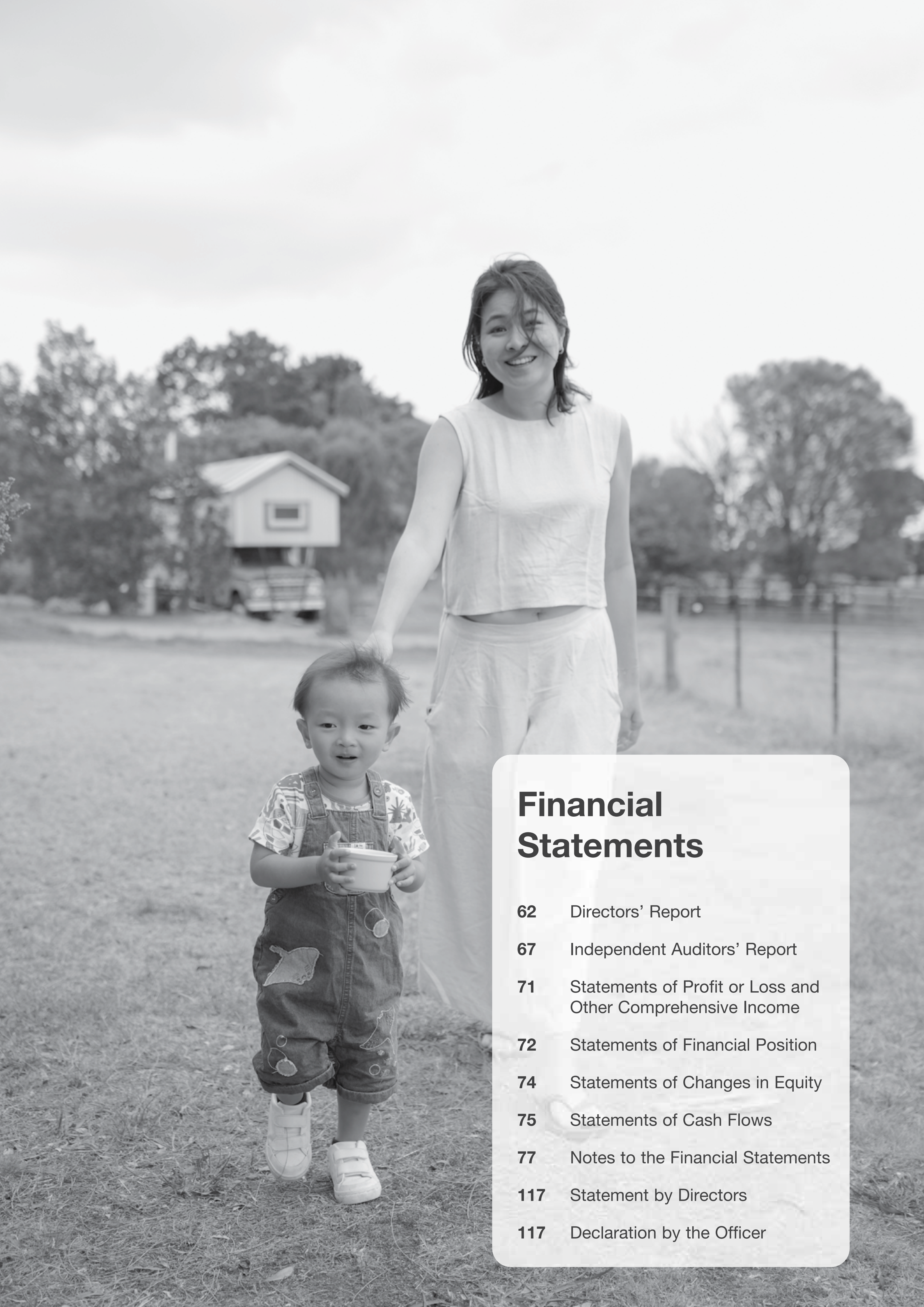

Financial Statements

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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 2023.

PRINCIPAL ACTIVITY

The principal activity of the Company is retailing of maternity, baby and children's wear and product.

RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
(Loss)/Profit for the year attributable to owners of the Company	(786,214)	214,615

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 30 May 2023, the Company declared a final dividend of 0.6 sen per ordinary share amounted to RM2,280,000 in respect of the financial year ended 31 December 2022 has been approved by shareholders at the Forty-Second Annual General Meeting held on 30 May 2023, which was paid on 18 August 2023.

The directors proposed a final dividend of 0.1 sen per ordinary share amounting to approximately RM380,000 in respect of the financial year ended 31 December 2023. 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 2024.

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 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 2023.

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 debts 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 Teng*
Chew Soo Lin
Yen Se-Hua Stewart
Kor Yann Ning
Hew Moh Yung

* *Being the directors of the subsidiary companies in office since the beginning of the financial year to 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	11,280,700	-	-	11,280,700
Pang Fu Wei	538,800	-	-	538,800
Goh Poh Teng	1,000,000	-	-	1,000,000
Chew Soo Lin	2,150,000	-	-	2,150,000
Kor Yann Ning	800,000	-	-	800,000
Indirect interests				
Pang Kim Hin*	235,600,000	-	-	235,600,000
Chew Soo Lin#	800,000	-	-	800,000

* *By virtue of his interests in Kim Hin International Pte Ltd.*
\# *By virtue of his interests in Cepheus Corporation 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 Kim Hin				
- Direct	985,000	-	-	985,000
- Indirect**	285,000	-	-	285,000

** *By virtue of his interests in Queemay 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 RM	**The Company RM**
Directors' fees	294,000	294,000
Salaries and bonus	564,000	564,000
Contributions to EPF	29,538	29,538
Other emoluments	3,650	3,650
	891,188	891,188

The estimated monetary value of a director's benefit-in-kind of the Group and of the Company is RM7,760 (2022: RM7,760).

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 RM21,395.

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.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The auditors' remuneration for the financial year ended 31 December 2023 is as follows:

	The Group RM	The Company RM
Audit fee	219,500	127,500
Non-audit fees	15,000	13,000
	234,500	140,500

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

PANG FU WEI **GOH POH TENG**

Selangor
15 April 2024

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 2023, 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 71 to 116.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and their cash flows for the 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"), 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 2023, the inventories balance of the Group and of the Company stood at RM52,355,344 and RM38,762,434, respectively, which represents approximately 50% and 44% of the total assets of the Group and of the Company.

As described in Note 3 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 4(ii)(a) to the financial statements as one of the key assumptions used by management under the section of *Key Sources of Estimation Uncertainty*.

During the financial year, RM377,209 and RM27,693 has been recognised in profit or loss of the Group and of the Company, respectively, as disclosed in Note 6 to the financial statements, which represent write down of inventories to their net realisable values.

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 Kim Hin Joo (Malaysia) Berhad
(Incorporated in Malaysia)
cont’d

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS *cont’d*

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 risk 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.

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

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

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

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

Independent Auditors' Report

To the Members of Kim Hin Joo (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 PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

TEOH CHEAP CHEE
Partner - 03472/11/2025 J
Chartered Accountants

15 April 2024
Kuala Lumpur

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2023

		The Group		The Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	5	95,795,164	104,635,464	75,171,633	80,834,724
Cost of sales		(53,379,037)	(54,450,172)	(41,008,165)	(41,751,162)
Gross profit		42,416,127	50,185,292	34,163,468	39,083,562
Other operating income		2,371,836	1,127,607	2,579,744	2,738,928
Selling and marketing costs		(3,055,915)	(2,813,110)	(1,836,990)	(1,508,195)
Administration and other operating expenses		(41,688,520)	(40,871,776)	(33,898,838)	(34,168,297)
Finance costs		(773,626)	(827,505)	(662,898)	(719,319)
(Loss)/Profit before tax	6	(730,098)	6,800,508	344,486	5,426,679
Tax expense	7	(56,116)	(1,963,011)	(129,871)	(1,270,149)
(Loss)/Profit/Total comprehensive (loss)/ income for the year		(786,214)	4,837,497	214,615	4,156,530
(Loss)/Profit/Total comprehensive (loss)/ income for the year attributable to:					
Owners of the Company		(786,214)	4,837,497	214,615	4,156,530
Basic/Diluted earnings per share attributable to owners of the Company (sen)	8	(0.21)	1.27		

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

Statements of Financial Position

As at 31 December 2023

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Plant and equipment	9	5,158,069	8,376,024	4,047,139	6,127,542
Right-of-use assets	10	15,276,488	20,113,631	12,915,890	17,532,936
Investment in subsidiary companies	11	-	-	7,100,000	8,600,000
Deferred tax assets	12	680,509	250,061	481,845	171,139
Refundable deposits	15	2,460,164	2,933,785	2,242,884	2,658,826
Total Non-Current Assets		23,575,230	31,673,501	26,787,758	35,090,443
Current Assets					
Inventories	13	52,355,344	61,746,124	38,762,434	43,756,919
Trade receivables	14	1,573,307	1,802,729	520,406	454,272
Other receivables, deposits and prepaid expenses	15	2,982,866	3,023,967	2,619,603	2,866,909
Amount due from holding company	25	82,291	-	-	-
Amount due from subsidiary companies	25	-	-	655,461	132,319
Amount due from other related companies	25	700,451	-	240,000	-
Tax recoverable		1,002,443	366,692	361,717	95,171
Short-term investments	16	2,038,980	1,970,761	2,038,980	1,970,761
Fixed deposits with licensed banks	17	6,097,099	7,410,693	6,097,099	7,410,693
Cash and bank balances	18	13,410,463	11,666,054	10,655,264	8,714,995
Total Current Assets		80,243,244	87,987,020	61,950,964	65,402,039
Total Assets		103,818,474	119,660,521	88,738,722	100,492,482

Statements of Financial Position

As at 31 December 2023

cont'd

		The Group		The Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM**	**RM**	**RM**	**RM**
EQUITY					
Equity and Reserve					
Share capital	19	31,128,118	31,128,118	31,128,118	31,128,118
Retained earnings	20	45,144,885	48,211,099	33,888,684	35,954,069
Total Equity		76,273,003	79,339,217	65,016,802	67,082,187
LIABILITIES					
Non-Current Liability					
Lease liabilities	22	8,985,491	13,625,984	7,319,913	11,812,769
Current Liabilities					
Trade payables	23	5,822,025	11,595,470	4,350,357	8,632,874
Other payables, accrued expenses and provision	24	5,906,890	8,011,390	4,911,157	6,050,947
Amount due to subsidiary companies	25	-	-	985,110	590,741
Amount due to other related companies	25	-	35	-	-
Lease liabilities	22	6,830,778	7,088,425	6,155,383	6,322,964
Tax liabilities		287	-	-	-
Total Current Liabilities		18,559,980	26,695,320	16,402,007	21,597,526
Total Liabilities		27,545,471	40,321,304	23,721,920	33,410,295
Total Equity and Liabilities		103,818,474	119,660,521	88,738,722	100,492,482

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

Statements of Changes in Equity

For the Financial Year Ended 31 December 2023

	Note	Share capital RM	Distributable reserve - Retained earnings RM	Total equity RM
The Group				
At 1 January 2022		31,128,118	47,173,602	78,301,720
Total comprehensive income for the year		-	4,837,497	4,837,497
Dividend	21	-	(3,800,000)	(3,800,000)
At 31 December 2022/1 January 2023		31,128,118	48,211,099	79,339,217
Total comprehensive loss for the year		-	(786,214)	(786,214)
Dividend	21	-	(2,280,000)	(2,280,000)
At 31 December 2023		31,128,118	45,144,885	76,273,003
The Company				
At 1 January 2022		31,128,118	35,597,539	66,725,657
Total comprehensive income for the year		-	4,156,530	4,156,530
Dividend	21	-	(3,800,000)	(3,800,000)
At 31 December 2022/1 January 2023		31,128,118	35,954,069	67,082,187
Total comprehensive income for the year		-	214,615	214,615
Dividend	21	-	(2,280,000)	(2,280,000)
At 31 December 2023		31,128,118	33,888,684	65,016,802

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

Statements of Cash Flows
For the Financial Year Ended 31 December 2023

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
(Loss)/Profit before tax	(730,098)	6,800,508	344,486	5,426,679
Adjustments for:				
Amortisation of right-of-use assets	7,422,255	7,396,932	6,628,990	6,648,726
Depreciation of plant and equipment	3,992,636	3,815,353	2,785,276	2,625,308
Dividend income	-	-	(800,000)	(1,800,000)
Fair value gain on short-term investments	(68,219)	(42,198)	(68,219)	(42,198)
Finance costs on unwinding of interest expense of provision for restoration cost	18,429	15,235	13,483	11,011
Fit out contribution	(166,661)	(166,661)	(83,333)	(83,333)
Gain on disposal of plant and equipment	(39,924)	(5,000)	(39,127)	(5,000)
Gain on termination/modification of lease contract	(92,985)	-	(36,954)	-
Interest income	(323,253)	(270,789)	(297,987)	(217,000)
Inventories written off	732,797	364,991	321,046	277,098
Lease interest expenses	755,197	812,270	649,415	708,308
Reversal of write-down of inventories	-	(97,423)	-	(42,337)
Unrealised loss/(gain) on foreign exchange	117,519	(28,825)	109,840	(19,308)
Unwinding of interest income - refundable deposits	(115,635)	(134,484)	(100,991)	(124,226)
Write-down of inventories	377,209	99,148	27,693	21,514
Operating Profit Before Working Capital Changes	11,879,267	18,559,057	9,453,618	13,385,242
(Increase)/Decrease in:				
Inventories	8,280,774	(11,428,632)	4,645,746	(4,691,538)
Trade receivables	229,422	(242,735)	(66,134)	(118,078)
Other receivables, deposits and prepaid expenses	628,356	1,305,138	777,803	(497,485)
Amount due from holding company	(82,688)	-	-	-
Amount due from subsidiary companies	-	-	(523,142)	(132,319)
Amount due from other related companies	(700,451)	5,085	(240,000)	-
Increase/(Decrease) in:				
Trade payables	(5,883,966)	5,879,630	(4,396,304)	3,564,665
Other payables and accrued expenses	(1,955,939)	(617,216)	(1,069,616)	(177,573)
Amount due to subsidiary companies	-	-	1,894,369	413,321
Amount due to other related companies	(35)	(279,440)	-	(140,000)
Cash Generated From Operations	12,394,740	13,180,887	10,476,340	11,606,235
Income tax paid	(1,122,028)	(2,367,753)	(707,123)	(1,229,553)
Net Cash From Operating Activities	11,272,712	10,813,134	9,769,217	10,376,682

Statements of Cash Flows

For the Financial Year Ended 31 December 2023
cont'd

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Acquisition of plant and equipment	(850,421)	(5,482,421)	(776,646)	(4,565,733)
Dividend received from a subsidiary company	-	-	800,000	1,800,000
Interest income received	323,253	270,789	297,987	217,000
Increase in fixed deposits pledged	(10,338)	(278,517)	(10,338)	(278,517)
Net Cash (Used In)/From Investing Activities	(537,506)	(5,490,149)	311,003	(2,827,250)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Dividend paid	(2,280,000)	(3,800,000)	(2,280,000)	(3,800,000)
Interest paid	(755,197)	(812,270)	(649,415)	(708,308)
Proceed from disposal of plant and equipment	115,664	5,000	110,900	5,000
Repayment of lease liabilities (Note 22)	(7,398,841)	(7,139,463)	(6,648,991)	(6,454,676)
Net Cash Used In Financing Activities	(10,318,374)	(11,746,733)	(9,467,506)	(10,957,984)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	416,832	(6,423,748)	612,714	(3,408,552)
Effects of exchange rate differences on the balance of cash held in foreign currencies	3,645	657	3,623	646
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18,110,230	24,533,321	15,159,171	18,567,077
CASH AND CASH EQUIVALENT AT END OF YEAR (NOTE 18)	18,530,707	18,110,230	15,775,508	15,159,171

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

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 product. 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 Hin International Pte Ltd ("KHI"), 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 Pang Cheng Yean, Lot 5205C, Jalan Perindustrian Balakong Jaya 1/3, Kawasan Perindustrian 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 2024.

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 MFRSs

In the current financial year, the Group and the Company have adopted all the Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual financial periods commencing on or after 1 January 2023:

Amendments to MFRS 101	*Disclosure of Accounting Policies*
Amendments to MFRS 101	*Classification of Liabilities as Current or Non-Current*
Amendments to MFRS 108	*Definition of Accounting Estimates*
Amendments to MFRS 112	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to MFRS 112	*International Tax Reform – Pillar Two Model Rule*

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.

<u>Amendments to MFRS 101 - Disclosure of Accounting Policies</u>

The Group and the Company have adopted Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 - Disclosures of Accounting Policies from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the Amendments did not result in any changes to the Group's and the Company's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in Note 3.

Notes to the Financial Statements
cont'd

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *cont'd*

Amendments to MFRSs in issue but not yet effective

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

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 16	Lease Liability in a Sale and Leaseback[1]
Amendments to MFRS 101	Non-current Liabilities with Covenants[1]
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements[1]
Amendments to MFRS 121	Lack of Exchangeability[2]

[1] *Effective immediately for annual periods beginning before 1 January 2024.*
[2] *Effective immediately for annual periods beginning before 1 January 2025 with earlier application permitted.*
[3] *Effective date deferred to a date to be determined and announced by MASB.*

The directors anticipate that the abovementioned Amendments to MFRS 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 Amendments to MFRSs will not have material financial impact on the financial statements of the Group and of the Company in the period of initial application.

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*.

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 principal accounting policies are set out below.

3. MATERIAL ACCOUNTING POLICY INFORMATION *cont'd*

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 at 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*

Subsidiary Companies and Basis of Consolidation *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 distribute their maternity, babies' and children's wear and product both to the retail market and directly to customers through their retail outlets.

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 promised.

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 if required before payment is due.

For consignment sale of goods, the Group delivers goods to the consignees 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION *cont'd*

Revenue *cont'd*

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' applicable remuneration. Contributions are charged to profit or loss in the period in 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION *cont'd*

Leases *cont'd*

As Lessee *cont'd*

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.

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 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	20%
Computer equipment	33%
Renovation, furniture and fittings and electrical fittings - office	20% - 33%
Renovation, furniture and fittings and electrical fittings - stores	Over the period of lease
Operating, display and office equipment	20% - 33%

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 revised 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

Classification

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.

Notes to the Financial Statements
cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION *cont'd*

Financial Instruments *cont'd*

Financial assets *cont'd*

Classification *cont'd*

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

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 a loss on a 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.

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 holding company
- Amount due from subsidiary companies
- Amount due from other related companies

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.

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 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

<u>Classification as debt or equity</u>

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 or an equity instrument.

<u>Equity instruments</u>

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 transactions costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

<u>Financial liabilities</u>

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

<u>Financial liabilities measured subsequently at amortised cost</u>

Financial liabilities measured subsequently at amortised cost, including trade payables, other payables and accrued expenses, amount due to subsidiary companies, amount due to other related 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.

<u>Derecognition of financial liabilities</u>

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 28, 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, which are described in Note 3 above, 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) 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.

During the financial year, amounts of RM377,209 and RM27,693 (2022: RM99,148 and RM21,514) have been recognised in profit or loss of the Group and of the Company, respectively, which represents a write down of inventories to their net realisable values.

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

The measurement of the right-of-use asset 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.

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

(ii) Key sources of estimation uncertainty *cont'd*

(c) 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 estimates made.

5. REVENUE

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trading of baby, children and maternity products:				
Retail	84,781,810	89,630,791	75,171,633	80,834,724
Distribution	11,013,354	15,004,673	-	-
	95,795,164	104,635,464	75,171,633	80,834,724
Timing of revenue recognition:				
At a point in time	95,795,164	104,635,464	75,171,633	80,834,724

6. (LOSS)/PROFIT BEFORE TAX

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

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Purchase of trading goods	41,973,547	64,280,381	35,012,812	45,337,049
Net change in inventories of trading goods and goods-in-transit	9,390,780	(11,061,916)	4,994,485	(4,435,263)
Amortisation of right-of-use assets (Note 10)	7,422,255	7,396,932	6,628,990	6,648,726
Depreciation of plant and equipment (Note 9)	3,992,636	3,815,353	2,785,276	2,625,308
Employee benefits expenses	15,741,243	14,873,984	11,709,976	11,796,785
Management services fees	4,037,435	4,088,800	3,996,686	4,051,413
Variable lease payments not included in the measurement of lease liabilities	5,458,262	5,236,598	4,677,680	4,667,923
Other operating expenses	10,107,314	9,504,926	6,938,088	6,735,713
	98,123,472	98,135,058	76,743,993	77,427,654

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

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

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration:				
Statutory	219,500	219,500	127,500	127,500
Other services	15,000	15,000	13,000	13,000
Dividend income	-	-	(800,000)	(1,800,000)
Fair value gain on short-term investments	(68,219)	(42,198)	(68,219)	(42,198)
Finance costs:				
Unwinding of interest expense of provision for restoration costs (Note 24)	18,429	15,235	13,483	11,011
Lease interest expense (Note 22)	755,197	812,270	649,415	708,308
	773,626	827,505	662,898	719,319
Fit out contribution	(166,661)	(166,661)	(83,333)	(83,333)
Gain on disposal of plant and equipment	(39,924)	(5,000)	(39,127)	(5,000)
(Gain)/Loss on foreign exchange (net):				
Realised	(132,683)	(52,373)	(218,177)	(51,215)
Unrealised	117,519	(28,825)	109,840	(19,308)
Gain on termination/modification of lease contract	(92,985)	-	(36,954)	-
Government grant on wages subsidy	-	(76,200)	-	-
Interest income	(323,253)	(270,789)	(297,987)	(217,000)
Inventories written off	732,797	364,991	321,046	277,098
Rent concessions	(491,704)	(68,658)	(251,704)	(67,173)
Reversal of write-down of inventories	-	(97,423)	-	(42,337)
Unwinding of interest income - refundable deposits	(115,635)	(134,484)	(100,991)	(124,226)
Write-down of inventories	377,209	99,148	27,693	21,514

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 RM1,399,636 and RM1,011,535 (2022: RM1,345,780 and RM1,038,948) respectively.

In prior year, government grants of RM76,200 were received by the Group, as part of the Prihatin Rakyat Economic Stimulus Package to promote employee retention and reduce layoffs by extending the wage subsidy programme. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

Notes to the Financial Statements
cont'd

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

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

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

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Executive directors:				
Fees	64,000	64,000	64,000	64,000
Salaries and bonus	564,000	575,000	564,000	575,000
Contributions to EPF	29,538	30,036	29,538	30,036
Other emoluments	3,650	300	3,650	300
	661,188	669,336	661,188	669,336
Non-executive directors:				
Fees	230,000	230,000	230,000	230,000

The estimated monetary value of non-cash benefits-in-kind received and receivable by a director from the Group and the Company amounted to RM7,760 (2022: RM7,760).

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

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Salaries and bonus	1,217,930	1,412,049	1,006,543	1,248,849
Contributions to EPF	143,233	160,014	117,043	142,158
Other emoluments	9,938	2,000	2,785	2,000
	1,371,101	1,574,063	1,126,371	1,393,007

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 RM4,339 and RM3,737 (2022: RM8,106 and RM4,433) respectively.

Notes to the Financial Statements
cont'd

7. TAX EXPENSE

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Estimated tax payable:				
Current year	416,977	1,812,014	372,000	1,077,705
Under/(Over)provision in prior years	69,587	(56,533)	68,577	(25,985)
	486,564	1,755,481	440,577	1,051,720
Deferred tax (Note 12):				
Current year	(278,830)	216,189	(185,824)	218,429
Underprovision in prior years	(151,618)	(8,659)	(124,882)	-
	(430,448)	207,530	(310,706)	218,429
Tax expense	56,116	1,963,011	129,871	1,270,149

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
(Loss)/Profit before tax:	(730,098)	6,800,508	344,486	5,426,679
Tax expense at the applicable tax rate of 24%	(175,224)	1,632,122	82,677	1,302,403
Tax effects of:				
Non-deductible expenses	305,598	592,761	311,872	511,191
Non-taxable income	(16,373)	(108,469)	(208,373)	(517,460)
Utilisation of deferred tax assets previously not recognised	-	(88,211)	-	-
Deferred tax assets not recognised	24,146	-	-	-
Under/(Over)provision of income tax in prior years	69,587	(56,533)	68,577	(25,985)
Underprovision of deferred tax in prior years	(151,618)	(8,659)	(124,882)	-
Total tax expense	56,116	1,963,011	129,871	1,270,149

8. EARNINGS PER SHARE

Basic

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

	The Group	
	2023	2022
	RM	RM
(Loss)/Profit for the year	(786,214)	4,837,497
Weighted average number of ordinary shares	380,000,000	380,000,000
Basic earnings per ordinary share attributable to owners of the Company (sen)	(0.21)	1.27

Notes to the Financial Statements

cont'd

8. EARNINGS PER SHARE *cont'd*

Diluted

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

9. PLANT AND EQUIPMENT

The Group	Motor vehicles RM	Computer equipment RM	Renovation, furniture and fittings and electrical fittings RM	Operating, display and office equipment RM	Total RM
Cost					
At 1 January 2022	952,238	3,114,149	22,805,448	4,130,218	31,002,053
Additions	18,200	1,775,054	2,888,879	800,288	5,482,421
Disposal	(27,000)	-	-	-	(27,000)
Reclassification	-	-	(64,880)	64,880	-
At 31 December 2022/1 January 2023	943,438	4,889,203	25,629,447	4,995,386	36,457,474
Additions	-	299,580	155,673	395,168	850,421
Disposals	(177,129)	(13,069)	(4,100)	(77,950)	(272,248)
At 31 December 2023	766,309	5,175,714	25,781,020	5,312,604	37,035,647
Accumulated Depreciation					
At 1 January 2022	849,055	2,484,322	17,976,860	2,982,860	24,293,097
Charge for the year (Note 6)	44,483	655,536	2,588,575	526,759	3,815,353
Disposal	(27,000)	-	-	-	(27,000)
Reclassification	-	-	(18,383)	18,383	-
At 31 December 2022/1 January 2023	866,538	3,139,858	20,547,052	3,528,002	28,081,450
Charge for the year (Note 6)	45,545	876,213	2,523,365	547,513	3,992,636
Disposals	(177,129)	(13,069)	(797)	(5,513)	(196,508)
At 31 December 2023	734,954	4,003,002	23,069,620	4,070,002	31,877,578
Net Carrying Amount					
At 31 December 2022	76,900	1,749,345	5,082,395	1,467,384	8,376,024
At 31 December 2023	31,355	1,172,712	2,711,400	1,242,602	5,158,069

Notes to the Financial Statements

cont'd

9. PLANT AND EQUIPMENT *cont'd*

The Company	Motor vehicles	Computer equipment	Renovation, furniture and fittings and electrical fittings	Operating, display and office equipment	Total
	RM	RM	RM	RM	RM
Cost					
At 1 January 2022	821,037	2,228,168	20,079,130	2,824,507	25,952,842
Additions	18,200	1,689,216	2,229,579	628,738	4,565,733
Disposal	(27,000)	-	-	-	(27,000)
At 31 December 2022/1 January 2023	812,237	3,917,384	22,308,709	3,453,245	30,491,575
Additions	-	274,335	120,943	381,368	776,646
Disposals	(177,129)	-	-	(76,900)	(254,029)
At 31 December 2023	635,108	4,191,719	22,429,652	3,757,713	31,014,192
Accumulated Depreciation					
At 1 January 2022	749,562	1,855,601	16,895,636	2,264,926	21,765,725
Charge for the year (Note 6)	35,203	516,226	1,793,025	280,854	2,625,308
Disposal	(27,000)	-	-	-	(27,000)
At 31 December 2022/1 January 2023	757,765	2,371,827	18,688,661	2,545,780	24,364,033
Charge for the year (Note 6)	36,265	746,291	1,684,000	318,720	2,785,276
Disposals	(177,129)	-	-	(5,127)	(182,256)
At 31 December 2023	616,901	3,118,118	20,372,661	2,859,373	26,967,053
Net Carrying Amount					
At 31 December 2022	54,472	1,545,557	3,620,048	907,465	6,127,542
At 31 December 2023	18,207	1,073,601	2,056,991	898,340	4,047,139

Notes to the Financial Statements
cont'd

10. RIGHT-OF-USE ASSETS

The Group and the Company lease warehouse and retail stores. The lease terms are ranging from 2 years to 6 years averaging approximately 4 years.

The Group	Warehouse RM	Retail stores RM	Total RM
Cost			
At 1 January 2022	2,762,569	37,685,570	40,448,139
Additions	-	6,973,956	6,973,956
Modification of lease contracts	(25,836)	(936,833)	(962,669)
Expiry of lease contracts	-	(6,676,339)	(6,676,339)
At 31 December 2022/1 January 2023	2,736,733	37,046,354	39,783,087
Additions	3,521,662	616,512	4,138,174
Modification of lease contracts	453	(789,893)	(789,440)
Expiry of lease contracts	(944,228)	(4,702,329)	(5,646,557)
Termination of lease contracts	(1,791,821)	-	(1,791,821)
At 31 December 2023	3,522,799	32,170,644	35,693,443
Accumulated Amortisation			
At 1 January 2022	494,624	19,393,529	19,888,153
Amortisation for the year (Note 6)	910,308	6,486,624	7,396,932
Modification of lease contracts	(20,529)	(918,761)	(939,290)
Expiry of lease contracts	-	(6,676,339)	(6,676,339)
At 31 December 2022/1 January 2023	1,384,403	18,285,053	19,669,456
Amortisation for the year (Note 6)	896,583	6,525,672	7,422,255
Modification of lease contracts	(182)	(134,664)	(134,846)
Expiry of lease contracts	(944,228)	(4,702,329)	(5,646,557)
Termination of lease contracts	(893,353)	-	(893,353)
At 31 December 2023	443,233	19,973,732	20,416,955
Net Carrying Amount			
At 31 December 2022	1,352,330	18,761,301	20,113,631
At 31 December 2023	3,079,576	12,196,912	15,276,488

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 2022	962,318	36,063,309	37,025,627
Additions	-	6,472,035	6,472,035
Modification of lease contract	(18,090)	(915,068)	(933,158)
Expiry of lease contract	-	(6,676,339)	(6,676,339)
At 31 December 2022/1 January 2023	944,228	34,943,937	35,888,165
Additions	1,760,625	616,512	2,377,137
Modification of lease contract	-	(489,419)	(489,419)
Expiry of lease contract	(944,228)	(4,702,329)	(5,646,557)
At 31 December 2023	1,760,625	30,368,701	32,129,326
Accumulated Amortisation			
At 1 January 2022	264,088	19,036,896	19,300,984
Amortisation for the year (Note 6)	461,747	6,186,979	6,648,726
Modification of lease contract	(12,480)	(905,662)	(918,142)
Expiry of lease contract	-	(6,676,339)	(6,676,339)
At 31 December 2022/1 January 2023	713,355	17,641,874	18,355,229
Amortisation for the year (Note 6)	452,257	6,176,733	6,628,990
Modification of lease contract	-	(124,226)	(124,226)
Expiry of lease contract	(944,228)	(4,702,329)	(5,646,557)
At 31 December 2023	221,384	18,992,052	19,213,436
Net Carrying Amount			
At 31 December 2022	230,873	17,302,063	17,532,936
At 31 December 2023	1,539,241	11,376,649	12,915,890

Eight (2022: Five) of the leases for leased 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. In addition, there was also opening of one new retail store for the Group in prior year. This resulted in additions to right-of-use assets of RM501,922 for the Group in prior year.

11. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2023 RM	The Company 2022 RM
Unquoted shares, at cost		
At beginning of year	8,600,000	8,600,000
Return of capital injection	(1,500,000)	-
At end of year	7,100,000	8,600,000

11. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

On 29 December 2023, the Company decreased its investment in subsidiary company, Global Retail Network Sdn Bhd by RM1,500,000, by way of settling the amount due to subsidiary company.

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	
			2023	2022
			%	%
Global Product Solutions Sdn Bhd	Malaysia	Distribution of maternity and children's products.	100	100
Global Retail Network Sdn Bhd	Malaysia	Distribution of children and maternity products.	100	100
Queemay Toys (Malaysia) Sdn Bhd	Malaysia	Retailing, trading, distribution and e-commerce of toys.	100	100

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	
	2023	2022
	RM	RM
Distribution	2	2
Retail	1	1
	3	3

Notes to the Financial Statements

cont'd

12. DEFERRED TAX ASSETS

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At 1 January	250,061	457,591	171,139	389,568
Transfer to profit or loss (Note 7):				
Plant and equipment	458,415	(265,280)	341,324	(250,378)
Inventories	7,667	(18,663)	6,646	(4,997)
Trade payables	18,448	20,256	14,805	22,200
Other payables and accrued expenses	43,877	5,868	25,545	5,868
Provision for restoration costs	5,330	30,889	2,687	1,920
Right-of-use assets and lease liabilities	(114,977)	19,200	(80,301)	6,958
Amount due to other related companies	(200)	200	-	-
Unabsorbed capital allowance	11,888	-	-	-
	430,448	(207,530)	310,706	(218,429)
At 31 December	680,509	250,061	481,845	171,139

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

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Deferred tax liabilities (before offsetting)				
Temporary differences arising from:				
Plant and equipment	-	(329,061)	-	(320,196)
Trade payables	-	(7,119)	-	(4,634)
	-	(336,180)	-	(324,830)
Offsetting	-	336,180	-	324,830
Deferred tax liabilities (after offsetting)	-	-	-	-
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Plant and equipment	151,500	22,146	21,128	-
Inventories	12,831	5,164	11,810	5,164
Trade payables	11,329	-	10,171	-
Other payables and accrued expenses	64,445	20,568	46,113	20,568
Provision for restoration costs	230,396	225,066	198,784	196,097
Right-of-use assets and lease liabilities	198,120	313,097	193,839	274,140
Amount due to other related company	-	200	-	-
Unabsorbed capital allowance	11,888	-	-	-
	680,509	586,241	481,845	495,969
Offsetting	-	(336,180)	-	(324,830)
Deferred tax assets (after offsetting)	680,509	250,061	481,845	171,139

12. DEFERRED TAX ASSETS *cont'd*

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	
	2023	**2022**
	RM	**RM**
Year of assessment:		
2030	100,812	100,812
2031	13,764	13,764

As of the end of the reporting period, the estimated amount of unabsorbed tax losses and unabsorbed capital allowances pertaining to certain subsidiary 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	
	2023	**2022**
	RM	**RM**
Unabsorbed tax losses	114,576	114,576
Unabsorbed capital allowances	817,807	717,199
	932,383	831,775

13. INVENTORIES

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
At cost:				
Trading goods	43,806,358	49,397,466	31,184,917	32,907,324
Goods-in-transit	8,166,012	11,809,394	7,423,793	10,766,480
	51,972,370	61,206,860	38,608,710	43,673,804
At net realisable value:				
Trading goods	382,974	539,264	153,724	83,115
	52,355,344	61,746,124	38,762,434	43,756,919

During the year, RM52,474,333 and RM40,356,036 (2022: RM53,585,181 and RM41,158,061) of inventories was recognised as an expense in cost of sales of the Group and of the Company, respectively.

Notes to the Financial Statements
cont'd

13. INVENTORIES *cont'd*

The movement in inventories charged/(credited) to (loss)/profit before tax as disclosed in Note 6 are as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Written off	732,797	364,991	321,046	277,098
Write-down	377,209	99,148	27,693	21,514
Reversal of write-down	-	(97,423)	-	(42,337)

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 2 days to 90 days (2022: 2 days to 90 days).

Included in the Group's trade receivables balance are debtors with a carrying amount of RM150,693 (2022: RM358,184) which are past due at the end of the reporting period. The Group has assessed the expected credit losses to be Nil (2022: Nil) as there has not been a significant change in credit quality and the Group 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 does not hold any collateral over these balances. The aging of these past due receivables ranges from 30 to 90 days (2022: 30 to 90 days).

An analysis of trade receivables as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Not impaired				
- not past due	1,422,614	1,444,545	520,406	454,272
- past due by:				
1 to 30 days	114,555	310,549	-	-
31 to 60 days	31,820	35,861	-	-
More than 60 days	4,318	11,774	-	-
	150,693	358,184	-	-
	1,573,307	1,802,729	520,406	454,272

The trade receivables are denominated in Ringgit Malaysia.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-Current:				
Refundable deposits	2,460,164	2,933,785	2,242,884	2,658,826
Current:				
Other receivables	328,137	800,032	181,411	767,069
Refundable deposits	1,304,203	709,225	1,202,192	678,975
Prepaid expenses	1,350,526	1,514,710	1,236,000	1,420,865
	2,982,866	3,023,967	2,619,603	2,866,909
Total	5,443,030	5,957,752	4,862,487	5,525,735

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 warehouses amounting to RM3,636,974 and RM3,343,192 (2022: RM3,461,430 and RM3,189,603) whereas prepaid expenses comprise of prepaid insurance and rental.

The Group and the Company have secured bank guarantee from a financial institution amounting to RM976,855 (2022: RM966,517) 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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	5,175,042	5,488,962	4,729,832	5,079,843
United States Dollar	266,993	468,790	132,655	445,892
Australian Dollar	995	-	-	-
	5,443,030	5,957,752	4,862,487	5,525,735

16. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Financial assets at fair value through profit or loss:				
Money market fund	2,038,980	1,970,761	2,038,980	1,970,761

17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits earned interest at rates ranging from 2.0% to 3.75% (2022: 1.60% to 3.50%) per annum with maturity period of 1 to 12 months (2022: 1 to 12 months).

Included in fixed deposits with licensed banks are deposits pledged for bank guarantees granted to the Group and to the Company amounting to RM976,855 (2022: RM966,517).

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Fixed deposits with licensed banks (Note 17)	6,097,099	7,410,693	6,097,099	7,410,693
Cash and bank balances	13,410,463	11,666,054	10,655,264	8,714,995
	19,507,562	19,076,747	16,752,363	16,125,688
Less: Fixed deposits pledged (Note 17)	(976,855)	(966,517)	(976,855)	(966,517)
	18,530,707	18,110,230	15,775,508	15,159,171

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

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	19,471,964	19,055,877	16,717,141	16,105,172
British Pound	2,871	2,661	2,871	2,661
Singapore Dollar	31,719	17,246	31,343	16,892
Hong Kong Dollar	1,008	963	1,008	963
	19,507,562	19,076,747	16,752,363	16,125,688

19. SHARE CAPITAL

	The Group and the Company			
	2023		2022	
	No. of shares	RM	No. of shares	RM
Issued and fully paid				
Ordinary shares				
At beginning/end of year	380,000,000	31,128,118	380,000,000	31,128,118

Notes to the Financial Statements

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20. RETAINED EARNINGS

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

21. DIVIDEND

	The Company	
	2023	**2022**
	RM	**RM**
Final dividend of RM0.006 per ordinary share in respect of the financial year ended 31 December 2022	2,280,000	-
Interim single-tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2021	-	3,800,000

On 25 February 2022, the Company declared a first interim single tier tax-exempt dividend of 1.0 sen per ordinary share amounted to RM3,800,000 in respect of the financial year ended 31 December 2021 of which was paid on 12 April 2022.

On 30 May 2023, the Company declared a final dividend of 0.6 sen per ordinary share amounted to RM2,280,000 in respect of the financial year ended 31 December 2022 has been approved by shareholders at the Forty-Second Annual General Meeting held on 30 May 2023, which was paid on 18 August 2023.

The directors proposed a final dividend of 0.1 sen per ordinary share amounting to approximately RM380,000 in respect of the financial year ended 31 December 2023. 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 2024.

22. LEASE LIABILITIES

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Maturity analysis:				
Not later than 1 year	7,368,228	7,774,376	6,598,104	6,921,509
Later than 1 year but not later than 5 years	9,426,249	14,182,175	7,654,696	12,326,499
Later than 5 years	-	161,013	-	101,961
	16,794,477	22,117,564	14,252,800	19,349,969
Less: Unearned interest	(978,208)	(1,403,155)	(777,504)	(1,214,236)
	15,816,269	20,714,409	13,475,296	18,135,733
Present value of lease liabilities analysed as:				
Current	6,830,778	7,088,425	6,155,383	6,322,964
Non-current	8,985,491	13,625,984	7,319,913	11,812,769
	15,816,269	20,714,409	13,475,296	18,135,733

The Group and the Company apply the incremental borrowing rates to the lease liabilities recognised ranging 3.45% to 5.20% (2022: 3.45% to 4.75%) per annum.

Notes to the Financial Statements
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22. LEASE LIABILITIES *cont'd*

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.

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	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	20,714,409	21,062,667	18,135,733	18,265,284
Total financing cash outflows:				
Principal paid	(7,398,841)	(7,139,463)	(6,648,991)	(6,454,676)
Interest paid	(755,197)	(812,270)	(649,415)	(708,308)
	12,560,371	13,110,934	10,837,327	11,102,300
Non-cash changes				
Finance costs (Note 6)	755,197	812,270	649,415	708,308
Modification of lease contract	(662,326)	26,200	(351,793)	26,200
Termination of lease contract	(923,367)	-	-	-
Recognition of lease liabilities	4,086,394	6,765,005	2,340,347	6,298,925
At 31 December	15,816,269	20,714,409	13,475,296	18,135,733

23. 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 30 to 90 days (2022: 30 to 90 days).

The currency profile of trade payables is as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	1,623,881	1,670,966	1,172,249	931,519
British Pound	955,233	8,208,282	550	7,545,312
United States Dollar	2,909,860	1,560,179	2,844,507	-
Singapore Dollar	408	97,631	408	97,631
Euro	332,643	58,412	332,643	58,412
	5,822,025	11,595,470	4,350,357	8,632,874

24. OTHER PAYABLES, ACCRUED EXPENSES AND PROVISION

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other payables	1,099,638	3,716,446	793,023	2,532,580
Accrued expenses	3,847,269	3,353,390	3,289,866	2,703,582
Provision for restoration costs	959,983	941,554	828,268	814,785
	5,906,890	8,011,390	4,911,157	6,050,947

Movement of provision for restoration costs is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At 1 January	941,554	905,880	814,785	806,936
Provision/(Reversal) for the year	-	20,439	-	(3,162)
Unwinding of interest expense (Note 6)	18,429	15,235	13,483	11,011
At 31 December	959,983	941,554	828,268	814,785

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	1,047,349	3,713,872	751,500	2,530,006
British Pound	-	2,574	-	2,574
United States Dollar	47,138	-	36,372	-
Hong Kong Dollar	5,151	-	5,151	-
	1,099,638	3,716,446	793,023	2,532,580

Notes to the Financial Statements

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25. 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
Little Humans Pte Ltd (formally known as Mothercare (S) Pte Ltd)	Common directors and major shareholder
Global Outsource Solutions Pte Ltd	Common directors and major shareholder
Trade Solutions Ltd	Common directors and major shareholder
Mother and Child Ltd	Common director and major shareholder
Cheng Yean Properties Sdn Bhd	Common director and major shareholder
Kim Hin Innovation Labs Private Ltd	Common directors and major shareholder
Global Retail Solutions Ltd	Common director and major shareholder
Kim Hin Joo Limited (HK)	Common directors and major shareholder
Kim Hin Toy Pte Ltd	Common directors and major shareholder
Kim Hin International Pte Ltd	Holding company
Global Product Solutions Sdn Bhd	Subsidiary company
Global Retail Network Sdn Bhd	Subsidiary company
Queemay Toys (Malaysia) Sdn Bhd	Subsidiary company

Amount due from holding company, which arose from non-trade transactions, is unsecured, interest-free, repayable on demand and denominated in Singapore Dollar.

Amount due from/(to) subsidiary companies which arose from both trade, non-trade transactions and advances granted, are unsecured, interest-free, repayable on demand and are denominated in Ringgit Malaysia.

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

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Purchase of goods from:				
- Global Product Solutions Sdn Bhd	-	-	2,631,277	3,903,040
- Global Outsource Solutions Pte Ltd	5,363	342,307	5,363	75,486
- Global Retail Network Sdn Bhd	-	-	913,990	1,837,515
- Kim Hin Innovation Labs Private Ltd	530,140	2,945,079	240,217	294,859
- Little Humans Pte Ltd (formally known as Mothercare (S) Pte Ltd)	204,323	213,826	204,323	213,826
- Trade Solutions Ltd	-	90,279	-	90,279

25. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS *cont'd*

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Sale of goods to:				
- Global Product Solutions Sdn Bhd	-	-	155,866	199,694
- Global Outsource Solutions Pte Ltd	-	118,600	-	-
- Global Retail Network Sdn Bhd	-	-	-	178,640
- Kim Hin Innovation Labs Private Ltd	126,900	-	-	-
- Little Humans Pte Ltd (formally known as Mothercare (S) Pte Ltd)	393,561	14,566	293,724	14,566
- Queemay Toys (Malaysia) Sdn Bhd	-	-	80,708	38,901
- Trade Solutions Ltd	193,743	-	-	-
Rental payable to:				
- Cheng Yean Properties Sdn Bhd	480,000	960,000	240,000	480,000
E-commerce management fees payable to:				
- Little Humans Pte Ltd (formally known as Mothercare (S) Pte Ltd)	193,514	208,377	193,514	208,377
Corporate management fees payable to:				
- Kim Hin International Pte Ltd	135,186	203,175	-	-
Routine support service fee payable to:				
- Global Outsource Solutions Pte Ltd	38,925	-	-	-
- Little Humans Pte Ltd (formerly known as Mothercare (S) Pte Ltd)	48,663	-	48,663	-
- Kim Hin Toys Pte Ltd	18,425	-	-	-
Dividend received from:				
- Global Product Solutions Sdn Bhd	-	-	-	1,800,000
- Global Retail Network Sdn Bhd	-	-	800,000	-

26. 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 remain unchanged since previous year.

The Board of Directors reviews the capital structure of the Group and of the Company on a regular basis. As part of the review, the Board of Directors considers the cost of capital and risk 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), thus debt and equity ratio is not applicable.

26. FINANCIAL INSTRUMENTS *cont'd*

Categories of financial instruments

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

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Financial assets				
At amortised cost:				
Trade receivables	1,573,307	1,802,729	520,406	454,272
Other receivables and refundable deposits	4,092,504	4,443,042	3,626,487	4,104,870
Amount due from holding company	82,291	-	-	-
Amount due from subsidiary companies	-	-	655,461	132,319
Amount due from other related companies	700,451	-	240,000	-
Fixed deposits with licensed banks	6,097,099	7,410,693	6,097,099	7,410,693
Cash and bank balances	13,410,463	11,666,054	10,655,264	8,714,995
At fair value through profit or loss:				
Short-term investments	2,038,980	1,970,761	2,038,980	1,970,761
Financial liabilities				
At amortised cost:				
Trade payables	(5,822,025)	(11,595,470)	(4,350,357)	(8,632,874)
Other payables and accrued expenses	(4,946,907)	(7,069,836)	(4,082,889)	(5,236,162)
Amount due to subsidiary companies	-	-	(985,110)	(590,741)
Amount due to other related companies	-	(35)	-	-
Lease liabilities	(15,816,269)	(20,714,409)	(13,475,296)	(18,135,733)

Material accounting policy information

Details of the material accounting policy information and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets and financial liabilities are disclosed in Note 3.

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.

Foreign currency risk management

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

26. FINANCIAL INSTRUMENTS *cont'd*

Foreign currency risk management *cont'd*

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 RM	Liabilities RM	Assets RM	Liabilities RM
2023				
British Pound	2,871	(955,233)	2,871	(550)
United States Dollar	134,338	(2,956,998)	-	(2,880,879)
Singapore Dollar	114,010	(408)	31,343	(408)
Hong Kong Dollar	1,008	(5,151)	1,008	(5,151)
Euro	-	(332,643)	-	(332,643)
Australian Dollar	995	-	-	-
	253,222	(4,250,433)	35,222	(3,219,631)
2022				
British Pound	2,661	(8,210,856)	2,661	(7,547,886)
United States Dollar	-	(1,560,179)	-	-
Singapore Dollar	17,246	(97,666)	16,892	(97,631)
Hong Kong Dollar	963	-	963	-
Euro	-	(58,412)	-	(58,412)
	20,870	(9,927,113)	20,516	(7,703,929)

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.

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Strengthened 5%				
British Pound	36,190	311,911	(88)	286,719
United States Dollar	107,261	59,287	109,473	-
Singapore Dollar	(4,317)	3,056	(1,176)	3,068
Euro	12,640	2,220	12,640	2,220
Hong Kong Dollar	157	(37)	157	(37)
Australian Dollar	(38)	-	-	-
	151,893	376,437	121,006	291,970

Notes to the Financial Statements
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26. FINANCIAL INSTRUMENTS *cont'd*

Foreign currency risk management *cont'd*

Foreign currency sensitivity analysis *cont'd*

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Weakened 5%				
British Pound	(36,190)	(311,911)	88	(286,719)
United States Dollar	(107,261)	(59,287)	(109,473)	-
Singapore Dollar	4,317	(3,056)	1,176	(3,068)
Euro	(12,640)	(2,220)	(12,640)	(2,220)
Hong Kong Dollar	(157)	37	(157)	37
Australian Dollar	38	-	-	-
	(151,893)	(376,437)	(121,006)	(291,970)

Interest rate risk management

The Group's and Company's investments in fixed deposits are not exposed to a significant risk of change in their fair values as they are not affected by changes in interest rates. Hence, any changes in interest rate in the near term are not expected to have a significant impact on the Group's and on the Company's financial performance. Accordingly, no sensitivity analysis is presented.

Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Credit risk arises primarily from outstanding trade and other receivables. The Group and the Company extend credit to their customers based upon careful evaluation of the customers' financial condition and credit history. The Company monitors on an on-going basis the results of its subsidiary companies and repayments made by them.

For other financial assets (including cash and bank balances, fixed deposits with licensed banks and short-term investments), the Group and the Company minimise credit risks by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. These receivables are not secured by any collateral or credit enhancements.

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 holding company, amount due from subsidiary companies and amount due from other related companies.

26. FINANCIAL INSTRUMENTS *cont'd*

Credit risk management *cont'd*

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 holding company, amount due from subsidiary companies and amount due from other related companies using general 3-stage approach

The Group and the Company monitor the credit risks of other receivables, refundable deposits, amount due from holding company, amount due from subsidiary companies and amount due from other related companies 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 holding company, amount due from subsidiary companies and amount due from other related companies 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 30 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 practise 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.

Notes to the Financial Statements
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26. FINANCIAL INSTRUMENTS *cont'd*

Liquidity risk management *cont'd*

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.

	Less than 1 year	1 - 2 years	More than 2 years	Total	Contractual interest rate
	RM	RM	RM	RM	%
The Group					
2023					
Non-interest bearing:					
Trade payables	5,822,025	-	-	5,822,025	-
Other payables and accrued expenses	4,946,907	-	-	4,946,907	-
Interest bearing:					
Lease liabilities	7,368,228	5,053,425	4,372,824	16,794,477	3.45% to 5.20%
	18,137,160	5,053,425	4,372,824	27,563,409	
2022					
Non-interest bearing:					
Trade payables	11,595,470	-	-	11,595,470	-
Other payables and accrued expenses	7,069,836	-	-	7,069,836	-
Amount due to other related companies	35	-	-	35	-
Interest bearing:					
Lease liabilities	7,774,376	6,863,607	7,479,581	22,117,564	3.45% to 4.75%
	26,439,717	6,863,607	7,479,581	40,782,905	

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					
2023					
Non-interest bearing:					
Trade payables	4,350,357	-	-	4,350,357	-
Other payables and accrued expenses	4,082,889	-	-	4,082,889	-
Amount due to subsidiary companies	985,110	-	-	985,110	-
Interest bearing:					
Lease liabilities	6,598,104	4,342,930	3,311,766	14,252,800	3.45% to 5.20%
	16,016,460	4,342,930	3,311,766	23,671,156	
2022					
Non-interest bearing:					
Trade payables	8,632,874	-	-	8,632,874	-
Other payables and accrued expenses	5,236,162	-	-	5,236,162	-
Amount due to subsidiary companies	590,741	-	-	590,741	-
Interest bearing:					
Lease liabilities	6,921,509	6,005,677	6,422,783	19,349,969	3.45% to 4.75%
	21,381,286	6,005,677	6,422,783	33,809,746	

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 market incremental borrowing rate at the commencement date of lease.

<u>Financial assets that are measured at fair value</u>

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. 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 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 2023.

28. 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 separated based on its operation activities. For each of the strategic business units, the Managing Director and Chief Financial Officer ("CFO") of the Group review the internal management reports at least on a quarterly basis.

<u>Retail</u>
Retailing of baby, children and maternity products.

<u>Distribution</u>
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

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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.

28. 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 2023	Retail RM	Distribution RM	Elimination RM	Total RM
Revenue				
Revenue from external customers	84,781,810	11,013,354	-	95,795,164
Inter-segment revenue	236,573	4,934,113	(5,170,686)	-
Total revenue	85,018,383	15,947,467	(5,170,686)	95,795,164
Results				
Operating results	(61,614)	148,685	(366,796) *	(279,725)
Interest income	301,244	22,009	-	323,253
Finance costs	(718,794)	(54,832)	-	(773,626)
(Loss)/Profit before tax	(479,164)	115,862	(366,796)	(730,098)
Tax expense	(21,274)	(34,842)	-	(56,116)
(Loss)/Profit for the year	(500,438)	81,020	(366,796)	(786,214)
Segment assets	95,978,442	17,116,766	(9,276,734)	103,818,474
Segment liabilities	26,886,611	2,299,431	(1,640,571)	27,545,471
Other information				
Acquisition of plant and equipment	822,094	28,327	-	850,421
Depreciation of plant and equipment	3,782,294	210,342	-	3,992,636
Additions of right-of-use assets	2,494,784	1,637,260	-	4,123,044
Amortisation of right-of-use assets	7,007,961	414,294	-	7,422,255

Notes to the Financial Statements

cont'd

28. SEGMENT INFORMATION *cont'd*

Major customers information *cont'd*

The Group 2022	Retail RM	Distribution RM	Elimination RM	Total RM
Revenue				
Revenue from external customers	89,630,791	15,004,673	-	104,635,464
Inter-segment revenue	417,235	5,612,746	(6,029,981)	-
Total revenue	90,048,026	20,617,419	(6,029,981)	104,635,464
Results				
Operating results	5,752,522	2,996,477	(1,391,775) *	7,357,224
Interest income	226,210	44,579	-	270,789
Finance costs	(779,375)	(48,130)	-	(827,505)
Profit before tax	5,199,357	2,992,926	(1,391,775)	6,800,508
Tax expense	(1,246,797)	(716,214)	-	(1,963,011)
Profit for the year	3,952,560	2,276,712	(1,391,775)	4,837,497
Segment assets	109,721,752	20,262,173	(10,323,404)	119,660,521
Segment liabilities	37,849,483	3,225,858	(754,037)	40,321,304
Other information				
Acquisition of plant and equipment	5,454,631	27,790	-	5,482,421
Depreciation of plant and equipment	3,558,973	256,380	-	3,815,353
Additions of right-of-use assets	6,973,956	-	-	6,973,956
Amortisation of right-of-use assets	6,978,696	418,236	-	7,396,932

* *Included dividend from a subsidiary company of RM800,000 (2022: RM1,800,000).*

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 of 31 December 2023 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 2024

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: 14670)

Subscribed and solemnly declared by
the abovenamed **CHANG KIM WIN** at
KUALA LUMPUR on this 15th day of
April, 2024.

Before me,

COMMISSIONER FOR OATHS

Analysis of Shareholdings

As at 22 March 2024

Issued Shares	:	380,000,000 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

ANALYSIS BY 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	1.37	300	0.00
100 - 1,000	201	12.50	101,500	0.03
1,001 - 10,000	508	31.59	3,207,000	0.84
10,001 - 100,000	727	45.21	25,176,000	6.63
100,001 to less than 5% of issued shares	149	9.27	115,915,200	30.50
5% and above of issued shares	1	0.06	235,600,000	62.00
Total	**1,608**	**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 his shareholdings held through KHI pursuant to Section 8 of the Companies Act 2016 ("**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 Poh Teng	1,000,000	0.26	-	0.00
Yen Se-Hua Stewart	-	0.00	-	0.00
Chew Soo Lin	2,150,000	0.57	800,000[2]	0.21
Kor Yann Ning	800,000	0.21	-	0.00
Hew Moh Yung	-	0.00	-	0.00

Notes:

(1) Deemed interested by virtue of his shareholdings held through KHI pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of his shareholdings held through Cepheus Corporation Pte Ltd pursuant to Section 8 of the Act.

Analysis of Shareholdings
As at 22 March 2024
cont'd

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
1.	Kim Hin International Pte Ltd	235,600,000	62.00
2.	Lian Lee Choo	11,400,000	3.00
3.	Pang Kim Hin	11,280,700	2.97
4.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Khoo Yok Kee (PB)*	9,583,900	2.52
5.	Kaginic Corporation Sdn Bhd	9,500,000	2.50
6.	Loke Kien Meng	5,100,200	1.34
7.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)*	4,000,000	1.05
8.	Tan Yau Lam	2,769,000	0.73
9.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Gan Thiam Seng*	2,717,200	0.72
10.	GT-MAX Resources Sdn Bhd	2,700,000	0.71
11.	CGS-International Nominees Malaysia (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Yee Wah @ Wong Mok Choon (SS2 PJ-CL)*	2,488,500	0.66
12.	Maybank Nominees (Asing) Sdn Bhd *Pledged Securities Account for Chew Soo Lin*	2,150,000	0.57
13.	Wong Jee Shyong	2,065,000	0.54
14.	Tan Tiak Kun	2,045,000	0.54
15.	Lee Tjun Ken	1,903,800	0.50
16.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teh Kian Lang (E-KLC)*	1,402,700	0.37
17.	Ng Ah Bah @ Ng See Kai	1,383,700	0.36
18.	Cartaban Nominees (Asing) Sdn Bhd *The Bank of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund*	1,256,600	0.33
19.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kok Yew Fatt*	1,165,600	0.31
20.	Jeanette Goh II-San	1,120,600	0.30
21.	CGS-International Nominees Malaysia (Tempatan) Sdn Bhd *Pledged Securities Account for Oh Boon Howe (Penang-CL)*	1,050,000	0.28
22.	Goh Poh Teng	1,000,000	0.26
23.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Caceis Bank (SW-CSG-FGN)*	1,000,000	0.26
24.	Pang Shu Ming	1,000,000	0.26
25.	Gan Lay Keng	920,000	0.24
26.	THC Sdn Bhd	900,000	0.24
27.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Liew Yueh Ming (E-KBU)*	833,000	0.22
28.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tee Kim Hew (E-KLG/BTG)*	820,000	0.22
29.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Peng Nguang*	800,000	0.21
30.	Kor Yann Ning	800,000	0.21
	Total	320,755,500	84.41

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Third ("**43rd**") Annual General Meeting ("**AGM**") of KIM HIN JOO (MALAYSIA) BERHAD ("**KHJ**" or "**Company**") will be held at Room 3, 18th Floor, Tower 1, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur on Thursday, 30 May 2024 at 10.00 a.m. for the following purposes: -

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 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 0.1 sen per ordinary share in respect of the financial year ended 31 December 2023. **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 RM320,000.00 from this forthcoming 43rd 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 95 of the Constitution of the Company and being eligible, have offered themselves for re-election:-:

   i) Mr Pang Fu Wei **Ordinary Resolution 3** **[Please refer to Explanatory Note 3]**

   ii) Mr Chew Soo Lin **Ordinary Resolution 4** **[Please refer to Explanatory Note 3]**

5. To re-appoint Messrs. Deloitte 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 76 of the Companies Act 2016 ("the Act")** **Ordinary Resolution 6** **[Please refer to Explanatory Note 4]**

   "**THAT** pursuant to Section 76 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.

THAT pursuant to Section 85 of the Act, read together with Clause 5 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 30 April 2024 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 43rd 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 43rd AGM, a final single tier dividend of 0.1 sen per ordinary share in respect of the financial year ended 31 December 2023 will be paid on 19 August 2024 to Depositors whose names appear in the Record of Depositors at the close of business on 2 August 2024.

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., 2 August 2024 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

TAI YIT CHAN (MAICSA 7009143) (SSM PC No. 202008001023)
TAN AI NING (MAICSA 7015852) (SSM PC No.: 202008000067)
Company Secretaries
Selangor Darul Ehsan

30 April 2024

NOTES:-

1. Pursuant to Rule 8.31A 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 43rd 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 his 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 of 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 43rd AGM or adjourned 43rd 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
cont'd

7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 23 May 2024 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies

Explanatory Notes:

(1) **Agenda 1 – To receive the Audited Financial Statements**

Agenda item no. 1 is meant for discussion only as the provision of Section 340 of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

(2) **Ordinary Resolution 2 - Payment of Directors' Fees from this forthcoming 43rd AGM until the next AGM of the Company**

Section 230(1) of the Act provides amongst others, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

Details of the Directors' fees for the financial year ended 31 December 2023 are disclosed in the Corporate Governance Report 2023.

The payment of Directors' Fees of RM320,000.00 from this forthcoming 43rd AGM until the next AGM of the Company will only be made on quarterly basis in arrears after each quarter of completed service if the proposed Ordinary Resolution 2 has been passed at the 43rd AGM.

(3) **Ordinary Resolutions 3 and 4 - Re-election of Directors**

The profiles of the Directors who are standing for re-election under Ordinary Resolutions 3 and 4 are set out in the Board of Directors' profile of the Annual Report 2023.

The performance, contribution, effectiveness and independence (as the case may be) of the retiring Directors, namely Mr Pang Fu Wei and Mr Chew Soo Lin have been assessed by the Nomination Committee ("**NC**"). In addition, the NC has also conducted an assessment on the fitness and propriety of the retiring Directors including the review of their fit and proper declarations in accordance with the Fit & Proper Policy. The retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election.

Based on the recommendation of the NC, the Board endorsed the same, having been satisfied with the performance as well as the fitness and propriety of Mr Pang Fu Wei as Managing Director and Mr Chew Soo Lin as Senior Independent Non-Executive Director and supports their re-election.

(4) **Proposed Authority for Directors to Allot and Issue Shares pursuant to Section 76 of the Act**

The proposed Ordinary Resolution 6 is a general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, if passed, will empower the Directors from the conclusion of this 43rd AGM, to allot and issue up to a maximum of 10% of the total number of issued shares of the Company at the time of issue (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make announcement in respect thereof.

Notice of Annual General Meeting
cont'd

(5) **Proposed Shareholders' Mandate**

The proposed Ordinary Resolution 7, if passed, will allow the Company and its subsidiaries to enter into RRPTs 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 30 April 2024 accompanying the Annual Report of the Company for the financial year ended 31 December 2023.

Personal data privacy:

By submitting a proxy form(s) to participate, speak and vote at the 43rd 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 43rd AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 43rd 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

No. of Shares Held	CDS Account No.

KIM HIN JOO (MALAYSIA) BERHAD
Registration No. 197801000642 (37655-U)
(Incorporated in Malaysia)

I/We, ... (name of shareholder as per NRIC/Passport)

NRIC No./Passport No./Registration No. .... of ....

.... (full address) being a member(s) of

KIM HIN JOO (MALAYSIA) BERHAD, hereby appoint .... (name of proxy as per NRIC/Passport)

NRIC No./Passport No .... of ....

.... (full address) or failing him/her,

.... (name of proxy as per NRIC/Passport)

NRIC/Passport No. .... of ....

.... (full address)

or # the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Forty-Third ("43rd") Annual General Meeting ("**AGM**") of the Company will be held at Room 3, 18th Floor, Tower 1, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur on Thursday, 30 May 2024 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:-

	Resolutions		**For**	**Against**
1	To approve the payment of a Final Single Tier Dividend of 0.1 sen per ordinary share in respect of the financial year ended 31 December 2023.	Ordinary Resolution 1		
2	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 RM320,000.00 from this forthcoming 43rd AGM until the conclusion of the next AGM of the Company.	Ordinary Resolution 2		
3	Re-election of Mr Pang Fu Wei as Director.	Ordinary Resolution 3		
4	Re-election of Mr Chew Soo Lin as Director.	Ordinary Resolution 4		
5	Re-appointment of Messrs. Deloitte PLT as Auditors of the Company and authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
6	Proposed Authority for Directors to Allot and Issue shares.	Ordinary Resolution 6		
7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Ordinary Resolution 7		

Please indicate with an "x" in the appropriate box against the resolutions on how you wish your proxy to vote. The proxy is to vote on the resolutions set out in the Notice of 43rd AGM as you have indicated. If no specific instruction as to voting is given, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies or more and wish them to vote differently, this should be specified.

For appointment of two proxies, proportion of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

 # If you wish to appoint other person(s) to be your proxy/proxies, kindly strike out the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.
**Delete if not applicable*

....
Signature of Shareholder or Common Seal

Dated this .... day of .... 2024.

Fold This Flap For Sealing

NOTES:-

1. *Pursuant to Rule 8.31A 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 43rd 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 his 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 of 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 43rd AGM or adjourned 43rd 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.*
7. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 23 May 2024 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies*

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 43rd Annual General Meeting dated 30 April 2024.

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AFFIX
STAMP

The Share Registrar:
KIM HIN JOO (MALAYSIA) BERHAD 197801000642 (37655-U)
c/o BOARDROOM SHARE REGISTRARS SDN BHD
[Registration No. 199601006647 (378993-D)]
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

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www.khj-my.com

KIM HIN JOO (MALAYSIA) BERHAD
197801000642 (37655-U)

Wisma Pang Cheng Yean
Lot 5205C, Jalan Perindustrian Balakong Jaya 1/3,
Kawasan Perindustrian Balakong Jaya,
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.
General Line : (+603) 8940 6638