
KIM HIN JOO
ANNUAL REPORT 2025
we know parenting

TABLE OF
CONTENTS

Corporate Overview

Corporate Governance

Financial Statements

Stakeholder Information

ABOUT US

who we are

vision

mission

OUR BUSINESS OPERATIONS

Retail

[illegible]

[illegible]

[illegible]

As of 31 December 2023, [illegible] operated:

- 14 Mothercare stores
- 8 Early Learning Centre ELC
- 3 The Entertainer stores across Malaysia

Distribution

[illegible]

[illegible]

- Specialty baby and toy stores
- Department stores and hypermarkets
- Online retailers
- Pharmacies
- Traditional Chinese medical halls
- Corporate partners

[illegible]

OUR BUSINESS OPERATIONS

ABOUT US

Why Consumer Choose Us

Our Products

ABOUT US

our milestones

1978

- [illegible]

1986

- First Mothercare [illegible] development agreement signed

1987

- First Mothercare outlet at KL Plaza

1997

- Second Mothercare development agreement signed

2018

- [illegible]

2019

- [illegible]

2020

- [illegible]

2021

- [illegible]

2022

- [illegible]

ABOUT US

2007

- Early Learning Centre development agreement signed

2008

- [illegible]
- [illegible]

2010

- [illegible]
- [illegible]

2016

- [illegible]

2014

- [illegible]
- [illegible]

2011

- [illegible]
- [illegible]
- [illegible]

2023

- [illegible] Awards 2023
- [illegible] Awards 2023
- [illegible] Awards 2023

2024

- [illegible]

2025

- [illegible]
- [illegible]
- [illegible]
- [illegible]

our footprint

01. Gurney Plaza Mothercare
170-04-15, 4th Floor,
Plaza Gurney, Persiaran Gurney,
10250 Penang

02. 1 Utama Shopping Centre Mothercare
Lot G136, 2nd Floor,
1 Utama Shopping Centre,
No. 1 Lebuh Bandar Utama,
Bandar Utama,
47800 Petaling Jaya, Selangor

03. The Curve Mothercare
Lot 178 & 179, 1st Floor,
The Curve,
6 Jalan PJU 7/3,
Mutiara Damansara,
47810 Petaling Jaya, Selangor

Our store locations

07. Mid Valley Megamall Mothercare | ELC | TB
Lot S-062A, 2nd Floor,
Mid Valley Megamall,
Lingkaran Syed Putra,
59200 Kuala Lumpur, WP

08. East Coast Mall Mothercare
L1-02 (B), Level 1,
East Coast Mall,
Jalan Putra Square 6, Putra Square,
25200 Kuantan, Pahang

09. Alamanda Shopping Centre Mothercare
G7 7/8, Ground Floor,
Alamanda Shopping Centre,
Jalan Alamanda, Precint 1,
62000 Putrajaya, WP

10. IOI City Mall Mothercare | ELC
L1-65-2, First Floor,
IOI City Mall, IOI Resort City,
62502 Putrajaya, WP

AT A GLANCE

08. Suria Sabah Shopping Mall
Mothercare | ELC | TB
Lot [illegible]
1, Jalan Tun Fuad Stephens,
88000, Kota Kinabalu, Sabah

09. Suria KLCC
Mothercare | ELC | TB
Lot [illegible] 2nd Floor
Suria KLCC
Kuala Lumpur City Centre
50088 Kuala Lumpur, WP

10. Pavilion KL
Mothercare
Lot [illegible] Level [illegible]
Pavilion Kuala Lumpur,
168, Jalan Bukit Bintang,
55100 Kuala Lumpur, WP

11. Setia City Mall
Mothercare | ELC
[illegible] Level 1, Setia City Mall
No. 7 Persiaran Setia Dagang,
Bandar Setia Alam, Seksyen U13,
40170 Shah Alam, Selangor

12. IOI Empire Shopping Gallery
Mothercare
LG [illegible]
Empire Shopping Gallery
Jalan SS16/1
47500 Subang Jaya, Selangor

13. AEON Tebrau City
Mothercare
Lot [illegible] 2nd Floor
AEON Tebrau City
1 Jalan Desa Tebrau,
81100 Johor Bahru, Johor

14. Mid Valley Southkey
Mothercare | ELC
LG [illegible] The Mall, Mid Valley Southkey,
1, Persiaran Southkey 1,
Southkey,
80150 Johor Bahru, Johor

ABOUT US

corporate information

Board of Directors

[illegible]

[illegible]

[illegible]


ABOUT US

CORPORATE STRUCTURE

CORPORATE STRUCTURE

The Group Structure of KHJ for the financial year ended 31 December ("FYE") 2025 was as follows:

All the subsidiaries are dormant. The Group is presently undertaking an internal reorganisation, following which Anzo Berhad will become the investment holding vehicle assuming the listing status of KHJ, while KHJ will continue to operate its existing business in the retailing of nursery, baby and children's wear and products.

FINANCIAL HIGHLIGHTS
5 Years Financial Performance

Revenue by Business Segment
(RM'000)

Revenue by Product Categories
(RM'000)

	Financial Year Ended 31 December ("FYE")				
	2021	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000	RM'000
STATEMENT OF PROFIT OR LOSS					
Revenue	83,693	104,635	95,705	82,584	**77,128**
Gross Profit	39,118	50,188	42,475	35,005	**32,822**
Profit/(Loss) before taxation ("PBT"/("LBT")	6,764	6,801	(720)	(2,999)	**(5,719)**
Profit/(Loss) attributable to owners of the Company ("PAT"/("LAT")	4,503	4,827	(789)	(3,053)	**(4,428)**
STATEMENT OF FINANCIAL POSITION					
Total equity attributable to owners of the Company	78,202	78,029	76,273	72,942	**68,223**
Total assets	114,334	110,661	103,078	97,275	**91,679**
Cash and bank balances, fixed deposits with licensed banks	25,221	19,077	19,508	33,553	**36,100**
Borrowings	-	-	-	-	**-**
FINANCIAL RATIOS					
GP Margin (%)	47.20	47.96	44.29	42.72	**42.56**
* Basic earnings/(Loss) per share ("EPS"/("LPS")(sen)	1.21	1.21	(0.21)	(0.80)	**(1.11)**
* Dividends per share (sen)	1.00	0.60	0.10	0.10	**0.10**
* Net assets per share (sen)	20.51	20.00	20.07	18.77	**17.06**

FINANCIAL HIGHLIGHTS

5 Years Financial Performance

Gross Profit

Profit/(Loss) Before Taxation ("PBT")/("LBT")

Net Assets

Net Assets per Share

PROFILE OF DIRECTORS

PANG KIM HIN

Non-Independent Non-Executive Chairman

Singaporean | Age [illegible] | Male

- **Date of Appointment as Director**

  [illegible] September [illegible] (Re-designated as Non-Independent Non-Executive Chairman on [illegible] October 2018)

- **Length of Service as Director since Appointment**

  [illegible] years

- **Board Committee(s) Membership**

  Chairman of Board of Directors

- **Academic/Professional Qualification(s)**

  Bachelor of Engineering – Mechanical from [illegible] University, Canada

- **Present Directorships in other Public Companies and Listed Companies**

  Mr Pang Kim Hin does not hold any directorship in other public companies and listed corporations.

- **Family Relationship with any Director and/or Major Shareholder of the Company**

  [illegible]

- **Working Experience**

  [illegible]

  [illegible]

  [illegible]

  [illegible]

  [illegible]

  [illegible]

  [illegible]

  [illegible]

- **Time Committed**

  [illegible]

PROFILE OF DIRECTORS

[illegible]

PANG FU WEI

Managing Director

[illegible] | [illegible] / [illegible]

- **Date of Appointment as Director**

  [illegible]

- **Length of Service as Director since Appointment**

  [illegible]

- **Board Committee(s) Membership**

  [illegible]

- **Academic/Professional Qualification(s)**

  [illegible]

- **Present Directorship(s) in other Public Companies and Listed Companies**

  [illegible]

- **Family Relationship with any Director and/or Major Shareholder of the Company**

  [illegible]

- **Working Experience**

  [illegible]

  [illegible]

  [illegible]

  [illegible]

  [illegible]

- **Time Committed**

  [illegible]

GOH POH TENG

Executive Director
Malaysian | Aged [illegible] | Female

- **Date of Appointment as Director:**
  [illegible] (Re-designated as Executive Director on [illegible])
- **Length of Service as Director since Appointment:**
  [illegible] years
- **Board Committee(s) Membership:**
  Member of Risk Management Committee
- **Academic/Professional Qualification(s):**
  Bachelor of Economics from the University of Malaya, Malaysia
- **Present Directorship(s) in other Public Companies and Listed Companies:**
  Ms Goh does not hold any directorship in other public companies and listed corporations.

- **Family Relationship with any Director and/or Major Shareholder of the Company:**
  None
- **Working Experience:**
  Ms Goh Poh Teng joined our Group as an [illegible]

  [illegible]

  [illegible]
- **Time Committed:**
  Ms Goh Poh Teng attended [illegible] out of [illegible] Board of Directors' Meetings held during the [illegible].

PROFILE OF DIRECTORS
(cont'd)

CHEW SOO LIN

Senior Independent Non-Executive Director
Singaporean | Aged 78 | Male

- **Date of Appointment as Director**

  3 October 2013

- **Length of Service as Director since Appointment**

  7 years

- **Board Committee(s) Membership**

  Chairman of Nomination Committee
  Chairman of Remuneration Committee
  Member of Audit Committee
  Member of Risk Management Committee

- **Academic/Professional Qualification(s)**

  Institute of Chartered Accountants in England and Wales

- **Present Directorship(s) in other Public Companies and Listed Companies**

  Mr. Chew is currently the Executive Chairman of Khong Guan Limited. He is also acting as an Independent Director for Duty Free International Limited, which is listed on the Singapore Exchange.

- **Family Relationship with any Director and/or Major Shareholder of the Company**

  None

- **Working Experience**

  Mr Chew Soo Lin began his career in 1966 working in various audit firms in England. In 1971, he qualified as a UK Chartered Accountant and became a member of the Institute of Chartered Accountants in England and Wales until 1986.

  He joined Arthur Andersen & Co in Singapore in 1972, where he was subsequently promoted to Audit Manager in 1975.

  He joined the Khong Guan group of companies in 1978. In September 1988, he was appointed as Executive Director of Khong Guan Limited and was subsequently re-designated as its Executive Chairman in August 2007.

- **Time Committed**

  Mr Chew Soo Lin attended 5 out of 5 Board of Directors' Meetings held during the FYE2020.

PROFILE OF DIRECTORS
(cont'd)

KOH YANN NING

Independent Non-Executive Director
Malaysian | Aged 42 | Female

- **Date of Appointment as Director:**

  3 October 2018

- **Length of Service as Director since Appointment:**

  7 years

- **Board Committee(s) Membership:**

  Chairperson of Audit Committee
  Member of Remuneration Committee
  Member of Nomination Committee
  Member of Risk Management Committee

- **Academic/Professional Qualification(s):**

  Bachelor of Commerce majoring in Accounting and Commercial Law from University of Sydney, Australia.

  Member of Malaysian Institute of Accountants and Certified Practising Accountant Australia.

- **Present Directorship(s) in other Public Companies and Listed Companies:**

  Ms Koh is currently an Independent Non-Executive Director of [illegible] Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

- **Family Relationship with any Director and/or Major Shareholder of the Company:**

  None

- **Working Experience:**

  Ms Koh Yann Ning began her career in October 2005 with [illegible] & Co., an accounting and tax firm based in Sydney, Australia. In July 2010, she joined Fusion Partners Pty Ltd in Malaysia to set up its outsourced accounting function in Malaysia and [illegible] service and specialising in taxation and audit.

  She joined [illegible] Investment Bank Berhad ("[illegible]") in May 2012 as a Vice President and Financial Product Controller for its finance department, and was subsequently redesignated as Senior Manager in April 2015 under RHB Investment Bank Berhad following the bank's merger with [illegible].

  In December 2015, she joined S & F Construction Sdn Bhd as a Financial Controller, responsible for the overall finance, risk management and strategic IT [illegible], human resources and audit [illegible] of the company.

  She was appointed as a Chief Financial Officer of S & F Capital Berhad (formerly known as [illegible] Berhad) in November 2016 and left S & F Construction Sdn Bhd on 31 December 2018.

- **Time Committed:**

  Ms Koh attended 5 out of 5 Board of Directors' Meetings held during the FY2025.

PROFILE OF DIRECTORS

(cont'd)

HEW MOH YUNG

Independent Non-Executive Director

Singaporean | Aged [illegible] | Male

- **Date of Appointment as Director**

  [illegible] August [illegible]

- **Length of Service as Director since Appointment**

  [illegible] years

- **Board Committee(s) Membership**

  Chairman of Risk Management Committee
  Member of Remuneration Committee
  Member of Nomination Committee
  Member of Audit Committee

- **Academic/Professional Qualification(s)**

  Bachelor's degree from the National University of Singapore, majoring in Economics and Political Science

- **Present Directorship(s) in other Public Companies and Listed Companies**

  Mr Hew is an Independent Director of [illegible] Ltd. listed in Singapore.

- **Family Relationship with any Director and/or Major Shareholder of the Company**

  None

- **Working Experience**

  Mr Hew Moh Yung has over [illegible] years of [illegible] experience [illegible]

  He was appointed as [illegible]

  He was previously the [illegible]

- **Time Committed**

  Mr Hew attended [illegible] out of [illegible] Board of Directors' Meetings held during the [illegible].

ADDITIONAL INFORMATION ON THE DIRECTORS

The details of the Directors' interest in the securities of the Company are set out on page [illegible] of this Annual Report.

Save as disclosed above, none of the Directors have:

- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interests and potential conflict of interests, including interest in any competing business with the Company; and
- any conviction for offences other than traffic offences (if any) within the past 5 years nor any public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

AARON ANG

Chief of Staff to Group Managing Director

Malaysian | Aged [illegible] | Male

Date First Appointed to the Key Senior Management Position:

28 May 2025

Academic/Professional Qualification(s):

Diploma in Business Administration

Working Experience:

Mr Aaron Ang joined our Group as Chief of Staff in May 2025, where he leads strategic planning, commercial alignment and operational performance across the Group's retail and distribution businesses.

He brings over 18 years of experience in retail and commercial management within the baby, children's and lifestyle sectors. Prior to joining the Group, he held senior leadership roles overseeing multi-store retail operations, distribution growth, cost management, brand development, and key principal partnerships.

He works closely with senior management and business unit heads to strengthen execution, enhance profitability, and support the Group's long-term growth strategy.

CHANG KIM WIN

Chief Financial Officer

Malaysian | Aged [illegible] | Female

Date First Appointed to the Key Senior Management Position:

15 October 2020

Academic/Professional Qualification(s):

Association of Chartered Certified Accountants
Malaysian Institute of Accountants

Working Experience:

Ms Chang Kim Win joined our Group as Chief Financial Officer in October 2020 to oversee our overall financial and operations management, as well as to ensure all matters are in compliance with the relevant regulatory authorities.

Prior to joining our Group, she has held several management roles in audit, accounting, finance, operations, risk management, internal audit and taxation with various companies in the fields of retail, jewellery, technology, finance, [illegible] manufacturing and leisure from 1999 to 2020.

PROFILE OF KEY SENIOR MANAGEMENT
(cont'd)

CASS LEONG

Head of Buying and Merchandising

Malaysian | Aged [illegible] | Female

Date First Appointed to the Key Senior Management Position:

4 July 2023

Academic/Professional Qualification(s):

Advanced Diploma in Association of Business Executive

Working Experience:

Ms Cass Leong joined our Group as an Executive Assistant to the Managing Director and subsequently redesignated as Head of Distribution in our subsidiary, Global Product Solutions Sdn Bhd, to oversee the distribution business in Malaysia. Later, she transitioned to the Group as Head of Buying and Merchandising, responsible for overseeing the buying department.

Prior to joining the Group, she was the Regional Head of Buying for Singapore and Malaysia of a UK Fashion brand. She brought with her over 20 years of experience in buying and merchandising, which includes budget planning, trend forecasting and analysis, inventory optimisation, team leadership and development.

NABILA ZAID

Head of E-Commerce and Digital Marketing

Malaysian | Aged [illegible] | Female

Date First Appointed to the Key Senior Management Position:

1 February 2025

Academic/Professional Qualification(s):

Bachelor of Business Administration (Hons) in International Business, Universiti Teknologi MARA

Working Experience:

Ms. Nabila Zaid joined our Group as an E-Commerce Manager in January 2024 and was promoted to Head of E-Commerce & Digital Marketing Manager on 1 Feb 2025. In her current role, she leads the Group's digital commerce strategy, driving revenue growth, operational excellence, and enhancing customer experience across all online channels.

She brings over 10 years of working experience in digital business and eCommerce leadership, proficient in digital transformation initiatives, system integrations and automation strategies that enhance workflow efficiency and strengthen data-driven decision making.

PROFILE OF KEY SENIOR MANAGEMENT

STEPHANIE CHEW

Head of Marketing
Malaysian / Aged 41 / Female

Date First Appointed to the Key Senior Management Position

8 September 2021

Academic/Professional Qualification(s)

Bachelor's Degree in Mass Communications (Hons) from Taylor's University

Working Experience

Ms Stephanie Chew joined our Group as Head of Marketing in September 2021 to oversee the overall marketing strategy and activities of our Mothercare stores.

Prior to joining our Group, she had 13 years of experience working in different branding, marketing and advertising roles across the top retail, fashion and cosmetics sectors. She is also well-versed with social media and e-commerce strategies.

ASMADI SAIMAN

Warehouse Manager
Malaysian / Aged 49 / Male

Date First Appointed to the Key Senior Management Position

27 October 2020

Academic/Professional Qualification(s)

Executive Diploma in Integrated Logistic and Supply Chain Operation, Malaysia University of Technology

Working Experience

Encik Asmadi Saiman joined our Group as Warehouse Manager in October 2020 in charge of planning and supervising daily warehouse operations and distribution of products to outlets and distribution points.

When he joined our Group, he brought with him 25 years of experience in warehousing and distribution gained from working with different companies in the food, retail and fashion industries since 1995.

ADDITIONAL INFORMATION ON THE KEY SENIOR MANAGEMENT

Directorship in Public Companies and Listed Corporations

None of the Key Senior Management have any directorships in public companies and/or listed corporations.

Family Relationship with any Director and/or Major Shareholder

None of the Key Senior Management have family relationship with any Director and/or major shareholder of the Company.

Conflicts of Interest

The Key Senior Management do not have any conflicts of interest and potential conflict of interests, including interest in any competing business with the Company.

List of Convictions for Offences within the past 5 years and Particulars of any Public Sanctions or Penalty imposed by the Relevant Regulatory Bodies during the financial year, if any

None of the Key Senior Management have any convictions for offences (other than traffic offences) if any within the past 5 years.

None of the Key Senior Management were sanctioned or penalised by any regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

"Dear valued shareholders,

The financial year ended 2025 remained another challenging period for the Group. The retail landscape continued to face headwinds, shaped by cautious consumer sentiment, elevated cost pressures and rapid shifts in purchasing behaviour. Within our baby and parenting retail sector, birth rates have declined year on year, while shoppers have become increasingly comfortable with online alternatives, broader formats and aggressive price competition. These shifts reflect lasting changes in consumer behaviour rather than short-lived cyclical trends."

PANG KIM HIN

Non-Independent
Non-Executive Chairman

CHAIRMAN'S STATEMENT

OPERATIONAL DISCIPLINE AND CHALLENGING CONDITIONS

BALANCING OPPORTUNITIES AND COST PRESSURES

BUILDING STRENGTH THROUGH OUR PEOPLE AND LEADERSHIP

UPHOLDING INTEGRITY, ACCOUNTABILITY AND STRONG GOVERNANCE

CHAIRMAN'S STATEMENT
cont'd

Group has comprehensive policies in place, including the Business Code of Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy and Related Party Transaction Policy. The Board continually strives to ensure that practices are being maintained and that governance is integral to our strategy and decision-making processes for the benefit of our shareholders and other stakeholders.

OUR COMMITMENT TO ENVIRONMENTAL RESPONSIBILITY

Sustainability remains an important focus for the Group. Since financial year [illegible], we have progressively introduced eco-friendly products and encouraged more sustainable retail practices, including the use of recyclable bags and biodegradable plastic bags to help reduce environmental impact. By incorporating more sustainable products into our portfolio, we aim to encourage our customers to take small but meaningful steps towards a more sustainable future. We believe that collective action, even in small measures, can contribute positively to environmental preservation, and we will continue to explore broader sustainability initiatives in the years ahead.

RECOGNISING SHAREHOLDER SUPPORT

To recognise the continued support of our shareholders, the Board is pleased to recommend a dividend of [illegible] per share. This recommendation takes into account the Group's current financial position, cash flow requirements and prevailing operating conditions, while reflecting our confidence in the Group's resilience and longer-term prospects.

APPRECIATION

On behalf of the Board, I would like to thank our shareholders for their continuous patience and support during this period of transition. I am also grateful to our customers, suppliers, landlords, bankers and business partners for their cooperation and trust. To my fellow Board members, I would like to extend my gratitude for your invaluable guidance and unwavering support to the management.

Finally, I would like to express my sincere appreciation to our management team and employees. Their commitment, adaptability and resilience have been instrumental in executing the difficult but necessary changes undertaken during the year. Their efforts have laid a stronger foundation for the next chapter of Kim Hin Joo's journey.

[illegible]
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE KHJ GROUP

[illegible] (Malaysia) Berhad is a premier retail specialist listed on the ACE Market of Bursa Malaysia Securities Berhad. We are dedicated to providing high-quality baby, children, and maternity products to families across Malaysia.

Today, KHJ boasts a diversified portfolio spanning apparel, home essentials, travel gear, and toys. Leveraging an extensive distribution network and a robust market presence, we continuously optimise our retail footprint and operational efficiencies to stay ahead of evolving consumer trends. Our business is anchored by two strategic divisions:

Retail: A multi-channel ecosystem comprising physical outlets, e-commerce platforms, and high-visibility participation in major Baby Expos.

Distribution: A wide-reaching wholesale arm that supplies premium products to a network of local and international retailers.

(i) Retail

Our physical retail segment continues to account the largest revenue contributor to our Group.

We offer a wide range of baby, children, and maternity products through multiple sales channels, including Mothercare outlets, ELC [illegible], The Entertainer outlets, the Mothercare online store, online marketplaces, and Baby Expos.

We primarily source our products from Mothercare UK, ELC UK and The Entertainer UK, operating under Format Development and Operational Agreements with our respective UK principals.

As of the financial year ended 31 December 2025 ("FY2025"), KHJ operated 14 Mothercare outlets, [illegible] ELC [illegible], and 2 The Entertainer outlets nationwide. Beyond Mothercare, ELC, and The Entertainer products, we also carry various third-party brands.

Our online presence continued to expand, with a substantial range of clothing, home essentials, travel products, and toys available on our e-commerce platform, the Mothercare online store. Additionally, our products are listed on leading online marketplaces such as Lazada and Shopee.

To further expand our sales, we participated in [illegible] Baby Expos in FY2025.

For the year under review, the Retail segment recorded revenue of RM[illegible] million, representing [illegible]% of the Group's total revenue.

(ii) Distribution

Under the Distribution segment, our Group partners with a diverse range of brands in foods and travel products, supplying them to specialty baby and toy stores, departmental stores, hypermarkets, online platforms, pharmacies, traditional Chinese medical halls, and other corporate partners.

A small portion of the Group's sales comes from departmental stores, where our products are sold on a consignment basis.

In FY2025, the Distribution segment recorded revenue of RM[illegible] million, contributing [illegible]% of our Group's total revenue for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

KEY DEVELOPMENTS FOR FY2025

Overall, FY2025 remained a challenging year as macroeconomic uncertainties and subdued consumer sentiment continued to weigh on the retail landscape. Against this backdrop, the Group remained focused on strengthening its fundamentals, inventory discipline and store optimisation.

Inventory management was a key priority throughout the year. We maintained a disciplined approach to inventory planning, actively reducing ageing and slow-moving stock while aligning procurement more closely with demand trends. This allowed the Group to improve inventory turnover, reduce working capital intensity and create capacity to refresh our product assortment with fresher, more relevant and trend-driven offerings. As a result, we are better positioned to meet evolving customer preferences and support margin recovery.

Store optimisation was another major focus area in FY2025. The Group continued to rationalise its retail footprint by closing underperforming outlets and resizing selected stores to improve productivity per square foot. In parallel, we commenced the gradual exit of [illegible] and The Entertainer outlets, with the intention to fully exit the concept by 2026.

This transition marks a deliberate shift towards a more curated approach. Rather than exiting the toy category, we are refining our product assortment to prioritise premium brands that are more relevant to the current market demand while remaining aligned with our core proposition.

This decision reflects our strategy to concentrate resources on core concepts and channels with stronger long-term growth and profitability potential, while reducing exposure to higher fixed-cost formats in a challenging retail environment.

In FY2025, we also expanded our portfolio by securing the rights to several premium baby and children brands, including [illegible], Snuggle Bunnies, [illegible] and [illegible], with additional brands in the pipeline. These brands enhance our product differentiation, strengthen our market positioning and support the Group's strategy to build a more resilient margin.

Our e-commerce business maintained strong momentum and remains a critical pillar of our omni-channel strategy. In 2025, online sales grew by [illegible]%, reflecting continued investment in digital capabilities and the ongoing shift in consumer behaviour. We will continue to build on this growth as part of an integrated omni-channel approach.

Meanwhile, our strengthened balance sheet positions us well to navigate uncertainties, maintain operational stability and capitalise on new growth opportunities. We remain committed to investing in areas that enhance long-term value, including infrastructure upgrades and the acquisition of new brands.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIES FOR FYE2026

The Group's key strategic priorities for FYE2026 are as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's key strategic priorities for FYE2026 are as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

FINANCIAL PERFORMANCE REVIEW

During the year under review, KHJ recorded a revenue of RM73.13 million, representing a decrease of 14.88 % from RM92.50 million in FY2024.

The decrease in revenue was mainly attributable to lower sales volume in the Retail segment, primarily due lower sales performance and closure of stores. Additionally, declining birth rates in Malaysia further contributed to the sales challenges.

In line with the lower revenue, KHJ posted a loss before tax of RM3.72 million in FY2025.

Financial Position

KHJ maintained a sound financial liquidity. As at FY2025, the Group's cash and bank balances stood at RM26.18 million, with zero borrowings. Our net current assets were valued at RM54.23 million.

Total equity attributable to owners was RM63.02 million as at FY2025, while net assets per ordinary share attributable to owners stood at 17.90 sen.

Capital Expenditure

Our capital expenditure for FY2025 amounted to RM3.22 million, primarily allocated towards retail refurbishments and infrastructure improvements. These investments are expected to enhance customer experience and drive long-term value creation.

Capital Management

There was no change in the share capital of the Company during the financial year under review.

SUSTAINABILITY STATEMENT

Enriching Lives in the BCM Retail Sector

About this Statement

The Group is pleased to present our inaugural sustainability statement, reflecting our commitment to integrating sustainable practices across our operations to create long-term value for people and the planet. This statement highlights the initial steps we have taken in embarking on our sustainability journey.

Initiating Our Sustainability Journey

As a leading specialist in the baby, children, and maternity sector, KHJ continues to strengthen its market presence through our Retail and Distribution segments. Guided by our ethos, **"A Family that grows together,"** the Group is dedicated to providing an accessible and enriching shopping experience while generating positive impact for the environment and society.

Reporting Scope and Boundary

The reporting period for this statement covers **1 January 2025 to 31 December 2025 ("FYE2025")** and includes the business activities of our Retail and Distribution segments in Malaysia.

Reporting Framework

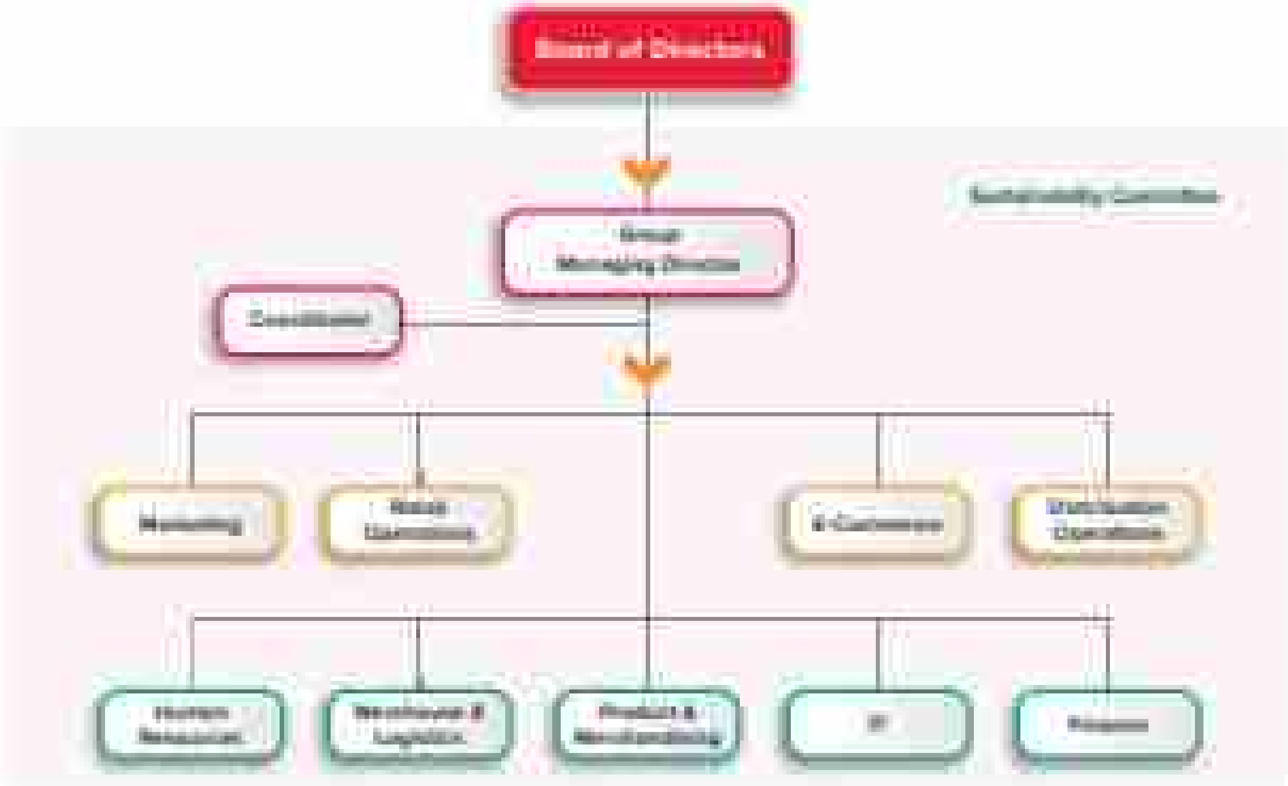
This statement has been prepared in line with the Sustainability Reporting Standards of the **Global Reporting Initiative ("GRI")**.

Assuring Data Integrity

The data presented in this sustainability statement has been sourced and internally reviewed by the respective information owners within the Group. We will continue to enhance our data collection and analysis processes to strengthen the credibility and reliability of our disclosures.

Sustainability Governance

The **Board of Directors ("the Board")** holds overall responsibility for overseeing and advancing sustainability initiatives. It is supported by management, which supervises the execution of strategy. Representatives from each business unit convene regularly to ensure material issues are prioritised and integrated across the Group.



Sustainability Highlights

Ensuring Quality in Products and Services

- 100% of product categories assessed for health and safety impacts.

Advancing Environmental Responsibility and Sustainability

- 100% of outlets implemented with LED lighting solutions.
- Zero incidents of non-compliance with environmental laws.

Promoting Ethical Governance and Transparency

- Zero confirmed incidents of bribery and corruption.
- 100% adherence with ABAC Policy [illegible] for all employees.
- Zero substantiated complaints regarding breaches of customer privacy.

Fostering Employee Well-being and Community Engagement

- [illegible] post-maternity [illegible] rate [illegible] in FY2025.
- 100% of head office, warehouses, and outlet staff are Malaysians (excluding MD and Non-Executive Board).

SUSTAINABILITY STATEMENT
(cont'd)

Empowering Positive Change: [illegible]'s ESG Strategy

Our ESG framework anchors on core pillars, ensuring a structured approach to advancing key objectives.

Vision
To enrich the quality of life for the community

Mission
A family that grows together

Stakeholder Engagement Communication Model

We continuously maintain our engagement with both internal and external stakeholders, understanding their key issues that could potentially be related to our sustainability matters across our economic, environmental and social initiatives.

Through continuous engagement across our operational value chain, we exchange perspectives on key sustainability issues and provide transparent insights into our sustainability journey. At the same time, we offer stakeholders a platform to raise concerns, provide feedback, and contribute ideas that strengthen our long-term strategy for sustainable growth.

The table below outlines our key stakeholder groups, their areas of concern, and the engagement channels utilised during FYE2025.

Key Stakeholder Groups	Areas of Interest	Our Response to Concerns
Shareholders and Investors	Business direction, financial performance, and ESG transparency	Timely disclosures on Bursa Securities, Annual Reports and Annual General Meetings (AGM).
Customers	Product safety, quality, and seamless omni-channel experience	Rigorous quality assurance, active social media engagement, and responsive customer service support.
Employees	Well-being, fair wages, career progression, and workplace safety	Structured training programs, appreciation awards, and a 100% local talent development focus.
Suppliers & Mall Operators	Fair procurement, ethical sourcing, and long-term lease stability	Transparent procurement processes and maintaining proactive engagement with mall partners to support future operational stability.
Government & Authorities	Regulatory compliance, tax contributions, and sustainability reporting	Strict adherence to Malaysian laws (e.g., MACC, PDPA, OSHA) and proactive compliance reporting.
Local Community	Community enrichment and ethical product transparency	Educational parenting workshops and in-kind product support for vulnerable communities across Malaysia.

We track and measure our sustainability performance through clearly defined Key Performance Indicators that integrate ESG considerations into our operations and decision-making processes. These measurable indicators enable us to monitor progress, identify areas for improvement, and enhance accountability.

By focusing on tangible outcomes, we reinforce our commitment to creating lasting positive environmental and social impact while supporting sustainable value creation for our stakeholders over the long term.

SUSTAINABILITY STATEMENT

Sustainability Pillars & Material Sustainability Matters

The Group's sustainability approach is guided by a materiality assessment that identifies key environmental, social, and governance priorities based on stakeholder expectations and business relevance.

At its current stage of sustainability maturity, the Group adopts a practical and progressive approach. Over time, we aim to further formalise its sustainability practices, embed sustainability more deeply across business functions, and enhance the quality and breadth of its disclosures.

Sustainability Pillar	Material Sustainability Matters
Environment	Emissions Management (Carbon Footprint & Green Mobility) Energy Management Efficiency & LED Waste & Resource Management
Social	Diversity and Equal Opportunity Employee Turnover and Hiring Local Hiring and Social Equity Training and Development Maternity and Paternity support Labour Practices and Standards Occupational Health and Safety Customer Health and Safety Product Quality and Safety Engaging the Communities
Governance	Business Code of Conduct and Ethics Anti-Bribery and Anti-Corruption Policy Supply Chain Management Data Privacy and Security

Key Performance Indicators

ESG Pillars	Material Topic	FY2026 Targets	FY2025 Performance
Environment	Energy Efficiency	Transition to energy-efficient lighting across all retail footprints	**100% implementation of LED solutions** in all outlets
Social	Customer Health & Safety	Zero incidents of non-compliance with health and safety regulations	**Zero substantiated cases** recorded
Social	Local Hiring	Prioritise 100% local talent for Group operations	**100% Malaysian** workforce maintained across all retail and corporate operational roles
Social	Maternity Retention	Support and retain employees returning from maternity and paternity leave.	**75% retention rate** achieved for employees returning from maternity and paternity leave
Social	Occupational Health and Safety	Ensuring a accident-free workplace through regular safety audits, staff training, and compliance with **OSHA 1994**	**Zero fatal accidents**
Governance	Anti-Corruption	100% employee awareness and mandatory policy adherence	**100% staff compliance**, ABAC Policy integrated into onboarding
Governance	Data Privacy	Zero substantiated complaints concerning breaches of customer privacy	**Zero cases** of data loss or privacy breaches recorded

SUSTAINABILITY STATEMENT

cont'd

Emissions Management & Green Mobility

In FYE2025, we took a significant step in our sustainability journey by formalising the tracking of our **Carbon Footprint**. To actively reduce our **Scope 1 emissions**, we have commenced our transition to green mobility by replacing a conventional internal combustion engine (ICE) vehicle with our first **Electric Vehicle (EV)**. This pilot initiative allows us to evaluate the efficiency and infrastructure requirements for a low-carbon fleet in the future.

Waste & Resource Management

In alignment with Malaysia's circular economy goals, KHJ is committed to eliminating single-use plastic pollution across our retail operations. We actively promote sustainable shopping habits by **exclusively offering reusable bags** at all our outlets, effectively phasing out conventional plastic carriers.

By prioritising durable, multi-use alternatives, we ensure full compliance with state-level environmental regulations while significantly minimising our contribution to landfill waste. This transition reflects our dedication to responsible consumption and our long-term vision for a cleaner, greener Malaysia.

Diversity Policy and Equal Opportunity

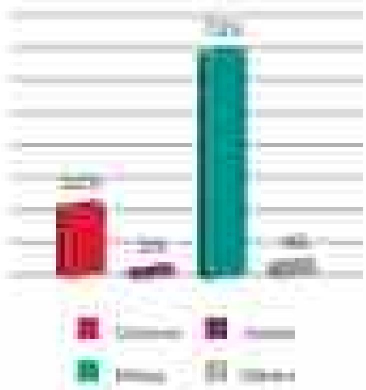
Our Diversity Policy is built on the principle of meritocracy. By fostering an environment where women thrive, we have achieved a **78% female representation**. This ensures our frontline and management levels possess the empathy and first-hand understanding required to serve the Malaysian families who shop with us.

Our commitment to equal opportunity is reflected in our leadership pipeline, where women hold [illegible]% of management positions, driving our business growth.

By Age Gender

By Gender

By Ethnicity



Employee Turnover and Hires

In FYE2025, we continued to refine our workforce to meet the evolving demands of the retail landscape. During the year, we welcomed **24 new hires** into the Group, bringing fresh perspectives and specialised skills to our frontline and support teams.

Our employee turnover rate for the year stood at **33%**, involving **72 departures**. We view this as part of a natural post-pandemic stabilisation and strategic rightsizing of our operations. To ensure long-term stability, we remain focused on enhancing our 'Family-first' value proposition—including our **98-day maternity leave**, **7-day paternity leave**, and **technical upskilling programs**—to improve retention and maintain our position as a preferred employer in the Malaysian specialty retail sector.

Local Hiring and Social Equity

EHL remains steadfast in its commitment to strengthening the Malaysian economy by creating high-quality employment opportunities for our local community. As part of our mission to contribute to poverty alleviation and social inclusion, we are proud to report 100% Local Hiring across our retail outlets, warehouses, and head office as at 31 December 2025.

By investing exclusively in local talent, we ensure our team possesses the cultural nuances and language skills required to provide exceptional service to Malaysian families. This approach not only bolsters our operational success but also ensures that our business growth translates into meaningful economic support for the regions where we operate.

Ethical Recruitment and Human Rights

Our recruitment practices are built on the foundation of **Social Equity** and strict adherence to the **Employment Act 1955**. EHL maintains a zero-tolerance policy towards forced labour, child labour, and any form of modern slavery across our entire value chain. We operate under the '**Employer Pays' principle**, ensuring that no recruitment fees or hidden costs are ever charged to our candidates. Furthermore, our commitment to human rights extends to ensuring fair wages that meet or exceed the **Minimum Wage Order**, alongside a regulated 45-hour work week. By focusing on **100% Local Hiring**, we ensure our recruitment process remains transparent, [illegible], and deeply rooted in supporting the Malaysian community.

Training and Development

At EHL, we recognise that our people are our greatest asset. To maintain our position as a trusted specialist in the maternity and childcare sector, we provide rigorous training programs designed to enhance both technical expertise and service excellence.

In FY2025, we continued to invest in career advancement, ensuring our team is equipped to support the modern Malaysian family. Our training framework is divided into three key pillars:

I

Technical & Brand Partner Training

We collaborate closely with global brand partners to ensure our staff are certified experts in [illegible] and childcare solutions. In FY2025, our team underwent specialised training sessions [illegible] conducted by suppliers, focusing on **Car Seat Safety**, **Feeding & Weaning**, and **Pumping Machines**. These certifications ensure our customers receive the highest standards of safety advice [illegible] programmes such as **Data Analytics with Power BI Desktop (Advanced)** and **AI in the Workplace: Practical Application**, equipping them with data-driven [illegible] capabilities.

II

Regulatory & Professional Compliance

To uphold strong governance and regulatory compliance, the Group prioritised targeted training across critical industry areas. Key programmes included **Personal Data Protection (Amendment) Act 2024**, **Data Protection Officer (DPO) Certificate Programme**, and **Occupational Safety and Health Committee Training**, strengthening compliance in data governance and workplace safety.

In addition, finance-related competency was enhanced through specialised training in **Advanced Accounting** [illegible] **Implementation Mechanism**, [illegible] **Self Assessment 2026**, and the **2026 Budget Seminar for Corporate Accountants**.

III

Leadership & Soft Skills

We foster a high-performance culture through programs and values-driven training, such as **Customer Service Excellence** and **Team Building**. These initiatives are designed to [illegible] and [illegible] across teams.

SUSTAINABILITY STATEMENT

cont'd

Maternity and Paternity Support

At KHL, we believe that supporting our employees during the milestone of parenthood is essential to fostering a loyal and high-performing workforce. In FY2025, we remained steadfast in our commitment to work-life balance, providing 98 days of maternity leave for our female staff and 7 days of paternity leave to support our new fathers.

As a specialist in the baby and maternity sector, we celebrate our employees' growing families with a meaningful 'New Parent' gift pack. Every expecting parent in FY2025 was given the choice of a new stroller or a breast pump, along with a complete newborn feeding set.

During the year, 8 employees benefited from these parental leave policies. We are proud to report that 75% of these employees successfully returned to their roles, demonstrating the effectiveness of our family-friendly workplace in retaining experienced talent and supporting the 'next generation' of the [illegible] family.

Occupational Health and Safety

The health, safety, and well-being of our 100% local workforce are fundamental to our operational integrity. Our approach is strictly guided by the **Occupational Health and Safety Act 1994 (OSHA)** and internal safety frameworks designed to protect our employees across our retail outlets, head office, and warehouse facilities.

We maintain a robust **Safety and Health Committee** consisting of **15 members** divided into specialized sub-units for **Emergency Response, Firefighting, and Evacuation**. This committee ensures that all operational activities particularly equipment handling and logistic workings [illegible] thorough risk assessments.

Through continuous safety briefings and strict adherence to safety protocols, we are proud to report that there were **no work-related fatalities, no lost-time injuries,** and **zero instances of non-compliance** regarding workplace safety regulations in FY2025. We remain committed to fostering a 'Zero-Harm' culture where every employee can perform their role in a secure and supportive setting.

Product Quality and Safety

As a premier specialist in the maternity and childcare sector, the safety of the infants and families we serve is our highest priority. We maintain a robust **Product Quality Assurance** framework that ensures all items—from the [illegible] and strollers to educational toys—meet or exceed global and Malaysian safety standards. Our procurement process involves rigorous vetting of suppliers and brand partners to ensure compliance with international certifications. Furthermore, we maintain an active **Product Recall Protocol** and safety advisory system, ensuring that any quality concerns are addressed with immediate transparency. In FY2025, the Group is proud to report zero incidents of non-compliance concerning the health and safety of our products.

Customer Health and Safety

We are committed to providing a secure and inclusive shopping environment for all parents, children, and expectant mothers. Our retail outlets are designed with safety as a core principle, featuring wide, unobstructed aisles for stroller access and child-friendly store layouts. To ensure a 'Zero-Harm' experience, our store managers conduct daily safety walk-throughs to identify and mitigate potential hazards such as spills, trips, or falling objects. For FY2025, we recorded **zero customer accidents or safety-related grievances** across our nationwide network of stores, reflecting our dedication to maintaining a safe haven for the families who shop with us.

Community Engagement and Social Responsibility

As a leader in the baby and maternity industry, RHJ's responsibility extends beyond our retail floors. We are committed to empowering the next generation of Malaysian parents by providing the knowledge and resources necessary to raise healthy, happy children.

In FY2025, we continued our mission of **Community Education** through a series of in-store and digital workshops. Led by certified experts, these sessions covered critical topics such as **Newborn Care, Breastfeeding Support, and Car Seat Safety**. By offering these resources free of charge, we ensure that essential parenting knowledge is accessible to all segments of the community.

Furthermore, the Group remains dedicated to supporting vulnerable families through our **Charitable Partnerships**. Whether through seasonal donation drives or the provision of essential baby goods to local shelters, we strive to ensure that every child in Malaysia has a fair start in life.

SUSTAINABILITY STATEMENT
cont'd

Business Code of Conduct and Ethics

The KHJ Business Code of Conduct and Ethics (the Code) serves as the foundational framework for our corporate culture and operational integrity. It outlines the professional standards and ethical expectations for all Board members, management, and employees across our retail outlets and corporate offices.

The Code covers critical areas including conflict of interest, workplace conduct, and the protection of Group assets. By ensuring that every team member understands and adheres to these principles, we maintain a workplace built on trust and accountability. In FY2025, the Code remained our primary tool for ensuring that our business growth is achieved through fair and transparent practices. All new hires undergo mandatory orientation on the Code to ensure our ethical values are upheld from their first day with the Group.

Anti-Bribery and Anti-Corruption Policy

In line with the amendment to the *Malaysian Anti-Corruption Commission Act 2009* ("MACC Act 2009"), particularly Section 17A, our Group adopted and implemented the Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") in May 2020. This policy sets out comprehensive guidelines, internal controls, and procedures to reinforce the core principles outlined in our Business Code of Conduct and Ethics.

As part of our commitment to transparency and ethical business practices, the ABAC Policy is published on our website and compliance is mandatory for all employees. This ensures that our operations remain economically, socially and environmentally sustainable while maintaining the highest standards of integrity.

Anti-Bribery and Anti-Corruption Performance

	2025	2024
Confirmed incidents of corruption	0	0
Number of actions taken	0	0

During the reporting period, the Group recorded zero confirmed incidents of bribery, corruption, or regulatory non-compliance, reflecting our continued commitment to maintaining strong ethical standards across all levels of the organisation. Internal governance mechanisms, oversight processes and established policies support the Group's efforts to ensure that employees and business associates adhere to responsible business practices and regulatory requirements.

To uphold our zero-tolerance approach to bribery and corruption, our Group has established dedicated reporting channels for any violations of this policy. This is further supported by our Whistleblowing Policy which provides a secure and confidential avenue for employees and stakeholders to report concerns or malpractices.

Whistleblowing and Grievance Mechanism

Our Whistleblowing and Grievance Mechanisms, as set out in Clause 10.9 Whistleblowing Policy and Chapter 11 Grievance Reporting & Management of the Company Employee Handbook, ensure that all employees have a safe and transparent pathway to raise their concerns. Guided by the **Employment Act 1955**, this framework guarantees that every report from workplace disputes to policy violations is investigated with impartiality and resolved promptly, ensuring a fair and respectful work environment for our 100% local workforce.

SUSTAINABILITY STATEMENT

(cont'd)

Supply Chain Management

MHJ remains committed to building a resilient and sustainable supply chain that supports both global excellence and local economic growth. In FY2025, **27%** of our total procurement spending was successfully directed toward local suppliers, including our logistics operations.

This significant investment in the Malaysian ecosystem is balanced with our exclusive international partnerships, ensuring our customers have access to the world's leading maternity and childcare brands. By diversifying our vendor base, we not only optimise our inventory turnover but also mitigate risks associated with global shipping volatility, ensuring the consistent availability of premium products across our omni-channel footprint.

Data Protection

In an increasingly digital retail landscape, safeguarding personal data is fundamental to maintaining the trust of the families we serve. We strictly adhere to the **Personal Data Protection Act 2010 (PDPA)**, governing every touchpoint from our physical POS systems to our e-commerce platforms.

Our defence strategy includes multi-layered technical safeguards, including encrypted system access and stringent authentication mechanisms. Access to sensitive customer information is restricted to authorised personnel on a 'need-to-know' basis only. For the reporting year of FY2025, the Group recorded **zero substantiated complaints** concerning breaches of customer privacy or losses of customer data.

Customer Data Privacy

Description	2025	2024
Total number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0

SUSTAINABILITY STATEMENT

cont'd

Prescribed Table

Kim Hin Joo (Malaysia) Berhad

[illegible]

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]

Kim Hin Joo (Malaysia) Berhad

[illegible]

Date & Time: [illegible]

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

SUSTAINABILITY STATEMENT

Kim Hin Joo (Malaysia) Berhad

[illegible]	[illegible]	[illegible]	[illegible]	Target	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of KHJ is pleased to provide an overview of the Company's corporate governance practices during the FYE 2025 with reference to the three (3) key principles of good corporate governance as set out in the Malaysian Code on Corporate Governance 2021 ("MCCG"). The Company's application of each practice set out in the MCCG during the FYE 2025 is disclosed in the Company's Corporate Governance Report ("CG Report") which is available on the Company's website at [illegible] and via the Company's announcement made to Bursa Securities.

This statement is prepared in compliance with Bursa Securities' ACE LR based on the prescribed format as outlined in Rule 15.25(2) of the ACE LR and it is to be read together with the CG Report. The Board recognises the importance of good corporate governance and is committed to ensuring that good corporate governance is practised throughout the Group in order to safeguard stakeholders' interests as well as enhance shareholders' value.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

(i) Roles and Responsibilities of the Board

The Group is headed by an experienced and effective Board. The Board assumes overall responsibility in leading the strategic direction, future expansion, corporate governance, risk management, human resource planning and overseeing the proper conduct of business of the Group.

The Board is guided by a Board Charter which sets out the respective roles of the Board, the Chairman of the Board, the Managing Director ("MD"), Executive Director ("ED"), Chief Financial Officer ("CFO"), Independent Directors ("IDs") and Senior ID.

(ii) Overseeing the Conduct of the Business

The Board is responsible for the performance and affairs of the Group as well as to provide leadership and guidance in setting the strategic direction of the Group.

The Board also ensures the Group is managed in compliance with relevant regulatory requirements, standards, policies and guidelines applicable to the Group.

The Board delegates the implementation of its strategies to the Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company in order to ensure resources are in place for the Company to meet its objectives, and that strategies are aligned to the interests of shareholders and stakeholders. The MD would present his updates on various material operational issues, if any, at every quarterly Board Meeting.

In the interest of maintaining a reasonably sound internal control system of the Group, the Company has in place Limits of Authority to provide the Management with a set of guidance and approval process for its day-to-day operations.

(iii) Separation of the Positions of the Chairman and Managing Director

The functions of the Chairman as well as those of the MD are clearly segregated to ensure that there is a balance of power and authority.

As Chairman, Mr Pang Kim Hin leads and manages the Board by focusing on strategy, governance and compliance.

Mr Pang Yu Wei, the MD, focuses on the business and day-to-day management of the Group, ensures the effective implementation of the Board's decisions, Group's business plans and policies established by the Board as well as manages the daily conduct of the business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

1. **BOARD RESPONSIBILITIES** cont'd

(iii) **Separation of the Positions of the Chairman and Managing Director** cont'd

The Board is of the view that the distinct and separate roles of the Chairman and MD are held by different individuals. The Board is of the view that clearly distinct roles and responsibilities enable a balance of power and authority, such that no one individual has unfettered powers of decision-making, and are clearly defined in the Board Charter.

(iv) **Company Secretaries**

The Board is supported by two (2) suitably qualified and competent Company Secretaries, namely Ms. Tai Yit Chan and Ms. Tan Ai Ning.

Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016 ("the Act"). Details of the qualifications, experience and the roles and responsibilities of the Company Secretaries are set out in the Board Charter, available for viewing on the Company's website at [illegible].

Every Director has ready and unrestricted access to the advice and services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors are regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements issued by regulatory authorities and its implications to the Company and the Directors in relation to their duties and responsibilities. Moreover, the Company Secretaries ensure that the deliberations at the Board Meetings are well captured and minuted. The Company Secretaries also play a key role in facilitating communication between the Board and Management.

The Company Secretaries have and will continue to keep themselves abreast on matters concerning company law, capital market, corporate governance, and other pertinent matters, and with changes in the same regulatory environment through continuous training and industry updates. They have also attended various relevant continuous professional development programmes as required by MAICSA and the Companies Commission of Malaysia.

(v) **Supply of and Access to Information**

The Notice of the Board Meeting is served at least seven (7) days prior to the Board Meeting. Relevant Board papers were disseminated to all Directors at least five (5) business days prior to the Board Meeting so as to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company, or to consult independent advisers, if deemed necessary.

As part of the integrated risk management initiatives, the Board also noted the decisions and salient issues deliberated by Board Committees through minutes of the Committees. Subsequent to the Board Meeting, the draft minutes will be circulated to the Board for confirmation to ensure that deliberations and decisions of the Board are accurately recorded. The Company Secretaries would ensure that a statement of declaration of interest or abstention from voting and deliberation is recorded in the minutes.

The Chairman of the Board and Board Committees sign the minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book made available for inspection under the Act.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

1. **BOARD RESPONSIBILITIES** (cont'd)

(vi) Board Charter

In compliance with Practice 2.1 of the MCCG, the Board has adopted a Board Charter, which provides guidance on how business is conducted in line with best practices and standards of good corporate governance as well as clarity for Directors and Management with regards to the role of the Board and its Board Committees.

The Board reserves full decision-making powers on the following matters:

- Reviewing and approving the annual strategy business plan and financial budget;
- Assess performance of Board and Board Committees;
- Declaring and recommending all forms of dividend payment, out of which some dividend payment may be subject to the approval of shareholders in the AGM;
- Reviewing and approving financial statements encompassing annual audited financial statements and quarterly reports;
- Review corporate governance principles and policies as well as oversee implementation of corporate governance best practices;
- Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;
- Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;
- Strategic investments, mergers and acquisitions and corporate exercises;
- Limits of authority;
- Treasury policies;
- Risk management policies; and
- Key human resource issues.

The Board Charter is to be regularly reviewed by the Board as and when required and is available on the Company's website at [illegible].

(vii) Code of Conduct and Ethics

The Board has put in place a Code to promote ethical behaviour within the Group. The basic principles of the Code have been observed and carried out by having appropriate regard to the interests of the Company's customers, shareholders, people, business partners and broader community in which the Company operates.

The Code can be found on the Company's website at [illegible].

(viii) Whistleblowing Policy and Procedures

The Whistleblowing Policy and Procedures facilitates the establishment of a formal confidential channel to enable employees to report in good faith, serious concerns of any improper conduct and/or wrongdoing that could adversely impact the Group, its employees, shareholders, investors, or the public at large without fear of being subject to detrimental action.

The Whistleblowing Policy and Procedures can be accessed on the Company's website at [illegible].

(ix) Related Party Transactions Policy and Procedures

The Related Party Transactions Policy and Procedures is to ensure that all related party transactions and recurring related party transactions in the course of business are made at arm's length and at normal commercial terms which are not more favourable to the related party(ies) than those available to the public and these terms are not detrimental to the other shareholders of the Company who are not part of the transactions. The policy also helps the staff to identify and provide a guide on the treatment of such related party transactions to ensure that the Group comply with the MMLR of Bursa Securities and other applicable laws.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

1. **BOARD RESPONSIBILITIES** cont'd

(i) **T.R.U.S.T Concept**

- Adequate Procedures to Curb and Prevent Bribery and Corruption

The Board has adopted a T.R.U.S.T Concept as governed in the Anti-Bribery and Anti-Corruption ("ABAC") Policy which form the ethos and philosophy of the top management in respect of the Group's fight against bribery and corruption in all its business dealings, transactions and such other related activities. The T.R.U.S.T Concept was formulated to set out the guidelines on adequate procedures to curb and prevent bribery and corruption and the procedures are guided by the following five principles:

Principle I : Top Level Commitment
Principle II : Risk Management Assessment
Principle III : Undertake Control Measures
Principle IV : Systematic Review, Monitoring and Enforcement; and
Principle V : Training and Communication

(Collectively known as T.R.U.S.T Concept)

The establishment of the T.R.U.S.T Concept demonstrates the Group's zero-tolerance approach against all forms of bribery and corruption in its daily operations and the Group takes a strong stance against such acts. The Group will take all reasonable and appropriate measures to ensure that all its directors and employees are committed to act professionally and with integrity in all their business dealings and not participate in any corrupt activities for its advantage or benefit.

The ABAC Policy can be accessed on the Company's website at [illegible].

(ii) **Sustainability Strategies**

The Board values the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a sustainable long-term balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates.

The sustainability strategies implemented by the Group, amongst others, are as follows:

- The Board together with Management takes responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets.

- The Board takes into account sustainability considerations when exercising its duties including among others the development and implementation of Company strategies, business plans, major plans of action and risk management.

- The strategic management of material sustainability matters will be driven by Senior Management.

- The Board ensures that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

- The Board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

1. **BOARD RESPONSIBILITIES** cont'd

(ii) **Sustainability Strategies** cont'd

The sustainability strategies implemented by the Group, amongst others, are as follows: cont'd

- Performance evaluations of the Board and Senior Management include a review of the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities.

- The Board identifies the General Manager to provide dedicated focus to define, execute and monitor sustainability strategies and goals including the integration of sustainability considerations in the operations of the Company.

The Group's efforts in this regard and the details have been set out in the Sustainability Statement in this Annual Report.

(iii) **Conflict of Interest Policy**

The Board established the Conflict of Interest Policy to ensure the conflict of interest case is handled appropriately, promoting transparency, foster a culture of honesty and accountability and good governance within the Company and its subsidiaries. This Policy applies to all Directors and Senior Management of [illegible] Group. It covers conflict of interest and potential conflict of interest that may arise between their personal interests and the interests of [illegible] or its subsidiaries.

The Conflict of Interest Policy is made available on the Company's website at [illegible].

2. **BOARD COMPOSITION**

(i) **Board Composition**

The Board currently consists of six (6) members comprising one (1) Non-Independent Non-Executive Chairman, one (1) MD, one (1) ED, one (1) Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors, for the FYE 2025 as follows:

Name	Designation
[illegible]	Non-Independent Non-Executive Chairman
[illegible]	Managing Director
[illegible]	Executive Director
[illegible]	Senior Independent Non-Executive Director
[illegible]	Independent Non-Executive Director
[illegible]	Independent Non-Executive Director

The present Board composition with half of the Board comprising IDs complies with Rule 15.02 of the ACE LR which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are IDs. The Company also met the requirements of MCCG to have at least half of the Board comprises of Independent Directors to allow more effective oversight of management. The Board is of the view that all IDs of the Company are always within reach of the shareholders and issues are discussed openly at meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

2. BOARD COMPOSITION cont'd

(i) Board Composition cont'd

The Board is chaired by a Non-Independent Non-Executive Chairman. The Independent Non-Executive Directors are independent of Management and have no relationships that could materially interfere with the exercise of their independent judgement. The IDs also provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations. Together the Directors have a wide range of experience in logistics, general management, human resource, marketing, finance, corporate affairs, legal and technical areas.

The Board is of the opinion that the composition of the current Board has the required mix of skills and experience required to discharge the Board's duties and responsibilities. Collectively, the Directors combine their diverse commercial, regulatory, industry and financial experience to add value to the Board as a whole. Currently, the composition of the Board does not consist of any active politician who is a Member of Parliament, State Assemblyman or holds a position in the Supreme Council or division level in a political party.

The Board has established and is supported by the various sub-committees, namely Nomination Committee ("NC"), Remuneration Committee ("RC"), Audit Committee ("AC") and Risk Management Committee ("RMC") which consist of a majority of Independent Non-Executive Directors to provide independent oversight of management and to ensure that there are appropriate checks and balances in discharging its oversight functions as well as unbiased advice and opinions, when the need arises. The Chairman of the Board is not a member of the NC, RC, RMC and AC.

These Committees play a significant part in reviewing matters within each Committee's terms of reference ("TOR") and facilitate the Board's discharge of its duties and responsibilities and report to the Board with their recommendations. The Board may also form such other committees from time to time as dictated by business imperatives and/or to promote operational efficiency. Notwithstanding the above, the ultimate responsibility for decision making still lies with the Board.

The respective TOR of the said Board Committees are published on the Company's website at [illegible].

(ii) Tenure of IDs

The Board is mindful that the tenure of an ID should not exceed a cumulative term of nine (9) years.

Upon completion of nine (9) years, an ID may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an ID beyond nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process. Upon completion of twelve (12) years, an ID shall resign or be re-designated as a Non-ID.

None of the IDs have exceeded the tenure of a cumulative term of nine (9) years in the Company as at 31 December 2025. While the Board is mindful, the Company has yet to adopt a policy which limits the tenure of the IDs to 9 years without extension.

(iii) Appointment of the Board and Senior Management

The NC is responsible for assessing the suitability of potential Board candidates and ensuring the procedures are transparent and based on merit, and is done in a manner that promotes diversity and in particular, gender diversity and the NC would consider the benefits of gender diversity. Currently, there are two (2) female directors on board and in the manner, the NC would endeavour to ensure that the number of female directors would not fall below the threshold of two (2) female directors which is in line with the Diversity Policy of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

2. BOARD COMPOSITION cont'd

(iii) Appointment of the Board and Senior Management cont'd

The Board is of the view that the current composition of its Board of Directors provides an adequate mix of knowledge, skills and expertise to enable the Board in effectively discharging its stewardship and responsibilities. It also appropriately reflects the interests of its shareholders to provide effective leadership, strategic direction and necessary governance at the optimum level.

The Board delegates to the NC the responsibility of making recommendations on any potential candidates for appointment as a new Director or re-election of Directors who are scheduled for retirement by rotation. The Company's Constitution states that at least one-third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM provided always that all Directors including the MD shall stand for re-election at least once in every 3 years.

The Directors' Fit and Proper Policy, which serves as a guide to the NC and Board in conducting the assessment for potential candidates to be appointed as Directors/existing Directors seeking for re-election and to ensure that all Directors possess the right blend of qualifications, expertise, track record, character and integrity, and time commitment to effectively discharge their roles and responsibilities as Directors of the Group.

The NC is also responsible for assessing the suitability of potential Board candidates as well as ensuring that the procedures for appointing new Directors are transparent and based on merit. The process for appointment of a new Director is summarised as follows:

- The potential candidate is proposed by any Director, Senior Management staff, shareholder and/or other consultants/advisers. The Board may also refer to independent sources such as Directors' registry, open advertisements or independent search firms for potential candidates, if necessary;
- In evaluating the suitability of a candidate for recommendation to the Board, the NC will consider the competency, experience, commitment, contribution and integrity of the candidate;
- The NC deliberates on the suitability of the candidate and makes a recommendation to the Board, including a recommendation for the appointment as a member of the various Board Committees; and
- The Board then assesses and decides on the proposed new appointment, including the appointment to the various Board Committees.

Appointment of the Board and Senior Management are based on objective criteria and merit. Besides gender diversity, due regard is placed for diversity in skills, experience, age and cultural background. The Board pursues diversity in both the Board level and Senior Management and is mindful that a diverse Board is able to offer greater depth and breadth. Diversity at the Senior Management level will also provide constructive debates, which lead to better decisions.

If the selection of candidates was solely based on recommendations made by the existing Board, Senior Management or major shareholders, the NC will explain why other sources were not used which is in line with the TOR of NC.

(iv) Board Diversity

The Board is cognisant of the gender diversity recommendation promoted by the MCCG in order to offer greater depth and breadth to board discussions and constructive debates. The Board is committed to ensure diversity (including diversity in skills, experience, age, cultural background and gender) in its composition.

In the selection of Board members and workforce, the Group recognises the importance of diversity and does not practice discrimination of any form, whether based on age, gender, race, ethnicity or religion, throughout the organisation. Candidates shall be given fair and equal opportunity.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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

3. BOARD COMPOSITION (cont'd)

(iv) Board Diversity (cont'd)

[illegible]

(v) Time Commitment

[illegible]

[illegible]

[illegible]

Director	Board	AC	NC	RC	RMC
[illegible]	5/5	—	—	—	—
[illegible]	5/5	—	—	—	2/2
[illegible]	5/5	—	—	—	2/2
[illegible]	5/5	5/5	1/1	1/1	2/2
[illegible]	5/5	5/5	1/1	1/1	2/2
[illegible]	5/5	5/5	1/1	1/1	2/2

(vi) Protocol for Acceptance of New Directorships

[illegible]

(vii) Directors' Training

[illegible]

[illegible]

[illegible]

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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

2. BOARD COMPOSITION (cont'd)

(vii) Directors' Training (cont'd)

The Directors have participated in the following training programmes for FYE 2025:

Directors	Training programmes	Date
Pang Bok Hin	Future-Ready Boards: Mastering Strategic Leadership in a Disruptive World	02 December 2025
Pang Fu Wei	Tax Treatments of [illegible] in Trade – [illegible] and [illegible] of Stock	21 October 2025
Sim Poh Tong	AI at the Helm: How Directors Can Govern the Future	30 October 2025
Chew Sai Lin	Board Governance & Oversight: ESG impact on Group's Business	7 August 2025
Kor Yew Hing	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	11-12 June 2025
Hew Mun Yung	Future-Ready Boards: Mastering Strategic Leadership in a Disruptive World	02 December 2025

3. NOMINATION COMMITTEE

The NC is responsible for ensuring that the Board has the appropriate balance, composition, diversity and size and is also responsible for considering and recommending the appointment of new Directors to the Board. Diversity objectives including gender diversity are adopted in the Board recruitment and succession planning process in determining the required skills mix, experience, and other core competencies. The final decision on the appointment of a candidate recommended by the NC rests with the Board.

The composition of the NC for the FYE 2025 was as follows:

Name	Designation	Directorship
Chew Sai Lin	Chairman	Senior Independent Non-Executive Director
Kor Yew Hing	Member	Independent Non-Executive Director
Hew Mun Yung	Member	Independent Non-Executive Director

The Board is of the view that the Board currently reflects a good mix of skills with different professional backgrounds, knowledge, finance and business expertise, experiences and qualifications to enable the Board to provide clear and effective leadership to the Group.

In addition, taking into consideration of the Profile of Directors and Profile of Key Senior Management as set out in this Annual Report, the Board is of the view that each of its Directors and Key Senior Management have the required character, experience, integrity, competency and time to effectively discharge on their respective roles.

The NC is entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the NC in discharging its duties in the aspects of nomination, evaluation, selection and appointment process of new Directors. The NC shall, prior to the appointment by the Board, evaluate the balance and composition including mix of skills, independence, experience and diversity (including diversity in gender, ethnicity and age) of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

3. NOMINATION COMMITTEE cont'd

The NC undertakes an annual assessment of IDs to assess whether they continue to bring independent and objective judgement to Board deliberations. The Board would undertake peer and self-assessment to determine the effectiveness of the Board, Board Committees and each individual Director. The results, in particular the key strengths and weaknesses identified from the assessment, will be shared with the Board to allow improvements to be undertaken.

The NC undertakes an annual review of the performance of each Director through self-assessment exercise and upon completion of the review and assessment, the NC submits its comments and recommendations to the Board for consideration. The NC had also taken into consideration the outcome of the Directors' self-assessment before making recommendations to the Board for Directors who would be seeking for re-election at the 40[th] AGM and assessed whether the Directors are fit and proper under the Fit and Proper Policy.

The following Directors are subject to retirement pursuant to the Company's Constitution at the forthcoming 40[th] AGM:-

i. Mr [illegible] (Clause [illegible])
ii. Mr [illegible] (Clause [illegible])

The aforesaid retiring Directors have expressed their intention to seek re-election at the forthcoming 40[th] AGM.

Each of the Directors standing for re-election had undergone performance evaluation and provided his/her annual declaration on his/her fitness and probity to continue acting as Directors in accordance with the Directors' Fit and Proper Policy of the Company, as well as confirmation of their independence.

The NC has reviewed the results of the fitness and propriety assessments of the aforesaid retiring Directors. The Board, on the recommendation of the NC, supports the re-election of the aforesaid retiring Directors.

The composition, authority as well as the duties and responsibilities of the NC are set out in its TOR which is available on the Company's website at [illegible].

4. REMUNERATION COMMITTEE

The RC of the Company recommends to the Board the remuneration of ED and key Senior Management, which would enable the Company to attract and retain its Executive Directors and key Senior Management and motivate them to run the Group successfully. The RC's approach is in line with the Company's overall philosophy that all employees should be appropriately rewarded.

The composition of the RC for the FYE 2025 was as follows:

Name	Designation	Directorship
[illegible]	Chairman	Senior Independent Non-Executive Director
[illegible]	Member	Independent Non-Executive Director
[illegible]	Member	Independent Non-Executive Director

During the FYE 2025, the RC reviewed and recommended to the Board for approval on the remuneration packages of the ED and Senior Management and the Directors' fees payable to the Directors of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

4. REMUNERATION COMMITTEE (cont'd)

ii. Details of Directors' Remuneration for the FYE 2025

The aggregate of remuneration received by the Directors of the Company and the Group for the FYE 2025 are as follows:

Company

Directors	Directors' Fees RM'000	Salaries, Bonus and Allowances RM'000	Other Benefits RM'000	Total RM'000
Executive Directors				
Pang Fu Wei	22	336	-	358
Goh Poh Teng	22	299	8	329
Non-Executive Directors				
Pang Boon Hin	80	-	-	80
Chow Siew Lin	44	-	-	44
Kui Yenn Ming	44	-	-	44
Hana Binti Yusuf	42	-	-	42
Total	**254**	**635**	**8**	**897**

Group

Directors	Directors' Fees RM'000	Salaries, Bonus and Allowances RM'000	Other Benefits RM'000	Total RM'000
Executive Directors				
Pang Fu Wei	22	336	-	358
Goh Poh Teng	22	299	8	329
Non-Executive Directors				
Pang Boon Hin	80	-	-	80
Chow Siew Lin	44	-	-	44
Kui Yenn Ming	44	-	-	44
Hana Binti Yusuf	42	-	-	42
Total	**254**	**635**	**8**	**897**

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

4. REMUNERATION COMMITTEE cont'd

(ii) Details of Top Six (6) Key Senior Management's Remuneration for the FYE 2020

The remuneration received by the top Six (6) Key Senior Management, other than the Directors of the Group in bands of RM50,000 are as follows:

Total Amount of Remuneration	Number of Senior Management
RM50,000 and below	-
RM50,001 to RM100,000	-
RM100,001 to RM150,000	-
RM150,001 to RM200,000	2
RM200,001 to RM250,000	2
RM250,001 to RM300,000	-
RM300,001 to RM350,000	2
Total	6

The composition, authority as well as the duties and responsibilities of the RC are set out in its TOR which is available on the Company's website at [illegible].

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT COMMITTEE

In compliance with Guidance 1.4 of the MCCG on the separation of the positions of the chair of the AC and the Board, the AC is chaired by Mr [illegible], whilst Mr [illegible] is the Chairman of the Board.

The AC comprises solely of Independent Directors and its composition for the FYE 2020 was as follows:

Name	Designation	Directorship
[illegible]	Chairperson	Independent Non-Executive Director
[illegible]	Member	Senior Independent Non-Executive Director
[illegible]	Member	Independent Non-Executive Director

The AC members possess the right mix of skills, experience and are financially literate. Their profiles are set out in the Profile of Directors Section of this Annual Report.

During the FYE 2020 and presently, none of the AC members is a former key audit partner of the Group. The AC's TOR, in compliance with Practice 8.2 of the MCCG, requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

Through the AC, the Board maintains a transparent and professional relationship with its External Auditors. In the course of the audit of the Group's financial statements for FYE 2020, the External Auditors have highlighted to the AC and Board, on matters that require the Board's attention. The External Auditors also attended AC meetings to present their audit plan and report as well as their comments on audited financial statements.

The AC has in place the External Auditors Assessment Policy which states the policies and procedures to assess the suitability, objectivity and independence of its External Auditors.

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

1. AUDIT COMMITTEE (cont'd)

For the FYE 2025, the declaration of the External Auditors' independence in accordance with relevant professional and regulatory requirements is contained in their annual audit plan presented to the AC.

The composition, authority as well as the duties and responsibilities of the AC are set out in its TOR and is available on the Company's website at [illegible].

2. INTERNAL AUDIT FUNCTION

The Directors acknowledged their responsibilities in maintaining a reasonably sound system of internal controls covering financial, operations, compliance and risk management. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board seeks regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the Internal and External Auditors.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The Internal Auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system. An Internal Audit Planning Memorandum, setting out the internal audit work expected to be carried out, is tabled to the AC.

For FYE 2025, Sterling Business Alignment Consulting Sdn Bhd ("**Sterling**"), the outsourced Internal Auditors, have successfully completed their audit visits and reporting as per the approved Internal Audit Plan.

The purpose of the internal audit function is to provide the Board, through the AC, reasonable assurance of the effectiveness of the system of internal control in the Group. The internal audit function is independent, with the head of internal audit reporting directly to the AC and performing audit assignments with impartiality, proficiency and due professional care.

The profile of Sterling is set out as follows:

Date of Appointment	28 August 2019
Principal Engagement Director	Dr. Su Hsien Ying [illegible]
Qualifications	- Doctor of Business Administration (Wales) - Certified Internal Control Professional (US) - Master in Business Administration (Finance) (Hull) - BSc Economics (Hons) (London) - Professional Member of the Internal Control Institute (US) - Member of the Malaysian Alliance of Corporate Directors; and - Associate Member of the Institute of Internal Auditors Malaysia
Experience	30 years of professional experience in business process improvement, internal control review, internal audit and risk management.
Number of Resources	Sterling deployed 2 to 3 personnel per audit review depending on areas of audit.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT cont'd

3. RISK MANAGEMENT COMMITTEE

The composition of the RMC for the FYE [illegible] was as follows:

Name	Designation	Directorship
[illegible]	Chairman	Independent Non-Executive Director
[illegible]	Member	Managing Director
[illegible]	Member	Executive Director
[illegible]	Member	Senior Independent Non-Executive Director
[illegible]	Member	Independent Non-Executive Director

Effective Risk Management and Internal Control Framework

The Board recognises the importance of maintaining a sound system of internal control and risk management and has in place an effective risk management and internal control framework.

The risk management and internal control is an ongoing process and the Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

The review and assessment of the Company's risk management and internal control framework are conducted as and when required.

The key elements of internal control and risk management of the Group are set out in the Statement of Risk Management and Internal Control of this Annual Report.

The composition, authority as well as the duties and responsibilities of the RMC are set out in its TOR and is available on the Company's website at [illegible].

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

1. Communication with Stakeholders

(i) Corporate Disclosures/Investor Relations

The Board recognises the importance of maintaining transparency and accountability to its stakeholders including its shareholders and investors and to timely disseminate material information of the Group's performance and any significant developments affecting the Group via Bursa LINK in a timely manner.

The Board has developed a Corporate Disclosure Policy to ensure communications to the investing public regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

The Group's corporate proposals, quarterly and annual financial results and other required announcements are made via Bursa Securities on a timely basis and are available for public access on the Company's website at [illegible].

(ii) Corporate Website

[illegible]'s website at [illegible] also serves as a vital communication channel for investors, shareholders, business partners and clients to access corporate information, news and events related to the Group. The website is updated periodically to reflect the developments within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS
(cont'd)

2. Conduct of General Meetings

(i) General Meetings

The AGM serves as a principal forum for a two-way dialogue with public shareholders and the Management of the Group. Shareholders may enquire about the resolutions being proposed at the meeting and the financial performance and business operations in general during the open question and answer session. The Chairman and the other members of the Board, together with the Management and the Company's external auditors would be available to respond to queries from shareholders.

The Notice of AGM is circulated at least twenty-eight (28) days before the date of the meeting to be in line with the MCCG to enable shareholders to sort through the Annual Report and papers supporting the resolutions proposed. This has also met the requirements under Section 316(2) of the Companies Act 2016 and Rule [illegible] of ACE LR which call for at least 21-days' notice period for public companies or listed issuers respectively.

In addition to being dispatched individually to shareholders, the Notice of AGM is also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. This allows shareholders to have immediate access to the notice of AGM and make the necessary preparations for the AGM.

The Chairman of the Board ensures that general meetings support meaningful engagement between the Board, Senior Management and shareholders. The engagement is interactive and include robust discussions on amongst others the Company's financial and non-financial performance as well as the Company's long-term strategies. Shareholders are also provided with sufficient opportunities to pose questions during the general meetings and all the questions received meaningful responses.

(ii) Poll Voting

All the resolutions set out in the Notice of Forty-Fourth AGM ("44th AGM") were put to vote by poll voting and duly passed. The shareholders were informed of their rights to demand for a poll. The outcome of the 44th AGM was announced to Bursa Securities on the same meeting day. The Company had appointed a scrutineer to verify the poll results.

Minutes of the 44th AGM has been published on the Company's website within 30 business days after the 44th AGM upon being reviewed by the Board members and approved by the Chairman.

(iii) Leverage Technology for Remote Participation and Voting by Shareholders

Moving forward, the Company may consider leveraging on the use of technology to facilitate remote participation and electronic voting at general meetings, taking into consideration the number of shareholders, applicable laws and regulations and the cost and resources required vis-à-vis benefits.

All Directors as well as members of Senior Management will endeavour to attend the forthcoming 45th AGM to respond to any enquiries from the shareholders.

(iv) Shareholders' Enquiries

Shareholders and investors may at any time request the Company's public information. The Company provides a designated email address at [illegible] for shareholders to make any query.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

cont'd

(c) Annual Report

The Annual Report is a key communication channel for all the shareholders. The Annual Report is made easily available to shareholders and other stakeholders in a timely manner.

Shareholders can elect to receive a hard copy or an electronic copy of the Annual Report.

STATEMENT ON COMPLIANCE WITH BEST PRACTICES OF CODE

This statement was prepared in compliance with Rule 15.25 of the ACE LR of Bursa Securities and it is to be read together with the Corporate Governance Report 2025 of the Company which is available on the Company's corporate website: [illegible].

The Board was satisfied that the Company has endeavoured to comply with the spirit and objectives of the Code during the financial year with regard to the Practices supporting the Principles except as otherwise stated.

This statement was presented and approved at the Board of Directors' Meeting held on 15 April 2025.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT FEES AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Group and the Company by the external auditors for the FY2025 were as follows:

Fees	Group (RM)	Company (RM)
Audit fees	[illegible]	[illegible]
Non-audit fees	11,000	11,000
Total	[illegible]	[illegible]

Details of the non-audit fees rendered by the External Auditors is disclosed on page 82 and Note 8 to the Financial Statements of this Annual Report.

2. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors and/or major substantial shareholders' interest during the FY2025.

3. RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2025 to the latest practicable date are set out in the Circular to Shareholders dated 27 April 2026 and pages 124 and 125, Note 25 of the Financial Statements.

AUDIT COMMITTEE REPORT

The Board is pleased to present the AC Report for the FYE2025, in compliance with Rule 15.15(1) of the ACE LR of Bursa Securities.

COMPOSITION

The AC comprises three (3) members, and all of them are Independent Non-Executive Directors, in compliance with Rule 15.09(1)(b) of the ACE LR and Practice 9.4 (Step Up) of the MCCG 2021 ("MCCG"). All the members of the AC satisfied the test of independence under the ACE LR and also met the requirements of the MCCG.

The composition of the AC is as follows:

Directors	Designation	Directorship
Kar Yann Ning	Chairperson	Independent Non-Executive Director
Chow Soo Lin	Member	Senior Independent Non-Executive Director
Neo Wah Yung	Member	Independent Non-Executive Director

The Chairperson of the AC, Ms Kar Yann Ning, is an Independent Non-Executive Director. In this respect, the Company complies with Rule 15.10 of the ACE LR. Furthermore, in compliance with Practice 9.1 of the MCCG, the Chairperson of the AC is not the Chairman of the Board.

In addition, Ms Kar Yann Ning is a member of Certified Practising Accountants Australia and Malaysian Institute of Accountants. In this respect, the Company complies with Rule 15.09(1)(c) of the ACE LR. Mr Chow Soo Lin was also formerly a member of the Institute of Chartered Accountants in England and Wales.

Assessment on the Terms of Office and Performance of the AC

The NC reviewed the terms of office and performance of the AC as well as whether its members have carried out their duties in accordance with the Terms of Reference of AC for FYE2025.

Upon review, the NC was satisfied with the overall performance of the AC and its individual members for FYE2025 and had reported its satisfaction to the Board for notation.

Formal Assessment on the External Auditors

In compliance with Practice 9.3 of the MCCG, the AC has established the EA Policy to assess the suitability, objectivity and independence of the External Auditors on an annual basis prior to making their recommendation to the Board to seek shareholders' approval for the re-appointment of External Auditors for the ensuing year.

The AC had assessed the independence and effectiveness of the External Auditors and was of the view that the External Auditors had discharged their responsibilities in a satisfactory manner and the AC is satisfied with their competency, functioned effectively and have received adequate authority from the Company and Management in order to carry out their work during the financial year under review and recommended to the Board the re-appointment of Deloitte Malaysia PLT as External Auditors for the FYE2026. The Board has in turn, recommended the same for shareholders' approval at the forthcoming Annual General Meeting of the Company.

AUDIT COMMITTEE REPORT

(cont'd)

COMPOSITION (cont'd)

Provision of Non-Audit Services

The EA Policy encapsulated the Company's procedures on the circumstances where the External Auditors or its affiliates could be engaged to perform non-audit services that are not, and are not perceived to be, in conflict with the role of the External Auditors. This includes audit related work in compliance with statutory requirements.

Before appointing the External Auditors to undertake any non-audit services, Management would be required to assess as to whether such appointment would create a threat to the External Auditors' independence or objectivity as the statutory auditor of the Company's financial statements, including any safeguards that are available to address such a threat. The EA Policy also sets out the approval thresholds for non-audit services rendered by the External Auditors or its affiliates.

MEETINGS AND ATTENDANCES

The AC held a total of five (5) meetings during the FYE2025 and the details of members' attendance are as follows:

Members	Total no. of meetings attended	%
[illegible]	5/5	100
[illegible]	5/5	100
[illegible]	5/5	100

The lead audit partner of the External Auditors responsible for the Group has attended three (3) AC meetings held in FYE2025.

The External Auditors were encouraged to raise with the AC any matters they considered important to bring to the AC's attention.

The Chairman of the AC also sought information on the communication flow between the External Auditors and the Management which is necessary to allow unrestricted access to information for the External Auditors to effectively perform their duties.

Notices of the AC Meeting were sent to the AC Members at least seven (7) days in advance in accordance with the Terms of Reference of the AC. Upon that, the Management will then compile the relevant meeting papers for dissemination to the AC by email.

All deliberations during the AC Meeting were duly minuted. Minutes of the AC Meetings were tabled for confirmation at every succeeding AC Meeting.

The Chairman of the AC presented the AC's recommendations together with the respective rationale to the Board for approval of the annual audited financial statements and the unaudited quarterly financial results. As and when necessary, the Chairman of the AC would convey to the Board, matters of significant concern raised by the Internal or External Auditors. The outsourced professional Internal Auditors, [illegible], were invited to attend AC Meetings to table their respective internal audit reports.

Terms of Reference

The Terms of Reference ("TOR") of the AC are available for viewing at the Company's website at [illegible].

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the FY2025, the summary of works undertaken by the AC comprised the following:

1. **Financial Reporting**

    a. Reviewed the unaudited quarterly financial results for recommendation to the Board for approval and release to Bursa Securities;

    b. Reviewed the business plan and budget of the Group for FY2026 for recommendation to the Board for approval;

    c. Reviewed the identified significant matters, unusual events and assumptions highlighted in the quarterly financial results;

    d. Reviewed the draft audited financial statements of the Group for the FY2025 for recommendation to the Board for approval; and

    e. Reviewed the Group's compliance with the Malaysian Financial Reporting Standards, Rule 9.22 and Appendix 9B of the ACE LR of Bursa Securities, and other applicable approved accounting standards and regulatory requirements in Malaysia.

2. **External Auditors**

    a. Evaluated the performance of the external auditors (including assessment of their independence, objectivity and their services including non-audit services), Deloitte Malaysia PLT ("External Auditors") and recommended their re-appointment and audit fees to the Board;

    b. Procured from the External Auditors the requisite confirmation that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;

    c. Discussed and reviewed with the External Auditors the applicability and impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board;

    d. Discussed significant accounting and auditing issues, the impact of new or proposed changes in accounting standards and regulatory requirements; and

    e. Reviewed the Audit Planning Memorandum prepared by External Auditors; and

    f. Met with the External Auditors in the absence of the Executive Board members and Management twice a year to facilitate free and honest exchange of views in relation to financial reporting and auditing process.

3. **Related Party Transactions**

    a. Reviewed all recurrent related party transactions ("RRPTs") entered into by the Group to ensure that the transactions entered into were on an arm's length basis and not detrimental to the interests of minority shareholders; and

    b. [illegible] on the shareholders' mandate for the RRPTs entered into from 20 May 2025 until the Company's forthcoming Annual General Meeting.

AUDIT COMMITTEE REPORT

SUMMARY OF WORK OF THE AUDIT COMMITTEE cont'd

4. **Internal Audit**

    a. Reviewed and approved the Internal Audit Planning Memorandum prepared by Internal Auditors.

    b. Reviewed and discussed the internal audit report containing the audit findings and recommendations made by the Internal Auditors and Management's responses on those issues and whether or not appropriate action is taken on the recommendations.

    c. Monitored progress of actions taken by Management to address any significant issues identified by the Internal Auditors.

    d. Met with the Internal Auditors in the absence of the Executive Board members and Management twice a year to discuss any significant issues which may have arisen in the course of their audit of the Group.

    e. Reviewed and assessed the adequacy of the scope, functions, competency and resources of the internal audit function.

5. **Other Activities**

    a. Reviewed the [illegible] Policy and Related Party Transactions Policy and Procedures for recommendation to the Board for approval; and

    b. Reviewed the Statement on Risk Management and Internal Control, AC Report and Corporate Governance Overview Statement prior to recommendation for Board's approval for inclusion into the Annual Report.

    c. Reviewed conflict of interest ("COI") and potential COI of Directors and Key Senior Management.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by an independent external firm of professional internal auditors, [illegible], headed by its Director, [illegible], who is a Certified Internal Control Professional and an Associate Member of Institute of Internal Auditors Malaysia. The IA reports directly to the AC on its activities based on the approved Internal Audit Plan, designed to cover entities across all level of operations within the Group, and the extent of compliance of such entities within the Group's established policies and procedures.

The internal audit assignments are designed to review and assess the procedures, systems and controls whether they are adequately and effectively in meet the requirements of:

- Compliance with applicable laws and regulations and Standard Operation Procedures ("SOP");
- Reliability and integrity of information;
- Safeguarding of financial assets; and
- Operational efficiency and effectiveness.

Further details of the activities of internal audit function are set out in the Statement on Risk Management and Internal Control.

The total cost incurred for the internal audit function of the Group for [illegible] is [illegible].

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Rule 15.26(b) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (SORMIC 2025), the Board of Directors ("Board") is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2025 ("FYE 2025").

This Statement outlines the Group's governance framework, risk management processes, and internal control systems established by the Group, as well as the Board's review of their adequacy and effectiveness in safeguarding the Group's assets and shareholders' interests.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control and for reviewing its adequacy and effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's strategic and operational objectives. It can therefore only provide reasonable, rather than absolute, assurance against material misstatement, loss or fraud.

In fulfilling its responsibilities, the Board:

1. Establishes the Group's risk governance structure and oversight framework;
2. Approves the Group's Risk Appetite, which defines the nature and extent of risks the Group is willing to accept in pursuit of its objectives;
3. Oversees the identification and management of principal risks;
4. Ensures risk management is embedded into strategic planning and decision-making processes; and
5. Reviews the adequacy and effectiveness of the Group's internal control system.

The Board has delegated oversight of risk management to the Risk Management Committee ("RMC") and oversight of internal control and assurance matters to the Audit Committee ("AC"). Notwithstanding these delegations, the Board retains ultimate accountability. During FYE 2025, the Board reviewed the Group's risk management and internal control system through reports presented by the RMC, AC and Management.

RISK MANAGEMENT GOVERNANCE FRAMEWORK

The Group adopts a structured risk governance approach consistent with the Three Lines Model.

Management and Heads of Departments form the first line of defence and are responsible for identifying, assessing, managing and monitoring risks within their respective scope.

The second line comprises the risk management and compliance oversight functions, which facilitate the implementation of risk management policies, monitor adherence to the approved risk appetite and provide guidance on risk-related matters.

The third line of defence is the independent internal audit function, which provides objective assurance on the adequacy and effectiveness of governance, risk management and internal controls.

Risk Appetite

The Group has established a formal Risk Appetite approach to define the level and types of risks it is willing to accept in pursuing its strategic and operational objectives.

The risk appetite is determined based on a combination of impact and likelihood criteria, covering financial, operational, compliance and reputational risks. Risks are categorised into defined tolerance levels ranging from Low, Moderate, High to Critical, based on their potential impact on profitability, operations, regulatory compliance and reputation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

RISK MANAGEMENT GOVERNANCE FRAMEWORK (cont'd)

Risk Appetite (cont'd)

The Group maintains a low tolerance for risks relating to regulatory compliance, financial reporting integrity, fraud, and health and safety, while accepting a moderate level of tolerance for operational and commercial risks associated with achieving business growth and strategic objectives.

Adherence to the approved risk appetite is monitored through the Group's enterprise risk management framework, where key risks are identified, assessed and recorded in the Risk Register. Management reviews these risks regularly, including the effectiveness of mitigation plans and internal controls. Significant risk exposures and mitigation actions are reported periodically to the RMC for oversight.

Governance Structure

The RMC assists the Board in overseeing the Group's risk management framework, including reviewing the risk register, monitoring emerging risks and ensuring mitigation plans are implemented in a timely manner.

Key elements of the governance framework include:

1. A Risk Management Working Group ("RMWG") which monitors internal breaches or potential breaches of the Group's risk management framework;
2. Regular reporting to the RMC on matters relating to the Group's risk profile and risk management strategy;
3. Periodic reviews of the risk management framework with recommendations for improvements to the RMC;
4. Ongoing review of the RMC's Terms of Reference to ensure its effectiveness; and
5. Regular updates to the RMC on significant risks, including corporate liability and sustainability-related risks.

The RMC met twice during FYE 2025 to deliberate on the Group's risk profile and review the effectiveness of risk management processes.

Emerging Risk Identification and Monitoring

Emerging risks are identified through ongoing risk assessments conducted by Management and Heads of Departments as part of the Group's enterprise risk management process. These risks may arise from changes in the external environment, regulatory developments, market dynamics, operational activities or technological advancements.

Emerging risks are discussed at Management and RMWG meetings before being assessed in terms of likelihood and potential impact. Where necessary, mitigation measures are developed and incorporated into the Risk Register. Significant emerging risks are reported to the RMC for further review and guidance.

RISK MANAGEMENT PROCESS

The Group has established an ongoing process for identifying, evaluating, monitoring and managing significant risks. This process is embedded within the Group's business and operational activities and is reviewed periodically to ensure its continued relevance. Senior Management and Heads of Department are responsible for managing risks within their respective areas. Risks identified are prioritised based on their likelihood and potential impact on the Group's objectives.

Key elements of the process include:

1. Annual and periodic risk identification and assessment exercises;
2. Maintenance of a formal Risk Register covering strategic, operational, financial, compliance, sustainability and emerging risks;
3. Risk assessment using a structured methodology based on likelihood and impact;
4. Assignment of risk owners responsible for implementing mitigation measures; and
5. Periodic monitoring and reporting of risks to the RMC and the Board.
6. Significant risks affecting the Group's strategic and business plans are escalated to the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

BOARD REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

During the financial year under review, the Board, through the RMC and AC, undertook various processes to review the adequacy and effectiveness of the Group's risk management and internal control systems.

These included:

1. Review of the Group Risk Register and monitoring of mitigation measures;
2. Review of risk management reports presented by Management;
3. Monitoring of key operational and financial performance indicators;
4. Review of internal audit findings and Management's responses;
5. Oversight of financial reporting processes and internal controls;
6. Review of operational control measures; and
7. Assessment of policies, procedures and oversight governance.

Based on these reviews and assurances provided by Management and internal audit, the Board is of the view that the Group's systems are generally adequate and effective.

PRINCIPAL RISKS

The principal risks identified during the financial year include strategic risks relating to market competition and economic conditions; operational risks such as supply chain, inventory management and human capital; financial risks including liquidity and credit risks; compliance and regulatory risks; information technology and cybersecurity risks; sustainability-related risks; and fraud risk.

Appropriate mitigation measures have been implemented, including strengthened procedures, enhanced monitoring controls, staff training, segregation of duties and periodic reviews. The Board is satisfied that the Group's risk exposure remained stable and within the approved risk appetite during FYE 2025.

KEY RISK AREAS AND CONTROLS

1. Sustainability and ESG Risks

The Group recognises that sustainability considerations, including environmental, social and governance ("ESG") factors, may present both risks and opportunities. Sustainability-related risks, including regulatory compliance, environmental impact, supply chain practices and workforce-related matters, are incorporated into the Group's risk management framework and are deliberated by the RMC and Board where relevant. The Board remains committed to strengthening the integration of sustainability considerations into the Group's strategic planning and risk management processes.

Sustainability-related risks are incorporated into the Group's formal risk register and are subject to periodic review by Management and the Risk Management Committee ("RMC"). These risks are assessed based on their likelihood and potential impact on the Group's operations, regulatory compliance, reputation and long-term business sustainability. Where relevant, mitigation plans and monitoring mechanisms are implemented and reported to the RMC as part of the Group's ongoing enterprise risk management process.

2. Information Technology and Cybersecurity

The Group acknowledges the increasing importance of information technology governance and cybersecurity risk management. IT general controls are in place to safeguard the integrity, confidentiality and availability of information systems and data. Key measures include controlled system access rights, password protection policies, periodic access reviews, data backup procedures and antivirus and firewall protections. The Group also maintains procedures for responding to IT incidents and regularly reviews system vulnerabilities to mitigate cybersecurity risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

KEY RISK AREAS AND CONTROLS (cont'd)

2. Information Technology and Cybersecurity (cont'd)

During the financial year under review, the Group did not experience any material cybersecurity incidents that had a significant impact on its operations, financial position or data integrity. The Group continues to monitor cybersecurity risks and strengthen its IT security practices to address evolving cyber threats and to ensure the reliability and resilience of its information systems.

3. Fraud Risk Management and Whistleblowing

The Group maintains a zero-tolerance approach towards fraud, bribery and corruption. An Anti-Bribery and Corruption Policy and a Whistleblowing Policy have been implemented and are accessible on the Group's website. The Whistleblowing policy provides employees and stakeholders with a confidential channel to report suspected misconduct or improprieties without fear of retaliation. Reported matters, if any, are investigated in accordance with established procedures and reported to the AC where appropriate. During FYE 2025, there were no material fraud incidents that resulted in significant losses or required separate disclosure in this Annual Report.

During the financial year under review, the Group conducted periodic fraud risk assessments as part of its overall risk management process to identify potential areas of vulnerability to fraud, bribery and corruption. The assessment included reviews of internal processes, segregation of duties and control measures across key operational and financial functions. The results of the assessments were reported to Management and the relevant oversight committees, and appropriate control enhancements were implemented where necessary.

INTERNAL CONTROL

The Group's internal control system is aligned with the principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework and encompasses the following components:

1. Control Environment: Establishing appropriate governance structures, clear reporting lines, defined authority limits, and a code of conduct to promote ethical behaviour and integrity.
2. Risk Assessment: Systematic identification and evaluation of risks affecting the achievement of objectives.
3. Control Activities: Implementation of policies, procedures, authorisation limits, segregation of duties and approval processes.
4. Information and Communication: Timely and accurate reporting of financial and operational information to Management and the Board.
5. Monitoring Activities: Ongoing monitoring by Management and independent evaluations by the internal audit function.

The Board is satisfied that the control environment reflects an appropriate tone at the top and promotes accountability and ethical conduct across the organisation.

KEY FEATURES OF INTERNAL CONTROL

As at the date of this Statement, the key features of the Group's internal control are as follows:

1. Organisational Structure – A clear and well-defined organisational structure taking into account the business and operational requirements of the core businesses of the Group which limits the respective levels of authority, accountability and responsibility of job functions and specifications.

2. Regular Review of the Financial Performance of the Group – The AC and the Board would set an agenda in their respective meetings to conduct the review on the financial performance of the Group on a quarterly basis. In addition, Management meetings are held weekly (when necessary) to raise issues, discuss, review and monitor the business development involve operational and management issues and review financial performances against the business plans, the target and the budgets, if any, for each division.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

KEY FEATURES OF INTERNAL CONTROL (cont'd)

3. Internal Policies and Procedures - There are clearly defined and formalised internal policies and procedures in place to support the group in achieving its corporate objectives. These policies and procedures provide a basis for ensuring compliance with applicable laws and regulations and internal control concerning the conduct of business.

4. Internal Audit Function - The internal audit function has been outsourced to an independent professional firm for greater independence and accountability in the internal audit function in view of the Group's available limited resources.

5. Anti-Bribery and Corruption Policy and Whistleblowing Policy - The Group has established an Anti-Bribery and Corruption Policy and Whistleblowing Policy and Procedures, which are available on the Group's website. It's intended to assist the reporting individual to report to the appropriate channel, any information which the individual believes to involve malpractice or impropriety.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to Sterling Business Alignment Consulting Sdn Bhd (Sterling), an independent professional consulting firm. The outsourced internal auditors report directly to the AC and are free from any operational responsibilities within the Group. The internal audit plan for FYE 2022 was approved by the AC and was developed based on the Group's risk profile. Internal audit reviews and follow up were conducted on selected operations, financial and compliance areas performed to assess the implementation status of previously reported findings. Sterling was granted complete and unrestricted access to all documents and records of the Group deemed necessary in the performance of its function and they have independently reviewed the risk identification procedures and control processes implemented by the Management.

The Outsourced Internal Auditors have conducted three (3) internal audit reviews covering the following areas:

- Outlet Operations
- Interdepartment processes and procedures related to Inventory Management
- Finance and Accounts functions

In addition, one (1) follow-up status review was conducted to assess the implementation of corrective actions for previously reported audit findings.

The results of the internal audit reviews and the follow-up status review, together with recommendations for improvement were presented to the AC during its scheduled meetings. Based on the internal audit reviews conducted, none of the weaknesses identified resulted in any material losses, contingencies, or uncertainties that would require separate disclosure in this Annual Report. Nevertheless, for areas requiring attention, corrective measures have been and are being implemented to ensure ongoing adequacy and effectiveness of internal controls and to safeguard shareholders' investments and the Group's assets.

The total cost incurred for the internal audit function during FYE 2022 amounted to RM[illegible].

In assessing the adequacy of the internal audit function, the AC considered factors such as the scope of the internal audit plan, the coverage of key risk areas across the Group's operations, the complexity and size of the Group's business activities, and the adequacy of resources, experience and professional competence of the outsourced internal auditors.

The AC is satisfied that the internal audit function is adequately resourced and has the appropriate competence to carry out its responsibilities effectively.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

ASSURANCE AND MONITORING

The Group adopts a combined assurance approach, whereby Management reviews, risk management oversight, internal audit assessments and external audit reviews collectively provide assurance to the Board on the adequacy and effectiveness of governance, risk management and internal control systems.

Internal audit findings and Management's responses are reported to the AC and action plans arising from such reviews are monitored until satisfactory resolution is achieved.

The External Auditors have reviewed this Statement pursuant to the Audit and Assurance Practice Guide 3 (AAPG 3) issued by the Malaysian Institute of Accountants and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and effectiveness of the Group's risk management and internal control systems.

REVIEW OF ADEQUACY AND EFFECTIVENESS

The Board has received assurance from the Managing Director, Executive Director and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material respects, in accordance with the Group's adopted risk management framework.

Based on the reviews conducted and assurance received, the Board is of the opinion that the Group's risk management and internal control systems were adequate and effective for FYE 2025 and up to the date of approval of this Statement.

No material internal control weaknesses were identified during the financial year that have resulted in material losses or that would require separate disclosure in this Annual Report.

The Board remains committed to continuously enhancing the Group's risk management and internal control framework to ensure its continued relevance and effectiveness in an evolving business environment.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2026.

STATEMENT OF DIRECTORS' RESPONSIBILITY

In respect of the preparation of financial statements

In accordance with the Companies Act 2016 ("the Act") and the applicable approved accounting standards, the Directors are required to prepare annual financial statements that give a true and fair view of the financial position and the results and cash flows of the Group and of the Company for that financial year then ended.

The Directors have reviewed the accounting policies to ensure that they are consistently applied throughout the financial year and are of the view that relevant approved accounting standards have been followed in the preparation of these financial statements. In cases where judgements and estimations were made, they were based on reasonableness and prudence.

The Directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records are accurate and reliable.

The Directors are responsible for ensuring that the Company maintains accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the provisions of the Act.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect frauds and other irregularities.

The Statement on Directors' Responsibility for preparing the financial statements is approved by the Board on [illegible] April [illegible].

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors of **KIM HIN JOO (MALAYSIA) BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITY

The principal activity of the Company is retailing of maternity, baby and children's wear and product. With effect from 1 April 2025, the principal activity of the Company has changed to retailing and distribution of maternity, baby, toys and children's wear and related product through retail outlets, online platforms, wholesale networks and other channels.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group	The Company
	RM	RM
(Loss)/Profit for the year attributable to owners of the Company	([illegible])	[illegible]

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

DIVIDEND

On 18 April 2025, the Company declared a final dividend of 0.1 sen per ordinary share amounting to RM[illegible] in respect of the financial year ended 31 December 2024 that been approved by shareholders at the Forty-Fourth Annual General Meeting held on 28 May 2025, which was paid on 18 August 2025.

The directors proposed a final dividend of 0.1 sen per ordinary share amounting to approximately RM[illegible] in respect of the financial year ended 31 December 2025. The proposed dividend, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, has not been included as a liability in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2026.

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.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares and debentures during the financial year.

EMPLOYEE'S SHARE OPTION SCHEME ("ESOS")

On 18 June 2021, the Company established an ESOS of up to 15% of the total number of issued ordinary shares of the Company (excluding treasury shares, if any), at any point in time throughout the duration of the ESOS to eligible director(s) and employees of the Company and its subsidiary companies. During the financial year, there are no director(s) and employees of the Company and its subsidiary companies who are eligible for ESOS, as a result, there is no financial impact on the financial statements of the Group and of the Company as at 31 December 2025.

DIRECTORS' REPORT
cont'd

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there was no known bad debt(s) to be written off and that no allowance for doubtful debts was required; and

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

At the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or the setting up of an allowance for doubtful debts in the financial statements of the Group and of the Company; or

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

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

(d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; and

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

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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

(cont'd)

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Pang Kim Hin
Pang Fu Wei*
Goh Poh Seng*
Chew Soo Lin
Koh Yem Ning
New Boon Tong

* Being the directors of the subsidiary companies in office since the beginning of the financial year at the date of this report.

DIRECTORS' INTERESTS

The interests in shares in the Company of those who were directors of the Company at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
Shares in the Company				
Direct interests				
Pang Kim Hin	11,283,720	–	–	11,283,720
Pang Fu Wei	538,800	–	–	538,800
Goh Poh Seng	1,000,000	–	–	1,000,000
Chew Soo Lin	2,150,000	–	–	2,150,000
Koh Yem Ning	800,000	–	–	800,000
Indirect interests				
Pang Kim Hin*	236,400,000	–	–	236,400,000
Chew Soo Lin#	800,000	–	–	800,000

* By virtue of his interests in [illegible] Pte Ltd.
\# By virtue of his interests in [illegible] Pte Ltd.

DIRECTORS' INTERESTS cont'd

The interests in shares in the holding company of those who were directors of the Company at the end of the financial year are as follows:

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
Shares in the holding company, Kim Hin International Pte Ltd				
Pang Kee Hin				
- Direct	[illegible]	-	-	[illegible]
- Indirect**	[illegible]	-	-	[illegible]

** By virtue of his interests in [illegible] Holdings Pte Ltd and family members.

By virtue of the above director's interests in the shares of the holding company, the director is also deemed to have an interest in the shares of the Company and the subsidiary companies to the extent that the holding company has an interest.

Other than as disclosed above, none of the other directors in office as at the end of the financial year held any interests in the shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of directors' emoluments or the fixed salaries of full-time employees of the Company as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for those benefits which may be deemed to have arisen by virtue of those transactions entered into in the ordinary course of business by the Company and its subsidiary companies with the directors or the companies in which the directors are deemed to have substantial financial interests as disclosed in Note 25 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Details of the directors' remuneration are as follows:

	The Group and The Company RM
Directors' fees	[illegible]
Salaries and bonus	[illegible]
Contributions to EPF	[illegible]
	[illegible]

The estimated monetary value of a director's benefit-in-kind of the Group and of the Company is RM[illegible].

DIRECTORS' REPORT
(cont'd)

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Company. The amount of insurance premium paid during the financial year amounted to RM16,210.

There was no indemnity given to or insurance effected for the auditors of the Company in accordance with Section 289 of the Companies Act 2016.

HOLDING COMPANY

The directors regard Kim Hin International Pte Ltd, a company incorporated in Singapore, as the holding company.

SUBSIDIARY COMPANIES

The information on the name of entities, principal place of business, country of incorporation, principal activities, and proportion of ownership interest and voting power held by the Company in each subsidiary company is as disclosed in Note 11 to the financial statements.

SIGNIFICANT EVENT

The details of significant event during the financial year are as disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, Deloitte Malaysia PLT (formerly known as Deloitte PLT), have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The auditors' remuneration for the financial year ended 31 December 2020 is as follows:

	The Group	The Company
	RM	RM
Audit fees	161,000	[illegible]
Non-audit fees	11,000	[illegible]
	172,000	[illegible]

Signed on behalf of the Board
in accordance with a resolution of the directors,

[illegible]

[illegible]

Selangor
[illegible] April [illegible]

INDEPENDENT AUDITORS' **REPORT**

To the Members of Kim Hin Joo (Malaysia) Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **KIM HIN JOO (MALAYSIA) BERHAD** ("the Company") and its subsidiary companies (collectively referred to as "the Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2025, and the 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 financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages [illegible] to [illegible].

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 financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

<u>Net realisable value of inventories</u>

As at 31 December 2025, the inventories balance of the Group and of the Company stood at RM[illegible], which represents approximately [illegible]% of the total assets of the Group and of the Company. As at 31 December 2025, trading goods measured at net realisable value for the Group and the Company amounted to RM[illegible].

As described in Note [illegible] to the financial statements, inventories are valued at the lower of cost and net realisable value. In estimating the net realisable value of inventories, management considers the inventories' ageing, seasonal trend, current economic conditions, market demand and expectation of future prices.

The above mentioned is also disclosed in Note [illegible] to the financial statements as one of the key assumptions used by management under the section of Key Sources of Estimation Uncertainty.

INDEPENDENT AUDITORS' REPORT

To the Members of Kim Hin Joo (Malaysia) Berhad
(Incorporated in Malaysia)
(cont'd)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (cont'd)

Key Audit Matters (cont'd)

How the key audit matter was addressed in our audit

In addressing the matter above, we performed, amongst others, the following procedures:

- Evaluated the design and implementation of controls surrounding management's assessment of net realisable value of inventories and related to the write down in value of inventories;
- Evaluated the measurement criteria used by management in respect of net realisable value to determine that the measurements adopted by management are in accordance with MFRS 102 Inventories;
- Observed inventory count procedures carried out by management and performed test count, and observed conditions of the inventories on a sampling basis;
- Compared the selling prices of inventories to latest sales invoices on sampling basis to evaluate management's assessment of the write down in value of inventories; and
- Tested the inventory aging report to ascertain the accuracy and completeness of the inventory aging report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' **REPORT**

To the Members of [illegible] Berhad
(Incorporated in Malaysia)
[illegible]

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS [illegible]

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 of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

- 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 Group's financial statements. 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.

INDEPENDENT AUDITORS' REPORT

To the Members of [illegible] (Malaysia) Berhad
(Incorporated in Malaysia)
(cont'd)

OTHER MATTER

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

DELOITTE MALAYSIA PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

TEOH CHEAP CHEE
Partner - 03472/11/2027 J
Chartered Accountant

Kuala Lumpur
15 April 2026

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2025

		The Group		The Company	
		2025	2024	2025	2024
	Note	RM	RM	RM	RM
Revenue	5	[illegible]	[illegible]	[illegible]	[illegible]
Cost of sales		[illegible]	[illegible]	[illegible]	[illegible]
Gross profit		[illegible]	[illegible]	[illegible]	[illegible]
Other operating income		[illegible]	[illegible]	[illegible]	[illegible]
Selling and marketing costs		[illegible]	[illegible]	[illegible]	[illegible]
Administrative and other operating expenses		[illegible]	[illegible]	[illegible]	[illegible]
Finance costs		[illegible]	[illegible]	[illegible]	[illegible]
(Loss)/Profit before tax	6	[illegible]	(2,695,378)	[illegible]	[illegible]
Tax (expense)/credit	7	[illegible]	[illegible]	[illegible]	[illegible]
(Loss)/Profit/Total comprehensive (loss)/ income for the year		[illegible]	[illegible]	[illegible]	[illegible]
(Loss)/Profit/Total comprehensive (loss)/ income for the year attributable to:					
Owners of the Company		[illegible]	[illegible]	[illegible]	[illegible]
Basic/Diluted loss per share attributable to owners of the Company (sen)	8	(0.73)	(0.40)		

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2025

		The Group		The Company	
		2025	2024	2025	2024
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Plant and equipment	9	[illegible]	[illegible]	[illegible]	[illegible]
Right-of-use assets	10	14,722,087	8,413,170	14,722,087	8,413,170
Investment in subsidiary companies	11			[illegible]	[illegible]
Deferred tax assets	12		721,160		721,160
Refundable deposits	15	[illegible]	[illegible]	[illegible]	[illegible]
Total Non-Current Assets		[illegible]	[illegible]	[illegible]	[illegible]
Current Assets					
Inventories	13	[illegible]	[illegible]	[illegible]	[illegible]
Trade receivables	14	[illegible]	[illegible]	[illegible]	[illegible]
Other receivables, deposits and prepaid expenses	15	[illegible]	[illegible]	[illegible]	[illegible]
Amount due from subsidiary companies	25				[illegible]
Amount due from a related company	25	54		54	
Tax recoverable		[illegible]	[illegible]	[illegible]	[illegible]
Short-term investments	16	[illegible]		[illegible]	
Fixed deposits with licensed banks	17	[illegible]	16,204,176	[illegible]	16,204,176
Cash and bank balances	18	[illegible]	[illegible]	[illegible]	[illegible]
Total Current Assets		[illegible]	[illegible]	[illegible]	[illegible]
Total Assets		[illegible]	[illegible]	[illegible]	[illegible]

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2025
(cont'd)

		The Group		The Company	
		2025	2024	2025	2024
	Note	RM	RM	RM	RM
EQUITY					
Equity and Reserve					
Share capital	18	31,128,118	31,128,118	31,128,118	31,128,118
Retained earnings	20	[illegible]	[illegible]	[illegible]	[illegible]
Total Equity		[illegible]	[illegible]	[illegible]	[illegible]
LIABILITIES					
Non-Current Liability					
Lease liabilities	22	[illegible]	[illegible]	[illegible]	[illegible]
Current Liabilities					
Trade payables	23	[illegible]	[illegible]	[illegible]	[illegible]
Other payables, accrued expenses and provision	24	[illegible]	[illegible]	[illegible]	[illegible]
Amount due to subsidiary companies	25	-	-	[illegible]	[illegible]
Amount due to other related companies	25	[illegible]	-	[illegible]	-
Lease liabilities	22	[illegible]	[illegible]	[illegible]	[illegible]
Tax liabilities		-	325	-	-
Total Current Liabilities		[illegible]	[illegible]	[illegible]	[illegible]
Total Liabilities		[illegible]	[illegible]	[illegible]	[illegible]
Total Equity and Liabilities		[illegible]	[illegible]	[illegible]	[illegible]

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2025

	Note	Share capital RM	Distributable reserve – Retained earnings RM	Total equity RM
The Group				
At 1 January 2024		[illegible]	[illegible]	[illegible]
Total comprehensive loss for the year		-	[illegible]	[illegible]
Dividend	27		[illegible]	[illegible]
At 31 December 2024/1 January 2025		[illegible]	[illegible]	[illegible]
Total comprehensive loss for the year		-	[illegible]	[illegible]
Dividend	27	-	[illegible]	[illegible]
At 31 December 2025		[illegible]	[illegible]	[illegible]
The Company				
At 1 January 2024		[illegible]	[illegible]	[illegible]
Total comprehensive loss for the year		-	[illegible]	[illegible]
Dividend	27	-	[illegible]	[illegible]
At 31 December 2024/1 January 2025		[illegible]	[illegible]	[illegible]
Total comprehensive income for the year		-	[illegible]	[illegible]
Dividend	27		[illegible]	[illegible]
At 31 December 2025		[illegible]	[illegible]	[illegible]

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2025

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	[illegible]	[illegible]	[illegible]	[illegible]
Adjustments for:				
Amortisation of right-of-use assets	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation of plant and equipment	[illegible]	[illegible]	[illegible]	[illegible]
Dividend income	-	-	[illegible]	[illegible]
Fair value gain on short-term investments	[illegible]	-	[illegible]	-
Finance costs on unwinding of interest expense of provision for restoration cost	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]		[illegible]
Gain on disposal of plant and equipment	[illegible]	-	[illegible]	-
Gain on termination/modification of lease contracts	[illegible]	[illegible]	[illegible]	[illegible]
Impairment loss on investment in a subsidiary company		-	[illegible]	[illegible]
Interest income	[illegible]	[illegible]	[illegible]	[illegible]
Inventories written off	[illegible]	[illegible]	[illegible]	[illegible]
Lease interest expense	[illegible]	[illegible]	[illegible]	[illegible]
Plant and equipment written off	[illegible]	[illegible]	[illegible]	[illegible]
Reversal of write-down of inventories	[illegible]	[illegible]		
Unrealised gain on foreign exchange	[illegible]	[illegible]	[illegible]	[illegible]
Unwinding of interest income - refundable deposits	[illegible]	[illegible]	[illegible]	[illegible]
Write-down of inventories	[illegible]	[illegible]	[illegible]	[illegible]
Operating Profit Before Working Capital Changes	[illegible]	[illegible]	[illegible]	[illegible]
(Increase)/Decrease in:				
Inventories	[illegible]	[illegible]	[illegible]	[illegible]
Trade receivables	[illegible]	[illegible]	[illegible]	[illegible]
Other receivables, deposits and prepaid expenses	[illegible]	[illegible]	[illegible]	[illegible]
Amount due from holding company	-	[illegible]	-	-
Amount due from subsidiary companies	-	-	[illegible]	[illegible]
Amount due from other related companies	[illegible]	[illegible]	[illegible]	[illegible]
Increase/(Decrease) in:				
Trade payables	[illegible]	[illegible]	[illegible]	[illegible]
Other payables and accrued expenses	[illegible]	[illegible]	[illegible]	[illegible]
Amount due to subsidiary companies		-	[illegible]	[illegible]
Amount due to other related company	[illegible]		[illegible]	
Cash Generated From Operations	[illegible]	[illegible]	[illegible]	[illegible]
Income tax paid	[illegible]	[illegible]	[illegible]	[illegible]
Income tax refunded	[illegible]		[illegible]	
Net Cash From Operating Activities	[illegible]	[illegible]	[illegible]	[illegible]

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 December 2025
(cont'd)

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES				
Acquisition of plant and equipment (Note (a))	[illegible]	[illegible]	[illegible]	[illegible]
Dividend received from a subsidiary company		–	[illegible]	[illegible]
(Increase)/Decrease in short-term investments	[illegible]	[illegible]	[illegible]	[illegible]
Interest income received	[illegible]	[illegible]	[illegible]	[illegible]
Increase in fixed deposits pledged	[illegible]	[illegible]	[illegible]	[illegible]
Proceeds from disposal of plant and equipment	[illegible]	–	[illegible]	–
Net Cash (Used In)/From Investing Activities	[illegible]	[illegible]	[illegible]	[illegible]
CASH FLOWS USED IN FINANCING ACTIVITIES				
Dividend paid	[illegible]	[illegible]	[illegible]	[illegible]
Interest paid	[illegible]	[illegible]	[illegible]	[illegible]
Repayment of lease liabilities - principal (Note 22)	[illegible]	[illegible]	[illegible]	[illegible]
Net Cash Used In Financing Activities	[illegible]	[illegible]	[illegible]	[illegible]
NET INCREASE IN CASH AND CASH EQUIVALENTS	[illegible]	[illegible]	[illegible]	[illegible]
Effects of exchange rate differences on the balance of cash held in foreign currencies	[illegible]	[illegible]	[illegible]	[illegible]
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	[illegible]	[illegible]	[illegible]	[illegible]
CASH AND CASH EQUIVALENT AT END OF YEAR (NOTE 18)	[illegible]	[illegible]	[illegible]	[illegible]

(a) The details of acquisitions of plant and equipment are as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Cash payments	[illegible]	[illegible]	[illegible]	[illegible]
Transfer from subsidiary companies			[illegible]	
	[illegible]	[illegible]	[illegible]	[illegible]

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The principal activity of the Company is retailing of maternity, baby and children's wear and products. With effect from 1 April 2025, the principal activity of the Company has changed to retailing and distribution of maternity, baby, toys and children's wear and related product through retail outlets, online platforms, wholesale networks and other channels.

The information on the name of entities, principal place of business, country of incorporation, principal activities and proportion of ownership interest and voting power held by the Company in each subsidiary company is as disclosed in Note 11.

The holding company is Kim Ah International Pte Ltd ("KAI"), a company incorporated in Singapore, which is also regarded by the directors as the ultimate holding company.

The registered office and principal place of business of the Company is located at Wisma Kang Cheng Stan, Lot 5285C, Jalan Perusahaan Balakong Jaya 1/3, Kawasan Perusahaan Balakong Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 15 April 2026.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM").

Adoption of Amendments to MFRS

In the current financial year, the Group and the Company have adopted the Amendments to MFRS issued by Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2025 is as follows:

Amendments to MFRS 121	Lack of Exchangeability

The adoption of the above Amendments to MFRS did not result in significant changes in the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

New MFRSs and Amendments to MFRSs in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new MFRSs and Amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 18	Presentation and Disclosure in Financial Statements[2]
MFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to MFRS 9 and MFRS 7	Classification and Measurement of Financial Instruments[1]
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to MFRS 121	Translation to a Hyperinflationary Presentation Currency[2]
Amendments to MFRSs	Annual Improvements to MFRS Accounting Standards - Volume 11[1]

[1] Effective for annual periods beginning on or after 1 January 2026

[2] Effective for annual periods beginning on or after 1 January 2027, with earlier application permitted

[3] Effective date deferred to a date to be determined and announced by MASB

The directors anticipate that the abovementioned new MFRSs and Amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these new MFRSs and Amendments to MFRSs will not have material financial impacts on the financial statements of the Group and of the Company in the period of initial application, except as further discussed below.

<u>MFRS 18 Presentation and Disclosure in Financial Statements</u>

The MFRS 18 will replace MFRS 101 *Presentation of Financial Statements* upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into three defined categories: "operating", "investing" and "financing" and introduces two new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The potential impact of the new standard on the financial statements of the Group and of the Company has yet to be assessed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies stated below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value-in-use in MFRS 136 *Impairment of Assets*.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policy information is set out below.

Subsidiary Companies and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary companies. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power over the investee to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the period are included in the statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Where the Group loses control of a subsidiary company, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interests, and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary company are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Revenue

The Group's and the Company's revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer.

A contract with their customer exists when the contract has commercial substance, the Group and the Company and their customers have approved the contract and intend to perform their respective obligations, the Group's and the Company's and the customers' rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Specific revenue recognition criteria for revenue and interest income earned by the Group and by the Company are as follows:

<u>Retail and Distribution</u>

The Group and the Company is involved in the retailing and distribution of maternity, baby, toys and children's wear and related product through retail outlets, online platforms, wholesale networks and other channels.

For sale of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods. This is the point when performance obligation is satisfied by given consideration to the significant payment terms and nature of goods or services provided.

For sale of goods to the retailers, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the retailer's specific location, net of discounts and returns. Following delivery, the retailer has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. Receivables are recognised by the Group and by the Company when the goods are delivered to the retailer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For consignment sale of goods, the Group delivers goods to the consignee but retains control of the goods. The Group does not recognise revenue on delivery of the goods to the consignee. Revenue is only recognised when the control is transferred to the end customers.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Revenue

Dividend income

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

Foreign currencies

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). For the purpose of the financial statements of the Group and of the Company, the results and financial position of each entities are expressed in Ringgit which is the functional currency of the Company and the presentation currency in the financial statements of the Group and of the Company.

In preparing the financial statements of individual entity, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period, calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is recognised as a liability (or an asset) to the extent that it is unpaid (or recoverable).

Deferred tax is provided for, using the "liability" method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Employee Benefits

Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group and of the Company.

Defined contribution plan

The Group and the Company are required by law to make monthly contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' statutory remuneration. Contributions are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

Leases

As Lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or a rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability by using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE **FINANCIAL STATEMENTS**

(cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Leases

As Lessee

The Group and the Company remeasure the lease liability and make a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or a rate or change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Refundable deposit paid is a collateral provided to the lessor and is a financial asset. It is initially recognised at fair value and subsequently measured at amortised cost. The difference between the nominal amount and fair value of the refundable deposit at the commencement date represents an additional prepaid lease payment, is included in initial carrying amount of right-of-use assets.

Whenever the Group and the Company incur an obligation for costs to dismantle and to remove a leased asset, to restore the site on which it is located or to restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment loss. The cost of an item of plant and equipment includes the costs of its dismantlement, removal or restoration, the obligation for which the Group and the Company incur as a consequence of installing the item, discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION cont'd

Plant and Equipment cont'd

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss in the period in which they are incurred.

Depreciation of plant and equipment is computed using the straight-line method at rates based on their estimated useful lives. The annual depreciation rates used are as follows:

Motor vehicles	[illegible]
Computer equipment	[illegible]
Renovation, furniture and fittings and electrical fittings - office	[illegible]
Renovation, furniture and fittings and electrical fittings - stores	Over the period of lease
Operating, display and office equipment	[illegible]

At the end of each reporting period, the residual values, useful lives and depreciation method of the plant and equipment are reviewed, and the effects of any changes in estimates are recognised prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Inventories

Inventories, which consist mainly of trading merchandise, are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs. Cost is determined on the weighted average basis which approximates actual purchase cost and includes all costs in bringing the inventories to their present location and condition.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

At the end of each reporting period, provisions are reviewed by the directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group and the Company will be required to settle the obligation.

Financial Instruments

Financial assets

<u>Classification</u>

The Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through profit or loss or other comprehensive income); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

NOTES TO THE FINANCIAL STATEMENTS

3. **MATERIAL ACCOUNTING POLICY INFORMATION** cont'd

Financial Instruments cont'd

Financial assets cont'd

Classification cont'd

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading and the Group and the Company had made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVTOCI"), gains and losses will be recorded in other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.

The Group and the Company reclassify their debt investments when and only when their business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or to sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

FVTPL

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION cont'd

Equity Instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the group's management has made an irrevocable election to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment of Financial Assets

The Group and the Company assess on a forward-looking basis the expected credit losses associated with their debt instruments carried at amortised cost and at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have the following financial instruments that are subject to the ECL model:

- Trade receivables
- Other receivables
- Refundable deposits
- Amount due from subsidiary companies
- Amount due from a related company

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between the present value of contractual cash flows and the present value of cash flows that the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- the time value of money; and

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(a) General 3-stage approach for other receivables, refundable deposits, amount due from holding company, amount due from subsidiary companies and amount due from other related companies

At the end of each reporting period, the Group and the Company measure ECL through a loss allowance at an amount equal to the 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. The Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition.

(b) Simplified approach for trade receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. **MATERIAL ACCOUNTING POLICY INFORMATION** (cont'd)

Impairment of Financial Assets (cont'd)

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. Ordinary shares are equity instruments.

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

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'at amortised cost'.

Financial liabilities measured subsequently at amortised cost

Financial liabilities measured subsequently at amortised cost, including trade payables, other payables and accrued expenses, amount due to subsidiary companies and lease liabilities, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. **MATERIAL ACCOUNTING POLICY INFORMATION** cont'd

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash on hand and bank balances and fixed deposits with licensed banks, excluding fixed deposits pledged for bank guarantees, which are short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

(i) **Critical judgements in applying the Group's and the Company's accounting policies**

In the process of applying the Group's and the Company's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) **Key sources of estimation uncertainty**

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for the following:

(a) **Impairment of investment in subsidiary companies**

The Company conducts an annual impairment review of its investment in subsidiary companies. The Company carried out the annual impairment test based on the Company's share of net tangible assets in these subsidiary companies, which represents the shortcut estimation of fair values of these subsidiary companies.

The annual impairment review resulted in an impairment loss recognised during the financial year as disclosed in Note 11.

The carrying amount of investment in subsidiary companies of the Company is disclosed in Note 11.

(b) **Deferred tax assets**

Deferred tax assets are recognised for all unabsorbed tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the unabsorbed tax losses, unabsorbed capital allowances and other deductible temporary differences could be utilised.

As at 31 December 2025, the Group and the Company did not recognise deferred tax assets in respect of unabsorbed tax losses and unutilised capital allowances. Management judgement is applied in assessing the recoverability of such items. Further details are disclosed in Note 12.

(c) **Net realisable value of inventories**

Inventories are valued at the lower of cost and net realisable value. In estimating the net realisable value of inventories, management considers the inventories' ageing, seasonal trend, current economic conditions, market demand and expectation of future prices.

As at 31 December 2025, trading goods measured at net realisable value for the Group and the Company amounted to RM[illegible] and RM[illegible] (2024: RM[illegible] and RM[illegible]), respectively.

NOTES TO THE FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for the following: (cont'd)

(d) Lease terms and incremental borrowing rates in relation to leases

The measurement of the right-of-use assets and lease liability for leases where the Group and the Company are lessees require the use of significant assumptions and estimates, such as lease term and incremental borrowing rate.

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore they use the incremental borrowing rate ("IBR") to measure lease liabilities. In determining the incremental borrowing rate, the Group and the Company first determine the closest borrowing rate before using significant judgement to determine the adjustments required to reflect the term, security and value of economic environment of the respective leases.

(e) Provision for restoration costs

The Group and the Company use best estimates as the basis for measuring a provision. Management evaluates the estimates based on the Group's and the Company's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. A referenced contractor price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimate made.

5. REVENUE

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Trading of baby, children and maternity products				
Retail	[illegible]	[illegible]	[illegible]	[illegible]
Distribution	[illegible]	[illegible]	[illegible]	
	[illegible]	[illegible]	[illegible]	[illegible]
Timing of revenue recognition				
At a point in time	[illegible]	[illegible]	[illegible]	[illegible]

NOTES TO THE FINANCIAL STATEMENTS
cont'd

8. (LOSS)/PROFIT BEFORE TAX

(i) The operating costs classified by nature, applicable to revenue, are as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Purchase of trading goods	[illegible]	[illegible]	[illegible]	[illegible]
Net change in inventories of trading goods and goods-in-transit	[illegible]	[illegible]	[illegible]	[illegible]
Amortisation of right-of-use assets (Note 10)	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation of plant and equipment (Note 9)	[illegible]	[illegible]	[illegible]	[illegible]
Employee benefits expenses	[illegible]	[illegible]	[illegible]	[illegible]
Management services fees	[illegible]	[illegible]	[illegible]	[illegible]
Variable lease payments not included in the measurement of lease liabilities	[illegible]	[illegible]	[illegible]	[illegible]
Other operating expenses	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]

(ii) (Loss)/Profit before tax has been arrived at after charging/(crediting):

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Auditors' remuneration:				
Statutory	[illegible]	[illegible]	[illegible]	[illegible]
Other services	[illegible]	[illegible]	[illegible]	[illegible]
Dividend income	-	-	[illegible]	[illegible]
Fair value gain on short-term investment	[illegible]	-	[illegible]	-
Finance costs:				
Unwinding of interest expense of provision for restoration costs (Note [illegible])	[illegible]	[illegible]	[illegible]	[illegible]
Lease interest expense (Note [illegible])	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	[illegible]	-	[illegible]
Gain on disposal of plant and equipment	[illegible]	-	[illegible]	-
Loss/(Gain) on foreign exchange (net):				
Realised	[illegible]	[illegible]	[illegible]	[illegible]
Unrealised	[illegible]	[illegible]	[illegible]	[illegible]
Gain on termination/modification of lease contracts	[illegible]	[illegible]	[illegible]	[illegible]
Impairment loss on investment in a subsidiary company (Note 11)	-	-	[illegible]	[illegible]

NOTES TO THE **FINANCIAL STATEMENTS**

cont'd

8. **(LOSS)/PROFIT BEFORE TAX** (cont'd)

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

	The Group		The Company	
	2025	**2024**	**2025**	**2024**
	RM	**RM**	**RM**	**RM**
Interest income	[illegible]	[illegible]	[illegible]	[illegible]
Inventories written off	[illegible]	[illegible]	[illegible]	[illegible]
Plant and equipment written off	[illegible]	[illegible]	[illegible]	[illegible]
Rent concessions	-	[illegible]	-	[illegible]
Reversal of write-down of inventories	[illegible]	[illegible]	-	-
Unwinding of interest income - refundable deposits	[illegible]	[illegible]	[illegible]	[illegible]
Write-down of inventories	[illegible]	[illegible]	[illegible]	[illegible]

Employee benefits expenses include salaries, bonuses, contributions to EPF and all other staff related expenses. Contributions to EPF by the Group and by the Company during the current financial year amounted to RM[illegible] and RM[illegible] (2024: RM[illegible] and RM[illegible]) respectively.

(ii) Directors' remuneration of the Group and of the Company classified into executive and non-executive directors are as follows:

	The Group		The Company	
	2025	**2024**	**2025**	**2024**
	RM	**RM**	**RM**	**RM**
Executive directors:				
Fees	[illegible]	[illegible]	[illegible]	[illegible]
Salaries and bonus	[illegible]	[illegible]	[illegible]	[illegible]
Contributions to EPF	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
Non-executive directors:				
Fees	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]

The estimated monetary value of non-cash benefits-in-kind received and receivable by a director from the Group and the Company amounted to RM[illegible] (2024: RM[illegible]).

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

(b) The remuneration of members of key management personnel other than the directors of the Group and of the Company are as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Salaries and bonus	[illegible]	[illegible]	[illegible]	[illegible]
Contributions to EPF	[illegible]	[illegible]	[illegible]	[illegible]
Other emoluments	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]

The estimated monetary value of non-cash benefits-in-kind received and receivable by the key management personnel other than the directors of the Group and of the Company amounted to [illegible] and [illegible] (2024: [illegible] and [illegible]) respectively.

9. TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Estimated tax payable				
Current year	-	[illegible]	-	-
Overprovision in prior years	[illegible]	[illegible]	-	[illegible]
	[illegible]	[illegible]	-	[illegible]
Deferred tax (Note 12)				
Current year	[illegible]	[illegible]	[illegible]	[illegible]
Overprovision in prior years	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
Tax expense/(credit)	[illegible]	[illegible]	[illegible]	[illegible]

NOTES TO THE **FINANCIAL STATEMENTS**

cont'd

7. TAX EXPENSE/(CREDIT) cont'd

A reconciliation of tax expense applicable to (loss)/profit before tax at the statutory income tax rate to tax expense at the effective income tax rate of the Group and of the Company are as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
(Loss)/Profit before tax	[illegible]	[illegible]	[illegible]	[illegible]
Tax expense at the applicable tax rate of 24%	[illegible]	[illegible]	[illegible]	[illegible]
Tax effects of:				
Non-deductible expenses	[illegible]	[illegible]	[illegible]	[illegible]
Non-taxable income	[illegible]	-	[illegible]	[illegible]
Deferred tax assets not recognised	[illegible]	[illegible]	[illegible]	[illegible]
Utilisation of previously unrecognised deferred tax assets	[illegible]	-	-	-
Overprovision of income tax in prior years	[illegible]	[illegible]	-	[illegible]
Overprovision of deferred tax in prior years	[illegible]	[illegible]	[illegible]	[illegible]
Total tax expense/(credit)	[illegible]	[illegible]	[illegible]	[illegible]

8. LOSS PER SHARE

Basic

The calculation of basic loss per ordinary share at the end of the reporting period was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	The Group	
	2025	2024
	RM	RM
Loss for the year	[illegible]	[illegible]
Weighted average number of ordinary shares	[illegible]	[illegible]
Basic loss per ordinary share Attributable to owners of the Company (sen)	[illegible]	[illegible]

Diluted

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

NOTES TO THE FINANCIAL STATEMENTS

cont'd

8. PLANT AND EQUIPMENT

The Group	Motor vehicles	Computer equipment	Renovation, furniture and fittings and electrical fittings	Operating, studio and office equipment	Total
	RM	RM	RM	RM	RM
Cost					
At 1 January 2024	756,309	5,175,714	25,787,520	5,212,804	37,025,847
Additions	-	198,388	1,087,875	95,081	1,381,122
Write offs	-	(109,405)	(2,848,221)	(132,219)	(2,088,738)
At 31 December 2024/ 1 January 2025	756,309	5,264,617	24,032,373	5,264,575	35,328,833
Additions	264,056	871,050	1,267,037	24,320	2,333,460
Disposal	(280,383)	-	-	-	(280,383)
Write offs	-	(1,806,250)	(10,153,176)	(1,281,244)	(13,285,785)
Reclassifications	8,000	(275,028)	1,403,263	(1,152,727)	-
At 31 December 2025	754,080	3,988,439	16,508,458	3,838,714	23,878,737
Accumulated Depreciation					
At 1 January 2024	734,924	4,005,002	23,080,820	4,035,002	31,877,538
Charge for the year (Note 9)	19,146	752,844	1,657,443	533,929	2,963,362
Write offs	-	(127,303)	(2,840,358)	(118,843)	(3,058,024)
At 31 December 2024/ 1 January 2025	754,100	4,627,942	21,886,725	4,475,288	31,804,056
Charge for the year (Note 9)	25,469	502,112	1,468,181	299,050	2,738,822
Disposal	(280,383)	-	-	-	(280,383)
Write offs	-	(1,800,058)	(10,750,608)	(1,203,716)	(13,253,902)
Reclassifications	8,000	(283,838)	1,132,947	(850,878)	-
At 31 December 2025	507,466	3,156,158	13,127,245	2,665,703	20,907,821
Net Carrying Amount					
At 31 December 2024	12,209	575,734	2,145,647	789,287	3,523,577
At 31 December 2025	247,216	833,271	3,381,253	231,011	2,970,916

NOTES TO THE **FINANCIAL STATEMENTS**

8. PLANT AND EQUIPMENT cont'd

The Company	Motor vehicles	Computer equipment	Renovation, furniture and fittings and electrical fittings	Operating, lifestyle and office equipment	Total
	RM	RM	RM	RM	RM
Cost					
At 1 January 2024	435,108	4,191,719	22,528,852	3,757,715	31,014,152
Additions	-	180,471	950,842	77,181	1,208,320
Write offs	-	(49,048)	(2,307,371)	(32,302)	(2,388,858)
At 31 December 2024/ 1 January 2025	435,108	4,322,842	21,072,824	3,802,594	29,633,368
Additions	264,056	871,050	1,061,037	24,320	2,223,462
Disposals	(285,985)	-	-	-	(285,985)
Write offs	-	(1,682,371)	(10,153,176)	(1,261,242)	(13,287,189)
Transfers from subsidiary companies	137,201	658,341	2,555,746	1,462,276	5,461,566
Reclassifications	8,800	(275,028)	1,419,263	(1,152,735)	-
At 31 December 2025	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Accumulated Depreciation					
At 1 January 2024	418,901	3,138,118	20,772,661	2,859,275	26,867,202
Charge for the year (Note 5)	8,866	710,324	1,759,528	314,082	3,250,188
Write offs	-	(48,068)	(2,301,848)	(32,302)	(2,382,208)
At 31 December 2024/ 1 January 2025	426,767	3,799,282	19,230,341	3,141,155	26,784,345
Charge for the year (Note 5)	28,466	502,112	1,368,181	249,050	2,138,822
Disposals	(285,985)	-	-	-	(285,985)
Write offs	-	(1,640,468)	(10,150,507)	(1,255,216)	(13,255,287)
Transfers from subsidiary companies	127,323	688,268	2,666,303	1,234,122	5,016,115
Reclassifications	4,800	(251,828)	1,122,447	(505,516)	-
At 31 December 2025	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Carrying Amount					
At 31 December 2024	8,341	523,460	1,842,283	661,439	3,049,023
At 31 December 2025	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NOTES TO THE FINANCIAL STATEMENTS

cont'd

16. RIGHT-OF-USE ASSETS

The Group and the Company lease warehouse and retail stores. The lease terms are ranging from 2 years to 8 years averaging approximately 4 years.

The Group	Warehouse RM	Retail stores RM	Total RM
Cost			
At 1 January 2024	3,522,798	22,170,644	25,693,442
Additions	-	4,141,020	4,141,020
Modification of lease contracts	(1,016)	30,307	29,291
Expiry of lease contracts	-	(15,097,388)	(15,097,388)
Termination of lease contracts	(1,762,174)	(1,821,944)	(3,584,118)
At 31 December 2024/1 January 2025	1,759,608	18,888,303	20,528,211
Additions	3,317,177	9,049,257	12,366,434
Modification of lease contracts	-	(18,574)	(18,574)
Termination of lease contracts	(1,347,213)	(11,827,623)	(13,174,836)
At 31 December 2025	3,729,234	16,071,968	19,801,202
Accumulated Amortisation			
At 1 January 2024	463,223	19,373,732	20,416,955
Amortisation for the year (Note 5)	879,723	5,944,365	6,823,088
Modification of lease contracts	(2,602)	(99,029)	(159,631)
Expiry of lease contracts	-	(12,714,834)	(12,714,834)
Termination of lease contracts	(699,260)	(1,201,137)	(1,900,397)
At 31 December 2024/1 January 2025	659,663	11,556,378	12,215,041
Amortisation for the year (Note 5)	552,183	4,139,813	4,691,996
Modification of lease contracts	-	(6,020)	(6,020)
Termination of lease contracts	(873,605)	(11,254,303)	(12,128,963)
At 31 December 2025	437,241	4,431,304	4,878,545
Net Carrying Amount			
At 31 December 2024	1,099,945	7,312,324	8,412,170
At 31 December 2025	3,292,033	11,640,054	14,722,657

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

The Company	Warehouse RM	Retail stores RM	Total RM
Cost			
At 1 January 2024	1,760,829	30,368,701	32,129,530
Additions	-	4,141,505	4,141,505
Modification of lease contracts	(1,316)	26,567	25,251
Expiry of lease contracts	-	(15,661,365)	(15,661,365)
At 31 December 2024/1 January 2025	1,759,509	18,858,903	20,618,412
Additions	3,117,177	9,049,287	12,166,464
Modification of lease contracts	-	(18,375)	(18,375)
Expiry of lease contracts	(1,347,210)	(11,333,321)	(12,678,531)
At 31 December 2025	3,529,276	16,571,868	19,901,252
Accumulated Amortisation			
At 1 January 2024	221,304	18,992,132	19,213,436
Amortisation for the year (Note 8)	440,262	5,376,968	5,817,231
Modification of lease contracts	(2,683)	(99,079)	(100,997)
Expiry of lease contracts	-	(12,714,634)	(12,714,634)
At 31 December 2024/1 January 2025	658,865	11,556,377	12,215,242
Amortisation for the year (Note 8)	662,183	4,139,813	4,801,996
Modification of lease contracts	-	(5,629)	(5,629)
Expiry of lease contracts	(873,625)	(11,254,057)	(12,128,182)
At 31 December 2025	447,241	4,431,304	4,878,545
Net Carrying Amount			
At 31 December 2024	1,100,644	7,312,526	8,413,170
At 31 December 2025	3,082,035	11,840,564	14,722,687

Current (2024): Two of the leases for retail assets of retail stores of the Group and of the Company expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

11. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2025 RM	2024 RM
Unquoted shares, at cost		
At beginning/end of year	[illegible]	[illegible]
Less: Accumulated impairment loss		
At beginning of the year	(2,635,211)	
Addition	[illegible]	(2,635,211)
At end of year	[illegible]	(2,635,211)
	[illegible]	4,464,789

As at 31 December 2025, the Company conducted an impairment review of its investment in subsidiary companies, principally based on the Company's share of net total assets in these subsidiary companies, which represents the directors' estimation of fair values of these subsidiary companies.

This resulted in an impairment loss recognised on the investment in a subsidiary company, Grammy Toys (Malaysia) Sdn Bhd of RM[illegible] (2024: RM2,635,211) as the carrying amount of the subsidiary company exceeded its net recoverable value as at end of the year.

The details of the subsidiary companies are as follows:

Name of entities	Principal place of business/ Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by Group 2025 %	2024 %
Global Product Solutions Sdn Bhd	Malaysia	Distribution of children and maternity products	[illegible]	100
Global Retail Network Sdn Bhd	Malaysia	Distribution of children and maternity products	[illegible]	100
Grammy Toys (Malaysia) Sdn Bhd	Malaysia	Retailing, trading, distribution and e-commerce of toys	[illegible]	100

The Board of Directors of the Company resolved to transfer all assets and liabilities of subsidiary companies, Grammy Toys (Malaysia) Sdn Bhd ("GMT") and Global Product Solutions Sdn Bhd ("GPS") (collectively, "Transfer of Business") to the Company effective 1 January 2025 and 1 April 2025 onwards, respectively. GMT and GPS become dormant thereafter.

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The Transfer of Business was based on the audited financial statements of GPS and GBT for the financial year ended 31 December 2024. No gain or loss was recognised on these transfers as they occurred between entities under common control.

* The directors of the subsidiary companies has expressed intention to commence the winding-up process for the subsidiary companies in financial year ending 31 December 2026. Hence, the financial statements of the subsidiary companies have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the assets to net realisable value and reclassifying non-current assets and liabilities to current assets and liabilities. The financial statements of the subsidiary companies do not include any provision for the future costs of winding up except to the extent that such costs were committed at the end of the reporting period.

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Number of wholly-owned subsidiary companies 2025	2024
	RM	RM
Distribution	0	1
Retail	0	1
	0	2

12. DEFERRED TAX ASSETS

	The Group 2025	2024	The Company 2025	2024
	RM	RM	RM	RM
At 1 January	721,160	680,329	721,160	451,835
Transfer to profit or loss (Note 7):				
Plant and equipment	(118,528)	(35,273)	(118,528)	95,050
Inventories	(86,057)	22,220	(86,057)	23,241
Trade payables	(4,579)	(6,750)	(4,579)	(5,035)
Other payables and accrued expenses	(24,528)	(20,815)	(24,528)	(21,565)
Provision for restoration costs	(178,773)	(11,416)	(178,773)	(20,057)
Right-of-use assets and lease liabilities	(35,207)	(108,823)	(35,207)	(104,042)
Unabsorbed capital allowance	(273,808)	203,512	(273,808)	272,800
	(721,160)	40,831	(721,160)	226,325
At 31 December	-	721,160	-	721,160

NOTES TO THE FINANCIAL STATEMENTS
cont'd

12. DEFERRED TAX ASSETS (cont'd)

Deferred tax assets provided in the financial statements are in respect of the tax effects of the following:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Temporary differences arising from:				
Plant and equipment	-	116,128	-	116,128
Inventories	-	35,251	-	35,251
Trade payables	-	4,279	-	4,279
Other payables and accrued expenses	-	24,528	-	24,528
Provision for restoration costs	-	178,777	-	178,777
Right-of-use assets and lease liabilities	-	89,287	-	89,287
Unabsorbed capital allowance	-	272,800	-	272,800
	-	721,160	-	721,160

As mentioned in Note 3, the tax effects of unabsorbed tax losses, unabsorbed capital allowances and deductible temporary differences which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unabsorbed tax losses, unabsorbed capital allowances and deductible temporary differences can be utilised.

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, the time limit to utilise unabsorbed tax losses has been extended to a maximum of 10 consecutive years. This amendment is deemed to have effect from the year of assessment 2019. Furthermore, the unabsorbed tax losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessment 2019 to 2028).

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Year of assessment:				
2020	94,239	103,813	-	-
2021	12,764	13,764	-	-
2024	1,949,088	1,949,088	1,835,462	1,835,462
2025	1,750,114	-	1,785,134	-
	3,807,215	2,063,665	3,620,596	1,835,462

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAX ASSETS (cont'd)

As at the end of the reporting period, the estimated amount of unabsorbed tax losses and unabsorbed capital allowances pertaining to the Group and the Company for which no deferred tax assets have been recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Unabsorbed tax losses	[illegible]	[illegible]	[illegible]	[illegible]
Unabsorbed capital allowances	[illegible]	[illegible]	[illegible]	
	[illegible]	[illegible]	[illegible]	[illegible]

13. INVENTORIES

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
At cost:				
Trading goods	[illegible]	[illegible]	[illegible]	[illegible]
Goods in transit	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
At net realisable value:				
Trading goods	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]

During the current financial year, RM[illegible] and RM[illegible] (2024: RM[illegible] and RM[illegible]) of inventories were recognised as an expense in cost of sales of the Group and of the Company, respectively.

The movement in inventories charged/(credited) to Group profit before tax as disclosed in Note [illegible] are as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Written off	[illegible]	[illegible]	[illegible]	[illegible]
Write down	[illegible]	[illegible]	[illegible]	[illegible]
Reversal of write-down	[illegible]	[illegible]		

NOTES TO THE FINANCIAL STATEMENTS

cont'd

14. TRADE RECEIVABLES

Trade receivables comprise amounts receivable for the sale of goods. It is measured at amortised cost.

The credit period granted to the customers of the Group and of the Company for sale of goods ranges from [illegible] days to [illegible] days (2024: [illegible] days to [illegible] days).

Included in the Group's and the Company's trade receivables balance are debtors with a carrying amount of RM[illegible] and RM[illegible] (2024: RM[illegible] and RM[illegible]) respectively, which are past due at the end of the reporting period. The Group and the Company have assessed the expected credit losses to be RM[illegible] (2024: RM[illegible]) as there has not been a significant change in credit quality and the Group and the Company believes that the amount is considered fully recoverable based on past default experience and assessment of both the current as well as the forecast of conditions at the financial year end. The Group and the Company do not hold any collateral over these balances. The aging of these past due receivables ranges from [illegible] (2024: [illegible]).

An analysis of trade receivables as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Not impaired				
- not past due	[illegible]	[illegible]	[illegible]	[illegible]
- past due by:				
1 to 30 days	[illegible]	[illegible]	[illegible]	–
31 to 60 days	[illegible]	[illegible]	[illegible]	–
More than 60 days	–	[illegible]	–	–
	[illegible]	[illegible]	[illegible]	–
	[illegible]	[illegible]	[illegible]	[illegible]

The trade receivables are denominated in Ringgit Malaysia.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Non-Current				
Refundable deposits	[illegible]	[illegible]	[illegible]	[illegible]
Current				
Other receivables	[illegible]	[illegible]	[illegible]	[illegible]
Refundable deposits	[illegible]	[illegible]	[illegible]	[illegible]
Prepaid expenses	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]

15. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (cont'd)

In determining the recoverability of other receivables and refundable deposits, the Group and the Company consider any change in the credit quality of the other receivables and refundable deposits from the date credit was initially granted up to the end of the reporting period. No expected credit losses are provided as the Group and the Company expect these other receivables and refundable deposits are fully recoverable.

Included in refundable deposits of the Group and of the Company are rental deposits paid in respect for retail outlets and warehouse amounting to RM[illegible] and RM[illegible] (2024: RM[illegible] and RM[illegible]) whereas prepaid expenses comprise of prepaid insurance and rental.

The Group and the Company have secured bank guarantee from a financial institution amounting to RM[illegible] (2024: RM[illegible]) for tenancy agreements entered into. The bank guarantee is secured by certain fixed deposits as disclosed in Note 17.

The currency exposure profile of other receivables, deposits and prepaid expenses are as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Ringgit Malaysia	[illegible]	[illegible]	[illegible]	[illegible]
United States Dollar	[illegible]	[illegible]	[illegible]	[illegible]
Australian Dollar		[illegible]		
Euro	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]

In current year, other receivables and deposits are denominated in Ringgit Malaysia while prepaid expenses are denominated in United States Dollar and Euro. In prior year, other receivables and deposits are denominated in Ringgit Malaysia while prepaid expenses are denominated in United States Dollar and Australian Dollar.

16. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Financial assets at fair value through profit or loss:				
Unit trust	[illegible]		[illegible]	

17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits earned interest at rates ranging from [illegible]% to [illegible]% (2024: [illegible]% to [illegible]%) per annum with maturity period of 1 to 12 months (2024: 1 to 12 months).

Included in fixed deposits with licensed banks of the Group and of the Company are deposits pledged for:

(a) Bank guarantees granted to the Group and to the Company amounting to RM[illegible] (2024: RM[illegible]); and

(b) Credit facilities granted to the Group and to the Company amounting to RM[illegible] (2024: RM[illegible]).

NOTES TO THE FINANCIAL STATEMENTS

cont'd

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts on the statements of financial position:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Fixed deposits with licensed banks	[illegible]	[illegible]	[illegible]	[illegible]
Cash and bank balances	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
Less: Fixed deposits pledged (Note 17)	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]

The currency exposure profile of fixed deposits and cash and bank balances is as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Ringgit Malaysia	[illegible]	[illegible]	[illegible]	[illegible]
British Pound	[illegible]	[illegible]	[illegible]	[illegible]
Singapore Dollar	[illegible]	[illegible]	[illegible]	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]

19. SHARE CAPITAL

	The Group and the Company			
	2025		2024	
	No. of shares	RM	No. of shares	RM
Issued and fully paid with no par value				
Ordinary shares				
At beginning/end of year	[illegible]	[illegible]	[illegible]	[illegible]

20. RETAINED EARNINGS

The retained earnings of the Company are available for distribution of dividend to the shareholders of the Company under the single tier income tax system.

NOTES TO THE FINANCIAL STATEMENTS

21. DIVIDEND

	The Company	
	2025	2024
	RM	RM
Final dividend of 0.1 sen per ordinary share in respect of the financial year ended 31 December 2024	[illegible]	–
Final dividend of 0.1 sen per ordinary share in respect of the financial year ended 31 December 2023	–	[illegible]

On 15 April 2024, the Company declared a final dividend of 0.1 sen per ordinary share amounting to RM[illegible] in respect of the financial year ended 31 December 2023 of which was paid on 19 August 2024.

On 16 April 2025, the Company declared a final dividend of 0.1 sen per ordinary share amounting to RM[illegible] in respect of the financial year ended 31 December 2024 has been approved by shareholders at the Forty-Fourth Annual General Meeting held on 28 May 2025, which was paid on 19 August 2025.

The directors proposed a final dividend of 0.1 sen per ordinary share amounting to approximately RM[illegible] in respect of the financial year ended 31 December 2025. The proposed dividend, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, has not been included as a liability in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December [illegible].

22. LEASE LIABILITIES

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Maturity analysis:				
Not later than 1 year	[illegible]	[illegible]	[illegible]	[illegible]
Later than 1 year but not later than 5 years	[illegible]	[illegible]	[illegible]	[illegible]
Later than 5 years	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
Less: Unearned interest	([illegible])	([illegible])	([illegible])	([illegible])
	[illegible]	[illegible]	[illegible]	[illegible]
Present value of lease liabilities analysed as:				
Current	[illegible]	[illegible]	[illegible]	[illegible]
Non-current	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]

The Group and the Company apply the incremental borrowing rates on the lease liabilities recognised ranging [illegible] per annum.

The Group and the Company do not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's and the Company's treasury function.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

LEASE LIABILITIES (cont'd)

Reconciliation of liabilities arising from financing activities

The table below details the changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
At 1 January	[illegible]	[illegible]	[illegible]	[illegible]
Total financing cash outflows:				
Principal paid	[illegible]	[illegible]	[illegible]	[illegible]
Interest paid	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
Non-cash changes				
Finance costs (Note [illegible])	[illegible]	[illegible]	[illegible]	[illegible]
Modification of lease contracts	[illegible]	[illegible]	[illegible]	[illegible]
Termination of lease contracts	[illegible]	[illegible]	[illegible]	[illegible]
Recognition of lease liabilities	[illegible]	[illegible]	[illegible]	[illegible]
At 31 December	[illegible]	[illegible]	[illegible]	[illegible]

TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group and to the Company for trade purchases ranges from [illegible] to [illegible] days (2024: [illegible] to [illegible] days).

The currency profile of trade payables is as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Ringgit Malaysia	[illegible]	[illegible]	[illegible]	[illegible]
British Pound	-	[illegible]	-	[illegible]
United States Dollar	[illegible]	[illegible]	[illegible]	-
Euro	[illegible]	-	[illegible]	-
Australian Dollar	-	[illegible]	-	-
	[illegible]	[illegible]	[illegible]	[illegible]

NOTES TO THE FINANCIAL STATEMENTS

cont'd

26 OTHER PAYABLES, ACCRUED EXPENSES AND PROVISION

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Other payables	[illegible]	1,449,297	[illegible]	1,214,954
Accrued expenses	[illegible]	2,072,232	[illegible]	1,721,063
Provision for restoration costs	502,417	[illegible]	502,417	744,904
	[illegible]	[illegible]	[illegible]	[illegible]

Movement in provision for restoration costs is as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
At 1 January	[illegible]	[illegible]	744,904	[illegible]
Utilisation during the year	[illegible]	[illegible]	[illegible]	[illegible]
Unwinding of interest expense (Note 6)	[illegible]	[illegible]	[illegible]	[illegible]
At 31 December	502,417	[illegible]	502,417	744,904

The restoration costs were provided for future restoration of the Group's and of the Company's retail outlets.

The currency profile of other payables is as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Ringgit Malaysia	[illegible]	[illegible]	[illegible]	[illegible]
British Pound	[illegible]	[illegible]	[illegible]	[illegible]
United States Dollar	[illegible]	[illegible]	[illegible]	[illegible]
Singapore Dollar	-	[illegible]	-	[illegible]
	[illegible]	1,449,297	[illegible]	1,214,954

NOTES TO THE FINANCIAL STATEMENTS

cont'd

26. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The directors regard Kim Hin International Pte Ltd, a company incorporated in Singapore, as the holding company.

The related parties and the relationship with the Company are as follows:

Related party	Relationship
[illegible] Pte Ltd	Common directors and major shareholder
Global Outsource Solutions Pte Ltd	Common directors and major shareholder
[illegible] Solutions Ltd	Common directors and major shareholder
Mother and Child Ltd	Common director and major shareholder
[illegible] Properties Sdn Bhd	Common director and major shareholder
Kim Hin Innovation Labs Private Ltd	Common directors and major shareholder
Global [illegible] Solutions Ltd	Common director and major shareholder
Kim Hin Joo Limited (HK)	Common directors and major shareholder
Kim Hin Toys Pte Ltd	Common directors and major shareholder
[illegible] Berhad	Common directors and major shareholder
Kim Hin International Pte Ltd	Holding company
Global Product Solutions Sdn Bhd	Subsidiary company
Global [illegible] Sdn Bhd	Subsidiary company
[illegible] Sdn Bhd	Subsidiary company

Amount due to subsidiary companies which arose from both trade, non-trade transactions and advances granted are unsecured, interest-free, repayable on demand.

Amount due from/(to) other related companies, which arose from non-trade transactions, are unsecured, interest free and repayable on demand.

The currency profile of the amounts due to subsidiary companies and amount due from/(to) other related companies is as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Assets				
Ringgit Malaysia	54	-	54	[illegible]
Liabilities				
Ringgit Malaysia	-	-	[illegible]	[illegible]
Singapore Dollar	[illegible]	-	[illegible]	-
Hong Kong Dollar	[illegible]	-	[illegible]	-
	[illegible]	-	[illegible]	[illegible]

NOTES TO THE FINANCIAL STATEMENTS

cont'd

26. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

During the financial year, significant related party transactions, which are determined on a basis as negotiated between the said parties are as follows:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Purchase of goods from:				
Global Product Solutions Sdn Bhd	-	-	[illegible]	[illegible]
Global Outsource Solutions Pte Ltd	-	13,[illegible]	-	13,[illegible]
Greenway Toys (Malaysia) Sdn Bhd	-	-	[illegible]	[illegible]
Kin Ho Innovation Labs Private Ltd	[illegible]	1,[illegible]	[illegible]	[illegible]
Little Humans Pte Ltd	1,[illegible]	[illegible]	1,[illegible]	[illegible]
[illegible] Solutions Ltd	[illegible]	-	[illegible]	-
Sale of goods to:				
Global Product Solutions Sdn Bhd	-	-	[illegible]	[illegible]
Global Outsource Solutions Pte Ltd	-	15,750	-	-
Kin Ho Innovation Labs Private Ltd	[illegible]	[illegible]	[illegible]	[illegible]
Little Humans Pte Ltd	[illegible]	[illegible]	[illegible]	424,[illegible]
[illegible] Solutions Ltd	-	-	[illegible]	-
Rental paid to:				
[illegible] Properties Sdn Bhd	[illegible]	[illegible]	[illegible]	[illegible]
E-commerce management fees paid to:				
Little Humans Pte Ltd	-	[illegible]	-	[illegible]
Corporate management fees paid to:				
Kin Ho International Pte Ltd	-	[illegible]	-	-
Little Humans Pte Ltd	[illegible]	-	[illegible]	-
[illegible] fee paid to:				
Global Outsource Solutions Pte Ltd	-	[illegible]	-	-
Little Humans Pte Ltd	[illegible]	[illegible]	[illegible]	[illegible]
Kin Ho Toys Pte Ltd	-	[illegible]	-	-
Dividend received from:				
Global Product Solutions Sdn Bhd	-	-	[illegible]	[illegible]
Transfer of plant and equipment from:				
Global Product Solutions Sdn Bhd	-	-	[illegible]	-
Greenway Toys (Malaysia) Sdn Bhd	-	-	[illegible]	-
Transfer of assets and liabilities from:				
Global Product Solutions Sdn Bhd	-	-	[illegible]	-
Greenway Toys (Malaysia) Sdn Bhd	-	-	[illegible]	-

NOTES TO THE FINANCIAL STATEMENTS

cont'd

36. FINANCIAL INSTRUMENTS

Capital risk management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's and the Company's overall strategy remains unchanged from previous year.

The Board of Directors reviews the capital structure of the Group and of the Company on a regular basis. As part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital.

The capital structure of the Group and of the Company consists cash and cash equivalents and equity of the Group and of the Company (comprising share capital and retained earnings). The debt and equity ratio is not applicable.

Categories of financial instruments

The table below provides an analysis of the various categories of financial instruments:

	The Group		The Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Financial assets				
At amortised cost				
Trade receivables	2,213,147	1,425,708	2,216,147	362,773
Other receivables and refundable deposits	[illegible]	8,787,203	[illegible]	4,422,787
Amount due from subsidiary companies	-	-	-	565,540
Amount due from a related company	38	-	24	-
Fixed deposits with licensed banks	27,358,442	16,204,176	27,353,442	16,204,176
Cash and bank balances	[illegible]	17,290,874	[illegible]	11,072,674
At fair value through profit or loss				
Short-term investments	5,128,836	-	5,128,836	-
Financial liabilities				
At amortised cost				
Trade payables	[illegible]	[illegible]	[illegible]	[illegible]
Other payables and accrued expenses	[illegible]	[illegible]	[illegible]	[illegible]
Amount due to subsidiary companies	-	-	[illegible]	[illegible]
Amount due to other related companies	[illegible]	-	[illegible]	-
Lease liabilities	[illegible]	[illegible]	[illegible]	[illegible]

Financial risk management objectives

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group and the Company have taken measures to minimise their exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

36. FINANCIAL INSTRUMENTS cont'd

Foreign currency risk management

The Group and the Company undertake transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuation arise.

The carrying amounts of the Group's and of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	The Group		The Company	
	Assets	Liabilities	Assets	Liabilities
	RM	RM	RM	RM
2025				
British Pound	[illegible]	[illegible]	[illegible]	[illegible]
United States Dollar	–	[illegible]	–	[illegible]
Singapore Dollar	[illegible]	[illegible]	[illegible]	[illegible]
Euro	–	[illegible]	–	[illegible]
Hong Kong Dollar	–	[illegible]	–	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
2024				
British Pound	1,004	[illegible]	1,004	[illegible]
United States Dollar	–	[illegible]	–	[illegible]
Singapore Dollar	24,640	[illegible]	24,640	[illegible]
Euro	64,620	–	64,620	–
Hong Kong Dollar	988	–	988	–
Australian Dollar	[illegible]	[illegible]		
	[illegible]	[illegible]	[illegible]	[illegible]

Foreign currency sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a profit where the Ringgit Malaysia strengthens 5% against the relevant currency. For a 5% weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable opposite effect on profit after tax.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis (cont'd)

	The Group		The Company	
	2025	2024	2025	2024
	[illegible]	[illegible]	[illegible]	[illegible]
Strengthened 5%				
British Pound	[illegible]	[illegible]	[illegible]	[illegible]
United States Dollar	[illegible]	[illegible]	[illegible]	[illegible]
Singapore Dollar	[illegible]	[illegible]	[illegible]	[illegible]
Euro	[illegible]	[illegible]	[illegible]	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	[illegible]	[illegible]
Australian Dollar	-	1,872	-	-
	[illegible]	[illegible]	[illegible]	[illegible]
Weakened 5%				
British Pound	[illegible]	[illegible]	[illegible]	[illegible]
United States Dollar	[illegible]	[illegible]	[illegible]	[illegible]
Singapore Dollar	[illegible]	[illegible]	[illegible]	[illegible]
Euro	[illegible]	[illegible]	[illegible]	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	[illegible]	[illegible]
Australian Dollar	-	(1,872)	-	-
	[illegible]	[illegible]	[illegible]	[illegible]

Interest rate risk management

[illegible]

Credit risk management

[illegible]

[illegible]

Exposure to credit risk

[illegible]

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

Credit risk management (cont'd)

Impairment of financial assets

The Group's and the Company's financial assets that are subject to the expected credit loss ("ECL") model include trade receivables, other receivables, refundable deposits, amount due from subsidiary companies and amount due from other related companies.

Trade receivables using the simplified approach

The Group and the Company apply the MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group and the Company determined the expected credit losses based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. No significant changes to estimation techniques or assumptions were made during the reporting period.

Other receivables, refundable deposits, amount due from subsidiary companies and amount due from a related company using general 3-stage approach

The Group and the Company monitor the credit risks of other receivables, refundable deposits, amount due from subsidiary companies and amount due from a related company on a regular basis and the Group and the Company do not expect any counterparty to fail to meet its obligations. In addition, receivable balances and rental deposits are monitored on an ongoing basis and the Group's and the Company's exposure to default is low. And historically there were minimal instances where contractual cash flow obligations have not been met.

Other receivables, refundable deposits, amount due from subsidiary companies and amount due from a related company are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments for a period of greater than 90 days past due.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Liquidity risk management

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and financial liabilities.

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The table includes both interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

36. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk management (cont'd)

	Less than 1 year	1 - 2 years	More than 2 years	Total	Contractual interest rate
	RM	RM	RM	RM	%
The Group					
[illegible]					
Non-interest bearing:					
Trade payables	[illegible]		-	[illegible]	
Other payables and accrued expenses	[illegible]		-	[illegible]	
Amount due to other related companies	[illegible]		-	[illegible]	
Interest bearing:					
Lease liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	
2024					
Non-interest bearing:					
Trade payables	[illegible]	-	-	[illegible]	-
Other payables and accrued expenses	[illegible]	-	-	[illegible]	-
Interest bearing:					
Lease liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	
The Company					
[illegible]					
Non-interest bearing:					
Trade payables	[illegible]	-	-	[illegible]	-
Other payables and accrued expenses	[illegible]	-	-	[illegible]	-
Amount due to subsidiary companies	[illegible]	-	-	[illegible]	-
Amount due to other related companies	[illegible]	-	-	[illegible]	-
Interest bearing:					
Lease liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	

NOTES TO THE FINANCIAL STATEMENTS

cont'd

26. FINANCIAL INSTRUMENTS cont'd

Liquidity risk management cont'd

	Less than 1 year	1 - 2 years	More than 2 years	Total	Contractual interest rate
	RM	RM	RM	RM	%
The Company					
2024					
Non-interest bearing:					
Trade payables	352,204	-	-	352,204	-
Other payables and accrued expenses	3,936,217	-	-	3,936,217	-
Amount due to subsidiary companies	385,803	-	-	385,803	-
Interest bearing:					
Lease liabilities	4,043,827	1,862,216	3,421,387	9,427,840	2.75% to 5.20%
	8,847,423	1,862,216	3,421,387	14,241,026	

Fair values of financial instruments

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amounts derived from such methods and valuation techniques are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of the amounts estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amounts of all financial instruments approximate their fair values due to their relatively short maturity except for non-current lease liabilities. The fair values of non-current lease liabilities are estimated by discounting expected future cash flows at recent incremental borrowing rate at the commencement date of lease.

Financial assets that are measured at fair value

The fair values of short-term investments as disclosed in Note 16 are determined at their quoted closing prices, Level 1 input in the fair value hierarchy, at the end of the reporting period.

27. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

On 18 June 2021, the Company established an ESOS of up to 15% of the total number of issued ordinary shares in the Company (excluding treasury shares, if any), at any point in time throughout the duration of the ESOS to eligible director(s) and employees of the Company and its subsidiary companies. During the financial year, there are no director(s) and employees of the Company and its subsidiary companies who are eligible for ESOS, as a result, there is no financial impact on the financial statements of the Group and of the Company as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

35. CAPITAL COMMITMENT

At the end of the reporting period, the Group and the Company has the following commitment in respect of acquisition of property, plant and equipment:

	The Group and the Company	
	2025	2024
	RM	RM
Contracted but not provided for	[illegible]	[illegible]

36. SEGMENT INFORMATION

The Group has arrived at two reportable segments, as described below, which are the strategic business units of the Group. The strategic business units are organised based on its operation activities. For each of the strategic business units, the Managing Director and Chief Financial Officer ("CFO") of the Group reviews the internal management reports at least on a quarterly basis.

Retail
Retailing of baby, children and maternity products.

Distribution
Distribution of baby, children and maternity products.

The performance of the reportable segments are measured based on segment's profit before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets and liabilities

Following the Transfer of Business of subsidiary companies, [illegible] Sdn Bhd ("[illegible]") and [illegible] Sdn Bhd ("[illegible]") to the Company, segment assets and segment liabilities are neither included in the internal management reports nor provided regularly to the Group's chief operating decision maker for regular review. Accordingly, there is no further disaggregation of segment assets and segment liabilities of the Group from current financial year onwards.

Acquisition of plant and equipment is the total costs incurred during the year to acquire segment assets that are expected to be used for more than one period.

Geographical information

Geographical information is not presented as the Group operates primarily in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

26. SEGMENT INFORMATION (CONT'D)

Major customers information

There is no significant concentration of revenue from any major customers as the Group sells its products to individual end consumers or purchasers.

The Group 2025	Retail RM	Distribution RM	Elimination RM	Total RM
Revenue				
Revenue from external customers	[illegible]	[illegible]	-	[illegible]
Inter-segment revenue	[illegible]	[illegible]	[illegible]	-
Total revenue	[illegible]	[illegible]	[illegible]	[illegible]
Results				
Operating results	[illegible]	[illegible]	[illegible]	[illegible]
Interest income	[illegible]	[illegible]	-	[illegible]
Finance costs	[illegible]	-	-	[illegible]
(Loss)/Profit before tax	[illegible]	[illegible]	[illegible]	[illegible]
Tax expense	[illegible]	[illegible]	-	[illegible]
(Loss)/Profit for the year	[illegible]	[illegible]	[illegible]	[illegible]
Other information				
Acquisition of plant and equipment	[illegible]	-	-	[illegible]
Depreciation of plant and equipment	[illegible]	-	-	[illegible]
Addition of right-of-use assets	[illegible]	-	-	[illegible]
Amortisation of right-of-use assets	[illegible]	-	-	[illegible]

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

26. SEGMENT INFORMATION (cont'd)

Major customers information (cont'd)

The Group 2024	Retail RM	Distribution RM	Elimination RM	Total RM
Revenue				
Revenue from external customers	[illegible]	[illegible]	-	[illegible]
Inter-segment revenue	[illegible]	[illegible]	[illegible]	-
Total revenue	[illegible]	[illegible]	[illegible]	[illegible]
Results				
Operating results	[illegible]	[illegible]	[illegible]	[illegible]
Interest income	[illegible]	[illegible]	-	[illegible]
Finance costs	[illegible]	[illegible]	-	[illegible]
(Loss)/Profit before tax	[illegible]	[illegible]	[illegible]	[illegible]
Tax credit/(expense)	[illegible]	[illegible]	-	[illegible]
(Loss)/Profit for the year	[illegible]	[illegible]	[illegible]	[illegible]
Segment assets	[illegible]	[illegible]	[illegible]	[illegible]
Segment liabilities	[illegible]	[illegible]	[illegible]	[illegible]
Other information				
Acquisition of plant and equipment	[illegible]	[illegible]	-	[illegible]
Depreciation of plant and equipment	[illegible]	[illegible]	-	[illegible]
Addition of right-of-use assets	[illegible]	-	-	[illegible]
Amortisation of right-of-use assets	[illegible]	[illegible]	-	[illegible]

* [illegible]

NOTES TO THE FINANCIAL STATEMENTS

30. SIGNIFICANT EVENT

On 10 October 2025, the Company had entered into a conditional scheme agreement ("Scheme Arrangement") with Arvex Berhad ("Arvex"), a newly incorporated company established to serve as the holding company of Kim Hin Joo (Malaysia) Berhad ("KHJ"), to facilitate the implementation of the proposed internal reorganisation by way of a members' scheme of arrangement under Section 366 of the Companies Act 2016 comprising of the following (collectively referred to as "Proposed Internal Reorganisation"):

i. proposed share exchange of 380,000,000 ordinary shares in KHJ ("KHJ Share(s)"), representing the entire issued share capital of KHJ with 380,000,000 new ordinary shares in Arvex (excluding treasury shares, if any) ("Arvex Share(s)") on the basis of 1 new Arvex Share for every 1 existing KHJ Share held on an entitlement date to be determined later; and

ii. proposed assumption of the listing status of KHJ by Arvex as well as the admission of Arvex to and withdrawal of KHJ from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") with the listing of and quotation for all Arvex Shares on the ACE Market of Bursa Securities.

The Proposed Internal Reorganisation aligns with KHJ's long-term objectives to establish a more flexible corporate structure that enables the Group to pursue growth initiatives and business expansion in a more efficient and scalable manner. The establishment of Arvex as the new holding company will provide an adaptable platform to support future corporate exercises and expansion plans. It will also enhance resource allocation, risk management and strategic focus.

As at 15 April 2026, the Proposed Internal Reorganisation has yet to be completed as it is subject to fulfilment of the conditions precedent as set out in the Scheme Arrangement.

STATEMENT BY DIRECTORS

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

The directors of **KIM HIN JOO (MALAYSIA) BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board
In accordance with a resolution of the Directors

PANG FU WEI | **GOH POH TENG**

Selangor
15 April 2026

DECLARATION BY THE OFFICER

Primarily Responsible for The Financial Management of The Company

I, **CHANG KIM WIN**, the officer primarily responsible for the financial management of **KIM HIN JOO (MALAYSIA) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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.

CHANG KIM WIN
MIA: 14070

Subscribed and solemnly declared by the abovenamed **CHANG KIM WIN** at **KUALA LUMPUR** on this 15th day of April, 2026.

Before me,

COMMISSIONER FOR OATHS

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Rule [illegible] of the ACE Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(A) Group Total Income and Total Assets

		Group	
		2025	2024
Total Income	Remarks	(RM)	(RM)
Revenue		[illegible]	[illegible]
Interest income		[illegible]	[illegible]
Others (please specify in the remarks column)	Fair value gain on short-term investments	[illegible]	-
Other income		[illegible]	[illegible]
Total		[illegible]	[illegible]
Total Assets		[illegible]	[illegible]

(B) Business Activities

		Group	
		2025	2024
Shariah Non-Compliant Activities	Remarks	(RM)	(RM)
Gain from investment in conventional instruments		[illegible]	-
Conventional banking & finance and related services		[illegible]	[illegible]
Total		[illegible]	[illegible]

(C) Component of Financial Position

(i) Cash Component

		Group	
		2025	2024
Islamic Account/Instruments	Remarks	(RM)	(RM)
Cash in hand		[illegible]	[illegible]
Cash at bank (exclude cash in hand)		[illegible]	[illegible]
Deposits with licensed bank		[illegible]	[illegible]
		[illegible]	[illegible]

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

(cont'd)

(i) Cash Component (cont'd)

Conventional Account/Instruments	Remarks	Group 2025 (RM)	Group 2024 (RM)
Cash at bank (exclude cash in hand)		5,608,552	14,051,544
Deposits with licensed bank		11,528,394	13,273,483
Money market instruments		6,728,436	
		27,895,313	28,873,227

(ii) Debt Component

Islamic Financing	Remarks	Group 2025 (RM)	Group 2024 (RM)
Current		N/A	N/A
Non-Current		N/A	N/A
Total		N/A	N/A

Conventional Borrowing	Remarks	Group 2025 (RM)	Group 2024 (RM)
Current		N/A	N/A
Non-Current		N/A	N/A
Total		N/A	N/A

ANALYSIS OF **SHAREHOLDINGS**

As at 24 March 2020

Issued Shares : 380,000,000 ordinary shares
Class of Shares : Ordinary Shares
Voting Rights : One vote per share

ANALYSIS OF SHAREHOLDINGS
Distribution of shareholdings according to size

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 - 99	22	1.67	700	0.00
100 - 1,000	193	14.65	94,800	0.02
1,001 - 10,000	407	30.93	2,056,400	0.67
10,001 - 1,000,000	588	43.00	19,055,300	5.23
1,000,001 to less than 5% of issued shares	139	10.30	121,000,000	32.08
5% and above of issued shares	1	0.07	235,600,000	62.00
Total	**1,320**	**100.00**	**380,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS
(As per Register of Substantial Shareholders)

	Direct		Indirect	
Name of Shareholder	**No. of Shares held**	**% of Issued Capital**	**No. of Shares held**	**% of Issued Capital**
Kim Hin International Pte Ltd ("**KHI**")	235,600,000	62.00	-	-
Pang Kim Hin	11,280,700	2.97	235,600,000 [1]	62.00

Notes:
(1) Deemed interested by virtue of the shareholdings held through KHI pursuant to Section 7 of the Companies Act 1967 ("**the Act**").

SHAREHOLDINGS OF DIRECTORS
(As per Register of Directors' Shareholdings)

	Direct		Indirect	
Name of Directors	**No. of Shares held**	**% of Issued Capital**	**No. of Shares held**	**% of Issued Capital**
Pang Kim Hin	11,280,700	2.97	235,600,000 [1]	62.00
Pang Fu Wei	538,800	0.14	-	0.00
Goh Kok Tong	1,000,000	0.26	-	0.00
Chew Soo Lin	2,100,000	0.57	800,000 [2]	0.21
Wu Yam Ming	800,000	0.21	-	0.00
Hew Wah Tong	-	0.00	-	0.00

Notes:
(1) Deemed interested by virtue of the shareholdings held through KHI pursuant to Section 7 of the Act.
(2) Deemed interested by virtue of the shareholdings held through Chewlin Corporation Pte Ltd pursuant to Section 7 of the Act.

ANALYSIS OF SHAREHOLDINGS

As at [illegible] March [illegible]
(cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
1.	[illegible] International Pte Ltd	[illegible]	[illegible]
2.	[illegible]	[illegible]	[illegible]
3.	[illegible]	[illegible]	[illegible]
4.	[illegible] Corporation Sdn Bhd	[illegible]	[illegible]
5.	[illegible] Nominees (Tempatan) Sdn Bhd [illegible]	[illegible]	[illegible]
6.	[illegible]	[illegible]	[illegible]
7.	[illegible] Nominees (Tempatan) Sdn Bhd Pledged Securities Account for [illegible]	[illegible]	[illegible]
8.	[illegible] Nominees (Asing) Sdn Bhd [illegible]	[illegible]	[illegible]
9.	[illegible] Nominees (Tempatan) Sdn Bhd [illegible] Sdn Bhd for [illegible]	[illegible]	[illegible]
10.	[illegible]	[illegible]	[illegible]
11.	[illegible]	[illegible]	[illegible]
12.	[illegible] Resources Sdn Bhd	[illegible]	[illegible]
13.	[illegible]	[illegible]	[illegible]
14.	[illegible] Nominees [illegible] (Tempatan) Sdn Bhd Pledged Securities Account for [illegible]	[illegible]	[illegible]
15.	[illegible] Nominees (Asing) Sdn Bhd Pledged Securities Account for [illegible]	[illegible]	[illegible]
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for [illegible]	[illegible]	[illegible]
17.	[illegible]	[illegible]	[illegible]
18.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for [illegible]	[illegible]	[illegible]
19.	[illegible] Nominees (Asing) Sdn Bhd The Bank of New York Mellon for [illegible]	[illegible]	[illegible]
20.	[illegible]	[illegible]	[illegible]
21.	[illegible] Nominees (Tempatan) Sdn Bhd Pledged Securities Account for [illegible]	[illegible]	[illegible]
22.	[illegible]	[illegible]	[illegible]
23.	[illegible] Resources Sdn Bhd	[illegible]	[illegible]
24.	[illegible] Nominees [illegible] (Tempatan) Sdn Bhd Pledged Securities Account for [illegible]	[illegible]	[illegible]
25.	[illegible]	[illegible]	[illegible]
26.	[illegible]	[illegible]	[illegible]
27.	HSBC Nominees (Asing) Sdn Bhd [illegible]	[illegible]	[illegible]
28.	[illegible]	[illegible]	[illegible]
29.	[illegible]	[illegible]	[illegible]
30.	[illegible] Sdn Bhd	[illegible]	[illegible]
	Total	[illegible]	[illegible]

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the [illegible] ("**[illegible]**") Annual General Meeting ("**AGM**") of [illegible] ("**[illegible]**" or "**Company**") will be held at [illegible] Kuala Lumpur on [illegible] at [illegible] for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December [illegible] together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the payment of a Final Single Tier Dividend of [illegible] per ordinary share in respect of the financial year ended 31 December [illegible]. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees payable to the Directors of the Company on quarterly basis in arrears after each quarter of completed service of the Directors up to an aggregate amount of RM[illegible] from the forthcoming [illegible] AGM until the conclusion of the next AGM of the Company. **Ordinary Resolution 2** **(Please refer to Explanatory Note 2)**

4. To re-elect the following Directors who are retiring in accordance with Clause [illegible] of the Constitution of the Company and being eligible have offered themselves for re-election:

   i) [illegible] **Ordinary Resolution 3** **(Please refer to Explanatory Note 3)**

   ii) [illegible] **Ordinary Resolution 4** **(Please refer to Explanatory Note 3)**

5. To re-appoint [illegible] PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

As Special Business

To consider and if thought fit, with or without any modification, to pass the following ordinary resolutions:

6. **Proposed Authority for Directors to Allot and Issue Shares pursuant to Section [illegible] of the Companies Act 2016 ("the Act")** **Ordinary Resolution 6** **(Please refer to Explanatory Note 4)**

   "**That** pursuant to Section [illegible] of the Act, the Directors be and are hereby authorised and empowered to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance.

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

THAT pursuant to Section 85 of the Act, read together with Clause 8 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued of the Company shares arising from issuance of new shares pursuant to this Mandate."

THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

7. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** — Ordinary Resolution 7 (Please refer to Explanatory Note 5)

"**THAT** subject to the provisions of the Constitution of the Company and the ACE Market Listing Requirements ("**ACE LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), approval be and is hereby given to the Company and/or its subsidiaries to enter into and to give effect to the recurrent related party transactions ("**RRPTs**") of a revenue or trading nature with the related parties as stated in Section 2.4 of the Circular to Shareholders dated 27 April 2025 provided that:

a. the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

b. the disclosure will be made in the Annual Report on the breakdown of the aggregate value of the RRPTs conducted pursuant to the Proposed Shareholders' Mandate during the financial year on the types of RRPTs made, the names of the related parties involved in each type of RRPTs and their relationships with the Company.

THAT the authority conferred shall continue to be in force until:

i. the conclusion of the next AGM of the Company following the forthcoming 41st AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;

ii. the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

iii. revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

8. To transact any other business of which due notice shall have been given.

NOTICE OF **ANNUAL GENERAL MEETING**

(cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the [illegible] AGM, a final single tier dividend of [illegible] sen per ordinary share in respect of the financial year ended 31 December [illegible] will be paid on 18 August 2026 to Depositors whose names appear in the Record of Depositors at the close of business on 31 July 2026.

A Depositor shall qualify for entitlement to the dividend only in respect of the following:

a) Shares transferred into the Depositor's Securities Account on or before 4.30 p.m. on [illegible] July 2026 in respect of transfers.

b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

[illegible]
[illegible]
Company Secretaries
Selangor Darul Ehsan

27 April 2026

NOTES:

1. Pursuant to Rule [illegible] of the ACE Market Listing Requirements of Bursa Securities, all the resolutions set out in the Notice of AGM will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

2. A member entitled to attend and vote at the [illegible] AGM may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.

3. A member shall be entitled to appoint not more than 2 proxies to participate, speak and vote at the meeting. Where a member appoints 2 proxies, the appointment shall not be valid unless the member specifies the proportion of the shareholding to be represented by each proxy.

4. Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The proxy form shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

6. The proxy form and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time for holding the [illegible] AGM or adjourned [illegible] AGM at which the person named in the proxy form proposes to vote, and in default the proxy form shall not be treated as valid.

NOTICE OF ANNUAL GENERAL MEETING

[illegible]

Explanatory Notes:

(1) Agenda 1 – To receive the Audited Financial Statements

[illegible] **not put forward for voting.**

(2) Ordinary Resolution 2 - Payment of Directors' Fees from the forthcoming 45th AGM until the next AGM of the Company

[illegible]

(3) Ordinary Resolutions 3 and 4 - Re-election of Directors

[illegible]

(4) Proposed Authority for Directors to Allot and Issue Shares pursuant to Section 76 of the Act

[illegible]

(5) Proposed Shareholders' Mandate

The proposed Ordinary Resolution 7, if passed, will allow the Company and its subsidiaries to enter into RRPT in accordance with Rule 10.09 of ACE LR of Bursa Securities.

For further information on Ordinary Resolution 7, please refer to the RRPT Circular dated 27 April 2025 accompanying the Annual Report of the Company for the financial year ended 31 December 2025.

Personal data privacy

By submitting a proxy form(s) to participate, speak and vote at the [illegible] AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the [illegible] AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the [illegible] AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

KIM HIN JOO (MALAYSIA) BERHAD

Registration No.: [illegible]

(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

[illegible]

	Resolutions		For	Against
1	[illegible]	Ordinary Resolution 1		
2	[illegible]	Ordinary Resolution 2		
3	[illegible]	Ordinary Resolution 3		
4	[illegible]	Ordinary Resolution 4		
5	[illegible]	Ordinary Resolution 5		
6	[illegible]	Ordinary Resolution 6		
7	[illegible]	Ordinary Resolution 7		

[illegible]

[illegible]

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

\# [illegible]

* [illegible]

Signature of Shareholder or Common Seal

Dated this ______ day of ______ 2025

Fold This Flap For Sealing

Notes:

[illegible]

Personal Data Privacy:

[illegible]

Then Fold Here

AFFIX
STAMP

KIM HIN JOO (MALAYSIA) BERHAD
Registration No. [illegible]

11th Floor, Menara Symphony,
No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

1st Fold Here

KIM
HIN
JOO
MALAYSIA BERHAD