasury shares

	Number of ordinary shares		← Amount →	
	Share capital (Issued and fully paid, at no par value) '000	Treasury shares '000	Share capital (Issued and fully paid, at no par value) RM'000	Treasury shares RM'000
Group and Company				
At 1 January 2025 and 31 December 2025	155,616	(15,377)	206,658	(24,309)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24. Share capital and treasury shares (cont'd.)

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 regard to the Company's residual assets.

Treasury shares

Treasury shares comprise ordinary shares of the Company that are held by the Company. The amount recognised represents the acquisition cost of the treasury shares net of any proceeds received from their subsequent resale or reissuance.

During the financial year, the Company did not purchase any of its own shares.

As at 31 December 2025, the Company had 155,616,013 (2024: 155,616,013) issued and fully paid ordinary shares, of which 15,376,900 (2024: 15,376,900) were held as treasury shares. Accordingly, the total number of issued ordinary shares with voting rights, after excluding treasury shares, was 140,239,113 (2024: 140,239,113).

25. Other reserves

	Group	
	2025	2024
	RM'000	RM'000
Reserve and Enterprise Expansion Funds		
At 1 January	7,015	7,015
Transfer from retained earnings	168	-
	7,183	7,015
At 31 December	7,183	7,015
Translation adjustment account		
At 1 January	10,549	11,318
Translation difference in subsidiaries	(1,629)	(769)
	8,920	10,549
At 31 December	8,920	10,549
Total other reserves	16,103	17,564

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 (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

26. Loans and borrowings

	2025	Group
	RM'000	RM'000
Current		
Unsecured:		
Bank overdraft (Note 23)	314	123
Trade facilities	5,210	5,560
Secured:		
Bank overdraft (Note 23)	76	-
Trade facilities	3,353	708
Hire purchase	98	102
Term loans: RM loan at BLR – 1.75% per annum	2,255	2,376
	11,306	8,869
Non-current		
Secured:		
Hire purchase	79	179
Term loans: RM loan at BLR – 1.75% per annum	-	2,257
	79	2,436
Total loans and borrowings	11,385	11,305

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

	2025	Group
	RM'000	RM'000
On demand or not later than 1 year	11,306	8,869
Later than 1 year and not later than 2 years	63	2,356
Later than 2 years and not later than 5 years	16	80
	11,385	11,305

As at the reporting date, undrawn committed facilities available for drawdown amounted to RM8,809,000 (2024: RM6,003,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

26. Loans and borrowings (cont'd.)

Term loan

During the financial year, the term loan bore effective interest rate of 4.85% (2024: 5.10%) per annum. The term loan is secured by fixed charges over certain assets of the Group as disclosed in Note 14 and Note 15 and corporate guarantees from the Company.

Trade facilities

Certain Malaysian subsidiaries have financing facilities amounting to RM3,353,000 (2024: RM708,000) with terms ranging from 105 days to 118 days (2024: 100 days to 118 days). The effective interest rates range from 4.22% to 5.11% (2024: 3.54% to 5.07%) per annum. These facilities are secured by certain assets of the Group as disclosed in Note 14, Note 15, Note 16 and Note 23 and corporate guarantees from the Company. The facilities are repayable in full upon maturity.

An Australian subsidiary of the Group has utilised trade refinance facility amounting to RM5,210,000 (2024: RM5,560,000) with terms ranging from 2 days to 177 days (2024: 104 days to 178 days). The facility bore interest at rates ranging from 8% to 8.7% (2024: 9% to 9.1%) per annum during the financial year.

Hire purchase arrangements

The hire purchase arrangements bore interest at rates ranging from 3.3% to 3.76% (2024: 2.13% to 3.76%) per annum during the financial year. The arrangements are secured by the title to the assets financed as disclosed in Note 14(e).

27. Deferred tax (assets)/liabilities

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	(2,992)	(3,844)	-	-
Recognised in profit or loss (Note 11)	1,800	372	-	-
Translation differences	123	480	-	-
	<u>(1,069)</u>	<u>(2,992)</u>	<u>-</u>	<u>-</u>
At 31 December	<u>(1,069)</u>	<u>(2,992)</u>	<u>-</u>	<u>-</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,244)	(4,195)	-	-
Deferred tax liabilities	1,175	1,203	-	-
	<u>(1,069)</u>	<u>(2,992)</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

27. 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 2024	(4,004)	(2,490)	(6,909)	7,645	1,914	(3,844)
Recognised in profit or loss	(928)	(1,018)	3,984	(955)	(711)	372
Translation differences	-	-	599	(119)	-	480
At 31 December 2024/At 1 January 2025	(4,932)	(3,508)	(2,326)	6,571	1,203	(2,992)
Recognised in profit or loss	703	3,084	(2,021)	62	(28)	1,800
Translation differences	-	88	35	-	-	123
At 31 December 2025	(4,229)	(336)	(4,312)	6,633	1,175	(1,069)

Presented after appropriate offsetting as follows:

2024

Deferred tax assets	(4,932)	(3,508)	(2,326)	6,571	-	(4,195)
Deferred tax liabilities	-	-	-	-	1,203	1,203
	(4,932)	(3,508)	(2,326)	6,571	1,203	(2,992)

2025

Deferred tax assets	(4,229)	(336)	(4,312)	6,633	-	(2,244)
Deferred tax liabilities	-	-	-	-	1,175	1,175
	(4,229)	(336)	(4,312)	6,633	1,175	(1,069)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28. Derivative assets/(liabilities)

	← Group →			
	2025		2024	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Liabilities RM'000
Non-hedging derivatives:				
Current				
Forward currency contracts	1,618	86	911	(14)
	1,618	86	911	(14)

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 2025, forward currency contracts are used to hedge the Group's sales and purchase commitments mainly denominated in USD and EUR.

As at 31 December 2025, the Group recognised a net gain of RM100,000 (2024: net loss of RM138,000) arising from fair value changes of derivative instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

The fair value hierarchy of derivatives is disclosed in Note 36.

29. Trade and other payables

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade				
Trade payables (a)	53,193	42,043	-	-
Trade deposits from customers	-	2,078	-	-
	53,193	44,121	-	-
Non-trade				
Sundry payables (b)	8,963	10,590	152	483
Payroll expenses	4,977	2,805	306	315
Other accruals	3,366	3,335	102	61
Amount due to subsidiary company (c)	-	-	-	2,046
	17,306	16,730	560	2,905
Total trade and other payables	70,499	60,851	560	2,905
Current	69,646	60,134	560	2,905
Non-current	853	717	-	-
Total trade and other payables	70,499	60,851	560	2,905

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

29. Trade and other payables (cont'd.)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within 30 to 120 days (2024: 30 to 120 days).

(b) Sundry payables

Sundry payables are normally settled on an average term of 30 days (2024: 30 days) and are generally non-interest bearing. An amount of RM2,553,000 (2024: RM3,439,000) 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.

(c) Amount due to subsidiary company

In the previous financial year, the amount due was unsecured, non-interest bearing and has no fixed term of repayment.

30. Provisions

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Long service leave and annual leave				
At 1 January	5,185	5,167	129	126
(Reversed)/provided during the year	(1,080)	2,533	(14)	30
Utilised during the year	169	(2,083)	(27)	(27)
Unused amounts forfeited	82	(6)	-	-
Translation differences	(375)	(426)	-	-
	<u>3,981</u>	<u>5,185</u>	<u>88</u>	<u>129</u>
At 31 December	<u>3,981</u>	<u>5,185</u>	<u>88</u>	<u>129</u>
Analysed as:				
Current	2,460	4,815	88	129
Non-current	1,521	370	-	-
	<u>3,981</u>	<u>5,185</u>	<u>88</u>	<u>129</u>
At 31 December	<u>3,981</u>	<u>5,185</u>	<u>88</u>	<u>129</u>

The provision is made for the estimated cost to be incurred for payment of leave salary to the employees based on their entitlement to annual leave and long service leave. Assumptions used to compute the provision for annual leave and long service leave are based on predefined criteria. The provision during the financial year is recognised under employee benefits expense as disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

31. 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 1 and 7 years (2024: 1 and 7 years), while plant and machinery, motor vehicle and other equipment generally have lease terms ranging from 1 to 8 years (2024: 1 to 8 years). 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.

The Group has several lease contracts that include extension and termination options. Management applies significant judgement in determining whether extension or termination options are reasonably certain to be exercised at lease commencement or upon the occurrence of significant events or changes in circumstances that are within the Group's control. The potential future lease payments arising from extension and termination options have not been included in the measurement of lease liabilities, as the exercise of these options is not considered reasonably certain due to the inherent uncertainties surrounding future business and operational decisions.

The Group also has certain short-term leases of plant and machinery with lease terms of 12 months or less, as well as leases of low-value office equipment. The Group applies the short term lease and lease of low-value assets recognition exemptions under MFRS 16 for these leases, and the related lease payments are recognised as an expense on a straight line basis over the lease terms.

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

	Buildings RM'000	Plant and machinery RM'000	Motor vehicles and other equipment RM'000	Total RM'000
Group				
As at 1 January 2024	31,943	435	131	32,509
Additions	1,022	225	354	1,601
Accretion of interest (Note 7(b))	881	29	24	934
Derecognition upon termination	(841)	43	-	(798)
Payment	(10,350)	(367)	(446)	(11,163)
Translation differences	(3,059)	(52)	103	(3,008)
As at 31 December 2024/1 January 2025	19,596	313	166	20,075
Additions	19,120	1,337	777	21,234
Accretion of interest (Note 7(b))	1,013	36	31	1,080
Derecognition upon termination	(45)	(1)	-	(46)
Payment	(11,831)	(511)	(467)	(12,809)
Translation differences	(360)	(3)	(4)	(367)
As at 31 December 2025	27,493	1,171	503	29,167
			Group	
			2025	2024
			RM'000	RM'000
Current			10,560	7,655
Non-current			18,607	12,420
			29,167	20,075

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

31. Lease liabilities (cont'd.)

The maturity analysis of lease liabilities is disclosed in Note 39(b).

The following are the amounts recognised in profit or loss:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Depreciation expense of right-of-use assets (Note 15)	10,696	9,294	720	743
Interest expense on lease liabilities (Note 7(b))	1,080	934	-	-
Expense relating to short-term leases (included in cost of sales and administrative expenses) (Note 8)	847	1,426	-	-
Expense relating to leases of low-value assets (included in administrative expenses) (Note 8)	112	84	8	7
	112	84	8	7

The Group had total cash outflows for leases of RM13,768,000 (2024: RM12,673,000) during the financial year. The Group also had non-cash additions to right-of-use assets of RM21,234,000 (2024: RM1,601,000) during the financial year.

Group as a lessor

The Group has entered into operating leases on its land and buildings consisting of showroom, factories, residential properties and other premises. These properties are classified under investment properties, property, plant and equipment and right-of-use assets as disclosed under Note 14, Note 15 and Note 16. These leases are negotiated for terms ranging from 1 to 8 years (2024: 1 to 9 years). Certain 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 or at the reporting period are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Not later than one year	3,827	6,018	975	749
Between one and two years	1,956	3,006	975	227
Between two and three years	1,671	272	725	227
Between three and four years	1,172	198	227	227
Between four and five years	1,207	198	227	227
Later than five years	429	858	227	227
	10,262	10,550	3,356	1,884

32. Other current liability

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Sales and service tax payable	3,173	2,993	-	-
	3,173	2,993	-	-

33. Capital commitments

	Group	
	2025 RM'000	2024 RM'000
Property, plant and equipment:		
Authorised and contracted for	994	1,129
	994	1,129

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. 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, in accordance with MFRS 124 Related Party Disclosure.

Related parties may comprise 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 or the Company either directly or indirectly and entities that provides key management personnel services to the Group or the Company. The key management personnel include all the Directors of the Group and the Company and certain members of senior management of the Group and the Company.

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

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Income:				
Sale of ceramic tiles:				
Pan Chyi Construction & Development Sdn. Bhd.	20	11	-	-
Pan Chyi Realty Sdn. Bhd.	-	10	-	-
Trend Homes Sdn. Bhd.	119	46	-	-
Rental of office:				
Shanghai Kim Hin United Building Company Ltd.	54	-	-	-
Vertex Mastery Sdn. Bhd.	48	48	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditure:				
Purchases of sanitaryware for resale:				
Kam Kam Sanitaryware Sdn. Bhd.	(997)	(1,119)	-	-
Renovation and maintenance costs:				
Pan Chyi Construction & Development Sdn. Bhd.	(194)	(249)	-	-
Legal services:				
Alex, Jason & Company	(10)	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

Income:				
Sales of ceramic tiles and sanitaryware	1	1	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditure:				
Rental of office and warehouses	(3,076)	(1,936)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. Related party disclosures

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

(c) Transactions with subsidiaries:

	Company	
	2025	2024
	RM'000	RM'000
Income:		
Management fees	1,056	1,056
Rental income	227	227
Interest income	3,061	3,557
	<u> </u>	<u> </u>
Expenditure:		
Purchase of tiles	-	(4)
	<u> </u>	<u> </u>

(d) Compensation of key management personnel

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

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	9,247	9,871	3,457	3,467
Social security costs	22	21	8	7
Defined contribution plan	1,244	1,304	610	610
Benefits-in-kind	147	229	50	109
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	10,660	11,425	4,125	4,193
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Included in the total remuneration of key management personnel are:				
Directors' remuneration (Note 10)	5,534	5,621	3,702	3,765
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

35. 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

Trade and other receivables	21
Cash and bank balances	23
Loans and borrowings	26
Trade and other payables	29

(i) 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.

(ii) Trade receivables and trade payables

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

(iii) Loans and borrowings

The carrying value of loans and borrowings approximate their fair values either due to their short term nature or they are floating rate instruments that are repriced to market interest rates on or near the reporting date. The carrying value of hire purchases approximates their fair values due to their insignificant discounting impact.

The financial instrument not carried at fair value but for which fair value is disclosed and fair value of financial instruments that are carried and measured at fair value are disclosed in Note 36.

36. Fair value measurement

Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy based on the following levels:

Level 1: The fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: The fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

36. Fair value measurement (cont'd.)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2025

Group	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value					
Investment in unit trusts	18	-	1,658	-	1,658
Derivative assets	28	-	86	-	86
		-	1,744	-	1,744
Assets for which fair values are disclosed					
Investment properties	16	-	-	59,099	59,099
Company					
Assets measured at fair value					
Investment in unit trusts	18	-	1,658	-	1,658
Assets for which fair values are disclosed					
Investment properties	16	-	-	26,777	26,777

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2024

Group	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value					
Investment in unit trusts	18	-	13,027	-	13,027
Assets for which fair values are disclosed					
Investment properties	16	-	-	64,891	64,891
Liabilities measured at fair value					
Derivative liabilities	28	-	14	-	14
Company					
Assets measured at fair value					
Investment in unit trusts	18	-	13,027	-	13,027
Assets for which fair values are disclosed					
Investment properties	16	-	-	27,529	27,529

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

37. Categories of financial instruments

The table below provides an analysis of the Group's and the Company's financial instruments as at 31 December 2025 and 2024, categorised as follows:

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

	Group		Company	
	AC RM'000	FVTPL RM'000	AC RM'000	FVTPL RM'000
At 31 December 2025				
Financial assets				
Trade and other receivables	46,392	-	62,072	-
Other investments	-	1,658	-	1,658
Derivative assets	-	86	-	-
	46,392	1,744	62,072	1,658
Financial liabilities				
Loans and borrowings	11,385	-	-	-
Trade and other payables	70,499	-	560	-
Lease liabilities	29,167	-	-	-
	111,051	-	560	-
At 31 December 2024				
Financial assets				
Trade and other receivables (excluding trade deposits to suppliers)	46,460	-	64,612	-
Other investments	-	13,027	-	13,027
	46,460	13,027	64,612	13,027
Financial liabilities				
Loans and borrowings	11,305	-	-	-
Trade and other payables (excluding trade deposits from customer)	58,773	-	2,905	-
Lease liabilities	20,075	-	-	-
Derivative liabilities	-	14	-	-
	90,153	14	2,905	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

38. Changes in liabilities arising from financing activities

	2025 RM'000	2024 RM'000
Group's borrowings (excluding bank overdraft)		
At 1 January	11,182	17,557
Cash:		
Drawdown/(repayment) of trade facilities, net	2,253	(2,357)
Repayment of principal portion of hire purchase	(104)	(148)
Repayment of term loans	(2,378)	(3,061)
Others:		
Translation difference	42	(809)
At 31 December	10,995	11,182
Group's lease liabilities		
At 1 January	20,075	32,509
Cash:		
Repayment of principal portion of lease liabilities	(11,729)	(10,229)
Others:		
Accretion of interest	1,080	934
Interest paid	(1,080)	(934)
Additions	21,234	1,601
Termination of lease	(46)	(798)
Translation difference	(367)	(3,008)
At 31 December	29,167	20,075

39. Financial risk management objectives and policies

The Group is 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, foreign currency risk and market price risk.

The Board of Directors has overall responsibility for establishing the Group's and the Company's financial risk management objectives and policies, and for overseeing the risk management framework. The implementation of these policies and day to day management of financial risks are carried out by senior management. The Audit Committee of the Company provides independent oversight over the effectiveness of the Group's and the Company's financial risk management process.

The Group and the Company did not enter into any derivative financial instruments during the current and previous financial years except for the use of forward currency contracts. The Group and the Company do not apply hedge accounting.

The following sections set out details of the Group's and the Company's exposure to the financial risks described above, together with the objectives, policies and processes for managing each of these risks.

(a) Credit risk

Credit risk from receivables is disclosed in Note 21.

Exposure to credit risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

(a) Credit risk (cont'd.)

Credit risk concentration profile

Customer credit risk is managed by each entity in the Group and is subject to established policy, procedures and control. As at 31 December 2025, the Group had 16 customers (2024: 20) that owed more than RM500,000 each and accounted for approximately 44% (2024: 44%) of receivables outstanding.

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.

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 120 days.

The Company has significant concentration of credit risk arising from amounts due from subsidiaries amounting to RM61,292,000 (2024: RM64,153,000), consisting of 99% (2024: 99%) of the total receivables as at reporting date.

Cash and bank balances

The cash and bank balances are cash on hand and at banks and deposits with financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position as disclosed in Note 23.

The banks have low credit risks as they are reputable banks. Consequently, the Group and the Company are of the view that the loss allowance is immaterial, hence, it is not provided for.

(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 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	Total RM'000
Group			
Financial liabilities			
2025			
Trade and other payables	69,646	853	70,499
Loans and borrowings	11,821	84	11,905
Lease liabilities	11,641	19,535	31,176
Total undiscounted financial liabilities	93,108	20,472	113,580
2024			
Trade and other payables*	58,056	717	58,773
Loans and borrowings	9,728	2,504	12,232
Lease liabilities	8,179	12,916	21,095
Derivative liabilities	14	-	14
Total undiscounted financial liabilities	75,977	16,137	92,114

* Trade and other payables exclude trade deposit from customers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

(b) Liquidity risk (cont'd.)

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

The table below summarises the maturity profile of 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
Company				
Financial liabilities				
2025				
Other payables, representing total undiscounted financial liabilities	560	-	-	560
2024				
Other payables, representing total undiscounted financial liabilities	2,905	-	-	2,905

Financial guarantees

As at the reporting date, the Company has provided a nominal amount of RM15,546,000 (2024: RM13,697,000) relating to corporate guarantees to secure banking facilities granted to its subsidiaries.

As at the reporting date, the counterparties to the financial guarantees do not have the right to demand cash as there is no default event by the subsidiaries. The possibility of the cash outflow is remote at this juncture because the corporate guarantees are unlikely to be called upon.

(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 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 100 basis points increase in interest rate, with all other variables held constant, would increase the Group's loss net of tax by approximately RM54,000 (2024: RM40,000), arising mainly as a result of higher interest expense on floating interest rate borrowing. 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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

39. Financial risk management objectives and policies (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, EURO ("EUR") and Japanese Yen ("JPY").

As at 31 December 2025, the Group uses forward currency contracts to eliminate the currency exposures after it has entered into a firm commitment for certain sales and purchases, with settlement dates range from January 2026 to March 2026.

The Group also hold cash and bank balances denominated in foreign currencies for working capital purposes. At the reporting date, the Group's foreign currency balances denominated in USD, AUD and SGD amounted to RM373,000 (2024: RM510,000) for its Malaysian operations. The Group's overseas subsidiaries hold cash and bank balances denominated in foreign currency, i.e. USD, AUD and EUR other than its functional currency amounted to RM27,134,000 (2024: RM23,516,000).

Exposure to foreign currency risk

The Group's exposure to foreign currency risk (other than the functional currency of the Group entities), based on carrying amounts as at the end of the reporting period are mainly derived from the following:

	← Denominated in →					Total
	USD	AUD	SGD	EUR	JPY	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Balances recognised in the statements of financial position						
2025						
Trade and other receivables	8,150	8,066	-	535	-	16,751
Cash and bank balances	15,877	11,262	359	9	-	27,507
Trade and other payables	(8,931)	-	(2)	(979)	(355)	(10,267)
	15,096	19,328	357	(435)	(355)	33,991
	15,096	19,328	357	(435)	(355)	33,991
2024						
Trade and other receivables	7,864	36,742	-	48	-	44,654
Cash and bank balances	13,324	10,196	500	6	-	24,026
Trade and other payables	(8,894)	-	(58)	(1,198)	-	(10,150)
	12,294	46,938	442	(1,144)	-	58,530
	12,294	46,938	442	(1,144)	-	58,530

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

(d) Foreign currency risk (cont'd.)

Exposure to foreign currency risk (cont'd)

The Group's exposure to foreign currency risk (other than the functional currency of the Group entities), based on carrying amounts as at the end of the reporting period are mainly derived from the following: (cont'd)

Company	← Denominated in →					Total RM'000
	USD RM'000	AUD RM'000	SGD RM'000	EUR RM'000	JPY RM'000	
2025						
Other receivable	-	4,542	-	-	-	4,542
Cash and bank balances	3	6	359	-	-	368
	3	4,548	359	-	-	4,910
	3	4,548	359	-	-	4,910
2024						
Other receivable	-	5,092	-	-	-	5,092
Cash and bank balances	3	2	500	-	-	505
	3	5,094	500	-	-	5,597
	3	5,094	500	-	-	5,597

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% (2024: 10%) to the USD, AUD, SGD, EUR and JPY 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)	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
USD - Strengthened	1,131	923	-*	-*
- Weakened	(1,131)	(923)	-*	-*
AUD - Strengthened	1,455	3,554	346	387
- Weakened	(1,455)	(3,554)	(346)	(387)
SGD - Strengthened	27	34	27	38
- Weakened	(27)	(34)	(27)	(38)
EUR - Strengthened	(31)	(90)	-	-
- Weakened	31	90	-	-
JPY - Strengthened	27	-	-	-
- Weakened	(27)	-	-	-

* Represent amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

(d) Foreign currency risk (cont'd.)

Sensitivity analysis for foreign currency risk (cont'd.)

As at 31 December 2025 and 2024, no material impact is expected on the equity or other comprehensive income arising from any reasonable possible change in foreign currency rate as the Group and the Company do not have any financial instruments which the effects of changes in fair value or carrying amounts of the financial instruments would be taken directly to equity.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to market price risk and the risk of impairment in the value of unit trust investments held. The Group and the Company manage the risk of impairment by evaluation of investment securities, continuously monitoring the performance of investments held and assessing market risk relevant to which the investments operate.

Sensitivity analysis for equity price risk

At the reporting date, if prices for equity securities increase by 100 basis points with all other variables being held constant, the loss net of tax will be RM13,000 (2024: RM99,000) lower as a result of higher fair value gain on fair value through profit or loss investments in equity instruments. A 100 basis points decrease in underlying equity prices would have had the equal but opposite effect to the amounts shown above.

40. Capital management

The primary objective of the Group's and the Company's capital management is to maintain an optimal capital structure that supports its business operation and enhances its shareholders value.

The Group and the Company manage and adjust its capital structure in response to changes in economic conditions and business requirements. In order to maintain or adjust the capital structure, the Group and the Company may adjust dividend payments, return capital to the shareholder, or issue new shares, where appropriate. There were no changes in the Group's and the Company's capital management objectives, policies or processes during the financial years ended 31 December 2025 and 31 December 2024.

As disclosed in Note 25(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 2025 and 31 December 2024.

The Group and the Company monitor capital using a gearing ratio, which is calculated as net debt divided by total capital plus net debt.

For the purpose of capital management:

- Net debt comprises trade and other payables, loans and borrowings and lease liabilities, less cash and bank balances.
- Total capital represents equity attributable to the owners of the parent less translation adjustment account and the above-mentioned restricted reserve fund.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

40. Capital management (cont'd.)

The gearing ratios at the reporting dates were as follows:

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade and other payables	29	70,499	60,851	560	2,905
Loans and borrowings	26	11,385	11,305	-	-
Lease liabilities	31	29,167	20,075	-	-
Less: Cash and bank balances	23	(63,090)	(43,457)	(5,665)	(3,654)
Net debt/(cash)		<u>47,961</u>	<u>48,774</u>	<u>(5,105)</u>	<u>(749)</u>
Equity attributable to equity holder of the Company		240,252	267,383	185,947	198,091
Less: Other reserves	25	(16,103)	(17,564)	-	-
Capital		<u>224,149</u>	<u>249,819</u>	<u>185,947</u>	<u>198,091</u>
Net debt/(cash)		47,961	48,774	(5,105)	(749)
Capital		<u>224,149</u>	<u>249,819</u>	<u>185,947</u>	<u>198,091</u>
Total capital plus net debt		<u>272,110</u>	<u>298,593</u>	<u>180,842</u>	<u>197,342</u>
Gearing ratio		<u>18%</u>	<u>16%</u>	<u>N/A*</u>	<u>N/A*</u>

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

41. Contingent liabilities

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

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

The contingent liability relates to a dispute with Syarikat Air Negeri Sembilan ("SAINS") in respect of water supply charges at the Group's premises at Gunung Fibre Optik ("GFO").

Since August 2016, water bills received for the GFO premises amounted to approximately RM15 per month. The Group had previously notified SAINS of potential issues with the water meter; however, no remedial action was taken by SAINS at that time.

On 23 February 2023, following complaints from nearby villagers and workshops regarding water leakage, SAINS conducted an inspection at the GFO premises. Subsequently, SAINS alleged that there were internal pipeline leakages and issued a demand of RM947,000, which was later revised to RM960,000 as at 8 August 2023.

The Group disputes the claim and is of the view that only limited water consumption had occurred. Based on its assessment, the Group is only agreeable to settle an amount of approximately RM154,000, which was determined with reference to the average water bills from March 2024 to December 2024, and intends to counter-propose this amount during mediation.

The matter is subject to ongoing legal proceedings. The trial was originally fixed for 8 September 2025. Subsequently, the Court, via a letter dated 9 April 2025, fixed a case management hearing on 28 April 2025 with a view to bringing forward the trial date. Both parties filed their written submissions on 9 March 2026, and a decision hearing has been fixed for 13 May 2026.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

41. Contingent liabilities (cont'd.)

Save as disclosed below, there is no contingent liabilities as at the reporting date: (cont'd.)

Syarikat Air Negeri Sembilan ("SAINS") (Water Bill) (cont'd.)

Based on advice received from the Group's external legal counsel, management is of the opinion that the Group has a good prospect of success in defending the claim. As at 31 December 2025, a provision of RM154,000 (2024: RM154,000) has been recognised based on management's best estimate of the probable outflow. The provision is not material and has therefore not been presented as a separate line item in the statement of financial position.

The balance of the claim demanded by SAINS in excess of the recognised provision continues to be disclosed as a contingent liability, as the outcome of the legal proceedings remains uncertain.

42. Subsequent event

Impact of the Middle East Conflict

The Group continues to monitor the evolving geopolitical situation arising from the ongoing conflict involving Iran and the wider Middle East region. While the Group has no direct operations or financial exposure to the affected territories, the conflict has contributed to heightened global macro-economic uncertainty. The Group has observed several indirect market effects, including surging energy prices, higher transportation costs and increasing raw material costs.

Despite these macro-economic pressures, the Group remains financially resilient, supported by a solid cash position, low gearing, and comfortable liquidity, ensuring that operations continue without significant disruption.

Given the inherently unpredictable nature of geopolitical conflicts and associated macro-economic effects, the Group will continue to closely monitor developments, reassess market conditions, and update its financial estimates and risk assessments as necessary.

43. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2025 were authorised for issue by the Board in accordance with a resolution of the directors on 29 April 2026.

Statistics on **SHAREHOLDINGS** AS AT 31 MARCH 2026

Analysis by Size of Shareholdings as at 31 March 2026

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	88	5.189	3,424	0.003
100 to 1,000	445	26.238	290,560	0.207
1,001 to 10,000	918	54.127	3,447,638	2.458
10,001 to 100,000	210	12.382	6,595,201	4.703
100,001 to less than 5% issued shares	31	1.828	24,505,000	17.474
5% and above of issued shares	4	0.236	105,397,290	75.155
TOTAL	1,696	100.000	140,239,113	100.000

List of Thirty (30) Largest Shareholders as at 31 March 2026

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	17.067
3.	Chua Seng Huat	9,796,965	6.985
4.	Chew Chiaw Ann	9,410,500	6.710
5.	Wee Song Ching	6,999,900	4.991
6.	UOBM Nominees (Asing) Sdn. Bhd. United Overseas Bank Nominees (Pte) Ltd for Galister International Ltd	3,900,000	2.780
7.	UOBM Nominees (Asing) Sdn. Bhd. United Overseas Bank Nominees (Pte) Ltd for China Cruise Company Ltd	2,582,400	1.841
8.	CitiGroup Nominees (Asing) Sdn. Bhd. Exempt An for Bank of Singapore Limited (Foreign)	2,000,000	1.426
9.	D. Hamskor Trading Co. Sdn. Bhd.	1,061,500	0.756
10.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Kie Yung	782,400	0.557
11.	Chai Beng Hwa	700,000	0.499
12.	Wong Kie Yung	555,700	0.396
13.	Dato' John Chua Seng Chai	524,650	0.374
14.	Cheng Kok Sang	462,800	0.330
15.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hii Sui Cheng (E-JCL)	436,300	0.311
16.	Liau Keen Yee	400,000	0.285
17.	Chua Seng Guan	296,000	0.211
18.	Pauline Getrude Chua Hui Lin	295,000	0.210
19.	Chua Seng Guan	270,000	0.192
20.	Choo Kok Heng	251,200	0.179

STATISTICS ON SHAREHOLDINGS (CONT'D)

AS AT 31 MARCH 2026

No.	Name	No. of Shares ♦	% ♦
21.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wong Dek Kong	250,000	0.178
22.	Ngu Meng Chung	232,300	0.165
23.	Gan Hong Hu	200,000	0.142
24.	CGS International Nominees Malaysia (Asing) Sdn. Bhd. Exempt An For CGS International Securities Singapore Pte. Ltd. (Retail Clients)	193,000	0.137
25.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd (SFS)	184,300	0.131
26.	Jessie Ngu Leh Jin	170,000	0.121
27.	Chong Siaw Yian	169,000	0.120
28.	Chua Yew Lin	167,400	0.119
29.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wong Dek King	150,000	0.106
30.	Tee Siew Hwa	150,000	0.106

List of Directors' Shareholdings as at 31 March 2026

No.	Name	Direct	Indirect
1.	Chua Seng Huat	9,796,965	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.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Aw Tai Hui	10,000	-

List of Substantial Shareholders as at 31 March 2026

No.	Name of Substantial Shareholders	No. of shares			
		Direct	% ♦	Indirect	% ♦
1.	Kim Hin (Malaysia) Sdn. Bhd.	86,189,825 ^Δ	61.459	-	-
2.	Chua Seng Huat	9,796,965	6.986	86,189,825*	61.459
3.	Chew Chiaw Ann	9,410,500	6.710	-	-
4.	Chua Seng Guan	566,000	0.403	86,189,825*	61.459
5.	Dato' John Chua Seng Chai	524,650	0.374	86,189,825*	61.459
6.	Pauline Getrude Chua Hui Lin	328,900	0.234	86,204,175* ^Δ	61.469
7.	Chua Yew Lin	242,400	0.172	86,189,825*	61.459
8.	Chua Seng Khoon	-	-	86,189,825*	61.459

Notes:

♦ Exclude treasury shares of 15,376,900 as at 31 March 2026.

* 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 2025, 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)
1	SARAWAK Lot 2124 Block 226 Kuching North Land District	Country Land/ Mixed Zone Land; 3 Storeys Old Office Block	1992	41	60,187	13/07/2057	8,411
	Lot 96, 929 & 930, Block 226 Kuching North Land District	Factory Building, Worker Quarters, Warehouse, 3 Storeys New Office	1992	34 34 34 30	66,330	31/12/2038	
2	FEDERAL TERRITORY B-31-05, Pavillion Residences 2, No.77, Jalan Raja Chulan, 50200 Kuala Lumpur	Service Residences	2009	19	223	31/12/2099	1,562
3	39-08, Menara The Stride Bukit Bintang City Centre, No 2, Jalan Hang Tuah, Bukit Bintang, 55100 Kuala Lumpur	Strata office	2017	4	110	freehold	1,133
4	NEGERI SEMBILAN HS(D) 43950 to HS(D) 43963 Lot 10807 To Lot 10820 Mukim Rentau, Daerah Seremban	Industrial Land Factory and Office Building	1989	- 36, 15 28	61,500	freehold	22,357
5	Lot 10806, GRN 116899 Tuanku Jaafar Industrial Estate Sungai Gadut, Daerah Seremban	Industrial Land Warehouse	2013	- 30	44,456	freehold	14,645
6	Hakmilik PN229220, Lot 1780, Pekan Senawang, Daerah Seremban	Industrial Land	2016	-	12,173	20/7/2052	15,171
	Hakmilik PN 48805, Lot 61215, Pekan Senawang, Daerah Seremban	Industrial Land, Factory and Office Building	2016	46	40,000	11/12/2074	
7	SINGAPORE #08-10 Goodwood Residence 263, Bukit Timah Road 259704 Singapore	Condominium	2010	12	233	freehold	11,703
8	THE PEOPLE'S REPUBLIC OF CHINA 655, Xianju Road Zhujing Development Area Jinshan District, Shanghai 201599	Industrial Land Factory/Office Building	1992	- 31	199,350	05/11/2042	12,434
9	Unit 610, 5th Floor, No. 108 Qibao Wan Xin International Center Lane 1333, Xinlong Road, Shanghai	Office Unit	2018	6	250.79	2069	5,489
10	AUSTRALIA Unit 5102/11 Bale Circuit Southbank, VIC 3026	Condominium	2020	6	190	freehold	4,758



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-Third Annual General Meeting ("53rd 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 Friday, 29 May 2026, 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 Madam Pauline Getrude Chua Hui Lin as the Director of the Company pursuant to Clause 118 of the Company's Constitution and, being eligible, offer herself for re-election.		
2.	To re-elect Dato Sim Kheng Boon as the Director of the Company pursuant to Clause 118 of the Company's Constitution and, being eligible, offer himself for re-election.		
3.	To re-elect Mr. Kho Soon Kheng as the Director of the Company pursuant to Clause 118 of the Company's Constitution and, being eligible, offer himself for re-election.		
4.	To approve the payment of Directors' fees and Directors' meeting allowances up to RM396,000 for the period from 1 June 2026 to the next AGM.		
5.	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.		
6.	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.		
7.	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 2026.

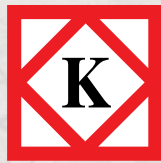
.....
Signature of shareholder(s)/Common Seal

Notes

- Only Depositors whose names appear in the General Meeting Record of Depositors as at 22 May 2026 be regarded as Members and shall be entitled to attend, speak and vote at the 53rd AGM.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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 Friday, 29 May 2026.

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.

Affix Stamp



KIM HIN INDUSTRY BERHAD

Registration No.: 197301003569 (18203-V)

Head Office and Factory
4½ Mile, Kung Phin Road, Off Penrissen Road,
93250 Kuching, Sarawak, Malaysia.

Tel : 082-451567, 458857, 451017

Fax : 082-452135

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