



金 德 昌 控 股 集 团
KIM TECK CHEONG CONSOLIDATED BERHAD

ANNUAL REPORT

2023

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CORPORATE INFORMATION



BOARD OF DIRECTORS

Tun Richard Malanjum

Independent Non-Executive Chairman

Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing

Non-Independent Managing Director

Y. Bhg. Datin Lim Fook Len @ Lim Su Chin

Non-Independent
Non-Executive Director

Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau

Non-Independent Executive Director

Lim Hui Kiong

Non-Independent Executive Director

Phang Sze Fui

Independent Non-Executive Director

Wong Wen Miin

Independent Non-Executive Director

Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor

Independent Non-Executive Director

Dr. Lindfay Laura Lau
(Alternate Director to Y. Bhg. Datin
Lim Fook Len @ Lim Su Chin)
Non-Independent Non-Executive
Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairperson

Phang Sze Fui

Members

Wong Wen Miin

Y. Bhg. Dato' Mohd Ibrahim Bin
Mohd Nor

REMUNERATION COMMITTEE

Chairperson

Wong Wen Miin

Members

Y. Bhg. Datuk Lau Koh Sing @
Lau Kok Sing

Phang Sze Fui

NOMINATION COMMITTEE

Chairman

Y. Bhg. Dato' Mohd Ibrahim Bin
Mohd Nor

Members

Wong Wen Miin

Phang Sze Fui

COMPANY SECRETARY

Wong Youn Kim (MAICSA 7018778)
SSM Practicing Certificate No.:
201908000410

REGISTERED OFFICE

Level 5, Tower 8, Avenue 5,
Horizon 2, Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan, Kuala Lumpur,
Malaysia
Tel : +603-2280 6388
Fax : +603-2280 6399
Email : listcomalaysia@aqlime.com

HEAD OFFICE

Lot 73, Jalan Kilang
SEDCO Light Industrial Estate
Mile 5 ½, Jalan Tuaran
88450 Kota Kinabalu
Sabah, Malaysia
Tel : +6013-811 0111
Fax : +6088-422 011
Email : investorrelation@kimteckcheong.com
Website : www.kimteckcheong.com

AUDITORS

PKF PLT (202206000012
(LLP0030836-LCA) & AF 0911)
Lot 23-1 & 25-1, 1st Floor
Lintas Plaza, Lorong Lintas Plaza
88300 Kota Kinabalu
Sabah, Malaysia
Tel : +6088-266 723
Fax : +6088-267 721

REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
[Registration No.: 197101000970
(11324-H)]
Unit 32-01, Level 32,
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Wilayah Persekutuan
Kuala Lumpur
Tel : +603-2783 9299
Fax : +603-2783 9222
Email:
ludwig.wong@my.tricorglobal.com
vivien.khoh@my.tricorglobal.com

PRINCIPAL BANKERS

AmlIslamic Bank Berhad
[Registration No.: 199401009897
(295576-U)]

CIMB Bank Berhad
[Registration No.: 197201001799
(13491-P)]

Hong Leong Bank Berhad
[Registration No.: 193401000023
(97141-X)]

HSBC Bank Malaysia Berhad
[Registration No.: 198401015221
(127776-V)]

Malayan Banking Berhad
[Registration No.: 196001000142
(3813-K)]

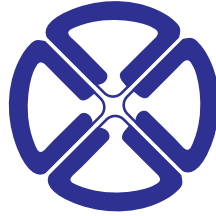
OCBC Bank (Malaysia) Berhad
[Registration No.: 199401009721
(295400-W)]

Bank of China (Malaysia) Berhad
[Registration No.: 200001008645
(511251-V)]

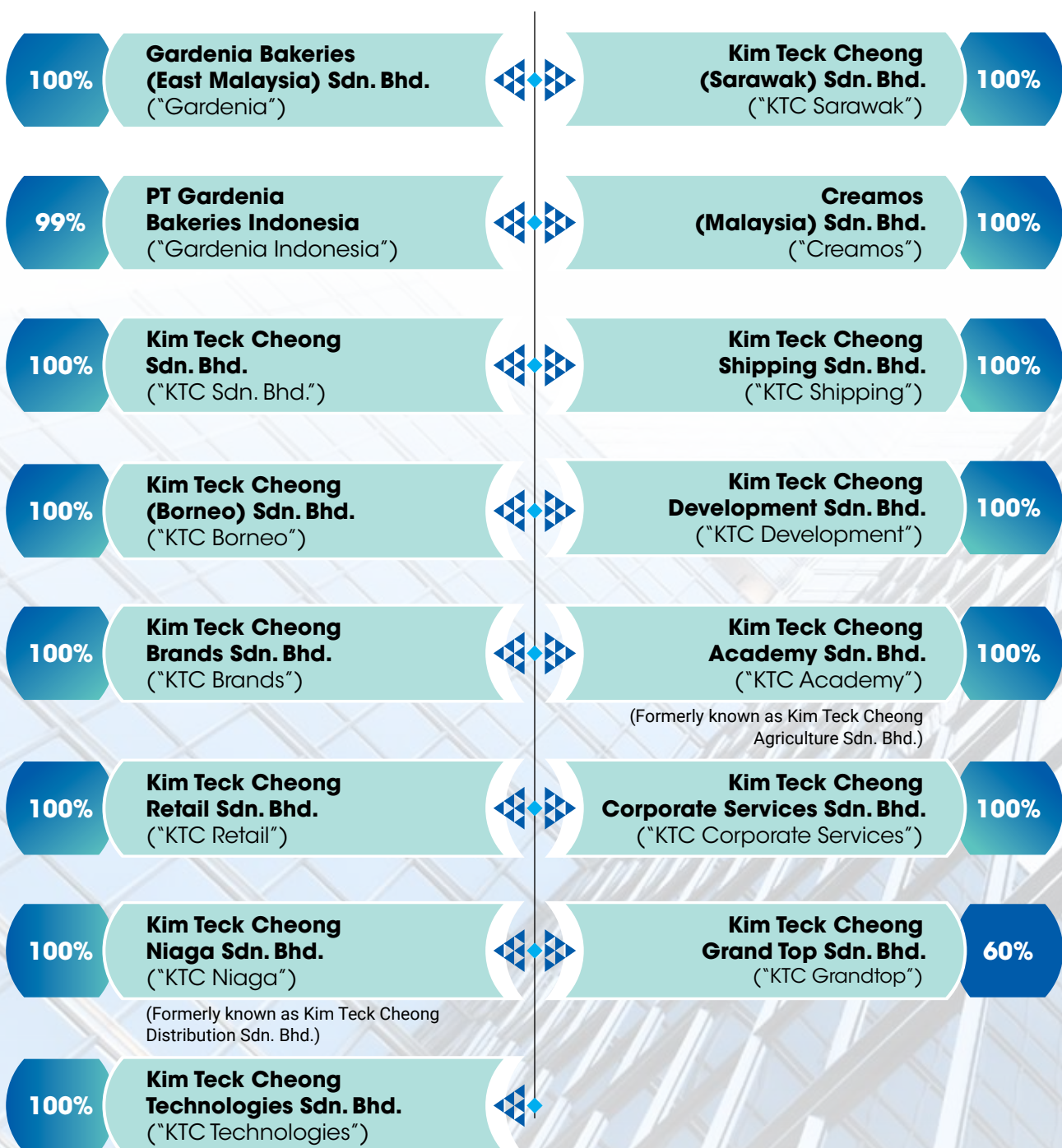
STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : KTC
Stock Code : 0180

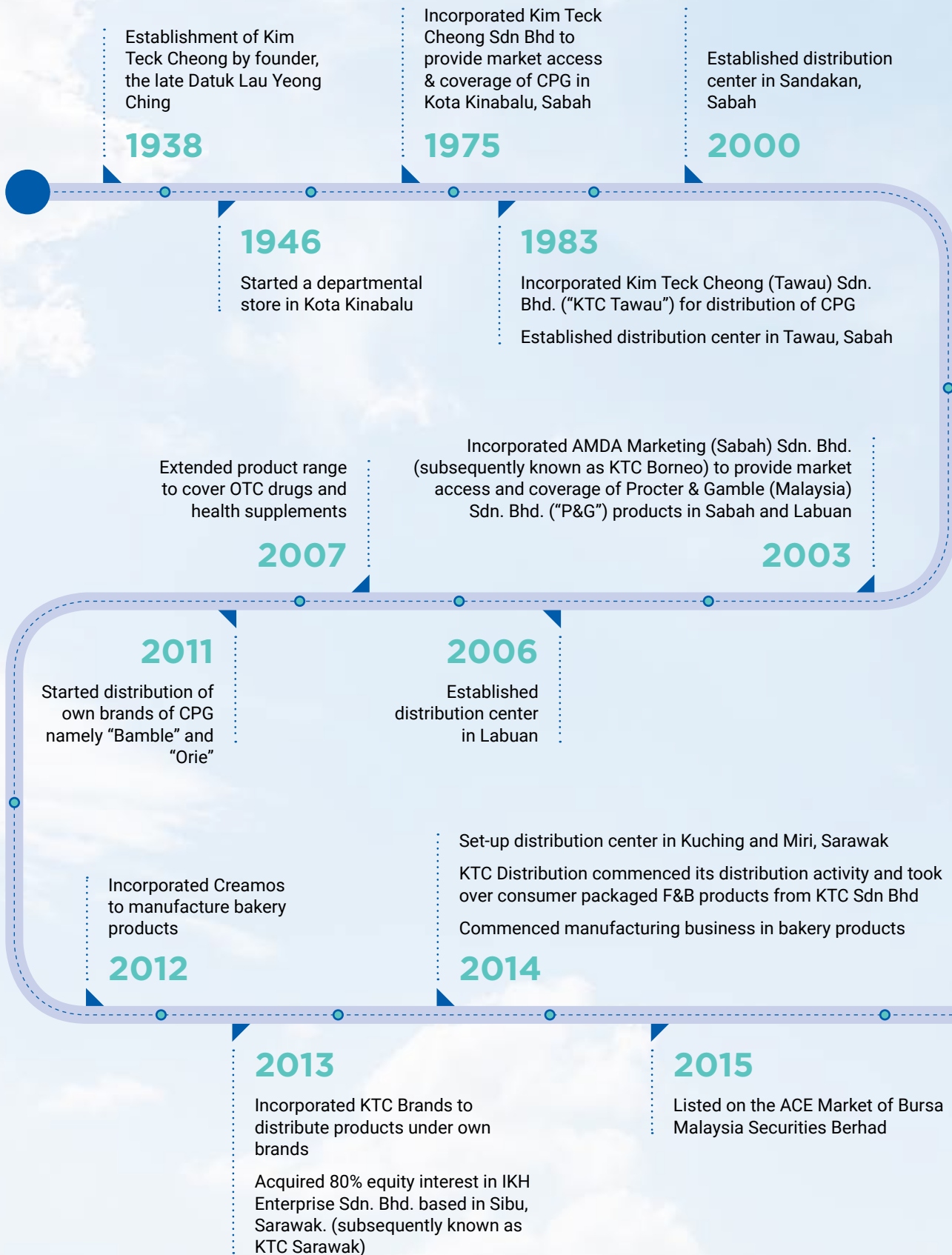
CORPORATE STRUCTURE



KIM TECK CHEONG CONSOLIDATED BERHAD



CORPORATE MILESTONE



CORPORATE MILESTONE (CONT'D)

Transfer of listing from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad
Change of KTC Distribution to KTC Niaga to commence trading business in West Malaysia

2023

Incorporated of KTC Technologies with principally involved in distribution of telecommunications products

Change of KTC Agriculture to KTC Academy with principally provide in house training to the Group's employees

Incorporated of Gardenia Indonesia with principally manufacturing bakery under the brand of Gardenia in Indonesia

Purchased additional 18 trucks to cater our customers' demand throughout East Malaysia

2022

Incorporated of KTC Development with principally engaged in property development

Incorporated of KTC Agriculture with principally engaged in distribution of perishable goods

Our Group have implemented digitalization system, namely Hummingbird to improve the internal processes by way of automation

2021

Acquired 100% equity interest in Popular Trading (Borneo) Corporation Sdn. Bhd (subsequently known as KTC Retail)

Extended distribution right for P&G products to Sarawak and Brunei

Set-up distribution center in Bintulu, Sarawak

2016

Change of KTC Tawau to Gardenia and started commenced manufacturing bakery under the brand of Gardenia in East Malaysia

Change of Popular Trading (Borneo) Corporation Sdn. Bhd. to KTC Retail as master distributor for twelve-selected products categories for all Mesra and mini Mesra store in Sabah and Sarawak

2020

Construction of new warehousing facility in Kota Kinabalu and appointed of five new distributorships

2018

2017

Acquire 60% equity interest in KTC Grandtop

Acquire 100% equity interest in Kim Teck Cheong Transpacific Sdn. Bhd. (subsequently known as KTC Shipping)

2019

Change of Grandtop Marketing Sdn Bhd to KTC Grandtop

Acquire remaining 20% equity interest in KTC Sarawak

CHAIRMAN'S MESSAGE



Dear Valued Shareholders,

It has been an exhilarating journey for KimTeck Cheong Consolidated Berhad ("KTC") and its subsidiaries ("KTC Group" or the "Group") for the financial year ended ("FYE") 30 June 2023 ("FYE 2023"). KTC Group has reached a pivotal milestone with a mark to close the FYE 2023 following the successful transfer of the listing of and quotation for the entire share capital of KTC from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 15 June 2023. This sets the stage for even greater growth for KTC Group moving forward.

On behalf of the Board of Directors (the "Board"), I take great pleasure to showcase the highlights of key achievements in this Annual Report of KTC Group for the FYE 2023.

A year of resilience

FYE 2023 was a remarkable journey for KTC Group as we achieved and delivered record-breaking financial results for the shareholders since the IPO of KTC Group in 2015. Over the past years, our stable financial fundamentals have continued to be the key strengths of our Group for achieving robust earnings and cash flow growth.

The most notable triumph for KTC Group for FYE 2023 was its best-performing financial year since its listing in 2015, with a noteworthy Profit Before Tax RM34.55 million for FYE 2023 as compared to Profit Before Tax of RM29.50 million reported in the preceding financial year, backed by the revenue of RM729.39 million for FYE 2023 compared to RM705.84 million reported in the preceding financial year.

A more in-depth review of our Group's financial performance will be discussed in the Management Discussion and Analysis as set out from pages 8 to 12 of this Annual Report.

Growth momentum and digitalisation

As a leading CPG player in East Malaysia and Brunei, our growth momentum is not stopping as we continue to boost an extensive distribution network and coverage in most parts of East Malaysia and Brunei, as we know only with the scale to achieve optimum efficiency. The transportation support services to our customers and delivery of their products to their distribution centres across East Malaysia has also a synergistic momentum to our distribution network and coverage. KTC Group not only in working to increase the warehouse space and expand its fleet capacity, we also recognise the importance of digitalisation to elevate our growth momentum.

As the exclusive distributorship of Gardenia bread in East Malaysia and Indonesia, KTC Group is also on the verge of its expansion plans to build two new bakery manufacturing facilities in Kuching and Balikpapan, Indonesia to ensure the freshness of the perishable nature of bakery products. It is targeted to be in operation in the second half of 2024, which is expected to increase the number of loaf batches by 200% by FYE 30 June 2025.

CHAIRMAN'S MESSAGE (CONT'D)

Living as a corporate citizen

We acknowledge the growth of KTC Group is always in parallel with the communities and plays a pivotal role in its corporate social responsibilities to give back to its communities. While we remain committed with the corporate social responsibility initiatives, including donations, involvement in community projects, and many others, we also advocate the social-economic aspect to promote local tourism and encourage external investments into East Malaysia that bring the impact to the larger community.

Managing sustainability

As a responsible corporate citizen, KTC Group acknowledges the need to balance our healthy economic performance with responsible environmental and social considerations. Our Group constantly practice good corporate governance, reflecting its belief that robust governance practices, processes, and culture are always the core principle in accelerating our organisational growth and business goals.

As we strive for greater integration of the sustainability agenda in the way we operate, our ultimate aim is to deliver a sustainable performance whilst ensuring long-term value creation for all our stakeholders. Over the years, we have strengthened and enhanced our corporate governance and sustainability initiatives. To this end, a comprehensive elaboration of our commitment, progress and initiatives on sustainability are addressed in our Sustainability Statement as set out from pages 23 to 36 of this Annual Report.

Future challenges and strategic priorities

As KTC Group achieved commendable milestones for FYE 2023 whilst it is almost impossible to predict the consumers' purchasing power and appetites to spend, I would like to proceed with cautious optimism on our growth prospects. KTC Group will continue focusing on its strong sales network and backed by decades of industry experience and fundamentals.

As a Group, our overreaching long-term commitment is to continue executing our business strategies aimed to generate profitable growth for KTC Group, improving earning resiliency and enhancing shareholders' value. We will prudently manage our cashflows as a strong balance sheet will enable us to ride through today's demanding business environment and capitalise on any potential opportunities.

Expressions of gratitude

Once again, my sincere thanks to the phenomenal work of our management team and employees who made the accomplishment of elevating KTC Group from ACE Market to Main Market. This not only enhances the Group's stature and reputation, but the efforts also accord us with greater recognition and acceptance by investors, particularly institutional investors. We now have greater access to the broader capital market to fund our future growth plans if necessary, while not forgetting the boost to confidence amongst our stakeholders.

Additionally, I would like to convey our gratitude to our customers and partners for their trust and collaboration. Your invaluable feedback and support have been instrumental in shaping our growth and success. Last but not least, I would like to take this opportunity to express my heartfelt gratitude to my fellow Board members for their valuable counsel and priceless contributions.

We look forward to the continued support of our stakeholders in our corporate journey ahead. Our vision extends beyond the immediate, striving for enduring impact that benefits not just us but many generations.

"Thank you everyone for being an essential part of the KTC Group family and sharing this remarkable journey with us."

Tun Richard Malanjum
Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS



OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Our business was founded in 1938 with the establishment of Kim Teck Cheong started its initial business activity as an operator of a sundry shop in Sabah. With our business philosophy has and continues to be based on achieving business success and continuity through integrity and ethical business practice. This is encapsulated in our company name, Kim ("金") Teck ("德") Cheong ("昌"). In 2014, Kim Teck Cheong Consolidated Berhad was incorporated as an investment holding company to consolidate various subsidiaries and was listed on the ACE Market of Bursa Malaysia Securities Berhad. In 2023, Kim Teck Consolidated Berhad achieved another new milestone which our Group transfer listing from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad.

With over 85 years of industry experience, the business has been profitably managed by the Lau family. It continues to expand its business presence and branding throughout East Malaysia and Brunei.

Our Group is principally a provider of market access and coverage of Consumer Package Goods ("CPG"). We are involved in the distribution and warehousing of a range of CPG, namely foods and beverage products, personal care products, household products, and over-the-counter drugs and health supplements, and baby care products covering East Malaysia. Today, Kim Teck Cheong ("KTC") is a first-tier provider of market access and coverage in the distribution of CPG in East Malaysia, namely Sabah, Sarawak, Labuan and Brunei with over 7,500 sales and distribution points covering more than 50 districts, involves more than 35 brand owners.

KTC is also involved in manufacturing, distributing, selling and marketing its in-house brand bakery products, namely Creamos, based on our own recipes. In 2020, KTC entered into license agreements that granted KTC the rights to use the trademarks of 'Gardenia' to manufacture, supply and distribution of bread in East Malaysia and Indonesia.

To date, we have 12 and 6 products manufactured under Creamos and Gardenia, respectively.

In 2023, our Group has actively expanded our business into transportation support services. Today, KTC has 104 fleet of trucks moving across East Malaysia.

Our core business is supported by 13 distribution centers with warehousing facilities in East Malaysia and Brunei. Of the 13 distribution centers, 12 of the distribution centres support the distribution of CPG while the remaining 1 support the distribution of bakery products.

During the Financial Year Ended 30 June 2023, our Group has changed 2 of our subsidiaries' name from KTC Distribution to KTC Niage to commence trading business in West Malaysia and KTC Agriculture to KTC Academy to involve in providing in house training to the Group's employees.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL HIGHLIGHTS

The following table sets out a summary of the audited consolidated financial information for the past 3 financial years ended 30 June ("FYE") 2021, FYE 2022 and FYE 2023.

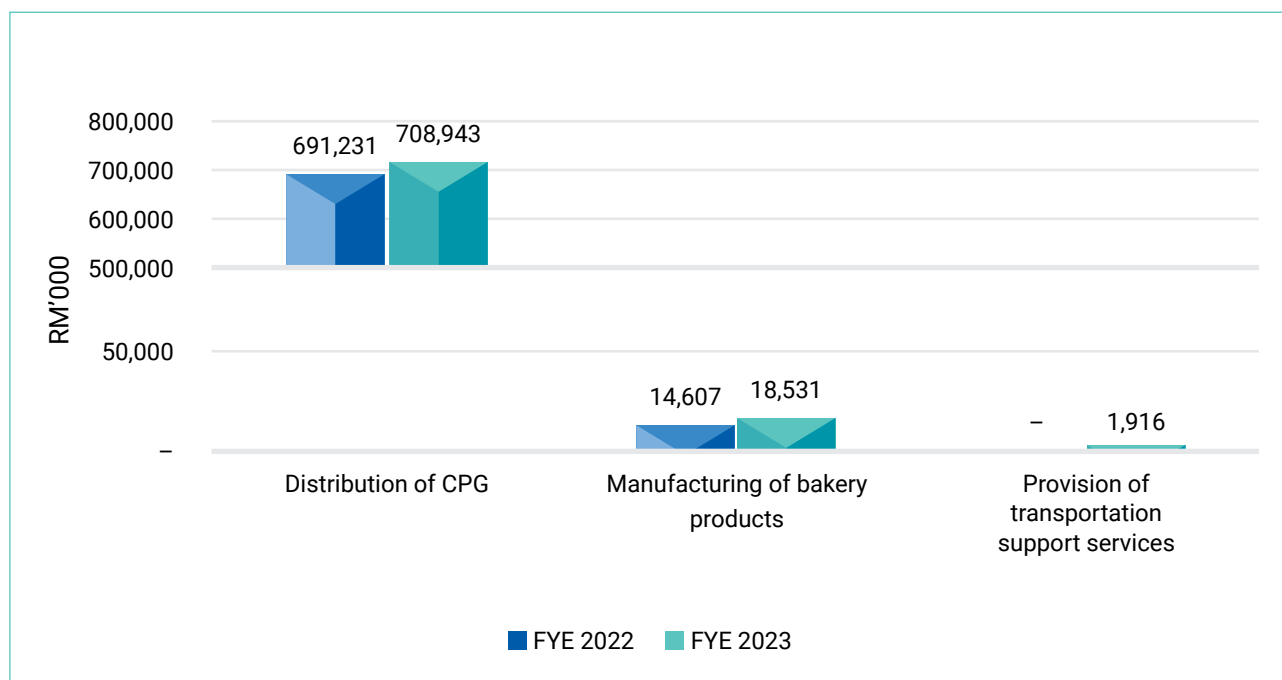
	Audited			Changes (FYE 2022 vs FYE 2023)	
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	RM'000	%
Revenue	669,209	705,838	729,390	23,552	3.34
Profit before tax	13,721	29,502	34,479	4,977	16.87
Profit for the year	8,709	22,270	25,106	2,836	12.73
Profit attributable to owners of KTC	7,464	20,400	21,802	1,402	6.87
Shareholders' equity	119,913	153,680	176,851	23,171	15.08

For the past 3 FYEs 2021 to 2023, the Group recorded revenue of RM669.21 million, RM705.84 million and RM729.39 million, respectively, representing a 3 years compounded annual growth rate ("CAGR") of approximately 4.40%.

Revenue

Our revenue by business segment and geographical regions are tabulated as below:

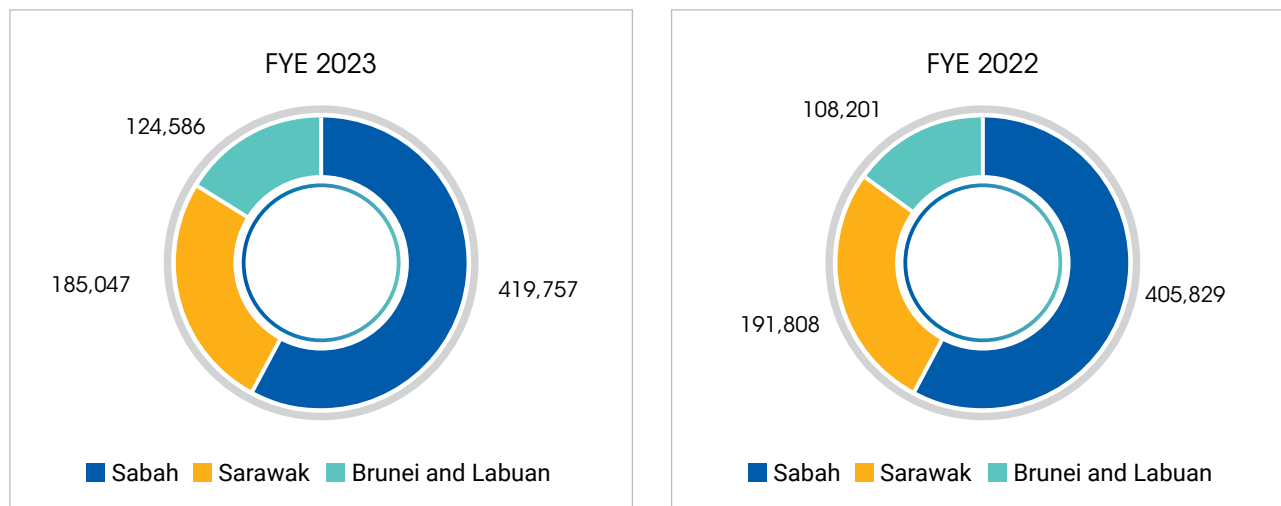
REVENUE BY BUSINESS SEGMENTS



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL HIGHLIGHTS (CONT'D)

REVENUE BY GEOGRAPHICAL REGIONS



Our Group registered growth in revenue by RM23.55 million or 3.34% to RM729.39 million for FYE 2023 as compared with the previous financial year of RM705.84 million. The increase was mainly attributable to the increase in our core business, distribution of CPG segment, which represented 97.20% of our Group's total revenue for FYE 2023.

Distribution of CPG Segment

As our mainstay, the distribution of CPG segment remains the primary contributor to our Group's total revenue for FYE 2023, which registered growth in revenue to RM708.94 million for FYE 2023 compared with the previous financial year of RM691.23 million, representing an improvement of RM17.71 million or 2.56%.

The increase in revenue from the distribution of CPG segment was mainly attributable to the growth in demand for household products, foods and beverage products as well as personal care and cosmetics products.

Manufacturing of bakery products segment

Our Group's manufacturing of bakery products segment registered a growth in revenue by RM3.92 million or 26.83% to RM18.53 million for FYE 2023 compared to RM14.61 million in the previous financial year. The revenue growth was primarily contributed by higher demand from our Gardenia's products coupled with marketing effort.

Provision of transportation support services segment

As a new business segment, our Group's recorded revenue of RM1.92 million for FYE 2023. The increase was mainly due to KTC Shipping has secured 4 new customers to provide transportation support services.

Revenue analysis by geographical regions

Our Sabah operation has remained our primary contributor to our Group's revenue, which recorded RM419.76 million or 57.55% of our total revenue for FYE 2023. The increase in our Group's revenue was contributed mainly by the higher sales from the distribution of GPG segment.

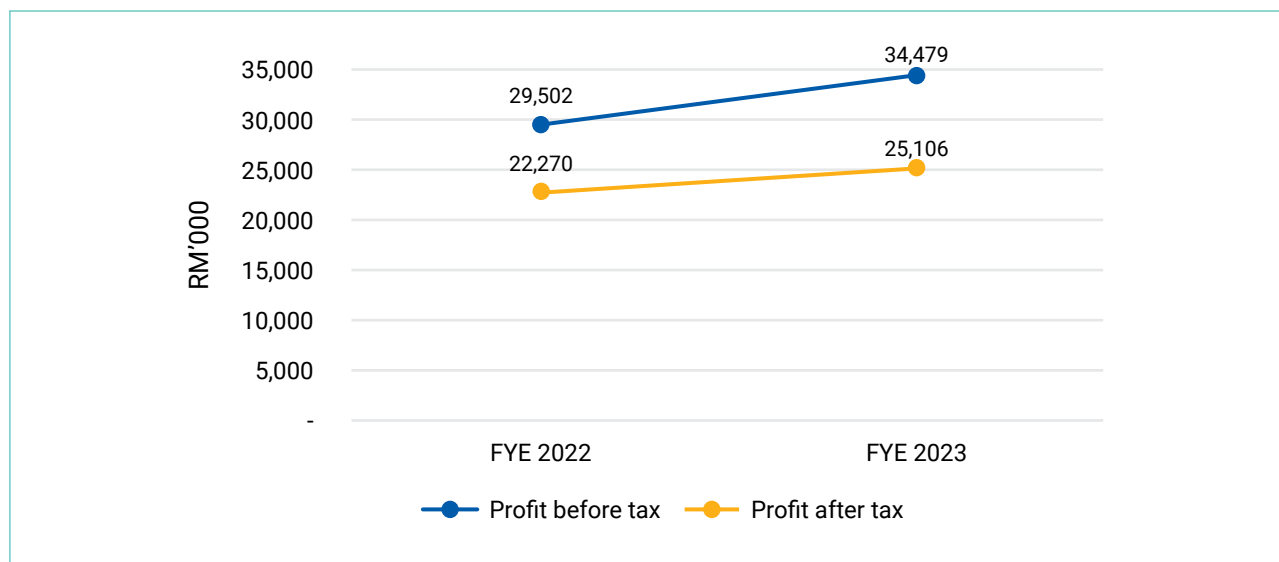
For FYE 2023, our Sarawak operation contributed RM185.05 million or 23.37% of the Group's total revenue, showing a slight decrease of RM6.76 million or 3.52% as compared to the previous financial year, mainly due to decrease in sales for nutrition products which partially offset by the increase in personal care and cosmetics products.

Our Labuan and Brunei operations contributed the remaining RM124.59 million or 17.08% to the total Group's revenue, which marked a increase in revenue of RM16.39 million or 15.14% as compared to the previous financial year mainly due to increase in sales for food and beverage from our Brunei operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL HIGHLIGHTS (CONT'D)

Profit before tax and Profit after tax



With our Group's continued efforts in upholding the business, our Group has registered a remarkable profit before tax of RM34.48 million for FYE 2023, representing an increase of RM4.98 million or 16.87% as compared to RM29.50 million to the previous financial year. Our Group has also registered a growth in profit after tax of RM25.11 million for FYE 2023, representing an increase of RM2.84 million or 12.75% as compared to RM22.27 million to the previous financial year. The vast growth in profit before tax and profit after tax was mainly due to the increase in gross profit.

Financial position

Our Group recorded a net asset of RM188.78 million as at 30 June 2023, representing an increase of RM27.29 million or 16.90% compared to RM161.49 million as at 30 June 2022, resulting from our improved financial performance and position. Thus, our Group registered net assets attributable to our owners per share of 27.69 sen as at 30 June 2023 as compared with 23.68 sen as at 30 June 2022.

ANTICIPATED OR KNOWN RISK

Credit risk

The normal trade credit terms granted by the Group for trade receivables range from 30 to 90 days. Any significant delay or default in payment by our major customers could result in impairment being put through for credit losses which in turn, would adversely affect our financial position and results. Our Group review ageing reports monthly to identify slow paying customers for actions to be taken for recovery and provision, if necessary.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. As part of the overall liquidity management, our Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, our Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED OR KNOWN RISK (CONT'D)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises mainly from its loans and borrowings. Most of the Group's loans and borrowings are charged a fixed interest rate plus or minus the financial institutions' base lending rate or cost of fund per annum. The fixed interest rate is reviewed annually.

Technology

Technology has vastly transformed both the social and business environments. Technology often deals with methods or tools used to gather, process, store and communicate information. The advancement of technology has enabled our Group to reduce business costs and at the same time minimise the returns of inventories.

Downtime risk

From operational perspective, our manufacturing of bakery products and warehouse division is exposed to downtime risk. This risk could occur in the unlikely event of a fire, flood, power outage, workers on strike or machinery breakdown, and environmental factors (including natural disaster and outbreak of diseases), thus resulting in production and delivery delays as well as reputational damage to our Group. Our manufacturing has been practicing strict Covid-19 Prevention SOP since the pandemic and operators are going through self-test monitoring according to government regulations.

FUTURE PROSPECTS

The Group is optimistic about the distribution business segment and expects it to be satisfactory and continue to be the major contributor in terms of revenue and profit to the Group. We will continue to be bullish in our performance in the coming year by focusing on serving our existing customers better by maintaining high service standards while offering innovative service, at the same time focusing on organic growth through strategic sign-ups with new agencies and brands to complement the Group's highly diversified agencies portfolio as well as achieving our ideal operating cost-efficient structure. For our manufacturing of bakery products segment, the invention of PT Gardenia Bakeries Indonesia has also brought our Group to expand our presence in Indonesia. Furthermore, with the provision of transportation support services, our Group believe that these services will contribute to the growth in our profit. Our Group remains cautiously optimistic about the delivery of a satisfactory performance in the next financial year. It will continue its prudent business strategy to ensure sustainable growth.

DIVIDEND POLICY

Our Group presently does not have any formal dividend policy and the declaration of dividends and other distribution are subject to the discretion of our Board. However, the Board of Directors shall consider various factors when recommending dividends for approval by our shareholders or when declaring any interim dividends. Amongst others include the availability of adequate distributable reserves, the level of cash and indebtedness of our Group, our expected results of operations and future level of operations, our projected levels of capital expenditure and other investment plans, and any material impact of tax laws and other regulatory requirements.

Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing
Managing Director

PROFILE OF DIRECTORS

TUN RICHARD MALANJUM

Independent Non-Executive Chairman

Age	Gender	Nationality	Date of appointment
71	Male	Malaysian	9 December 2019

QUALIFICATION

He graduated with LLB(Hons)(London) from the University of London in 1975 and proceeded to obtain the Barrister At Law, a professional qualification in law from the Inns of Court School of Law. He was then called to the English Bar in 1976. He is a member and a Master of the Bench with Gray's Inn London. In 1977 he was admitted as an Advocate and Solicitor of the High Court of Sabah and Sarawak in Sabah and Barrister with the Australia Capitol Territory (ACT) Bar in 1991. He is also a trained mediator. Recently he was admitted as an Advocate and Solicitor of the High Court of Sabah and Sarawak in Sarawak.

WORKING EXPERIENCE AND OCCUPATION

He began his legal career in 1975 upon graduation as an administrative officer cum legal officer with the Sabah State Attorney Chambers until 1981. He then left for private practice. He had a successful legal practice until he was appointed in 1992 as a Judicial Commissioner of the High Court of Sabah and Sarawak.

He was elevated as a High Court Judge of the High Court of Sabah and Sarawak in 1993. In 2002, he was elevated to the Court of Appeal and thereafter as the Justice of the Federal Court in 2005. He was then appointed as the Chief Judge of the High Court of Sabah and Sarawak in 2006 until his appointment as the Chief Justice of Malaysia in 2018.

BOARD COMMITTEE BELONGS

Nil

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

Berjaya Land Berhad

FAMILY RELATIONSHIP WITH DIRECTOR/MAJOR SHAREHOLDER

Nil

CONFLICT OF INTEREST

Nil

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS IF ANY

Nil

NUMBER OF BOARD MEETINGS ATTENDED

6/6

PROFILE OF DIRECTORS (CONT'D)

Y. BHG. DATUK LAU KOH SING @ LAU KOK SING

Non-Independent Managing Director

Age	Gender	Nationality	Date of appointment
78	Male	Malaysian	17 October 2014

QUALIFICATION

He completed his high school education in 1965.

WORKING EXPERIENCE AND OCCUPATION

He worked in an enterprise, a family owned departmental store situated in Kota Kinabalu. Subsequently in 1967, he was responsible for the day-to-day management of the business and later he took over the operation in 1973.

In 1975, he was involved in setting up KTC Sdn Bhd which provide market access and coverage of third party brands of personal care products namely skin care products in Sabah.

In 1983, he co-founded KTC Tawau with his brother-in-law, Lim Hui Kiong. In 2000, he set up the distribution centre in Sandakan and in 2003, he established AMDA Marketing (Sabah) Sdn. Bhd. (now known as KTC Borneo), in which established KTC's strong footing in Sarawak.

Currently, he is the National Vice President of the Malaysia-China Chamber of Commerce and Honorary Life Adviser to the Malaysia-China Chamber of Commerce, Sabah Branch.

He is also the Honorary Life President of the United Sabah Chinese Communities Association and the Honorary Life Chairman of Kota Kinabalu Hokkien Association and Sabah Ann Koai Association, an Honorary Advisor for the Kota Kinabalu Journalists Association.

BOARD COMMITTEE BELONGS

Member of Remuneration Committee

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

Nil

FAMILY RELATIONSHIP WITH DIRECTOR/MAJOR SHAREHOLDER

Spouse of Y. Bhg. Datin Lim Fook Len @ Lim Su Chin

Brother in law of Lim Hui Kiong

Father of Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau

Father of Dr. Lindfay Laura Lau

CONFLICT OF INTEREST

Nil

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS IF ANY

Nil

NUMBER OF BOARD MEETINGS ATTENDED

6/6

PROFILE OF DIRECTORS (CONT'D)

Y. BHG. DATIN LIM FOOK LEN @ LIM SU CHIN

Non-Independent Non-Executive
Director

Age	Gender	Nationality	Date of appointment
69	Female	Malaysian	2 December 2014

QUALIFICATION

She obtained a Diploma in Executive Secretary & Management at West London College in 1976.

WORKING EXPERIENCE AND OCCUPATION

She joined Kumpolan Sabah Sdn. Bhd. as a Marketing Manager in 1977. Thereafter, she joined KTC Sdn Bhd in 1978 as a Senior Manager responsible for the administrative and supply chain operations. Since then, she has been with our Group. In 1983, she assisted in the setting-up of KTC Tawau and was subsequently promoted to the position of Director in KTC Tawau in 1989. Between 1989 and 1997, she assisted in the operations of KTC Sdn Bhd and KTC Tawau in the area of supply chain management. From 1997 until 2012, she has been assisting in the supervision and management of the operations of our Group on an informal and ad-hoc basis.

BOARD COMMITTEE BELONGS

Nil

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

Nil

FAMILY RELATIONSHIP WITH DIRECTOR/MAJOR SHAREHOLDER

Spouse of Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing

Sister of Lim Hui Kiong

Mother of Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau

Mother of Dr. Lindfay Laura Lau

CONFLICT OF INTEREST

Nil

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS IF ANY

Nil

NUMBER OF BOARD MEETINGS ATTENDED

6/6

PROFILE OF DIRECTORS (CONT'D)

Y. BHG. DATUK LAU WEI DICK @ DEXTER DICK LAU

Non-Independent Executive Director

Age	Gender	Nationality	Date of appointment
44	Male	Malaysian	17 October 2014

QUALIFICATION

He obtained his Bachelor of Law from the University of Kent, Canterbury, United Kingdom in 2001. He completed the Bar Vocational Course at the Inns of Court School of Law, and was subsequently, called to the Bar of England and Wales as at member of Lincoln's Inn of the United Kingdom in 2002.

WORKING EXPERIENCE AND OCCUPATION

He started his career as the General Manager of AMDA Marketing (Sabah) Sdn. Bhd. (subsequently known as KTC Borneo) in 2003 and was appointed as a director of KTC Borneo and KTC Tawau in the same year. He was promoted to Vice President of the Group in 2009. In 2012, he established Creamos, putting our Group on the map of the bakery industry in East Malaysia.

During his tenure with the Group, he has been responsible for managing the day-to-day business operations and planning strategies for the future direction of our Group. He was selected to become a member of the Young Presidents' Organisation since 2010.

BOARD COMMITTEE BELONGS

Nil

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

Nil

FAMILY RELATIONSHIP WITH DIRECTOR/MAJOR SHAREHOLDER

Son of Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing and Y. Bhg. Datin Lim Fook Len @ Lim Su Chin

Nephew of Lim Hui Kiong

Brother of Dr. Lindfay Laura Lau

CONFLICT OF INTEREST

Nil

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS IF ANY

Nil

NUMBER OF BOARD MEETINGS ATTENDED

6/6

PROFILE OF DIRECTORS (CONT'D)

LIM HUI KIONG

Non-Independent Executive Director

Age	Gender	Nationality	Date of appointment
64	Male	Malaysian	2 December 2014

QUALIFICATION

He completed his high school education in 1979.

WORKING EXPERIENCE AND OCCUPATION

He started his career as a Sales Representative at Kilat Jaya, a company involved in wholesale distribution. He then furthered his O-levels at Tresham College of Further and Higher Education, United Kingdom in 1979. Thereafter in 1981, he joined Diethelm (M) Sdn Bhd (subsequently known as DKSH Malaysia Sdn Bhd) as a Sales Representative in 1982. In 1983, he left Diethelm (M) Sdn Bhd and co-founded KTC Tawau with Datuk Lau. He played a key role in growing the company by focusing on providing market access and coverage of CPG products in the east coast of Sabah. He was instrumental in building up the network of suppliers and customers particularly in east coast of Sabah. In 2013, he was appointed as a director in KTC Sarawak. He has since accumulated over 41 years of experience in the wholesale distribution industry.

BOARD COMMITTEE BELONGS

Nil

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

Nil

FAMILY RELATIONSHIP WITH DIRECTOR/MAJOR SHAREHOLDER

Brother in Law of Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing

Brother of Y. Bhg. Datin Lim Fook Len @ Lim Su Chin

Uncle of Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau

Uncle of Dr. Lindfay Laura Lau

CONFLICT OF INTEREST

Nil

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS IF ANY

Nil

NUMBER OF BOARD MEETINGS ATTENDED

6/6

PROFILE OF DIRECTORS (CONT'D)

PHANG SZE FUI

Independent Non-Executive Director

Age	Gender	Nationality	Date of appointment
51	Female	Malaysian	28 September 2018

QUALIFICATION

She obtained her Advanced Diploma in Commerce from Tunku Abdul Rahman College in 1997. In 1998, she obtained her professional accounting qualification from the Association of Chartered Certified Accountants, United Kingdom.

She has a member of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants and also an audit committee member of the Institute of Internal Auditors Malaysia. In addition, she has been a member of the Institute of Corporate Directors Malaysia since November 2021.

WORKING EXPERIENCE AND OCCUPATION

She began her professional career at Messrs. Baker Tilly Monteiro Heng in 1997. She was subsequently promoted to Senior Audit Manager, Associate Director and Executive Director of Transaction Reporting Division in 2005, 2007 and 2011 respectively. She left the firm in 2015.

In 2016, she joined Dolphin Application Sdn Bhd (a subsidiary of Dolphin International Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad) as Corporate Affairs Director. She left Dolphin Application Sdn Bhd in 2017 to pursue her own business venture, Avia Alliance Sdn Bhd, a business and finance consultancy firm.

During her more than 18 years of experience in audits of small and medium size companies and public listed companies as well as Reporting Accountants for various corporate exercises, she had acquired in-depth knowledge in auditing, accounting, taxation, Companies Act, Listing Requirements of Bursa Malaysia Securities Berhad and the Securities Commission guidelines.

She is currently involves in corporate exercises and handling special local and overseas projects as well as providing financial related services.

BOARD COMMITTEE BELONGS

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

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

SDS Group Berhad
Flexidynamic Holdings Berhad
Orgabio Holdings Berhad
Skyworld Development Berhad

FAMILY RELATIONSHIP WITH DIRECTOR/MAJOR SHAREHOLDER

Nil

CONFLICT OF INTEREST

Nil

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS IF ANY

Nil

NUMBER OF BOARD MEETINGS ATTENDED

6/6

PROFILE OF DIRECTORS (CONT'D)

WONG WEN MIIN

Independent Non-Executive Director

Age	Gender	Nationality	Date of appointment
66	Female	Malaysian	26 October 2018

QUALIFICATION

She earned her Masters in Economics from University of Malaya in 2006 and in 2011, graduated from the National Institute of Public Administrative (INTAN) Malaysia under the Advanced Leadership Management Programme.

WORKING EXPERIENCE AND OCCUPATION

She began her career in 1983 with the Ministry of Works where she was responsible for the budgeting, coordination, and management of public roads, government buildings and water projects in Sarawak, Sabah and Labuan. In 1988, she left the Ministry of Works and joined the Ministry of Finance Malaysia. During her tenure there, she was involved in the preparation of loan agreements, facilitation of multilateral loan agreements between the Malaysian government and international organisations, consolidation of financial laws into the Financial Services Act and Islamic Financial Services Act with Bank Negara Malaysia as well as the establishment of standard operating procedures for terms and conditions in the granting of house loans to civil servants.

In 2017, she left the Ministry of Finance as the Deputy Under Secretary (Investment Evaluation Sector) of the Strategic Investment Division. She then joined the Prime Minister's Department soon after as the Deputy Director General (Special Project) of the Public Private Partnership Unit. Here, she contributed in the fast-tracking the conclusion of a high priority Public-Private Partnership contract negotiations together with relevant government ministries/agencies/company. She then retired in 2018 as a senior superscale government officer.

BOARD COMMITTEE BELONGS

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

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

OSK Holdings Berhad
SHH Resources Holdings Berhad

FAMILY RELATIONSHIP WITH DIRECTOR/MAJOR SHAREHOLDER

Nil

CONFLICT OF INTEREST

Nil

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS IF ANY

Nil

NUMBER OF BOARD MEETINGS ATTENDED

6/6

PROFILE OF DIRECTORS (CONT'D)

Y. BHG. DATO' MOHD IBRAHIM BIN MOHD NOR

Independent Non-Executive Director

Age	Gender	Nationality	Date of appointment
64	Male	Malaysian	3 December 2018

QUALIFICATION

He earned his Masters in Business Administration from Drake University, Iowa, USA and a Bachelor's Degree in Mathematics from Knox College, Illinois, USA.

WORKING EXPERIENCE AND OCCUPATION

He is a Director of Ikram Education Sdn. Bhd. and a member of the Board of Governors of Infrastructure University Kuala Lumpur since 2012. In September 2018, he was also appointed as the Chairman of Protasco Development Sdn. Bhd.

BOARD COMMITTEE BELONGS

Chairman of Nomination Committee
Member of Audit and Risk Management Committee

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

Carzo Holdings Berhad
S&P International Ltd

FAMILY RELATIONSHIP WITH DIRECTOR/MAJOR SHAREHOLDER

Nil

CONFLICT OF INTEREST

Nil

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS IF ANY

Nil

NUMBER OF BOARD MEETINGS ATTENDED

6/6

PROFILE OF DIRECTORS (CONT'D)

DR. LINDFAY LAURA LAU

Alternate Director to Y. Bhg. Datin Lim Fook Len @ Lim Su Chin

Independent Non-Executive Director

Age	Gender	Nationality	Date of appointment
41	Female	Malaysian	7 August 2018

QUALIFICATION

She obtained Master in Ophthalmology from University of Malaya in 2017. In 2006, she obtained bachelor's in medicine, Surgery and Arts of Obstetrics. She was awarded Honors in Bachelor in Medical Science from University College Dublin (Ireland) in 2004.

WORKING EXPERIENCE AND OCCUPATION

She began her career as medical and surgical internship in Waterford Regional Hospital, Ireland in 2006. Thereafter, she returned to Kota Kinabalu, Sabah, Malaysia and joined Sabah Women and Children Hospital and specialises in Obstetric and Gynaecology in 2009. In 2014, she joined Klinik Kesihatan Penampang for General Practice. In the same year, she joined University Malaya Medical Centre, Kuala Lumpur, Malaysia and specialise in Ophthalmology.

Subsequently, she continues to specialise in Ophthalmology and she joined Shah Alam Hospital, Kuala Lumpur, Malaysia in 2016. In the same year, she left and returned to Kota Kinabalu, Sabah, Malaysia and joined Queen Elizabeth Hospital.

BOARD COMMITTEE BELONGS

Nil

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

Nil

FAMILY RELATIONSHIP WITH DIRECTOR/MAJOR SHAREHOLDER

Daughter of Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing

Daughter of Y. Bhd. Datin Lim Fook Len @ Lim Su Chin

Sister of Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau

Niece of Lim Hui Kiong

CONFLICT OF INTEREST

Nil

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS IF ANY

Nil

NUMBER OF BOARD MEETINGS ATTENDED

1/6

PROFILE OF KEY MANAGEMENT PERSONNEL

SHAM PEI YING

Finance Director

Age	Gender	Nationality	Date of appointment
35	Female	Malaysian	6 October 2018

QUALIFICATION

In 2010, she obtained her Bachelor of Commerce (Accounting and Finance) from Curtin University of Technology. In 2011, she was admitted as an Associate member of Certified Practising Accountant ("CPA") Australia. In 2014, she was admitted as a full member of CPA Australia and was designated as a CPA. In the same year, she was admitted as a Chartered Accountant of the Malaysian Institution of Accountants ("MIA") and has been a member of the MIA since then.

WORKING EXPERIENCE AND OCCUPATION

She began her professional career by undergoing practical training at KPMG in 2009. In 2010, she joined KPMG as an Associate and was subsequently promoted to Senior Associate in 2014. During her tenure here, she was assigned responsibilities including job planning, delegation of work to supporting staff as well as supervision, control and completion of specific audit assignments. In 2014, she left KPMG and joined The Bank of Tokyo-Mitsubishi UFJ, Ltd as Senior Officer of Administration Department (Accounts).

In 2016, she left and joined The W Clay Industries Sdn Bhd as Assistant Accounting Manager. In 2018, she left The W Clay Industries Sdn Bhd and joined Kim Teck Cheong Consolidated Berhad as Unit Manager in the Treasury Department where she assisted in handling the Group's internal financial reporting matters. She was subsequently promoted to Group Manager in the same department where she assigned various responsibilities including handling the Group's payable and month-end accounts closing matters as well as assist in audit matters. In 2020, she was redesigned to Division Manager where her responsibilities expanded to include handling the Group's claims matters. In the same year, she was promoted to Financial Controller of the Group.

In 2023, she was promoted to Finance Director of the Group, a position she presently assumes.

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

Nil

FAMILY RELATIONSHIP WITH DIRECTOR/MAJOR SHAREHOLDER

Nil

CONFLICT OF INTEREST

Nil

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS IF ANY

Nil

SUSTAINABILITY STATEMENT

1. INTRODUCTION

1.1 INTRODUCTION

Kim Teck Cheong Consolidated Berhad ("KTC") and its group of companies ("KTC Group" or "the Group") is committed towards value creation for long-term sustainability for its stakeholders. To this end, KTC has embedded practices that focus on building sustainability throughout the Group's business operations.

KTC is pleased to present its Sustainability Statement that details the Group's Environmental, Social and Governance ("ESG") performances. This Statement communicates the Group's journey towards embedding sustainability in the business and daily operations whilst considering the interests of our stakeholders and business growth. This Statement also sets out KTC's approach towards sustainable development and management of ESG risks and opportunities, after considering the impact of our business endeavours on the ESG facets the Group interacts with.

1.2 SCOPE AND BOUNDARIES

KTC is an investment holding company while our subsidiaries are involved in the distribution of consumer-packaged goods and manufacture of bakery products businesses. The scope of this Statement mainly relates to our Group's distribution and manufacture businesses in Malaysia and Brunei and where available, this Statement also provides comparative historical data.

1.3 REPORTING PERIOD AND CYCLE

This statement describes the Group's sustainability activities covering both, financial and non-financial aspects for the period from 1 July 2022 to 30 June 2023, and up to the date of this Statement.

1.4 GUIDELINES AND STANDARDS

We are pleased to present our sustainability statement prepared in accordance with the Sustainability Reporting Guide ("SRG") issued by Bursa Securities.

Our Group has considered key sustainability matters as guided and defined by both the Global Reporting Initiative ("GRI") on Sustainability Standards and SRG

SUSTAINABILITY STATEMENT (CONT'D)

1. INTRODUCTION (CONT'D)

1.5 GOVERNANCE STRUCTURE

The Board of Directors of KTC adopts a sustainability governance approach that is fit for the Group's purpose, after considering amongst others, our culture, needs, sustainability-related risks and opportunities and level of maturity of the sustainability intellect and readiness.

The diagram below highlights the key roles and responsibilities of KTC in relation to ESG matters:



2. MATERIALITY ASSESSMENT PROCESS

2.1 OBJECTIVES

Objectives of the materiality assessment process is to allow KTC to optimise the Group's identification of material sustainability matters with a view to enhance the Group's strategic planning, implementation and business decision-making and to enable stakeholders to make better informed decisions.

The Board considers it appropriate in this regard to limit the scope of materiality assessment and by extension the sustainability disclosure to the active companies within the Group. As the Group endeavours to enhance socioeconomic benefits and create a positive social impact on the immediate communities surrounding its operations in Sabah and Sarawak, the geographical boundary of the Group's materiality assessment is confined within East Malaysia only. The scope within which materiality applies as far as operations are concerned is limited to manufacturing, warehousing and distribution of third-party consumer packaged goods.

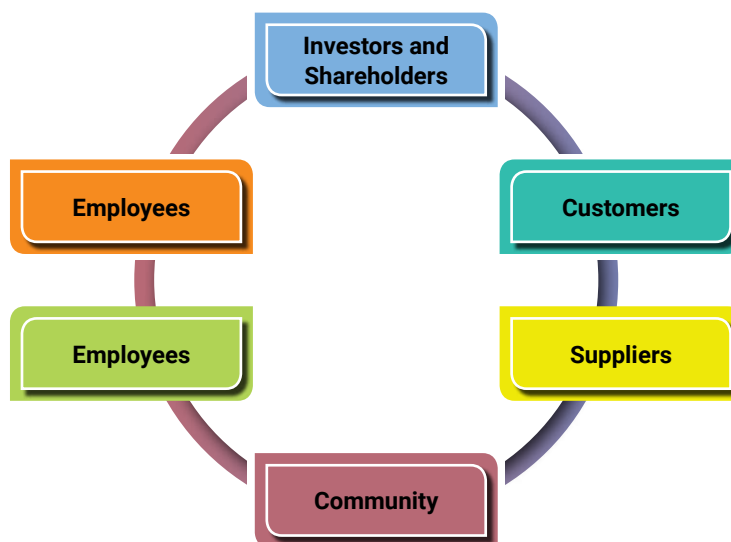
SUSTAINABILITY STATEMENT (CONT'D)

2. MATERIALITY ASSESSMENT PROCESS (CONT'D)

2.2 STAKEHOLDER ENGAGEMENT

KTC's stakeholders are parties who are impacted by our Group's business decisions and activities and the parties whose actions and decisions will influence KTC's business growth. KTC continuously maintain a regular engagement with its stakeholders, which enables the Group to identify and align their key priorities and concerns within the Group's business practices and strategies towards addressing material sustainability matters.

Set out below are the various types of stakeholder engagements as well as the areas of interest identified together with the appropriate responses to address such interests arising:



Stakeholder	Investors and Shareholders	Customers	Suppliers	Community	Government and Regulators	Employee
Areas of Concern	<ul style="list-style-type: none"> Business performance Business directions Prospect and strategies Return of Investment Business continuity Business risks Trade velocity Corporate governance 	<ul style="list-style-type: none"> Quality of product Late delivery Returns and rejects Product prices and value of products 	<ul style="list-style-type: none"> Procurement process, payment terms and lead time Business conduct, integrity and ethics 	<ul style="list-style-type: none"> Financial support and aid Social responsibility Environmental awareness and education Lifestyle support Business opportunity Employment support Livelihood support 	<ul style="list-style-type: none"> Regulations, governance and compliance to law, requirements and standards Accuracy, transparency and disclosure 	<ul style="list-style-type: none"> Career development Compensation, welfare and benefits Employment equality Working environment Safety Job performance evaluation / assessment Ethics, disciplinary and misconducts

SUSTAINABILITY STATEMENT (CONT'D)

2. MATERIALITY ASSESSMENT PROCESS (CONT'D)

2.2 STAKEHOLDER ENGAGEMENT (CONT'D)

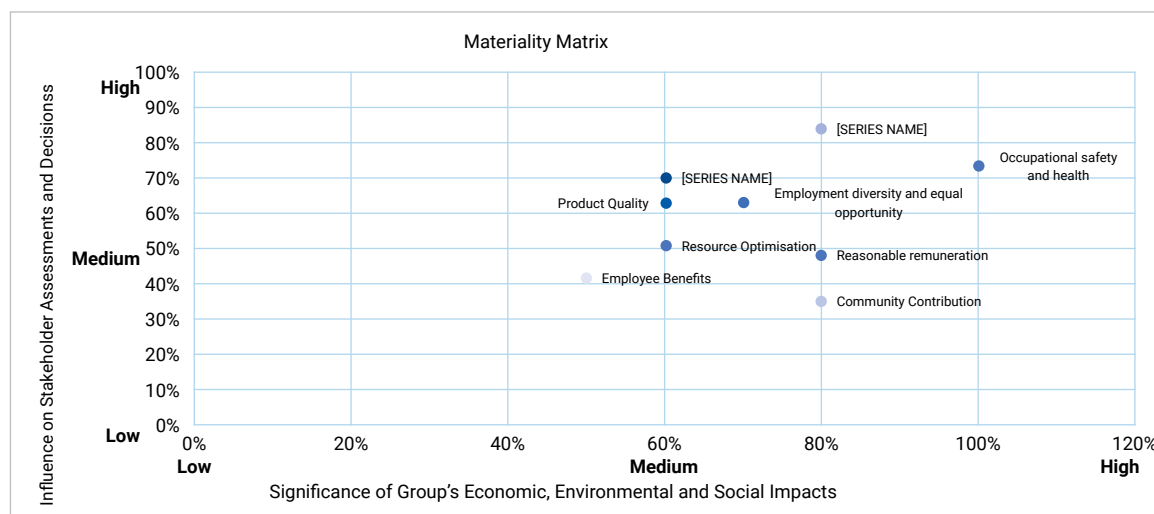
Stakeholder	Investors and Shareholders	Customers	Suppliers	Community	Government and Regulators	Employee
Management Response	<ul style="list-style-type: none"> Quarterly reporting and regular audit Financial performance results Bursa announcements Press conferences and media releases Annual reports 	<ul style="list-style-type: none"> Quality Management System Competitive pricing Customer engagement Product rework 	<ul style="list-style-type: none"> Constant and regular engagement and coordination Process improvement Quality assessment 	<ul style="list-style-type: none"> Financial assistance and donation Corporate Social Responsibility ("CSR") events and programmes with community Job opportunity Festive events 	<ul style="list-style-type: none"> Engagement with regulatory bodies and government agencies Compliance management (e.g. legal checklist) Participation in training provided by relevant agencies 	<ul style="list-style-type: none"> Induction and orientation Internal and external training Employee activities and staff welfare events Performance management system Whistleblowing channel

Based on the interest indication as well as feedback received from KTC's stakeholder groups during the engagement process, the Group identifies and prioritises issues and matters which are most relevant to each of the stakeholder groups. Each stakeholder group is assessed by the Board based on the influence on the achievement of KTC Group's strategic objectives and its impact on the Group's businesses and operations.

With reference to the SRG and in the context of the Group, the prioritised sustainability matters that have been identified are illustrated in the following sections.

2.3 PRIORITISATION OF SUSTAINABILITY MATTERS (MATERIALITY ASSESSMENT)

KTC's Group has identified key sustainability matters that materially impact the Group's sustainability areas or significantly influence the assessments and decisions of stakeholders. Pursuant to the stakeholders' engagement as mentioned above together with a desktop review of our Group's business operations, risks and opportunities, a materiality assessment has been undertaken to identify and prioritise sustainability matters affecting KTC Group's sustainability goals. Accordingly, the material sustainability initiatives undertaken by KTC Group are illustrated in the diagram below:



The activities undertaken in respect of such initiatives/ matters are set out in the following section.

SUSTAINABILITY STATEMENT (CONT'D)

3. SUSTAINABILITY ACTIVITIES

3.1 ECONOMIC

3.1.1 Product Quality

KTC's mission is to become an integrated and refocused business, successful and sustainable with stronger client relationships. The need to ensure that our products and services remained aligned and ahead of customers' expectations is paramount, and most importantly our focus is on product quality.

As at 30 June 2023, there is no non-compliance identified or highlighted by the relevant authorities during FYE2023.

KTC is committed in its efforts to provide quality assurance as below:

MeSTI Certification	Halal Certification
<p>Food Safety is a key responsibility of the food industry and MeSTI is the minimum Food Safety Assurance Programme that ensures adequate quality control over the processing operations of food manufacturing premises. This is a system of organised practices that is documented and provides the assurance that consumption of any specific type of food will not be harmful to the consumer.</p> <p>MeSTI certificate is granted to Creamos (Malaysia) Sdn Bhd ("CMSB") and Gardenia Bakeries (East Malaysia) Sdn Bhd ("GBSB") by the Ministry of Health Malaysia ("MoH"). The certificates are renewed and valid from 21 October 2022 to 20 October 2025 and 15 December 2022 to 14 December 2025 respectively.</p> <p>Through MeSTI certification, CMSB and GBSB are ushered into the development and implementation of the Food Safety Assurance Programme. Both companies have undertaken the responsibility to provide assurance to customers in terms of food safety and hygiene practices as well as the handling and preparing of food items.</p>	<p>KTC commenced manufacturing of bakery products in 2014 and holds a Halal certification under Creamos (Malaysia) Sdn Bhd ("CMSB"). CMSB sold its products in Kota Kinabalu and Sandakan, and its products are available at various outlets, including supermarkets, sundry shops, convenience stores, petrol kiosks, Chinese medical halls and school canteen.</p> <p>In addition, the Halal certificates granted to CMSB and GBSB by Department of Islamic Development Malaysia are renewed and valid from 16 March 2023 to 15 March 2025.</p> <p>Through halal certification, CMSB and GBSB have undertaken the responsibility to ensure and preserve the halal integrity of products by ensuring a controlled quality management system through the supply chain. In addition, CMSB and GBSB also ensures the Company consistently complies with the standards and requirements set by the authority.</p>

SUSTAINABILITY STATEMENT (CONT'D)

3. SUSTAINABILITY ACTIVITIES (CONT'D)

3.1 ECONOMIC (CONT'D.)

3.1.2 Rate of Local Sources

As a corporate citizen of East Malaysia, KTC aims to stand tall and strong with the local community it operates in. KTC prides itself in the support of local businesses and society.

Procurement

As at 30 June 2023, KTC has a total of 87 local vendors transacted with the Group and its subsidiaries and KTC continues to ensure that at least 95% of its vendors are locally sourced.

Vendors (Number)	FYE2021	FYE2022	FYE2023
Local	108	93	87
Non-local	1	2	3
Percentage (Local / Non-local)	99%/1%	98%/2%	97%/3%

Source: Vendor Listing (Trade only) as at financial year ended ("FYE") 30 June 2021, 30 June 2022 and 30 June 2023.

In terms of purchase value, KTC has continuously maintain 97% of its purchasing amount incurred from local sources for the past three (3) financial years from FYE 2020 to FYE 2022.

Vendors (Amounts RM)	FYE2021	FYE2022	FYE2023
Local	513,469,724	546,298,113	725,824,555
Non-local	13,401,461	18,025,157	19,132,992
Percentage (Local / Non-local)	97%/3%	97%/3%	97%/3%

Source: Vendor Listing (Trade only) as at FYE 30 June 2021, 30 June 2022 and 30 June 2023.

On overall, the number of local vendors has decreased from 93 (FYE2022) to 87 (FYE2023) whilst an increase in purchase value is experienced from RM546,298,113 to RM725,824,555 (approximately 33% increase). On the other hand, the number of non-local vendors has increased from 2 to 3 vendors while the purchase value is increased from RM18,025,157 to RM19,132,992 (approximately 6% increase).

3.1.3 Ethics and Integrity

KTC adopts a zero-tolerance stance against fraud, bribery and corruption. Apart from the Code of Ethics and Conduct, the Group is guided by a set of robust corporate policies that address anti-bribery and corruption and whistleblowing. The Anti-Bribery & Corruption ("ABC") Policy is communicated to employees via various platforms, including our Group's corporate website, training sessions and induction programmes.

Employees are expected to conduct themselves professionally and with integrity and shall not engage in any form of corrupt or illegal acts. Any allegation or suspicion of corruption or illegality is taken seriously, and every employee is to uphold its promulgated business ethics when carrying out their tasks and responsibilities.

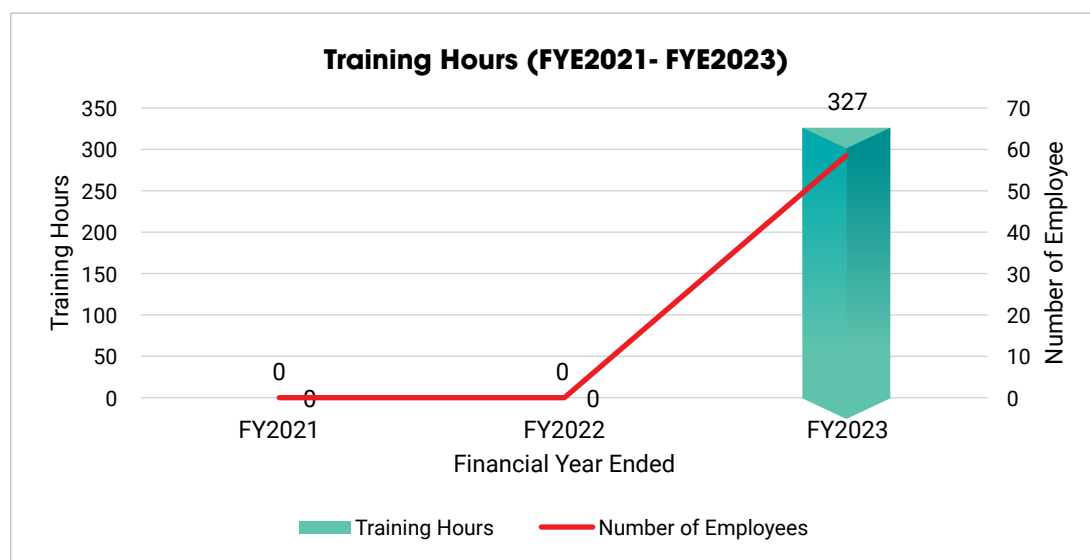
In FYE 2023, there was no bribery and corruption case reported and our Group aims to maintain this record by promoting a positive culture of compliance. None of our employees was disciplined or dismissed due to non-compliance with the ABC policy. KTC remains committed towards preserving this record and will continue to uphold high levels of integrity and ethical standards.

**SUSTAINABILITY STATEMENT
(CONT'D)****3. SUSTAINABILITY ACTIVITIES (CONT'D)****3.2 SOCIAL****3.2.1 Occupational Safety and Health ("OSH")**

Occupational safety and health remain as one of the priorities to KTC. Various programmes and initiatives are instituted to ensure employees and public safety as a priority. Amongst the principal initiatives undertaken by Management is the constant training and the retention of relevant logistic personnel.

Training has been resumed in FY2023 after being put on-hold for the past two financial years during the pandemic period. As at 30 June 2023, a total of 327 hours of training were provided to 59 employees by the Group.

On average, KTC Group has provided an average of 109 hours of training per year on occupational safety and health topics to employees over the past three financial years.



Source: Training Listing related to OSH for the period from 30 June 2021 to 30 June 2023.

In addition, a fire drill training has been conducted on 18 to 19 October 2022 which involved all employees from Kota Kinabalu Branch.

KTC is committed towards preventing any recurrence of accidents/incidents and aimed to keep the number of accidents or incidents to zero (0). There were no Lost Time Incident ("LTI") recorded in the financial year ended 30 June 2023.

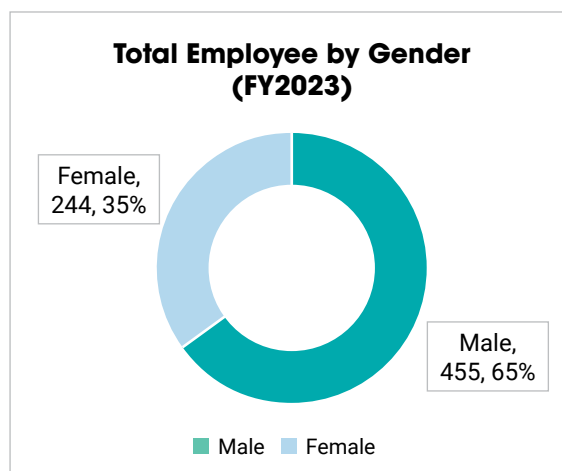
SUSTAINABILITY STATEMENT (CONT'D)

3. SUSTAINABILITY ACTIVITIES (CONT'D)

3.2 SOCIAL (CONT'D)

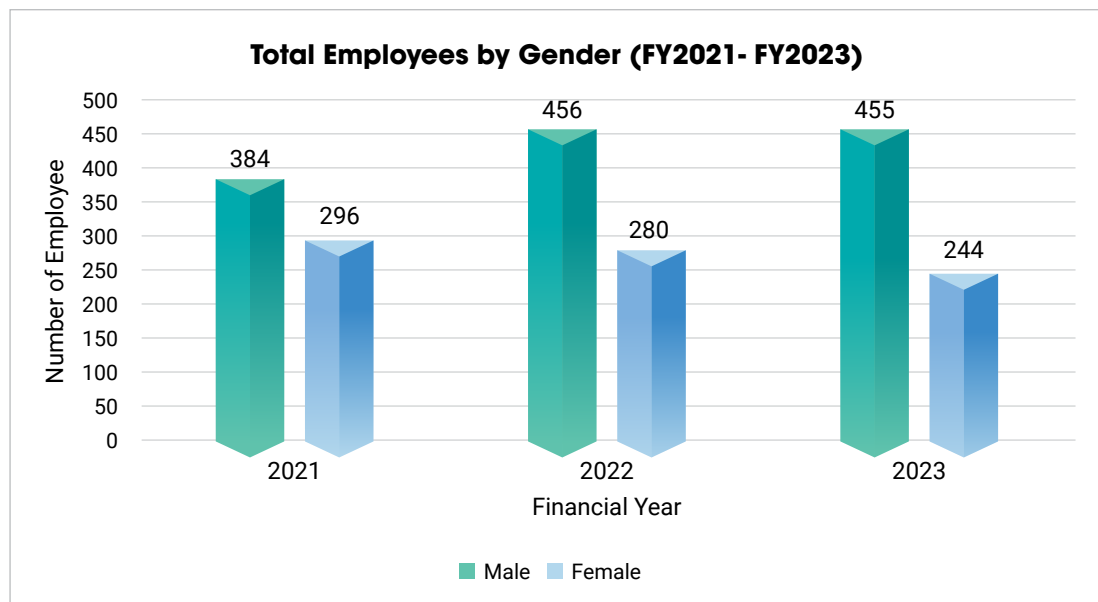
3.2.2 Employment Diversity and Equal Opportunity

Backbone of success in any organisation lies in the human capital of the organisation. Organisation striving for sustainable success will have to first manage their human capital. This is one of KTC's strongest conviction.



As at 30 June 2023, 65% (455 employees) of KTC's workforce comprising full-time employees are males whilst 35% (244 employees) are females.

The total number of employees has decrease from 736 employees to 699 employees in the financial year ended 30 June 2023. However, the gender diversity ratio is 65:35 in financial year ended 2023 in compare with 62:38 in financial year ended 30 June 2022.



Source: Employee Listing as at FYE30 June 2021, FYE30 June 2022 and FYE30 June 2023 (Group basis).

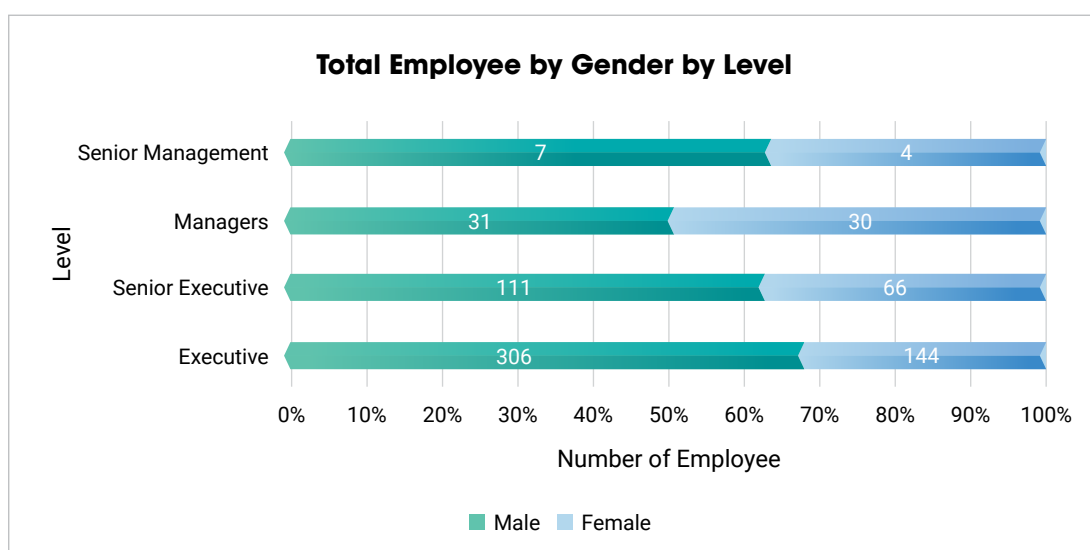
SUSTAINABILITY STATEMENT (CONT'D)

3. SUSTAINABILITY ACTIVITIES (CONT'D)

3.2 SOCIAL (CONT'D)

3.2.2 Employment Diversity and Equal Opportunity (Cont'd)

KTC aims to provide equal opportunity to both genders who are pursuing their careers at the Management level. Pursuant to the recommendations by MCCG2021 for large companies to maintain at least 30% of females on the Board, KTC takes aim to groom more capable females' employees to take up higher positions within the Management.



Source: Employee Listing as at FYE30 June 2023 (Group basis).

As at 30 June 2023, KTC workforce diversity showed 64% (7 employees) of employees at the Senior Management level are males whilst 36% (4 employees) of employees at Senior Management level are females. As for employee mix at the Executives, Senior Executive and Managerial levels, KTC recorded an employee diversity ratio of 65:35 in terms of male to female ratio.

In addition, when comparing the level of workforce for both male and female employees (from FYE2022 to FYE2023), there is an increase in workforce on male employee (9% for Executive). However, there is a decrease in workforce on female employee (8% for Executive, 26% for Senior Executive and 33% for Senior Management).

Employee by Level	Female			Male		
	FY2022	FY2023	%	FY2022	FY2023	%
Executive	156	144	92%	280	306	109%
Senior Executive	89	66	74%	128	111	87%
Managers	29	30	103%	35	31	89%
Senior Management	6	4	67%	13	7	54%
TOTAL	280	244	87%	456	455	100%

Source: Employee Listing as at FYE 30 June 2022 and FYE 30 June 2023 (Group basis).

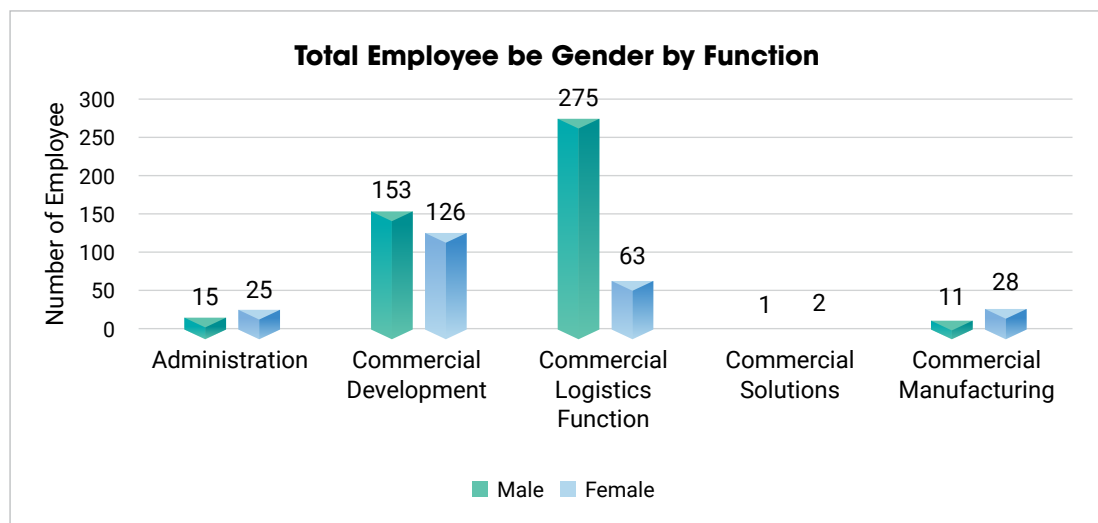
SUSTAINABILITY STATEMENT (CONT'D)

3. SUSTAINABILITY ACTIVITIES (CONT'D)

3.2 SOCIAL (CONT'D)

3.2.2 Employment Diversity and Equal Opportunity (Cont'd)

In terms of functional mix, KTC approaches gender diversity in a more pragmatic manner and provide equal opportunity for all. Although there are still room for improvement, the work opportunity in KTC is fair and equitable to all.



Source: Employee Listing as at FYE30 June 2023 (Group basis).

As at 30 June 2023, the number of human resource composition in the Administration Department (63%), Commercial Solutions Department (67%) and Commercial Manufacturing (72%) recorded a higher percentage of female employees than male employees. However, female employees under the Commercial Logistics Department have decreased by 5% i.e. from 66 employees as at 30 June 2022 to 63 employees as at 30 June 2023, whereas, male employees under the Commercial Logistics Department have increased by 25% i.e. from 220 employees as at 30 June 2022 to 275 employees as at 30 June 2023.

Employee by Level	Female			Male		
	FY2022	FY2023	%	FY2022	FY2023	%
Administration	30	25	83%	20	15	75%
Commercial Development	158	126	80%	190	153	81%
Commercial Logistics	66	63	95%	220	275	125%
Commercial Solutions	2	2	100%	1	1	100%
Commercial Manufacturing	24	28	117%	25	11	44%
TOTAL	280	244	87%	456	455	100%

Source: Employee Listing as at FYE 30 June 2022 and 30 June 2023 (Group basis)

**SUSTAINABILITY STATEMENT
(CONT'D)****3. SUSTAINABILITY ACTIVITIES (CONT'D)****3.2 SOCIAL (CONT'D)****3.2.2 Employment Diversity and Equal Opportunity (Cont'd)**

No discrimination based on gender, ethnicity, religion or sexuality was exercised or practised. All policies of KTC Group are gender neutral, unless otherwise prescribed by law. KTC Group will work towards a higher gender balance and at appropriate diversity.

3.2.3 Reasonable Remuneration

KTC remunerates its employees in accordance with the minimum wage labour law and a standard wage is applied on both genders at entry level. In addition, KTC awards its employees based on their merit and talent without any discrimination on gender or race or nationality.

KTC Group is committed to provide equal employment opportunities to all employees. Consequently, wage equality and same standard benefits are provided to employees regardless of gender throughout the Company.

3.2.4 Employee Benefits

In protecting employees at work, Group Personal Accident Insurance Policy is undertaken for all employees in order to provide adequate coverage for accidental death and disablement as well as to defray costs of hospitalisation and treatment for critical illnesses.

KTC strives to foster a culture of work-life balance. The Group recognises that the availability of paid parental leave benefits has positive impact family development. Our parental leave benefits for both male and female employees are provided in accordance with the prevailing labour regulations, comprising three (3) days of paid paternity leave and sixty (60) days paid maternity leave respectively.

3.2.5 Community Contribution

KTC believes in playing a key role in contributing towards the economic growth and well-being of the community. As a company with high corporate social responsibility, KTC remained focused on creating value in the lives of the community.

The Group has dedicated efforts in supporting local society and community during FYE2023 where most of the people are suffering the effects of the inflation. In line with this, KTC Group has donated various items i.e.: bun / bread, milk powder, food bag, drinking water and etc to the local society and community.

Contributions amounts and number of parties made towards donation from FYE 2021 to FYE2023 are as below:

Total	FYE2021	FYE2022	FYE2023
Contribution (RM)	1,286,406	839,132	893,764
Number of Parties	112	147	135

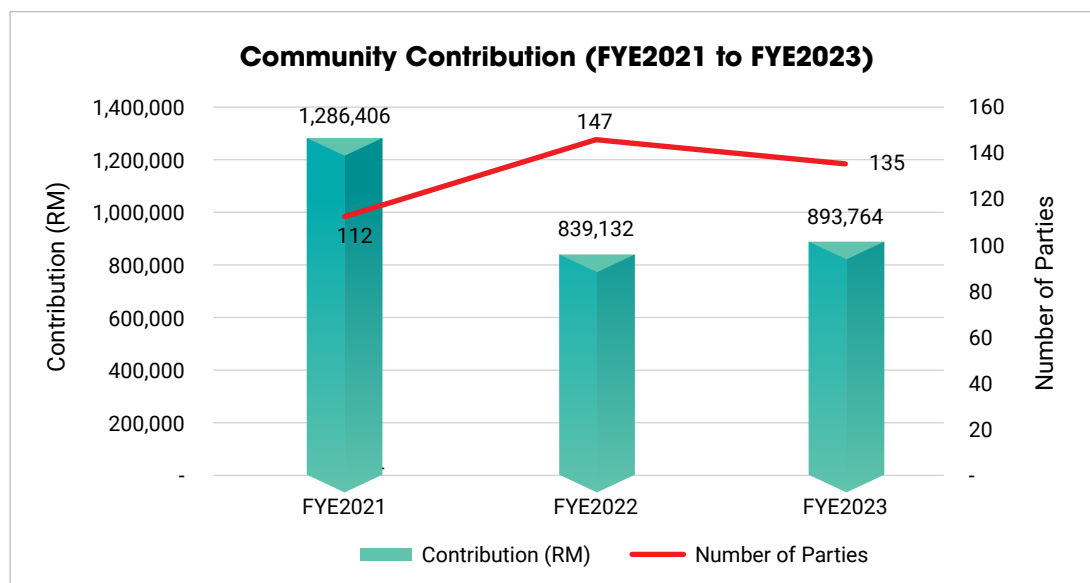
Source: Donation of Items from 1 July 2020 to 30 June 2023.

SUSTAINABILITY STATEMENT (CONT'D)

3. SUSTAINABILITY ACTIVITIES (CONT'D)

3.2 SOCIAL (CONT'D)

3.2.2 Employment Diversity and Equal Opportunity (Cont'd)



3.3 ENVIRONMENT

3.3.1 Resource Optimisation

Electricity and Water usage

KTC continuously strive to ensure energy and resources are managed in an effective and efficient manner. KTC continuously work on controlling the greenhouse emissions in our daily business operations.

TOTAL	FYE2021	FYE2022	FYE2023
Revenue (RM)	669,210,000	705,838,000	729,390,000
Electricity (kWh)	1,676,175	1,232,109	1,035,548
Water (m3)	14,200	11,674	15,330
Electricity (kWh) per Revenue (RM)	0.0025	0.0017	0.0014
Water (m3) per Revenue (RM)	0.000021	0.000017	0.000021

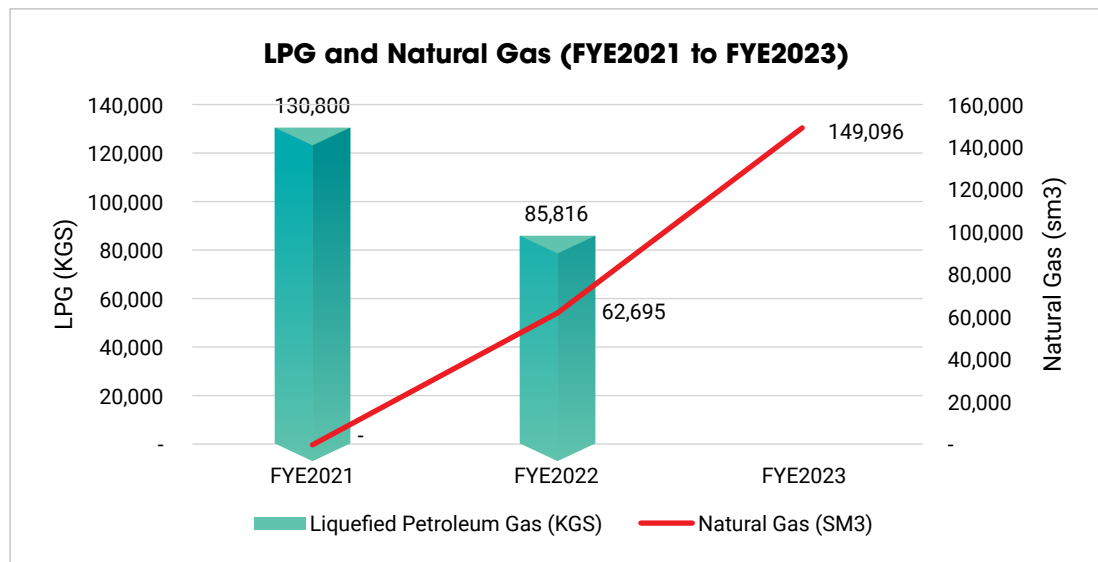
Our continuous effort in reducing electricity consumption has brought us positive results in the current financial year. The electricity consumption across the Group has reduced from 1,232,109 kWh to 1,035,548 kWh (approximately 16%) while electricity usage per revenue generated has decreased from 0.0017 to 0.0014 indicating more efficient use of electricity.

However, water consumption across the Group, has increased from 11,674 m3 to 15,330 m3 (approximately 31%), mainly due to water leakage at Lot 5 during the period from December 2022 to February 2023. Water usage per revenue generated for FYE 2023 has further increased from 0.000017 in FYE2022 to 0.000021 in FYE2023. Moving forward, KTC will continue to undertake enhanced efforts in resource optimisation.

**SUSTAINABILITY STATEMENT
(CONT'D)****3. SUSTAINABILITY ACTIVITIES (CONT'D)****3.3 ENVIRONMENT****3.3.1 Resource Optimisation (Cont'd)**Liquefied Petroleum Gas ("LPG") and Natural Gas

KTC Group's Management has progressively replace the use of LPG with natural gas, which is a higher quality energy source and is also more efficient and economical for use.

Liquefied Petroleum Gas ("LPG") is being regularly used in the production process of our bakery division. Approximately 85,816kgs of LPG were purchased in the FYE2022 for production usage by Creamos (Malaysia) Sdn Bhd (34% decrease from 130,800kgs of LPG in FYE2021). However, the purchase of LPG has been ceased in FYE2023 which is fully replaced by Natural Gas.



Source: LPG and Natural Gas purchase for the FYE 30 June 2021 to 30 June 2023.

The decrease of LPG usage is part of the Group's efforts to minimise the negative impact on the environment and to raise awareness on the importance of energy conservation. As such, the total natural gas usage has increased from 62,695 SM3 (FYE2022) to 149,096 SM3 (FYE2023).

SUSTAINABILITY STATEMENT (CONT'D)

4. KEY PERFORMANCE INDICATOR ("KPI")

As part of our sustainability efforts, the following key performance indicators of the past three financial years have been established in order to steer our Group towards its sustainability goals:

Area	Sustainability Matter	Unit of Measurement	FY2021	FY2022	FY2023
Economic	Ethics and Integrity				
	- Confirmed incidence of corruption and action taken	Number of Cases	nil	nil	nil
	Rate of Local Sources				
	- Percentage of local vendor	%	97%	97%	97%
Social	Employment Diversity and Equal Opportunity				
	- Gender diversity ratio of male-to-female employee	Ratio	56:44	62:38	65:35
	Health and Safety				
	- Number of work-related fatalities	Number of Cases	nil	nil	nil
	- Number of employees trained on health and safety standards	Number of Employee	nil	nil	59
	Community Contribution				
	- Total amount invested in the community (external beneficiaries)	Amount (RM)	1,286,406	839,132	893,764
	- Total number of beneficiaries of the investment in communities	Number of Parties	112	147	135
Environment	Resource and Waste Management				
	- Electricity (KWH) per Revenue (RM)	KWH/RM	0.0025	0.0017	0.0014
	- Total energy consumption	KWH	1,676,175	1,232,109	1,035,548
	- Water (M3) per Revenue (RM)	m3/RM	0.000021	0.000017	0.000021
	- Total volume of water used	m3	14,200	11,674	15,330

CONCLUSION

The above initiatives demonstrated KTC Group's commitment towards sustainability and for the betterment of the economy, environment and social aspects of the community it operates in. The journey towards attaining sustainable growth and long-term profitability begins with small steps such as ingraining the principles on sustainability into the Group's culture, value system and way of doing business. KTC Group remains optimistic that such small steps will eventually lead to the realisation of the Group's sustainability aspiration and success.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Kim Teck Cheong Consolidated Berhad ("KTC" or "the Company") is committed to uphold the high standards of corporate governance throughout KTC and its subsidiaries ("the Group") with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance ("MCCG") except where stated otherwise. In view of the enhancements in the corporate governance regulations, the Board has reviewed and updated the existing policies and procedures to ensure that they are kept contemporaneous and be relevant to the Company's needs. The Board will further look into the enhancements or developments of corporate governance policies and procedures, as the case may be.

Details of the Group's application of each practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group's website at www.kimteckcheong.com.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Board Charter and Board Committees

The Board is responsible and is accountable to shareholders for managing the business of the Group. The Board retains full and effective controls of the Company and is committed to take full responsibility for the overall corporate governance of the Group, including its strategic business direction and overall wellbeing.

The Board has retained for itself decisions in respect of matters significant to the Group's business operations which include the approval of key corporate plans, major business transactions involving either the acquisitions or disposal of business, interests and/or assets, consideration of significant financial matters and announcements of financial results, appointments to the Board and control structure within the Group.

In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers, board committees and board meeting procedures. The key elements of governance principles embedded in the Board Charter regulate the Board's conducts and guide the business strategic initiative of the Group. The Board Charter is available on the Company's website at www.kimteckcheong.com.

The Board has established three (3) Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference which sets out its functions and duties, composition, rights and meeting procedures. These Terms of Reference are reviewed periodically in accordance with the needs of the Company and taking into account the changes in the business, governance and legal environment that may have an impact on the discharge of the Committees' duties and responsibilities.

The Chairman of the various committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

Company Secretary

The Board is assisted by a qualified and competent Company Secretary who is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretary provides support to the Board in carrying out its fiduciary duties and stewardship role in shaping the standard of corporate governance of the Group. In this respect, she plays an advisory role to the Board, particularly with regards to the Company's Constitution, Board's policies and procedures as well as its compliance with regulatory requirements, codes, guidelines, legislations and the principles of best corporate governance practices.

The Company Secretary also attends all Board, Board Committee and general meetings, and ensure that deliberations at the meetings are accurately minuted and kept in the minutes books and subsequently communicated to the relevant party for necessary actions. Such minutes of meetings are confirmed by the respective Board Committees and signed by the Chairman of the meeting.

All Directors have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Information and support for Directors

In order to manage the Group's business effectively, the Board meets on a quarterly basis to review the Group's financial and operational results, major investments, report from various Board Committees, related party transactions, strategic decisions and the overall direction of the Group. Additional meetings may be convened when urgent and important decision needs to be taken between the scheduled meetings. All the Directors had committed their time to the board meetings held during the financial year. Prior to the meetings, notice of agenda together with previous minutes and other relevant information were circulated to all directors on a timely basis in order to enable the directors to be well informed and briefed before the meetings.

Besides board meetings, the Board also exercises control on matters that require its approval through the circulation of resolutions.

All the Directors have full and free access to all relevant Company's information, access to management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties, subject to prior consultation with the Chairman.

The External Auditors also briefed the Board members on the latest Malaysian Financial Reporting Standards that would affect the Group's financial statements during the year.

Code of Conduct and Ethics

Good governance at all levels is essential for sustainable development. The Board is committed to embrace the highest standards of corporate governance practices and ethical standards throughout the Group.

In this respect, the Group has established a Code of Ethics and Code of Conduct to provide direction and guidance to all Directors, Senior Management, employees and external parties in the discharge of their duties and responsibilities that will be in the best interest of the Group. The Code of Ethics and Conduct had been uploaded on the Company's website at www.kimteckcheong.com.

Whistle-blowing Policy

The Board is committed to achieve and maintain high standards of corporate governance practices across the Group. A Whistle-blowing policy has been implemented to provide a channel to enable Directors, Employees, Shareholders, Vendors or any parties with a business relationship with the Group with an avenue to report suspected wrongdoings that may adversely impact the Group. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in good faith.

Further details pertaining to the Whistle-blowing Policy can be found at the Company's website.

II. BOARD COMPOSITION

The Board recognizes the importance of having a diverse Board in terms of age, ethnicity and gender as this provides the necessary range of perspectives, experience and expertise in bringing value to the Company and achieve effective stewardship.

The present Board, comprises eight (8) Directors i.e. one (1) Independent Non-Executive Chairman, Three (3) Independent Non-Executive Directors, one (1) Non-Independent Managing Director, two (2) Non-Independent Executive Directors and One (1) Non-Independent Non-Executive Director.

The Executive Directors are responsible for the making of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

The Independent Non-Executive Directors are responsible in exercising independent judgement and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively with regard to the long-term interest of all stakeholders. They have declared themselves to be independent from management and free of any relationship which could interfere with the exercise of their independent judgement and objective participation and decision making process of the Board.

The Board is confident that its current size and composition reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations.

In compliance with the recommendations of Malaysian Code On Corporate Governance, all of the Independent Directors of the Company has tenure not exceeding a cumulative term of nine (9) years.

Diversity on Board and Senior Management

The Board and the Nomination Committee take into account the current diversity in the skills, experience, age, race/ethnicity (cultural background) and nationality of the existing Board in seeking potential candidate(s). The Committee has the responsibility to ensure that the Board comprises suitably qualified members that demonstrate appropriate qualities and experience that contribute to the effective oversight and stewardship.

The Board is of the view that the existing composition of the Board enables effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.

Gender Diversity

The Board has no specific policy on gender, age and ethnicity for candidates to be appointed to the Board. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

The Nomination Committee, will however continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.

Nomination Committee

The Board has established a Nomination Committee to provide advice and assistance to the Board in matters relating to appointment of new Directors, board composition, training program and performance evaluation on effectiveness of the Board, Board Committees and individual directors. Full details of the Nomination Committee's duties and responsibilities are stated in its Term of Reference which is available on the Company's website.

The Nomination Committee comprises exclusively of Independent Non-Executive Directors and chaired by the Independent Director. The Committee meets as and when required, at least once a year. During the financial year, one (1) meeting was carried out, with attendance as follows:

Name of Directors	Designation	No. of Meetings Attended
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor	Chairman	1/1
Ms. Phang Sze Fui	Member	1/1
Madam Wong Wen Miin	Member	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Nomination Committee (Cont'd)

During the financial year, the Nomination Committee had carried out the following activities:

- (a) Assessed the performance of the Board, Board Committees and individual Director, including the term of office and performance of the Audit and Risk Management Committee and each of its members;
- (b) Assessed the independence of all three (3) Independent Directors;
- (c) Reviewed the performance of retiring Directors and recommended them to the Board for re-election at the forthcoming AGM;
- (d) Reviewed the size of the Board against the size of the Group and the complexity of the business to assess the impact of the number upon its effectiveness;
- (e) Ensure all Directors receive appropriate continuous training programmes.

Evaluation of Board, Board Committees and Individual Directors

The Nomination Committee annually performs a board self-evaluation to evaluate the performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Term of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial year, the Nomination Committee had concluded the following:

- (a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
- (b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
- (c) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
- (d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.
- (e) The Board Chairman had performed in an excellent manner and contributed to the Board.
- (f) The performances of the Board Committees were found to be effective.

The Board recognises the importance of continuous training to remain abreast of the latest developments in related industry and changes to the regulatory environment. The assessment on individual directors also provided the Board with valuable insights into training and development needs of each Director, to ensure that each Board member's contribution to the Board remains informed and relevant.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Evaluation of Board, Board Committees and Individual Directors (Cont'd)

During the financial year, all the Directors had participated in various training programs. Particulars of the several seminar/conference/workshop attended are as follows:

Name of Directors	Date	Seminar / Conference / Workshop
Tun Richard Malanjum	August 2023	• Mandatory Accreditation Programme Part II: Leading for Impact
	October 2023	• Management of Cyber Risk
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	April 2023	• Tax Budget Briefing
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	April 2023	• Tax Budget Briefing
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	April 2023	• Tax Budget Briefing
Mr. Lim Hui Kiong	April 2023	• Tax Budget Briefing
Ms. Phang Sze Fui	November 2022	• Directors' continuing obligations and responsibilities as a director of a public listed company
	December 2022	• Bursa Immersive Session: The Board "Agender"
	March 2023	• Sustainability and Environment, Social and Governance • Post Budget 2023
	April 2023	• Board of Director Leadership: ESG Essential • Financial Reporting on impact of Climate Change Effects • Tax Budget Briefing
Madam Wong Wen Miin	March 2023	• Everything about Dividend
	April 2023	• Tax Budget Briefing
	July 2023	• Charting the Investment Opportunities
	September 2023	• Global Market Outlook: Singapore - Navigating Slower Growth
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor	April 2023	• Tax Budget Briefing

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION

Remuneration Policy

The Board has recognized the need to establish a fair and transparent Remuneration Policy with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the Remuneration Committee reviewed and recommended to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration.

In making its recommendation, the Remuneration Committee considered the principles set out in the Remuneration Policy. The remuneration was structured to align rewards to corporate and individual performances besides adequately compensate the Directors for risks and complexities of the duties and responsibilities they assumed. The Remuneration Committee also obtained data for similar roles of other public listed companies in the same industry for comparison.

All Executive Directors and key Senior Management are subject to an annual performance rating which serves as a basis to determine their variable compensation payments. The Remuneration Policy also covers bonus framework for the Executive Directors and key Senior Management, which link their appraisal process to specific reward and incentive outcomes. The appraisal process will assess the individual performance against the Key Performance Indicator targets and competency capability in meeting the Group's core values and Leadership and Management Expectations.

Remuneration Committee

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its Term of Reference which is available on the Company's website.

Majority of the Remuneration Committee Members are Independent Non-Executive Directors. During the financial year, one (1) meeting was carried out with attendance as follows:

Name of Directors	Designation	No. of Meetings Attended
Madam Wong Wen Miin	Chairman	1/1
Y. Bhg. Datuk Lau Kok Sing @ Lau Kok Sing	Member	1/1
Ms. Phang Sze Fui	Member	1/1

The responsibilities of Remuneration Committee are as follows:

- Reviewed and assessed the performance and the remuneration package of the Executive Directors and key Senior Management;
- Reviewed and assessed the Directors' fees and benefits payable for the Financial Year Ended 30 June 2023;
- Reviewed and updated its Term of Reference;
- Reviewed the Board Remuneration Policy; and
- Provide clarification to shareholders during general meetings on matters pertaining to remuneration of directors and senior management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION (CONT'D)

Remuneration of Directors

Pursuant to the respective service contracts with the Company and its subsidiaries, the details of individual Directors' remuneration are as follows:-

Group and Company Level

Name of Directors	Fees/Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF, Socso and EIS (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
Non-Executive Directors					
Tun Richard Malanjum	57	–	*	–	57
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	57	–	*	–	57
Ms. Phang Sze Fui	67	–	*	–	67
Madam Wong Wen Miin	57	–	*	–	57
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor	57	–	*	–	57
Executive Directors					
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	1,875	–	1	–	1,876
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	1,470	–	152	–	1,622
Mr. Lim Hui Kiong	273	–	8	–	281

* Amount less than RM500

Remuneration of Senior Management

The remuneration of the Senior Managements are set out as follows:-

Range of Remuneration	Number of Senior Management
RM200,001 to RM250,000	1
RM250,001 to RM300,000	–
RM300,001 to RM350,000	–
RM350,001 to RM400,000	–

(The details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately served by the disclosures in the RM50,000 bands. The total remuneration paid to each senior management reflects the time and effort devoted to fulfil his or her responsibilities on the Board and linked to the Group's performance.)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Audit and Risk Management Committee consists of the following members:

Name of Directors	Designation
Ms. Phang Sze Fui	Chairperson
Madam Wong Wen Miin	Member
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor	Member

The Chairman of the Audit and Risk Management Committee is not the Chairman of the Board. In addition, the Audit and Risk Management Committee comprises wholly of Independent Non-Executive Directors. The Audit and Risk Management Committee Report is set out separately in this Annual Report. Full details of the Audit and Risk Management Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

Oversight of External Auditors

The external auditors of the Company fulfill an essential role in giving assurance to the Company's shareholders on the reliability of the Group's financial statements.

The Audit and Risk Management Committee reviews the independence, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM on an annual basis. The External Auditors would provide written assurance to the Board in respect of its independence to act as the External Auditors of the Group. The Audit and Risk Management Committee would convene a private session with the External Auditors and Internal Auditors without the presence of the Executive Directors and Management. During the Financial Year Ended 30 June 2023, the Audit and Risk Management Committee had conducted private sessions with the External Auditors without the presence of the Executive Directors and Management.

Details of the audit and non-audit fees paid/payable for the Financial Year Ended 30 June 2023 are as follows:

	Group (RM)	Company (RM)
Statutory audit fees paid/payable	274,034	37,000
Non-audit fees paid/payable	60,704	16,000

The full details of the role of the Audit and Risk Management Committee in relation to the External Auditors is set out in the Audit and Risk Management Committee Report of this Annual Report.

II. Risk Management and Internal Control Framework

The Board acknowledges that risk management and internal control system are an integral part of effective management practice. As risk is inherent in all business activities, hence it is not the Group's objective to eliminate risk totally. There is an on-going process in place to identify, evaluate, monitor and manage key risks faced by the Group and the Board reviews the key risks highlighted to ensure the relevant action is taken to mitigate the risk of the Group to safeguard shareholders' investment and Group's assets.

The Board is assisted by the Risk Management Committee to ensure the risk and control framework is embedded into the culture, processes and structure of the Group.

Further details of the Group's state of risk management and internal control systems are reported in the Statement of Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. Risk Management and Internal Control Framework (Cont'd)

Internal Audit function

The Board has established an Internal Audit function and appointed RESOLVE IR SDN BHD as the Outsourced Internal Auditor. Functionally, the Internal Auditor reports to the Audit and Risk Management Committee directly and RESOLVE IR SDN BHD is responsible for conducting periodic reviews and appraisals of the effectiveness of the governance, risk management and internal control processes within the Group.

The scope of work covered by the internal audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit and Risk Management Committee Report of this Annual Report.

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

I. Engagement with Stakeholders

The Company refers to Main Market Listing Requirements of Bursa Securities as a fundamental basis for the ongoing disclosure and announcement to Bursa Securities. The Board is advised by Management, Company Secretaries, the External Auditors and Advisors on the contents and timing of disclosure of the financial results and various announcements in accordance with the listing requirements.

The Board is committed in providing accurate, useful and timely information about the Company, its business and its activities. Realising the importance of timely and thorough dissemination of material information to the shareholders, investors and the public at large, the Company maintains an open communication policy with its shareholders, investors and public at large and welcome feedback from them.

The Group's information is disseminated through various disclosures and announcements made to Bursa Malaysia Securities Berhad. This information is also published at the Company's website at www.kimteckcheong.com.

Integrated Reporting

The nature and pace of change in businesses today have evolved over time and stakeholders are now placing greater emphasis on the future performance and non-financial information of a company. In tandem with the growing demand, the Company would consider adopting integrated reporting in the near future; as such integrated reporting is still new in the current market.

II. Conduct of General Meetings

Notice of general meeting

The Board recognises the rights of shareholders. In order to continue encouraging shareholders participation in the general meetings, the Board would ensure that the Notice of AGM is sent to shareholders at least twenty-eight (28) days ahead of the date of general meeting and to provide sufficient time and opportunities for shareholders to seek clarifications during general meetings on any matters pertaining to the issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the operational and financial performance of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. Conduct of General Meetings (Cont'd)

Attendance of directors at general meetings

The Annual General Meeting is the key element of the Company's dialogue with its shareholders. During the AGM, shareholders are encouraged to ask questions about the resolutions being proposed, about the Company's operations in general or about the annual reports of the Company and of the Group. All the Directors, Senior Management and External Auditors are available in the Annual General Meeting to provide responses to questions from the shareholders.

The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective chairman of the Board's Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility.

Voting

Paragraph 8.29(A) of the Main Market Listing Requirements provides that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, shall be voted by poll. Furthermore, at least one (1) scrutineer will be appointed to validate the votes cast at the General Meeting who must not be an officer of the Company or its related corporation, and must be independent to the person undertaking the polling process.

COMPLIANCE STATEMENT

The Board is satisfied that the Group has substantially complied with the majority of the practices of the Malaysian Code On Corporate Governance throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 20 October 2023.

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board is pleased to present the report on the Audit and Risk Management Committee ("ARMC") of the Board for the Financial Year Ended 30 June 2023. The ARMC was established on 3 December 2014 by the Board to assist the Directors to carry out their responsibilities. The ARMC is guided by its Terms of Reference as approved by the Board. The ARMC a combined Audit Committee supports and assumes the oversight function in governance, risk management and internal control hence Risk Management Committee was established. In carrying out their duties, the ARMC updated the Board on the issues and concerns discussed during their meetings including those raised by the auditors and where appropriate, made the necessary recommendations to the Board and shall continue to do so from time to time. The ARMC had private meetings with the External Auditors and Internal Auditors respectively. The ARMC had deliberated at length the Audit Review Memorandum and Internal Audit Reports presented by the External Auditors and Internal Auditors respectively as part of the ongoing process to strengthen the internal control system and financial reporting framework. The Company Secretary acts as the secretary to the ARMC and circulates the minutes of the Audit Committee Meetings to all members of the Audit Committee. The Chairperson of the ARMC presents the Committee's findings after their deliberation to the Board. The ARMC would also update the progress and status of recommendations of the internal audit findings to the Board on quarterly basis.

MEMBERSHIP AND MEETINGS

ARMC members and details of their attendance at ARMC meetings held during the financial year are as follows:

Name of the Committee Members	Designation	No. of Meetings Attended
Ms. Phang Sze Fui	Chairperson	6/6
Madam Wong Wen Miin	Member	6/6
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor	Member	6/6

The Group Finance Director ("GFD") was invited to all ARMC meetings to facilitate direct communication in relation to the Group financial results and to provide information regarding the Group's Risk Management activities. The Internal Audit, relevant members of Management, and the External Auditors were also invited to attend the meetings of the Committee, where appropriate, to brief the ARMC on the relevant audit findings.

The ARMC held one (1) private meeting with the External Auditors in Financial Year Ended 30 June 2023 without the presence of the Management. At these meetings, the ARMC enquired about Management's co-operation with the external auditors, their sharing of information and the competencies and adequacy of resources in the financial reporting functions.

The ARMC Chairperson also permitted the External Auditors to contact ARMC at any time that they became aware of incidents or matters in the course of their audits or reviews that needed the attention ARMC or the Board. No such contacts were made during Financial Year Ended 30 June 2023.

Minutes of each ARMC meeting were recorded and tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

SUMMARY OF ACTIVITIES

The ARMC reports regularly to the Board on its activities, deliberations and recommendations in discharging its duties and responsibilities, which the Committee has reviewed to ensure it is in line with the Main Market Listing Requirements of Bursa Securities.

The main activities undertaken by the ARMC during the financial year are as below:

Risk Management and Internal Control

- Reviewed the internal audit plan for adequacy of scope and coverage and risk areas using the risk-based approach.
- Reviewed the risk assessment results and the mitigation actions reported by Internal Auditor and regularly review the update on the action plans to ensure significant internal controls are promptly implemented to mitigate the risks identified.
- Reviewed the effectiveness and adequacy of governance, risk management, operational and compliance processes.
- Reviewed the adequacy and effectiveness of corrective actions taken by Management on all significant matters raised.
- Continuously monitored whistleblowing program and procedures as part of the risk management structure and good corporate governance practice.

External Audit

- Reviewed and discussed with the external auditors' audit planning memorandum covering audit scope, audit plan, key audit areas and proposed fees for the statutory audit and other non-audit services based on the external auditors' presentation of the audit strategy and plan to ensure that their scope of work adequately covered the activities of the Group.
- Reviewed and approved the external auditor's audit plan and the scope for the annual audit.
- Reviewed and discussed with the external auditor on the audit results, audit reports and financial statements of the Group.
- Met with the external auditors without the presence of Executive Directors and Management.

Financial Results

- Reviewed the quarterly and annual financial statements of the Company and Group, including announcements, and recommended them to the Board for approval.
- Reviewed the quarterly unaudited financial results of the Company for Financial Year Ended 30 June 2023 together with the GFD, focusing particularly on significant changes to accounting policies and practices, significant or unusual events, compliance with accounting standards and other legal requirements, and the going concern assumption prior to recommending the same to the Board of Directors for approval and release to Bursa Securities.

Related Party Transactions

Reviewed any related party transaction and conflict of interest situation that may arise within the Company or its Group including any transaction, procedure or course of conduct that raises questions of management integrity (where applicable).

Others

- Review the quality of the internal audit function.
- Reviewed the Incident Reports by the GFD on a quarterly basis.

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

INTERNAL AUDIT FUNCTION

Internal audit function constitutes part of KTC Group's assurance mechanism which serves to review the Group's system of internal control. The internal audit function is guided by a formal Term of Reference and reports independently to the ARMC. The role of the internal audit function is to undertake independent, objective, regular and systematic reviews of the systems of internal controls and governance practices of the Group so as to provide reasonable assurance that such systems continue to operate effectively in managing the Group's risk.

The Group's internal audit function has been outsourced to an independent professional services firm, namely Resolve IR Sdn Bhd ("RESOLVE"). RESOLVE has confirmed that they free from any relationship or conflict of interest position which would impair their independence and objectivity in the conduct of their roles and responsibilities.

The outsourced internal audit function has carried out independent internal audits in accordance with the approved risk-based internal audit plan and was guided by the International Professional Practices Framework ("IPPS") issued by the Institute of Internal Auditors.

During the Financial Year Ended 30 June 2023, the outsourced internal audit function has carried out internal audits on the following processes:

- Merchandise and Inventory Management of Kim Teck Cheong (Sarawak) Sdn Bhd;
- Human Resource Management and Compliance Monitoring Management of the Group; and
- Follow-up on previous internal audit report of the Group.

Results of the abovementioned internal audits, including the relevant audit findings, improvement opportunities, as well as Management responses and appropriate recommendations with the areas mentioned above were documented in the internal audit report to the ARMC. Follow-up reviews were conducted to assess the implementation of action plans provided by Management in accordance with the timeline specified. The total cost incurred on the internal audit function of the Group for the Financial Year Ended 30 June 2023 was approximately RM40,000.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board is pleased to present the Statement on Risk Management and Internal Control for the Financial Year Ended 30 June 2023, which outlines the nature and scope of risk management and internal control of the Group during the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

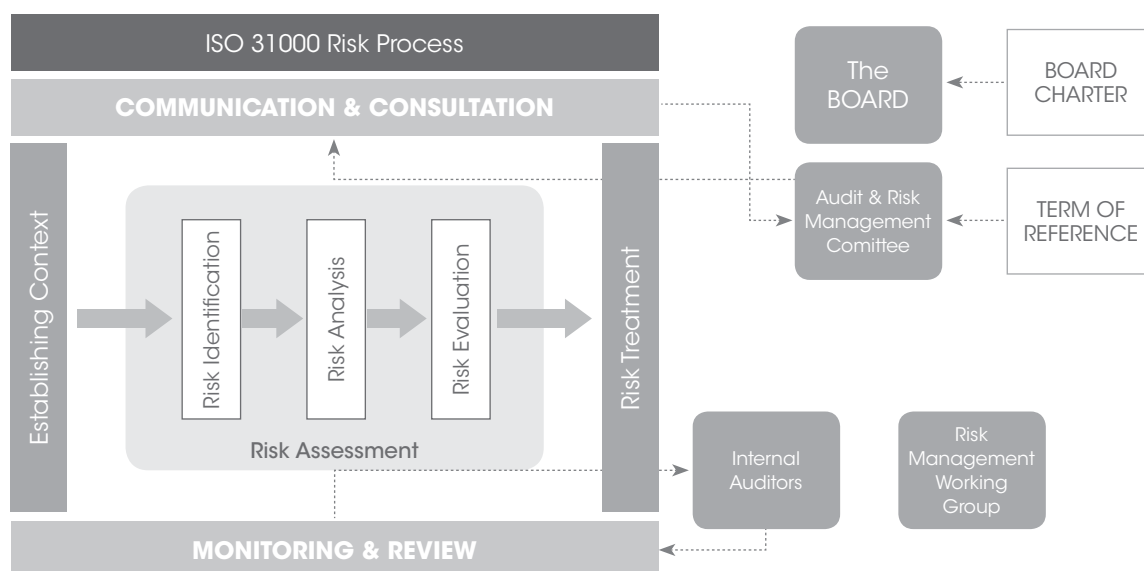
RESPONSIBILITY OF THE BOARD

The Board, in maintaining its commitment towards a sound risk management and effective internal control system, continuously reviews and evaluates the adequacy and integrity of the Group risk management and internal control systems. The Board acknowledges its overall responsibility for maintaining the adequacy and effectiveness of the Group's risk management and internal control system, which covers financial, operations and compliance with relevant regulations, policies and procedures with the objectives of safeguard shareholders' investment and the Group's assets, and to discharge their stewardship responsibilities in identifying and reviewing risks and ensuring the implementation of appropriate internal control system to manage these risks.

Notwithstanding the above, the Board recognises that such system has inherent limitations as it is designed to manage and control, rather than eliminate the risks of failure towards achieving the Group's business objectives. Therefore, such system of internal control can only provide reasonable, but not absolute, assurance against the occurrence of any material misstatement and loss.

RISK MANAGEMENT FRAMEWORK

The Board understands the principal risks of the business that the Group is involved in and accepts that business decisions require balancing of risk and return in order to facilitate the achievement of business objectives. Risk management framework remains an integral part of the Group's arsenal of risk management tools, especially in the assessment, mitigation and monitoring of inherent and emerging risks to safeguard the interests of the Group. KTC continues to apply the ISO 31000 risk management process that was adopted in the previous year. Within such framework, the Group has an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the entity and operational levels.



STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT FRAMEWORK (CONT'D)

The ARMC and the Board continue to set the strategic direction for risk management, roles and responsibilities as well as risk reporting structures. The periodic reporting to both the ARMC and the Board on risk management activities undertaken by Management keeps the ARMC and the Board informed and advised on all aspects of risks of the business.

The risk management process implemented within the Group continues to define, highlight, report and manage the key business and operational risks faced by the businesses within the Group. The risk management process applies to all levels of activity in the Group, with the objective of establishing accountability for both risks and mitigation at the sources of risk.

During the Financial Year Ended 30 June 2023, the ARMC has engaged an outsourced professional service provider to facilitate the Group's Risk Assessment ("GRA") updates. Result of GRA updates and the updated key risks profiles were presented to the ARMC and subsequently to the Board.

On a periodic basis, the ARMC and the Board reviews the Group's enterprise risk management framework, system and processes with a view to ensure the adequacy and effectiveness of the Group's risk management framework.

INTERNAL CONTROL

The Board recognises the importance of internal control system which is designed to manage and reduce risks that will hinder the Group from achieving its objectives. The internal control system is embedded within the Group's operations and incorporated for effective control and monitoring. The Group's internal audit function ("IAF") is outsourced to a professional services firm to assist the ARMC in undertaking independent reviews on the adequacy and effectiveness of the Group's system of internal control.

The outsourced IAF has a clear line of reporting to the ARMC and the ARMC determines the remit of the outsourced IAF. Regular audit reviews on the key business processes of the Group are conducted in accordance with the internal audit plan approved by the ARMC. Reports on the reviews conducted, incorporating management's responses and actions plans, are tabled to the ARMC at least on a quarterly basis for their attention. Follow-up reviews on the implementation status of Management's action plans are carried out to ensure that any internal control deficiencies or weaknesses highlighted have been addressed on a timely basis.

As part of its broader effort to ensure adequate system of check and balance are operating as designed, the IAF, which is independent of Management and operations, provides assurance on the adequacy and integrity on the system of internal control of the Group. Based on the internal audit reviews conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

In addition to the internal audit function, the ARMC also receives report from the external auditors that primarily focuses on financial controls. Where there are incidents of non-compliances or deficiencies, appropriate corrective actions have been taken and relevant procedures have been introduced.

The ARMC reviews any internal control issues identified by the IAF, the external auditors, regulatory authorities and Management, and evaluate the adequacy and effectiveness of the risk management and internal control systems. The ARMC also reviews the internal audit function and quality of internal audits.

ASSURANCE STATEMENT BY KEY MANAGEMENT TEAM

The Board has received assurance from the Executive Director stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, for the Financial Year Ended 30 June 2023 and up to the date of this Statement.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main LR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with AAPG3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants.

The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding in all material aspects that the Board has adopted in the review of the adequacy and integrity of internal control of the Group, or is factually inaccurate.

CONCLUSION

The Board is satisfied that the risk management framework and internal control system of the Group are effective and adequate. The Board shall remain committed in ensuring that appropriate initiatives are taken to enhance these systems in order to safeguard stakeholders' interest and the Group's assets.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 20 October 2023.

ADDITIONAL INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. NON-AUDIT FEES

During the Financial Year Ended 30 June 2023, the amount of audit fees and non-audit fees paid/payable to the external auditors of the Company in relation to the services rendered for the Group are as follows:

	Group (RM)	Company (RM)
Audit services	274,034	37,000
Non-audit services	60,704	16,000

The non-audit fees are for the review of statement of risk management and internal control and tax compliance services.

2. REVALUATION POLICY ON LANDED PROPERTIES

Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land and buildings at the reporting date.

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries during the Financial Year Ended 30 June 2023 or entered into since the end of the previous financial year, which involves the interest of Directors and/or major shareholders.

4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued during the Financial Year Ended 30 June 2023.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is required by the Companies Act, 2016 to present the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs, the results and cash flows of the Group and the Company.

The Board is satisfied that in preparing the financial statements of the Group and the Company for the Financial Year Ended 30 June 2023, the appropriate accounting policies were used and applied consistently, adopted to include new and revised Malaysian Financial Reporting Standards ("MFRS") where applicable. The Board is also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors are responsible for ensuring that the Company keeps proper accounting records which enable the financial position of the Group and the Company to be disclosed with reasonable accuracy and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and irregularities.

COMPLIANCE STATEMENT

The Board confirms that the Group has made significant effort to maintain high standards of corporate governance throughout the year under review. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standards. This statement is made in accordance with the resolution of the Board of Directors dated 20 October 2023.

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

Results	Group RM	Company RM
Profit/(Loss) for the financial year attributable to:		
Owners of the Company	21,801,530	(510,129)
Non-controlling interests	3,304,438	–
	25,105,968	(510,129)

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend any dividends for the current financial year ended 30 June 2023.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are:

Tun Richard Malanjum
 Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing
 Y. Bhg. Datin Lim Fook Len @ Lim Su Chin
 Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau
 Lim Hui Kiong
 Dr. Lindfay Laura Lau (Alternate Director to Y. Bhg. Datin Lim Fook Len @ Lim Su Chin)
 Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor
 Phang Sze Fui
 Wong Wen Miin

**DIRECTORS' REPORT
(CONT'D)****DIRECTORS (CONT'D)**

Pursuant to Section 253 of the Companies Act, 2016, the Directors of subsidiary companies during the financial year and up to date of this report are as follows:

Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing
 Y. Bhg. Datin Lim Fook Len @ Lim Su Chin
 Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau
 Y. Bhg. Datuk Gan En Siong @ Fredian Gan
 Benedick Vicpaul Lau
 Lim Hui Kiong
 Dr. Lindfay Laura Lau
 Sharin Bin Alimin
 Woo Chung Heng
 Phang Weei Horng
 Haridji Noensie

DIRECTORS' INTERESTS IN SHARES

The holdings and deemed holdings in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholding kept under Section 59 of the Companies Act, 2016 are as follows:

Interest in the Company

Indirect interest:		At 1.7.2022	Number of ordinary shares		At 30.6.2023
			Bought	Sold	
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	*	475,289,386	—	—	475,289,386
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	*	475,289,386	—	—	475,289,386
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	*	475,289,386	—	—	475,289,386

Interest in the immediate holding company
- Kim Teck Cheong Holdings Sdn. Bhd.

Direct interest:		At 1.7.2022	Number of ordinary shares		At 30.6.2023
			Bought	Sold	
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing		31,426,920	—	—	31,426,920
Lim Hui Kiong		8,109,426	—	—	8,109,426
Indirect interest:					
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	*	119,690,574	—	—	119,690,574
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	*	119,690,574	—	—	119,690,574

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES (CONT'D)

Interest in the ultimate holding company
- Kim Teck Cheong Capital Sdn. Bhd.

Direct interest:	At 1.7.2022	Number of ordinary shares		At 30.6.2023
		Bought	Sold	
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	75,231	–	–	75,231
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	1,036	–	–	1,036
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	43,056	–	–	43,056
Dr. Lindfay Laura Lau	185	–	–	185

* Shares held through company in which the Director has substantial financial interests.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act, 2016 in Malaysia, Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing, Y. Bhg. Datin Lim Fook Len @ Lim Su Chin and Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau are deemed to have interests in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, the other Directors in office at the end of the financial year did not have any interest in ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) 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 as disclosed in Note 27 to the financial statements.

There were no arrangements during and at the end of the financial year, which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The remuneration paid to or receivable by the Directors of the Group and Company during the financial year is amounted to RM4,392,324 and RM3,874,784 respectively.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or liability insurance effected for any Director, officer or auditor of the Group or of the Company during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 15 to the financial statements.

**DIRECTORS' REPORT
(CONT'D)****ISSUES OF SHARES AND DEBENTURES**

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

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

- (i) which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

As at the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person except as disclosed in the financial statements; or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company 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, the financial performance of the Group and of the Company for the financial year ended 30 June 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

HOLDING COMPANIES

The Directors regard Kim Teck Cheong Capital Sdn. Bhd. and Kim Teck Cheong Holdings Sdn. Bhd., all of which are incorporated and domiciled in Malaysia, as the ultimate holding company and immediate holding company of the Company respectively.

DIRECTORS' REPORT (CONT'D)

AUDITORS

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

During the financial year, the total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and the Company amounted to RM258,734 and RM35,000 respectively.

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

Y. BHG. DATUK LAU KOH SING @ LAU KOK SING
Director

Y. BHG. DATUK LAU WEI DICK @ DEXTER DICK LAU
Director

Kota Kinabalu

Dated 20 October 2023

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the accompanying financial statements set out on pages 66 to 133 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial year ended on that date.

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

Y. BHG. DATUK LAU KOH SING @ LAU KOK SING
Director

Y. BHG. DATUK LAU WEI DICK @ DEXTER DICK LAU
Director

Kota Kinabalu

Dated 20 October 2023

STATUTORY DECLARATION

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

I, SHAM PEI YING, being the Officer primarily responsible for the financial management of KIM TECK CHEONG CONSOLIDATED BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 66 to 133 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed SHAM PEI YING)
at Kota Kinabalu in the state of Sabah)
on 20 October 2023)

SHAM PEI YING
MIA No. 38356

Before me,

DR. JOSEPH AHLAN
S115
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KIM TECK CHEONG CONSOLIDATED BERHAD
REGISTRATION NO: 201401037782 (1113927-H) (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KIM TECK CHEONG CONSOLIDATED BERHAD, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, 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 a summary of significant accounting policies, as set out on pages 66 to 133.

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 30 June 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs) 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 financial 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Area of focus	How our audit addressed the key audit matter
Group	
Impairment assessment of goodwill	
As disclosed in Note 16 to the financial statements, the Group has significant balances of goodwill. In accordance with paragraph 10 of MFRS 136 <i>Impairment of Assets</i> , an intangible asset with an indefinite useful life is required to be tested for impairment annually by comparing its carrying amount with its recoverable amount, irrespective of whether there is any indication that it may be impaired.	Our audit procedures focus on evaluating the cash flow projections and the Group's projection procedures which included, among others:
Significant judgements arise over the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast annual sales and net profit margin.	<ul style="list-style-type: none"> • comparing and assessing the Group's assumptions in relation to key inputs such as discount rates, forecast annual sales and net profit margin; • testing the mathematical accuracy of the impairment assessment; and • performing stress test and sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KIM TECK CHEONG CONSOLIDATED BERHAD
REGISTRATION NO: 201401037782 (1113927-H) (INCORPORATED IN MALAYSIA)

(CONT'D)

Key Audit Matters (Cont'd)

Area of focus	How our audit addressed the key audit matter
Group	
Existence and valuation of inventories	
<p>As disclosed in Note 4(i) to the financial statements, the valuation of the Group's inventories is stated at the lower of cost or net realisable value. The assessment of slow moving inventories is mainly based on Directors' estimates.</p> <p>We focused on the existence and valuation of inventories due to the significance of the value of inventories amounted to RM114,284,422 which represents 33% of the Group's total assets and the multiple locations in which the inventories are located.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> attending year end physical inventory count to observe physical existence and condition of the inventories during the count; reviewing inventories ageing analysis, and assessing the right to return of expired inventories and adequacy of allowance for slow moving inventories by the management; examining cost of the inventories to invoices issued by the suppliers to ascertain the costing of the inventories are computed based on the accounting policy adopted; and reviewing selling price of the inventories to invoices issued and evaluating whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost on selected inventory items.
Valuation of trade receivables	
<p>As disclosed in Note 18 to the financial statements, the Group has trade receivables amounted to RM83,682,075 which represents 24% of the Group's total assets and is exposed to significant credit risk arising from its trade receivables. Furthermore, the expected credit losses of trade receivables are subject to significant estimation uncertainties in analysing historical bad debts, customer creditworthiness and customer payment terms.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> understanding of the Group's control over the receivable collection process and significant credit exposures which were deemed to be in default through analysis of ageing reports and other collection reports prepared by the Group; obtaining confirmation of balances from selected samples of receivables; reviewing subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significant past due balances; assessing the basis of computation of provision of expected credit losses by the management and reasonableness of the assumptions and input data used; reviewing the ageing analysis of receivables and testing the reliability thereof; making enquiries of management regarding the action plans to recover overdue amounts; and evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KIM TECK CHEONG CONSOLIDATED BERHAD
REGISTRATION NO: 201401037782 (1113927-H) (INCORPORATED IN MALAYSIA)

(CONT'D)**Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KIM TECK CHEONG CONSOLIDATED BERHAD
REGISTRATION NO: 201401037782 (1113927-H) (INCORPORATED IN MALAYSIA)
(CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- (iv) 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.
- (v) 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.
- (vi) 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, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors, is disclosed in Note 15 to the financial statements.

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 content of this report.

PKF PLT
202206000012 (LLP0030836-LCA) & AF0911
CHARTERED ACCOUNTANTS

Kota Kinabalu

Dated 20 October 2023

CHAU MAN KIT
02525/03/2024 J
CHARTERED ACCOUNTANT

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	5	729,389,513	705,837,705	8,512,005	7,024,693
Cost of sales		(635,748,009)	(623,426,796)	–	–
Gross profit		93,641,504	82,410,909	8,512,005	7,024,693
Other operating income	6	4,069,065	3,126,374	2,085,541	1,736,429
Reversal of impairment on financial assets	7	679,443	408,048	161,495	399,135
Administrative expenses		(26,156,740)	(20,038,487)	(9,578,197)	(6,357,419)
Selling and distribution expenses		(31,094,039)	(29,879,925)	–	–
Other expenses		(3,228,966)	(2,934,967)	–	–
Profit from operations	10	37,910,267	33,091,952	1,180,844	2,802,838
Finance costs	11	(3,431,216)	(3,589,574)	(575,511)	(305,927)
Profit before taxation		34,479,051	29,502,378	605,333	2,496,911
Income tax expense	12	(9,373,083)	(7,231,879)	(1,115,462)	(783,179)
Profit/(Loss) for the financial year		25,105,968	22,270,499	(510,129)	1,713,732
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of a foreign operation		2,185,630	505,592	–	–
Item that will not be reclassified subsequently to profit or loss:					
Revaluation surplus on leasehold land and buildings, net of deferred tax		–	11,461,003	–	–
Other comprehensive income for the financial year, net of tax		2,185,630	11,966,595	–	–
Total comprehensive income/(loss) for the financial year		27,291,598	34,237,094	(510,129)	1,713,732
Profit/(Loss) attributable to:					
Owners of the Company		21,801,530	20,400,230	(510,129)	1,713,732
Non-controlling interests		3,304,438	1,870,269	–	–
		25,105,968	22,270,499	(510,129)	1,713,732
Total comprehensive income/(loss) attributable to:					
Owners of the Company		23,170,600	32,180,072	(510,129)	1,713,732
Non-controlling interests		4,120,998	2,057,022	–	–
		27,291,598	34,237,094	(510,129)	1,713,732
Earnings per share attributable to owners of the Company (sen per share)					
Basic and diluted	13	3.20	3.02		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

			Group		Company
ASSETS	Note	2023 RM	2022 RM	2023 RM	2022 RM
Non-current assets					
Property, plant and equipment	14	114,898,285	110,725,335	128,319	201,125
Investments in subsidiary companies	15	–	–	94,635,244	94,635,244
Goodwill on consolidation	16	4,642,260	5,981,384	–	–
		119,540,545	116,706,719	94,763,563	94,836,369
Current assets					
Inventories	17	114,284,422	82,399,868	–	–
Trade and other receivables	18	96,503,761	108,616,115	69,672,581	42,207,714
Tax recoverable		2,962,722	3,549,394	–	–
Cash and bank balances	19	14,149,167	12,041,248	414,744	436,637
		227,900,072	206,606,625	70,087,325	42,644,351
TOTAL ASSETS		347,440,617	323,313,344	164,850,888	137,480,720
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	100,947,120	100,947,120	100,947,120	100,947,120
Other reserves	21	43,447,514	42,078,444	–	–
Reorganisation deficit	22	(47,971,279)	(47,971,279)	–	–
Retained profits/(Accumulated losses)	23	80,427,036	58,625,506	(5,000,800)	(4,490,671)
		176,850,391	153,679,791	95,946,320	96,456,449
Non-controlling interests		11,929,859	7,808,861	–	–
TOTAL EQUITY		188,780,250	161,488,652	95,946,320	96,456,449
Non-current liabilities					
Loans and borrowings	24	24,074,668	20,165,665	–	–
Deferred tax liabilities	25	15,857,648	15,732,472	25,000	39,204
		39,932,316	35,898,137	25,000	39,204
Current liabilities					
Loans and borrowings	24	71,867,619	79,650,167	–	–
Trade and other payables	26	43,944,400	45,043,937	68,589,668	40,953,083
Taxation		2,916,032	1,232,451	289,900	31,984
		118,728,051	125,926,555	68,879,568	40,985,067
TOTAL LIABILITIES		158,660,367	161,824,692	68,904,568	41,024,271
TOTAL EQUITY AND LIABILITIES		347,440,617	323,313,344	164,850,888	137,480,720

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Group	Note	Attributable to owners of the Company					Distributable		Total equity RM
		Share capital RM	Revaluation reserve RM	Exchange reserve RM	Reorganisation deficit RM	Retained profits RM	Sub-total RM	Non-controlling interests RM	
Balance at 1 July 2021		99,360,373	30,343,909	(45,307)	(47,971,279)	38,225,276	119,912,972	5,722,739	125,635,711
Profit for the financial year		-	-	-	-	20,400,230	20,400,230	1,870,269	22,270,499
Other comprehensive income									
- Foreign currency translation	21	-	-	318,839	-	-	318,839	186,753	505,592
- Revaluation surplus on leasehold land and buildings, net of deferred tax	21	-	11,461,003	-	-	-	11,461,003	-	11,461,003
Total comprehensive income for the financial year		-	11,461,003	318,839	-	20,400,230	32,180,072	2,057,022	34,237,094
Transactions with owners of the Company									
- Issuance of ordinary shares	20	1,656,611	-	-	-	-	1,656,611	-	1,656,611
- Share issuance expenses	20	(69,864)	-	-	-	-	(69,864)	-	(69,864)
Total transactions with owners of the Company		1,586,747	-	-	-	-	1,586,747	-	1,586,747
Non-controlling interests on acquisition of a subsidiary company		-	-	-	-	-	-	29,100	29,100
Balance at 30 June 2022		100,947,120	41,804,912	273,532	(47,971,279)	58,625,506	153,679,791	7,808,861	161,488,652

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

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

Group	Note	Attributable to owners of the Company					Distributable		Non-controlling interests RM	Total equity RM
		Non-distributable								
		Share capital RM	Revaluation reserve RM	Exchange reserve RM	Reorganisation deficit RM	Retained profits RM	Sub-total RM			
Balance at 1 July 2022		100,947,120	41,804,912	273,532	(47,971,279)	58,625,506	153,679,791	7,808,861	161,488,652	
Profit for the financial year		-	-	-	-	21,801,530	21,801,530	3,304,438	25,105,968	
Other comprehensive income										
- Foreign currency translation	21	-	-	1,369,070	-	-	1,369,070	816,560	2,185,630	
Total comprehensive income for the financial year		-	-	1,369,070	-	21,801,530	23,170,600	4,120,998	27,291,598	
Balance at 30 June 2023		100,947,120	41,804,912	1,642,602	(47,971,279)	80,427,036	176,850,391	11,929,859	188,780,250	

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Note	Share capital RM	Accumulated losses RM	Total equity RM
Balance at 1 July 2021		99,360,373	(6,204,403)	93,155,970
Total comprehensive income for the financial year		–	1,713,732	1,713,732
Transactions with owners of the Company				
- Issuance of ordinary shares	20	1,656,611	–	1,656,611
- Share issuance expenses	20	(69,864)	–	(69,864)
Total transactions with owners of the Company		1,586,747	–	1,586,747
Balance at 30 June 2022		100,947,120	(4,490,671)	96,456,449
Total comprehensive loss for the financial year		–	(510,129)	(510,129)
Balance at 30 June 2023		100,947,120	(5,000,800)	95,946,320

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities				
Profit before taxation	34,479,051	29,502,378	605,333	2,496,911
Adjustments for:				
Bad debts written off	178,882	64,737	–	–
Depreciation of property, plant and equipment	6,672,550	5,186,104	72,806	78,446
Gain on disposal of property, plant and equipment	(188,495)	(132,519)	–	–
Goodwill written off	1,339,124	–	–	–
Impairment on property, plant and equipment	–	1,278,310	–	–
Interest expenses	3,431,216	3,589,574	575,511	305,927
Interest income	(385,727)	(208,100)	(2,085,541)	(1,736,369)
Inventories written off	1,710,960	1,591,919	–	–
Reversal of bad debts written off	(896)	(10,096)	–	–
Reversal of impairment on financial assets	(679,443)	(408,048)	(161,495)	(399,135)
Unrealised loss on foreign exchange	3,152,622	792,410	3,152,622	802,392
Operating profit before working capital changes	49,709,844	41,246,669	2,159,236	1,548,172
Change in inventories	(33,595,514)	11,384,032	–	–
Change in receivables	12,613,811	(7,645,097)	(4,072)	31,746
Change in payables	(6,752,159)	(1,445,478)	(2,953,417)	(407,095)
Cash from/(used in) operations	21,975,982	43,540,126	(798,253)	1,172,823
Income tax paid	(9,599,810)	(7,999,951)	(871,750)	(847,499)
Income tax refunded	2,622,156	48,967	–	–
Interest paid	(3,431,216)	(3,589,574)	(575,511)	(305,927)
Interest received	385,727	208,100	2,085,541	1,736,369
Net cash from/(used in) operating activities	11,952,839	32,207,668	(159,973)	1,755,766
Cash flows from investing activities				
Acquisition of property, plant and equipment*	(1,665,351)	(1,124,579)	–	–
Acquisition of subsidiary company, net of cash acquired	–	–	–	(2,880,900)
Advances to subsidiaries	–	–	(27,299,300)	(5,558,046)
Placement of deposits with a licensed bank	(294,478)	–	–	–
Proceeds from disposal of property, plant and equipment	188,495	181,150	–	–
Net cash used in investing activities	(1,771,334)	(943,429)	(27,299,300)	(8,438,946)
	10,181,505	31,264,239	(27,459,273)	(6,683,180)

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

STATEMENTS OF CASH FLOWS (CONT'D)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from financing activities					
Proceed from issuance of shares		–	1,656,611	–	1,656,611
Share issuance expenses		–	(69,864)	–	(69,864)
Net payment of bankers' acceptances		(17,656,030)	(18,387,198)	–	–
Net drawdown/(payment) of trust receipts		8,727,018	(3,574,240)	–	–
Repayment of lease liabilities		(2,723,712)	(2,492,689)	–	–
Repayment of term loans		(1,391,153)	(1,400,921)	–	–
Advances from/(Repayments to) immediate holding company		2,500,000	(4,465,895)	2,500,000	(4,465,895)
Advances from subsidiaries		–	–	24,937,380	9,256,869
Net cash (used in)/from financing activities		(10,543,877)	(28,734,196)	27,437,380	6,377,721
Net (decrease)/increase in cash and cash equivalents		(362,372)	2,530,043	(21,893)	(305,459)
Effect of exchange rate fluctuations		2,175,813	498,768	–	–
Cash and cash equivalents at beginning of financial year		12,041,248	9,012,437	436,637	742,096
Cash and cash equivalents at end of financial year	19	13,854,689	12,041,248	414,744	436,637

Non-cash transactions

- * Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM10,835,683 and RMNil (2022: RM3,856,279 and RMNil) respectively of which RM9,170,332 and RMNil (2022: RM2,731,700 and RMNil) respectively were acquired by means of leases. Cash payments of RM1,665,351 and RMNil (2022: RM1,124,579 and RMNil) respectively were made to acquire property, plant and equipment.

Reconciliation of liabilities arising from financing activities

Group		1 July RM	Cash flows RM	Non-cash changes** RM	30 June RM
2023					
Amount due to immediate holding company		–	2,500,000	–	2,500,000
Bankers' acceptances		53,975,000	(17,656,030)	–	36,318,970
Lease liabilities		7,638,034	(2,723,712)	9,170,332	14,084,654
Term loans		16,108,417	(1,391,153)	–	14,717,264
Trust receipts		22,094,381	8,727,018	–	30,821,399
		99,815,832	(10,543,877)	9,170,332	98,442,287

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

STATEMENTS OF CASH FLOWS (CONT'D)

Reconciliation of liabilities arising from financing activities (Cont'd)

Group	1 July RM	Cash flows RM	Non-cash changes** RM	30 June RM
2022				
Amount due to immediate holding company	4,465,895	(4,465,895)	–	–
Bankers' acceptances	72,362,198	(18,387,198)	–	53,975,000
Lease liabilities	7,399,023	(2,492,689)	2,731,700	7,638,034
Term loans	17,509,338	(1,400,921)	–	16,108,417
Trust receipts	25,668,621	(3,574,240)	–	22,094,381
	127,405,075	(30,320,943)	2,731,700	99,815,832
Company				
2023				
Amounts due to subsidiaries	39,601,390	24,937,380	–	64,538,770
Amount due to immediate holding company	–	2,500,000	–	2,500,000
	39,601,390	27,437,380	–	67,038,770
2022				
Amounts due to subsidiaries	30,344,521	9,256,869	–	39,601,390
Amount due to immediate holding company	4,465,895	(4,465,895)	–	–
	34,810,416	4,790,974	–	39,601,390

** Included in non-cash changes of lease liabilities of the Group are non-cash acquisition of lease liabilities amounted to RM9,170,332 (2022: RM2,731,700).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

The Company is a public limited liability company that is domiciled and incorporated in Malaysia. The Company transferred its listing status from ACE Market to Main Market of Bursa Malaysia Securities Berhad on 15 June 2023. The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

The registered office and principal place of business of the Company are located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia and Lot 73, Jalan Kilang, SEDCO Light Industrial Estate, Mile 5 ½ Jalan Tuaran, 88450 Kota Kinabalu, Sabah, Malaysia respectively.

The Directors regard Kim Teck Cheong Capital Sdn. Bhd. and Kim Teck Cheong Holdings Sdn. Bhd., all of which are incorporated and domiciled in Malaysia, as the ultimate holding company and immediate holding company of the Company respectively.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated 20 October 2023.

2. BASIS OF PREPARATION

The significant accounting policies adopted by the Group and the Company are consistent with those adopted in previous financial year unless otherwise stated.

The financial statements of the Group and of the Company are prepared on the historical cost convention, other than as disclosed in the notes to the financial statements, and in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by Malaysian Accounting Standards Board, International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements are prepared in Ringgit Malaysia (RM) which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Adoption of new and revised MFRS

During the financial year, the Group and the Company have adopted the following amendments to standards issued by the MASB that are mandatory for current financial year:

- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendment to MFRS 9: Annual Improvements to MFRS Standards 2018 – 2020
- Amendment to MFRS 16: Annual Improvements to MFRS Standards 2018 – 2020
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Group and of the Company.

(b) Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued but not yet effective for 30 June 2023 reporting periods and have not been early adopted by the Group and the Company. These standards are not expected to have a material impact on the Group and the Company in the current or future reporting periods.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Key sources of estimation uncertainty

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

(i) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(ii) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. The management estimates the useful lives of the property, plant and equipment to be within two (2) to seventy-six (76) years. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Revaluation of leasehold land and buildings

Leasehold land and buildings of the Group are reported at fair value which is based on valuations performed by independent professional valuers.

The leasehold land and buildings were valued by reference to transactions involving properties of a similar nature, location and condition which involved judgement by the independent professional valuers that may affect the resulting valuation estimates.

(iv) Carrying value of investments in subsidiary companies

Investments in subsidiary companies are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 4(k)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgment is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgments made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

Key sources of estimation uncertainty (Cont'd)

(v) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(vi) Impairment of goodwill

The Group assesses at each reporting date whether there is any impairment of goodwill. For the purpose of assessing impairment, assets (including goodwill) are grouped at the lowest level where there are separately identifiable cash flows (cash-generating units). The management determines the value-in-use of a cash-generating unit for impairment of goodwill purposes based on annual revenue generated during the financial year for significant agencies existing during the acquisition of the subsidiaries that resulted in goodwill arising to the Group using reasonable and supportable inputs about discount rates, forecast annual sales and net profit margin based on past experience, current events and reasonably possible future developments. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 16.

(vii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the statement of profit or loss and other comprehensive income in the period in which actual realisation and settlement occurs.

(viii) Allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(ix) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

Key sources of estimation uncertainty (Cont'd)

(x) Leases

The measurement of the right-of-use asset and lease liability for leases where the Group is lessee requires the use of judgements and assumptions, such as lease term and incremental borrowing rate. In determining the lease term, the Group considers 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 incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

(i) Reorganisation

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained profits and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. The Group did not consider *de facto* power in its assessment of control.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit and loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so caused the non-controlling interests to have a deficit balance.

(vi) Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interests, the difference between the consideration and the Group's share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

(i) Functional and presentation currencies

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken to the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with the customer when or as the Group transfers controls of the goods or services promised in a contract and the customer obtains control of the goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one (1) of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognises revenue at the point in time at which the performance obligation is satisfied.

(i) Sale of goods

Revenue from sale of goods is recognised net of taxes and upon transfer of control of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Revenue from services

Revenue from services rendered is recognised net of taxes and discounts as and when the services are performed.

(iii) Management fee income

Management fee income is recognised when services are rendered.

(iv) Rental income

Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.

(v) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Employee benefits

The Group and the Company recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group and the Company consume the economic benefits arising from service provided by an employee in exchange for employee benefits.

(i) Short-term employee benefits

Wages and salaries are usually accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

Profit sharing and bonus payments are recognised when, and only when, the Group and the Company have a present legal or constructive obligation to make such payment as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits (defined contribution plans)

The Group and the Company make statutory contributions to the approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Tax assets and tax liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability/(asset) is measured at the amount the entity expects to pay/(recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Tax assets and tax liabilities (Cont'd)

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income and expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

(f) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(g) Property, plant and equipment

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

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

Leasehold land and buildings are measured at fair value less accumulated depreciation on leasehold land and buildings and accumulated impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, plant and equipment (Cont'd)

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life, at the following annual rates:

Right-of-use assets	2 to 10 years
Leasehold land	43.5 to 76 years
Leasehold buildings	50 years
Office equipment, furniture and fittings and computers	3 to 10 years
Motor vehicles	5 years
Plant and machineries	10 years
Warehouse equipment	5 to 10 years
Renovation	5 to 10 years

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

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

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

(h) Goodwill

Goodwill arising from a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(k)(ii). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Trading inventories, raw materials and packaging materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

For purposes of subsequent measurement, financial assets are classified in four (4) categories:

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

Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Financial assets at amortised cost (debt instruments) (Cont'd)

The Group's and the Company's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

The Group and the Company have no debt instruments at fair value through OCI.

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

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

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

The Group and the Company have no equity instruments at fair value through OCI.

Financial assets at fair value through profit or loss

include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group and the Company have no financial assets at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

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

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

(ii) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (Cont'd)

(ii) Financial liabilities (Cont'd)

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

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

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities measured at amortised cost include trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

(k) Impairment

(i) Impairment of financial assets

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

ECLs are recognised in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(i) Impairment of financial assets (Cont'd)

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

For debt instruments considered to have low credit risk, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument.

In addition, the Group and the Company consider that there has been a significant increase in credit risk when contractual payments are more than one (1) year past due. It is the Group's and the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group and the Company consider a financial asset in default when contractual payments are one (1) year past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(ii) Impairment of non-financial assets (Cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless that asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(l) Equity instruments

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised as an appropriation of retained profits upon declaration, and are only taken up as liabilities upon the necessary approval being obtained.

(m) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(n) Leases

(i) Classification

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physical distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Leases (Cont'd)

(i) Classification (Cont'd)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

(iii) Recognition and initial measurement

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected to use the recognition exemption that permits entities not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve (12) months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Leases (Cont'd)

(iii) Recognition and initial measurement (Cont'd)

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and applies the exemption described above, then it classifies the sublease as an operating lease.

(iv) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

The Group and reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other operating income".

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial guarantee contracts

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

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

(p) Provisions

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

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

(q) Contingencies

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

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

(r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Fair value measurement

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Fair value measurement (Cont'd)

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

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

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

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

5. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers				
Revenue from distribution of consumer packaged goods	708,943,238	691,230,796	–	–
Revenue from manufacturing of bakery products	18,530,319	14,606,909	–	–
Revenue from transportation support service	1,915,956	–	–	–
	729,389,513	705,837,705	–	–
Revenue from other sources				
Management fee from subsidiaries	–	–	8,512,005	7,024,693
	729,389,513	705,837,705	8,512,005	7,024,693

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. REVENUE (CONT'D)

Disaggregation of revenue

The Group reports the following major segments: distribution, manufacturing and others. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, type of goods and timing of revenue recognition.

Group	Distribution RM	Manufacturing RM	Others RM	Total RM
2023				
Primary geographical markets				
Sabah	399,310,271	18,530,319	1,915,956	419,756,546
Sarawak	185,046,695	–	–	185,046,695
Others	124,586,272	–	–	124,586,272
	708,943,238	18,530,319	1,915,956	729,389,513
Type of goods or services				
Consumer packaged goods	708,943,238	–	–	708,943,238
Bakery products	–	18,530,319	–	18,530,319
Transportation support service	–	–	1,915,956	1,915,956
	708,943,238	18,530,319	1,915,956	729,389,513
Timing of revenue recognition				
At a point in time	708,943,238	18,530,319	–	727,473,557
Over time	–	–	1,915,956	1,915,956
	708,943,238	18,530,319	1,915,956	729,389,513

Group	Distribution RM	Manufacturing RM	Total RM
2022			
Primary geographical markets			
Sabah	391,221,691	14,606,909	405,828,600
Sarawak	191,807,867	–	191,807,867
Others	108,201,238	–	108,201,238
	691,230,796	14,606,909	705,837,705
Type of goods or services			
Consumer packaged goods	691,230,796	–	691,230,796
Bakery products	–	14,606,909	14,606,909
	691,230,796	14,606,909	705,837,705
Timing of revenue recognition			
At a point in time	691,230,796	14,606,909	705,837,705

There are no unfulfilled performance obligations, whether satisfied or partially satisfied to be recognised over the subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. OTHER OPERATING INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income				
- Amounts due from subsidiaries	–	–	2,074,096	1,732,752
- Cash at banks	385,727	208,100	11,445	3,617
Gain on disposal of property, plant and equipment	188,495	132,519	–	–
Rental income				
- Motor vehicles	181,864	271,794	–	–
- Warehouses and offices	238,200	211,700	–	–
Reversal of bad debts written off	896	10,096	–	–
Supply chain income	2,917,157	2,009,115	–	–
Miscellaneous income	156,726	283,050	–	60
	4,069,065	3,126,374	2,085,541	1,736,429

7. REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Impairment on trade receivables (Note 18)	(15,055)	(77,932)	–	–
Reversal of impairment on: (Note 18)				
- Trade receivables	639,822	485,980	–	–
- Other receivables	54,676	–	–	–
- Amounts due from subsidiaries	–	–	161,495	399,135
	679,443	408,048	161,495	399,135

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages, bonuses, allowances, incentives, welfare and subsidy	28,378,861	25,276,924	3,769,019	3,538,090
Defined contribution plan	2,699,772	2,323,362	194,174	172,266
Employees Insurance System contributions	40,148	33,510	230	189
Human resources development fund	141,429	–	–	–
Social security contributions	358,229	301,446	3,445	2,844
	31,618,439	27,935,242	3,966,868	3,713,389

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM3,779,148 (2022: RM3,400,833) and RM3,579,148 (2022: RM3,339,193) respectively as further disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. DIRECTORS' REMUNERATION

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive Directors' remuneration: (Note 8 and 27(c))				
- Fee	150,120	150,120	150,120	150,120
- Salary	2,043,567	1,874,970	2,043,567	1,874,970
- Other emoluments	1,585,461	1,375,743	1,385,461	1,314,103
	3,779,148	3,400,833	3,579,148	3,339,193
Non-executive Directors' remuneration:				
- Fee	296,160	296,160	260,160	260,160
- Salary	172,458	163,308	–	–
- Other emoluments	144,558	109,464	35,476	31,925
	613,176	568,932	295,636	292,085
Total Directors' remuneration	4,392,324	3,969,765	3,874,784	3,631,278

10. PROFIT FROM OPERATIONS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other than disclosed in Note Company 6, 7, 8 and 9, profit from operations is arrived at after charging:				
Auditors' remuneration				
- Statutory audit				
- Current year	258,734	251,221	35,000	35,000
- Under provision in prior year	15,500	10,000	–	–
- Other services	54,704	83,900	10,000	10,700
Bad debts written off	178,882	64,737	–	–
Depreciation of property, plant and equipment (Note 14)	6,672,550	5,186,104	72,806	78,446
Goodwill written off (Note 16)	1,339,124	–	–	–
Impairment on property, plant and equipment (Note 14)	–	1,278,310	–	–
Inventories written off	1,710,960	1,591,919	–	–
Loss on foreign exchange				
- Realised	456,222	541,282	–	–
- Unrealised	3,152,622	792,410	3,152,622	802,392
Management fee	–	–	13,194	15,075
Rental expenses*				
- Warehouses and offices	536,719	195,548	–	–
- Office equipment	53,759	31,339	–	(4,697)

* Expenses relating to short-term lease accounted for applying the recognition exception of MFRS 16 Leases. There are no material expense relating to low value assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expenses:				
- Amounts due to subsidiaries	–	–	575,511	305,927
- Bank overdrafts	264,939	296,813	–	–
- Bankers' acceptances	1,166,150	1,413,386	–	–
- Lease liabilities	382,001	319,843	–	–
- Term loans	623,662	528,554	–	–
- Trust receipts	994,464	1,030,978	–	–
	3,431,216	3,589,574	575,511	305,927

12. INCOME TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current taxation	9,199,176	6,826,472	1,087,413	787,741
Deferred tax liabilities (Note 25)	125,176	299,167	(14,204)	22,864
	9,324,352	7,125,639	1,073,209	810,605
Under/(Over) provision in prior year				
- Current taxation	48,731	106,240	42,253	(27,426)
	9,373,083	7,231,879	1,115,462	783,179

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before taxation	34,479,051	29,502,378	605,333	2,496,911
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	8,274,972	7,080,571	145,280	599,259
Effect of tax rates in foreign jurisdictions	(559,397)	(313,527)	–	–
Non-tax deductible expenses	1,999,858	1,344,702	975,189	308,981
Non-taxable income	(13,122)	–	(47,260)	(114,105)
(Utilisation of previously unrecognised temporary differences)/Effect of unrecognised temporary differences	(377,959)	(986,107)	–	16,470
	9,324,352	7,125,639	1,073,209	810,605
Under/(Over) provision in prior year				
- Current taxation	48,731	106,240	42,253	(27,426)
	9,373,083	7,231,879	1,115,462	783,179

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2023 RM	Group 2022 RM
Profit net of tax attributable to owners of the Company	21,801,530	20,400,230
Weighted average number of ordinary shares in issue	681,857,902	676,026,102
	2023 Sen	Group 2022 Sen
Basic earnings per share	3.20	3.02

(b) Diluted

There is no dilution in the earnings per share of the current and previous year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT

Group	Right-of-use assets RM	Leasehold land RM	Leasehold buildings RM	Office equipment, furniture and computers RM	Motor vehicles RM	Plant and machineries RM	Warehouse equipment RM	Renovation RM	Total RM
Cost/Fair value									
At 1 July 2021									
- At cost	9,440,064	-	-	5,932,973	9,706,482	4,270,952	3,179,121	2,866,185	35,395,777
- At fair value	-	49,590,522	37,923,847	-	-	-	-	-	87,514,369
Addition	9,440,064	49,590,522	37,923,847	5,932,973	9,706,482	4,270,952	3,179,121	2,866,185	122,910,146
Disposal	-	-	-	458,829	3,031,700	365,750	-	-	3,856,279
Revaluation surplus	-	-	-	-	(615,024)	(380)	-	-	(615,404)
Exchange differences	-	9,023,884	2,240,153	-	-	-	-	-	11,264,037
	-	-	-	14,059	15,597	-	-	3,787	33,443
At 30 June 2022	9,440,064	58,614,406	40,164,000	6,405,861	12,138,755	4,636,322	3,179,121	2,869,972	137,448,501
Addition	822,432	-	-	210,915	8,476,400	831,370	266,602	227,964	10,835,683
Disposal	-	-	-	-	(1,953,020)	-	-	-	(1,953,020)
Written off	(2,413,201)	-	-	-	-	-	-	-	(2,413,201)
Exchange differences	-	-	-	45,758	52,370	-	-	12,328	110,456
At 30 June 2023	7,849,295	58,614,406	40,164,000	6,662,534	18,714,505	5,467,692	3,445,723	3,110,264	144,028,419

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)	Right-of-use assets RM	Leasehold land RM	Leasehold buildings RM	Office equipment, furniture and fittings and computers RM	Motor vehicles RM	Plant and machineries RM	Warehouse equipment RM	Renovation RM	Total RM
Accumulated depreciation									
At 1 July 2021	6,333,523	1,252,774	856,909	3,666,887	6,197,413	2,369,165	2,126,379	1,812,086	24,615,136
Charge for the financial year (Note 10)	1,246,008	917,820	788,727	312,374	753,710	495,860	407,490	264,115	5,186,104
Written back	-	-	-	-	(566,445)	(328)	-	-	(566,773)
Written back on revaluation	-	(2,170,594)	(1,645,636)	-	-	-	-	-	(3,816,230)
Exchange differences	-	-	-	12,906	10,704	-	-	3,009	26,619
At 30 June 2022	7,579,531	-	-	3,992,167	6,395,382	2,864,697	2,533,869	2,079,210	25,444,856
Charge for the financial year (Note 10)	1,329,867	1,015,302	1,530,926	267,529	1,394,869	500,375	377,860	255,822	6,672,550
Written back	-	-	-	-	(1,953,020)	-	-	-	(1,953,020)
Written off	(2,413,201)	-	-	-	-	-	-	-	(2,413,201)
Exchange differences	-	-	-	44,494	44,585	-	-	11,560	100,639
At 30 June 2023	6,496,197	1,015,302	1,530,926	4,304,190	5,881,816	3,365,072	2,911,729	2,346,592	27,851,824
Accumulated impairment									
At 1 July 2021	-	-	-	-	-	-	-	-	-
Charge for the financial year (Note 10)	-	1,255,406	-	22,904	-	-	-	-	1,278,310
At 30 June 2022/ 30 June 2023	-	1,255,406	-	22,904	-	-	-	-	1,278,310

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)	Right-of-use assets RM	Leasehold land RM	Leasehold buildings RM	Office equipment, furniture and fixtures and computers RM	Motor vehicles RM	Plant and machineries RM	Warehouse equipment RM	Renovation RM	Total RM
Net book value									
At cost	1,860,533	–	–	2,390,790	5,743,373	1,771,625	645,252	790,762	13,202,335
At fair value	–	57,359,000	40,164,000	–	–	–	–	–	97,523,000
At 30 June 2022	1,860,533	57,359,000	40,164,000	2,390,790	5,743,373	1,771,625	645,252	790,762	110,725,335
At cost	1,353,098	–	–	2,335,440	12,832,689	2,102,620	533,994	763,672	19,921,513
At fair value	–	56,343,698	38,633,074	–	–	–	–	–	94,976,772
At 30 June 2023	1,353,098	56,343,698	38,633,074	2,335,440	12,832,689	2,102,620	533,994	763,672	114,898,285

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office equipment and computers	
	2023 RM	2022 RM
Company		
Cost		
At 1 July/30 June	483,389	483,389
Accumulated depreciation		
At 1 July	282,264	203,818
Charge for the financial year (Note 10)	72,806	78,446
At 30 June	355,070	282,264
Net book value		
At 30 June	128,319	201,125

Leased assets of the Group pledged as security for the related lease liabilities as disclosed in Note 24 to the financial statements are as follows:

Group	At cost RM	Accumulated depreciation RM	Net book value RM
2023			
Motor vehicles	14,909,449	(2,290,340)	12,619,109
2022			
Motor vehicles	7,306,752	(1,916,159)	5,390,593
Warehouse equipment	458,700	(303,889)	154,811
	7,765,452	(2,220,048)	5,545,404

The right-of-use assets relate to the lease of warehouses and offices for a period ranging from two (2) years to ten (10) years.

Certain leasehold land and buildings of the Group with a carrying amount of RM57,313,120 (2022: RM58,923,000) had been pledged to licensed banks for banking facilities granted to the subsidiaries as disclosed in Note 24 to the financial statements.

The leasehold land and buildings of the Group were revalued during the previous financial year by independent professional valuers using a combination of comparison method of valuation and depreciated replacement cost method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Had the leasehold land and buildings been carried under the cost model, the carrying amount would have been RM28,578,535 (2022: RM29,479,326).

The title deeds to the leasehold land and buildings with carrying value at RM39,098,454 (2022: RM40,023,000) have yet to be issued by the relevant authorities.

15. INVESTMENTS IN SUBSIDIARY COMPANIES

	2023 RM	Company 2022 RM
Unquoted shares, at cost		
At 1 July	94,817,401	91,936,501
Acquisition of subsidiary companies	–	2,880,900
At 30 June	94,817,401	94,817,401
Less: Impairment loss	(182,157)	(182,157)
	94,635,244	94,635,244

Movement in the impairment account is as follows:

	2023 RM	Company 2022 RM
At 1 July/30 June	182,157	182,157

Details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest		Principal activities
		2023 %	2022 %	
Kim Teck Cheong Sdn. Bhd. ("KTC Sdn. Bhd.")	Malaysia	100	100	Distribution of consumer packaged goods
Kim Teck Cheong Niaga Sdn. Bhd. (Formerly known as Kim Teck Cheong Distribution Sdn. Bhd.) ("KTC Niaga")	Malaysia	100	100	Distribution of consumer packaged goods
Kim Teck Cheong (Borneo) Sdn. Bhd. ("KTC Borneo")	Malaysia	100	100	Distribution of consumer packaged goods
Kim Teck Cheong (Sarawak) Sdn. Bhd. ("KTC Sarawak")	Malaysia	100	100	Distribution of consumer packaged goods

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest		Principal activities
		2023 %	2022 %	
Kim Teck Cheong Retail Sdn. Bhd. ("KTC Retail")	Malaysia	100	100	Distribution of consumer packaged goods
Creamos (Malaysia) Sdn. Bhd. ("Creamos")	Malaysia	100	100	Manufacture of bakery products
Gardenia Bakeries (East Malaysia) Sdn. Bhd. ("Gardenia")	Malaysia	100	100	Manufacture of bakery products
Kim Teck Cheong Shipping Sdn. Bhd. ("KTC Shipping")	Malaysia	100	100	Transportation support activities
Kim Teck Cheong Corporate Services Sdn. Bhd. ("KTC Corporate Services")	Malaysia	100	100	Corporate and administrative services
Kim Teck Cheong Brands Sdn. Bhd. ("KTC Brands")	Malaysia	100	100	Dormant
Kim Teck Cheong Academy Sdn. Bhd. (Formerly known as Kim Teck Cheong Agriculture Sdn. Bhd.) ("KTC Academy")	Malaysia	100	100	Dormant
Kim Teck Cheong Development Sdn. Bhd. ("KTC Development")	Malaysia	100	100	Dormant
Kim Teck Cheong Grandtop Sdn. Bhd. ("KTC Grandtop")*	Brunei	60	60	Distribution of consumer packaged goods
PT Gardenia Bakeries Indonesia ("Gardenia Indonesia")**	Indonesia	99	99	Dormant

* Audited by firm of auditors other than PKF PLT.

** No legal requirement to appoint auditors.

Acquisition of subsidiary company

2022

The Company acquired 99% equity interests in Gardenia Indonesia on 4 February 2022, being the date of incorporation of the said subsidiary for a total cash consideration of RM2,880,900.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Non-controlling interests in subsidiary

The financial information of the subsidiary of the Group that has material non-controlling interests ("NCI") is as follows:

Equity interest held by material non-controlling interests are as follows:

Name of subsidiary company	Country of incorporation	Ownership interest	
		2023 %	2022 %
KTC Grandtop	Brunei	40	40

Carrying amount of material NCI:

Name of subsidiary company	2023 RM	2022 RM
KTC Grandtop	11,899,224	7,779,634

Profit allocated to material NCI:

Name of subsidiary company	2023 RM	2022 RM
KTC Grandtop	3,304,508	1,870,540

Total comprehensive income allocated to NCI:

Name of subsidiary company	2023 RM	2022 RM
KTC Grandtop	4,119,588	2,056,896

Summarised financial information of material NCI

The summarised financial information (before intra-group elimination) of the subsidiary that has material NCI is as follows:

KTC Grandtop	2023 RM	2022 RM
Summarised statement of financial position		
Non-current assets	248,792	901,235
Current assets	71,360,961	51,880,880
Non-current liabilities	(10,052)	(31,212)
Current liabilities	(41,529,604)	(32,979,777)
Net assets	30,070,097	19,771,126

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Summarised financial information of material NCI (Cont'd)

KTC Grandtop	2023 RM	2022 RM
Summarised statement of profit or loss and other comprehensive income		
Revenue	107,291,761	91,028,591
Profit for the financial year	8,261,271	4,676,351
Total comprehensive income	10,298,971	5,142,241
Summarised cash flow information		
Net cash from operating activities	10,051,622	3,669,476
Net cash used in investing activities	(71,962)	–
Net cash used in financing activities	(5,983,373)	(4,311,502)
Net increase/(decrease) in cash and cash equivalents	3,996,287	(642,026)
Dividends paid to non-controlling interests	–	–

16. GOODWILL ON CONSOLIDATION

	2023 RM	Group 2022 RM
Cost		
At 1 July	5,981,384	5,981,384
Written off (Note 10)	(1,339,124)	–
At 30 June	4,642,260	5,981,384

Impairment of goodwill

Goodwill arising from business combination has been allocated to the Group's CGUs identified according to the operating segments for impairment testing as follows:

	2023 RM	Group 2022 RM
Distribution operation	4,642,260	5,981,384

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. GOODWILL ON CONSOLIDATION (CONT'D)

Key assumptions used in value-in-use calculations

Goodwill is tested for impairment on annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use.

The Directors determined the value-in-use as at year end based on annual revenue generated during the financial year for significant agencies existing during the acquisition of the subsidiaries that resulted in goodwill arising to the Group.

The key assumptions used for value-in-use calculations are:

	2023 RM	Group 2022 RM
Distribution operation		
Net profit margin	2%	2%
Discount rate	5.50%	7.20%

Net profit margin – Net profit margin is based on past net profit margin achieved.

Discount rate - Discount rate is based on weighted average cost of capital of the Group.

Sensitivity to change in assumptions

With regard to the assessment of value-in-use calculation, the Directors of the Company believe that no reasonably possible change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

17. INVENTORIES

	2023 RM	Group 2022 RM
Cost		
Trading inventories	112,870,516	81,254,062
Raw materials	1,123,358	900,047
Packaging materials	260,009	229,856
Finished goods	30,539	15,903
	114,284,422	82,399,868

The amount of inventories recognised as an expense in cost of sales of the Group was RM635,748,009 (2022: RM623,426,796).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
- Third parties	85,037,418	93,588,840	-	-
Less: Allowance for impairment				
- Third parties	(1,355,343)	(1,980,110)	-	-
Trade receivables, net	83,682,075	91,608,730	-	-
Other receivables				
Other receivables				
- Amounts due from subsidiaries	-	-	70,051,537	42,752,237
- Third parties	11,476,672	16,084,150	-	-
Deposits	943,774	637,433	7,360	7,000
Prepayments	436,684	375,922	3,712	-
	12,857,130	17,097,505	70,062,609	42,759,237
Less: Allowance for impairment				
- Amounts due from subsidiaries	-	-	(390,028)	(551,523)
- Third parties	(35,444)	(90,120)	-	-
	(35,444)	(90,120)	(390,028)	(551,523)
Other receivables, net	12,821,686	17,007,385	69,672,581	42,207,714
Total trade and other receivables	96,503,761	108,616,115	69,672,581	42,207,714

Trade receivables are non-interest bearing and the normal credit terms granted by the Group and the Company are 30 to 90 (2022: 30 to 90) days from date of statement for the month invoice was issued. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The non-trade amounts due from subsidiaries are unsecured, bear interest at rate of 3.68% (2022: 3.68%) per annum and repayable on demand.

Included in other receivables are amounts of RM10,513,071 (2022: RM 15,073,947), being incentives and claims receivable from trade suppliers in relation to trade-related activities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. TRADE AND OTHER RECEIVABLES (CONT'D)

During the financial year, the following losses/(gains) were recognised in profit or loss in relation to impaired financial assets:

	Trade receivables RM	Other receivables RM	Total RM
Group			
At 1 July 2021	2,388,158	90,120	2,478,278
Charge for the financial year (Note 7)	77,932	–	77,932
Reversal during the financial year (Note 7)	(485,980)	–	(485,980)
At 30 June 2022	1,980,110	90,120	2,070,230
Charge for the financial year (Note 7)	15,055	–	15,055
Reversal during the financial year (Note 7)	(639,822)	(54,676)	(694,498)
At 30 June 2023	1,355,343	35,444	1,390,787
		Other receivables RM	
Company			
At 1 July 2021			950,658
Reversal during the financial year (Note 7)			(399,135)
At 30 June 2022			551,523
Reversal during the financial year (Note 7)			(161,495)
At 30 June 2023			390,028

Information about the Group's exposure to credit risks and impairment losses for trade receivables is included in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash in hand and at banks	13,854,689	12,041,248	414,744	436,637
Deposits with a licensed bank	294,478	–	–	–
Cash and bank balances	14,149,167	12,041,248	414,744	436,637
Less: Deposits pledged as securities for banking facilities	(294,478)	–	–	–
Cash and cash equivalents	13,854,689	12,041,248	414,744	436,637

Deposits with a licensed bank of the Group bear weighted average effective interest rate at 2.50% (2022: Nil) and have a maturity of 1 (2022: Nil) month.

Deposits with a licensed bank of the Group amounting to RM294,478 (2022: RMNil) are pledged as securities for banking facilities granted to a subsidiary as disclosed in Note 24 to the financial statements.

20. SHARE CAPITAL

	No. of shares		Group/Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Issued and fully paid:				
Ordinary shares				
At 1 July	681,857,902	670,289,386	100,947,120	99,360,373
- Issuance of shares	–	11,568,516	–	1,656,611
- Share issuance expenses	–	–	–	(69,864)
At 30 June	681,857,902	681,857,902	100,947,120	100,947,120

On 31 December 2021, the Company issued a private placement of 11,568,516 new ordinary shares at an issue price of RM0.1432 per share.

As part of the exercise, the number of ordinary shares in the Company increased from 670,289,386 ordinary shares to 681,857,902 ordinary shares and the value of the share capital increased from RM99,360,373 to RM100,947,120.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. OTHER RESERVES

	Revaluation reserve RM	Exchange reserve RM	Total RM
Group			
At 1 July 2021	30,343,909	(45,307)	30,298,602
Revaluation surplus on leasehold land and buildings, net of deferred tax	11,461,003	–	11,461,003
Exchange differences on translation of foreign operations	–	318,839	318,839
At 30 June 2022	41,804,912	273,532	42,078,444
Exchange differences on translation of foreign operations	–	1,369,070	1,369,070
At 30 June 2023	41,804,912	1,642,602	43,447,514

Revaluation reserve

This reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of leasehold land and buildings.

Exchange reserve

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

22. REORGANISATION DEFICIT

	2023 RM	Group 2022 RM
At 1 July/30 June	(47,971,279)	(47,971,279)

The Company completed its Pre-IPO Reorganisation on 1 July 2015 and has accounted for the acquisition of KTC Sdn. Bhd. as a continuation of the acquired entity. Therefore, the difference between the purchase consideration to acquire KTC Sdn. Bhd. and the share capital of KTC Sdn. Bhd. was reflected as a reorganisation deficit amounted to RM47,962,248.

The reorganisation deficit also included an amount of RM9,031 that represents the difference between carrying value of the assets and liabilities acquired to the cost of investment in respect of the acquisition of KTC Corporate Services as there is no change in control following the acquisition and therefore, the acquisition method of accounting pursuant to MFRS 3 Business Combinations does not apply.

23. RETAINED PROFITS/(ACCUMULATED LOSSES)

The Group's and the Company's policy is to treat all gains and losses that pass through the statements of profit or loss and other comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders. Accumulated losses is the opposite of retained profits and when an entity is in an accumulated loss position, it is prohibited from distributing cash dividends to shareholders.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. LOANS AND BORROWINGS

	2023 RM	Group 2022 RM
Non-current		
Secured:		
Lease liabilities	10,601,585	5,490,788
Term loans	13,473,083	14,674,877
	24,074,668	20,165,665
Current		
Secured:		
Bankers' acceptances	36,318,970	53,975,000
Lease liabilities	3,483,069	2,147,246
Term loans	1,244,181	1,433,540
Trust receipts	30,821,399	22,094,381
	71,867,619	79,650,167
Total loans and borrowings		
Secured:		
Bankers' acceptances	36,318,970	53,975,000
Lease liabilities	14,084,654	7,638,034
Term loans	14,717,264	16,108,417
Trust receipts	30,821,399	22,094,381
	95,942,287	99,815,832
Maturity structure of loans and borrowings		
Within one year	71,867,619	79,650,167
Between one to five years	15,039,802	9,658,396
More than five years	9,034,866	10,507,269
	95,942,287	99,815,832

The interest rate structures are as follows:

	Effective interest rate per annum	
	2023	2022
Bankers' acceptances	3.30% to 3.75%	2.12% to 2.98%
Lease liabilities	3.07% to 6.38%	3.91% to 6.38%
Term loans	4.34% to 5.30%	3.34% to 4.21%
Trust receipts	4.00%	4.00% to 4.50%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. LOANS AND BORROWINGS (CONT'D)

The loans and borrowings are secured by the followings:

- (i) Facilities agreement;
- (ii) Legal charge over certain leasehold land and buildings, and leased assets of the Group as disclosed in Note 14 to the financial statements;
- (iii) Fixed and floating charge over all the present and future assets of the Group;
- (iv) Assignment of fire insurance policies insuring the Group's stock in trade and assets to the bank;
- (v) Corporate guarantees by the Company;
- (vi) Negative pledge; and
- (vii) Deposits with a licensed bank as disclosed in Note 19 to the financial statements.

25. DEFERRED TAX LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 July	15,732,472	11,814,041	39,204	16,340
Recognised in profit or loss (Note 12)	125,176	299,167	(14,204)	22,864
Recognised in other comprehensive income	–	3,619,264	–	–
At 30 June	15,857,648	15,732,472	25,000	39,204

The components of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets				
Unabsorbed capital allowances	(8,831)	(552,558)	–	–
Temporary differences on qualifying property, plant and equipment	(631,064)	(608,904)	–	–
	(639,895)	(1,161,462)	–	–
Deferred tax liabilities				
Revaluation of property, plant and equipment	66,713,430	66,713,430	–	–
Temporary differences on qualifying property, plant and equipment	–	–	104,165	163,348
	66,713,430	66,713,430	104,165	163,348
	66,073,535	65,551,968	104,165	163,348
Tax rate	24%	24%	24%	24%
Deferred tax liabilities recognised	15,857,648	15,732,472	25,000	39,204

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. DEFERRED TAX LIABILITIES (CONT'D)

No deferred tax asset has been recognised for the following items:

	2023 RM	Group 2022 RM
Temporary differences on qualifying property, plant and equipment	65,523	(7,596)
Unabsorbed capital allowances	(58,425)	(58,026)
Unutilised tax losses	(783,444)	(2,285,553)
	(776,346)	(2,351,175)
Tax rate	24%	24%
Deferred tax assets not recognised	(186,323)	(564,282)

Year of expiry of unutilised tax losses is analysed as follows:

	2023 RM	Group 2022 RM
Expired by 2028	22,653	22,653
Expired by 2029	96,872	96,872
Expired by 2030	11,923	11,923
Expired by 2031	317,304	1,877,889
Expired by 2032	276,216	276,216
Expired by 2033	58,476	–
	783,444	2,285,553
Tax rate	24%	24%
	188,027	548,533

The unabsorbed capital allowances disclosed above are available indefinitely for offsetting against future taxable profits of the Group whereas the unutilised tax losses is available to be carried forward up to the maximum of ten (10) years, subject to no substantial change in shareholdings of these subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. TRADE AND OTHER PAYABLES

	2023 RM	Group 2022 RM	Company 2023 RM	2022 RM
Trade payables				
Third parties	30,391,803	34,702,374	–	–
Other payables				
Other payables				
- Amounts due to subsidiaries	–	–	64,538,770	39,601,390
- Amount due to immediate holding company	2,500,000	–	2,500,000	–
- Third parties	5,010,137	3,544,924	1,445,948	374,693
Deposits payable	3,312,061	2,997,350	–	–
Accruals	2,730,399	3,799,289	104,950	977,000
	13,552,597	10,341,563	68,589,668	40,953,083
Total trade and other payable				
	43,944,400	45,043,937	68,589,668	40,953,083

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 (2022: 30 to 90) days.

The non-trade amounts due to subsidiaries are unsecured, bear interest at rate of 3.68% (2022: 3.68%) per annum and repayable on demand.

Amount due to immediate holding company is unsecured, interest free and repayable on demand.

Included in deposits payable of the Group are trade security deposits from customers amounting to RM3,185,051 (2022: RM2,880,340).

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identities of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related parties' transactions

The aggregate value of transactions of the related parties of the Group and the Company were as follows:

Name of related parties	Type of transactions	Transaction value	
		2023 RM	2022 RM
Group			
Immediate holding company:			
Kim Teck Cheong Holdings Sdn. Bhd.	Advances	(2,500,000)	–
	Settlement of accounts	–	4,465,895
Unincorporated business in which a Director of a subsidiary has financial interest:			
Syarikat Berlian Jaya	Bad debts written off	–	64,737
Company			
Subsidiaries:			
KTC Sdn. Bhd.	Interest expense	114,626	65,479
	Interest income	(262,211)	–
	Management fee income	(3,247,737)	(1,994,183)
KTC Niaga	Interest income	(319,969)	(408,119)
	Management fee income	(411,599)	(1,169,725)
KTC Borneo	Interest income	(828,813)	(467,579)
	Management fee income	(1,969,647)	(1,654,371)
KTC Sarawak	Interest income	(87,441)	(414,422)
	Management fee income	(1,061,447)	(1,108,024)
KTC Retail	Interest expense	73,041	13,345
	Interest income	–	(7,399)
	Management fee income	(3,204)	(38,670)
Creamos	Interest income	(118,109)	(148,901)
	Management fee income	(50,762)	(38,197)
Gardenia	Interest expense	367,256	197,854
	Interest income	–	(51,934)
	Management fee income	(155,453)	(113,043)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related parties' transactions (Cont'd)

The aggregate value of transactions of the related parties of the Group and the Company were as follows:
(Cont'd)

Name of related parties	Type of transactions	Transaction value	
		2023 RM	2022 RM
Company			
Subsidiaries: (Cont'd)			
KTC Shipping	Interest expense	–	17,382
	Interest income	(357,870)	(143,659)
KTC Corporate Services	Interest income	(86,324)	(71,127)
	Management fee expense	13,194	15,075
	Reversal of impairment	(196,922)	(475,439)
KTC Brands	Interest income	(10,949)	(9,961)
	Impairment charge	30,976	24,686
KTC Academy	Interest income	(2,410)	(990)
	Impairment charge	4,451	51,618
KTC Development	Interest expense	20,588	11,867
	Interest income	–	(8,661)
KTC Grandtop	Management fee income	(1,612,156)	(908,480)
Gardenia Indonesia	Advances	(131,075)	(2,950,177)
Immediate holding company:			
Kim Teck Cheong Holdings Sdn. Bhd.	Advances	(2,500,000)	–
	Settlement of accounts	–	4,465,895

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term employee benefits	4,665,878	4,182,621	2,493,687	2,323,090
Other emoluments	1,917,270	1,644,325	1,422,580	1,350,786
	6,583,148	5,826,946	3,916,267	3,673,876
Included in the key management personnel are:				
Directors' remuneration (Note 9)	3,779,148	3,400,833	3,579,148	3,339,193
Key management personnels' remuneration	2,804,000	2,426,113	337,119	334,683
	6,583,148	5,826,946	3,916,267	3,673,876

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly, including any Director of the Group and of the Company.

The terms and conditions and prices of the above transactions are mutually agreed between the parties.

28. FINANCIAL GUARANTEES

The fair value of financial guarantees provided by the Company to the banks to secure banking facilities granted to subsidiaries with nominal amount of RM89,203,548 (2022: RM91,950,879) are negligible as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely that the subsidiaries will default within the guarantee provided, and the Company to third parties for supply of goods and services to certain subsidiaries of the Company with nominal amount of RM13,180,466 (2022: RM34,718,000) are negligible as the probability of the financial guarantees being called upon is remote due to good financial standing of the said subsidiaries.

29. COMMITMENTS

(a) Capital commitments

	2023 RM	Group 2022 RM
Approved and contracted for:		
- Property, plant and equipment	1,982,963	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. COMMITMENTS (CONT'D)

(b) Operating lease commitments

The Group as lessee

The Group has entered into lease arrangements for the lease of warehouses and office for lease terms ranging from two (2) to three (3) years.

Future minimum rental payable as at the reporting date is as follows:

	2023 RM	Group 2022 RM
Within one year	567,524	53,251
Between one to five years	318,340	30,112
	885,864	83,363

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Financial assets				
<u>Measured at amortised cost</u>				
Trade and other receivables	96,067,077	108,240,193	69,668,869	42,207,714
Cash and bank balances	14,149,167	12,041,248	414,744	436,637
Total financial assets	110,216,244	120,281,441	70,083,613	42,644,351
Financial liabilities				
<u>Measured at amortised cost</u>				
Trade and other payables	43,944,400	45,043,937	68,589,668	40,953,083
Loans and borrowings	95,942,287	99,815,832	–	–
Total financial liabilities	139,886,687	144,859,769	68,589,668	40,953,083

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

A reconciliation of trade and other receivables financial assets to the amounts reflected in the statements of financial position is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade and other receivables				
As reflected in the statements of financial position (Note 18)	96,503,761	108,616,115	69,672,581	42,207,714
Less: Prepayments	(436,684)	(375,922)	(3,712)	–
Financial assets measured at amortised cost	96,067,077	108,240,193	69,668,869	42,207,714

(b) Financial risk management

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

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Board of Directors reviews and agrees to procedures and policies for management of these risks.

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

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

- the carrying amount of each class of financial assets recognised in the statements of financial position; and
- a nominal amount of RM89,203,548 and RM13,180,466 (2022: RM91,950,879 and RM34,718,000) relating to corporate guarantees provided by the Company to the banks to secure banking facilities granted to the subsidiaries and the Company to certain third parties respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay amounts subject to the write-off. Nevertheless, trade receivables and contract asset that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

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

	Gross amount RM	Expected credit losses RM	Carrying value RM
2023			
Not past due	51,200,220	–	51,200,220
Past due:			
- less than 30 days	27,055,278	(93,423)	26,961,855
- between 31 to 60 days	5,573,874	(157,774)	5,416,100
- between 61 to 90 days	304,938	(201,038)	103,900
- more than 90 days	903,108	(903,108)	–
	33,837,198	(1,355,343)	32,481,855
	85,037,418	(1,355,343)	83,682,075

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

The ageing analysis of the Group's trade receivables as at the reporting date is as follows: (Cont'd)

	Gross amount RM	Expected credit losses RM	Carrying value RM
2022			
Not past due	54,890,872	–	54,890,872
Past due:			
- less than 30 days	32,133,402	(118,712)	32,014,690
- between 31 to 60 days	4,206,859	(194,967)	4,011,892
- between 61 to 90 days	847,402	(160,695)	686,707
- more than 90 days	1,510,305	(1,505,736)	4,569
	38,697,968	(1,980,110)	36,717,858
	93,588,840	(1,980,110)	91,608,730

Impairment for trade receivables is measured at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables includes both individual impairment for those that show objective evidence of impairment (stage 3 loss) and collective impairment (stage 2 loss). Collective impairment has been provided using the provisional matrix based on historical loss experience of the respective entities in the Group with reference to past due status of the debtor, as follows:

	Expected credit loss rates 2023	Expected credit loss rates 2022
Not past due	0%	0%
Past due:		
- less than 30 days	0% - 1%	0% - 1%
- between 31 to 60 days	0% - 3%	0% - 5%
- between 61 to 90 days	0% - 66%	0% - 19%
- more than 90 days	0% - 100%	0% - 99%

The expected credit loss rates are based on the historical loss rates experienced by each entity in the Group as adjusted for forward looking element as necessary.

The Group has no significant concentration of credit risk arising from exposure to a single or group of receivables as at the current reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables

For other receivables, a lifetime expected credit loss is assessed for those counterparties that show significant increase in credit risk as at the end of the reporting period, and impairment made based on objective evidence of impairment.

Inter-company advances

The Company provides advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis and considers advances to subsidiaries to have low credit risks.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. 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.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

(ii) Liquidity risk

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 arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Carrying amount RM	Contractual undiscounted cashflows RM	Within One (1) year RM	One (1) to Five (5) years RM	Over Five (5) years RM
Group					
2023					
Financial liabilities					
Trade and other payables	43,944,400	43,944,400	43,944,400	–	–
Loans and borrowings	95,942,287	100,931,340	72,953,274	17,749,551	10,228,515
	139,886,687	144,875,740	116,897,674	17,749,551	10,228,515
2022					
Financial liabilities					
Trade and other payables	45,043,937	45,043,937	45,043,937	–	–
Loans and borrowings	99,815,832	103,810,540	80,476,388	11,825,043	11,509,109
	144,859,769	148,854,477	125,520,325	11,825,043	11,509,109

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

	Carrying amount RM	Contractual undiscounted cashflows RM	Within One (1) year RM	One (1) to Five (5) years RM	Over Five (5) years RM
Company					
2023					
Financial liabilities					
Trade and other payables	68,589,668	68,589,668	68,589,668	–	–
Financial guarantees*	–	102,384,014	102,384,014	–	–
	68,589,668	170,973,682	170,973,682	–	–
2022					
Financial liabilities					
Trade and other payables	40,953,083	40,953,083	40,953,083	–	–
Financial guarantees*	–	126,668,879	126,668,879	–	–
	40,953,083	167,621,962	167,621,962	–	–

* The maximum amount of the issued financial guarantee contracts is allocated to the earliest period in which the guarantees could be called.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises mainly from its loans and borrowings. Most of the Group's loans and borrowings are charged a fixed interest rate plus or minus the financial institutions' base lending rate or cost of fund per annum. The fixed interest rate is reviewed annually. Whilst, the base lending rate and cost of fund used by the financial institutions vary according to the rates set by the respective financial institutions. Meanwhile, interest rates charged on leases are fixed at the inception of the lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group (Decrease)/Increase	
	2023 RM	2022 RM
Effects on profit after taxation		
Increase of 60bp (2022: 65bp)	(396,801)	(516,176)
Decrease of 60bp (2022: 65bp)	396,801	516,176

(iv) Foreign currency risk

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

The Group is exposed to currency translation risk arising from its net investment in subsidiaries in Brunei and Indonesia.

The Group does not hedge its investments in Brunei and Indonesia.

31. FAIR VALUE INFORMATION

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The carrying amount of the variable rate term loans approximated their fair value as the loans will be re-priced to market interest rate on or near reporting date.

As at the reporting date, the Group held the following at fair value in the statement of financial position:

	Carrying amount RM	Level 1 RM	Level 2 RM	Level 3 RM
2023				
Non-financial assets				
Property, plant and equipment				
- Leasehold land	56,343,698	—	—	56,343,698
- Leasehold buildings	38,633,074	—	—	38,633,074
	94,976,772	—	—	94,976,772

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

As at the reporting date, the Group held the following at fair value in the statement of financial position: (Cont'd)

	Carrying amount RM	Level 1 RM	Level 2 RM	Level 3 RM
2022				
Non-financial assets				
Property, plant and equipment				
- Leasehold land	57,359,000	-	-	57,359,000
- Leasehold buildings	40,164,000	-	-	40,164,000
	97,523,000	-	-	97,523,000

There have been no transfers between the levels during the current and previous financial years.

The valuation of leasehold land and buildings was based on the valuation technique as follows:

(i) Comparison method

Sales prices of comparable leasehold land and buildings in close proximity were adjusted for differences in key attributes such as date of transactions, location, condition, accessibility, size, shape, topography, tenure, title restrictions and surrounding developments. The most significant input into this valuation method was price per square metre of comparable properties.

(ii) Depreciated replacement cost method

The buildings and structures were assessed by the estimated cost of reinstating similar new buildings and an allowable depreciation was made and deducted based on the observed condition of the buildings. The most significant input into this valuation method was price per square metre of reinstatement cost.

Financial guarantees

The fair value of financial guarantees is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned using the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the guaranteed party were to default.

The financial guarantees have not been recognised in the financial statements of the Group as the requirements to reimburse are remote and the Group does not expect to incur material losses under these corporate guarantees. As at 30 June 2023, there was no indication that the subsidiaries would default on payments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the Group and the Company with the funds to fund their expansion and growth.

The Group and the Company manage their capital structure, and make adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus payables less cash and bank balances.

The gearing ratio of the Group and of the Company as at the end of the reporting period was as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loans and borrowings	95,942,287	99,815,832	–	–
Trade and other payables	43,944,400	45,043,937	68,589,668	40,953,083
Less: Cash and bank balances	(14,149,167)	(12,041,248)	(414,744)	(436,637)
Net debt	125,737,520	132,818,521	68,174,924	40,516,446
Total equity	188,780,250	161,488,652	95,946,320	96,456,449
Gearing ratio	67%	82%	71%	42%

The Group maintains a gearing ratio that complies with the applicable debt covenant as at the reporting date. The Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. SEGMENT INFORMATION

(i) Operating segment

For management purposes, the Group is organised into business units based on its products and services, and has three (3) reportable operating segments as follows:

Distribution	Distribution of third party consumer packaged goods
Manufacturing	Manufacturing of bakery products
Others	Investment holding, transportation support activities, corporate and administrative services

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of profit or loss and other comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment profit

Segment performance is used to measure performance as the Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all of a segment, as included in the internal reports that are reviewed by the Managing Director.

Segment liabilities

The total of segment liabilities is measured based on all of a segment, as included in the internal reports that are reviewed by the Managing Director.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. SEGMENT INFORMATION (CONT'D)

(i) Operating segment

2023	Note	Distribution	Manufacturing	Others	Adjustments and elimination	Total
		RM	RM	RM	RM	RM
Revenue						
Revenue from external customers		708,943,238	18,530,319	1,915,956	–	729,389,513
Inter-segment revenue	(a)	35,249,498	612,012	11,797,228	(47,658,738)	–
Total revenue		744,192,736	19,142,331	13,713,184	(47,658,738)	729,389,513
Results						
Interest income		(1,189,799)	(537,579)	(2,712,737)	4,054,388	(385,727)
Interest expenses		5,611,842	370,241	1,503,521	(4,054,388)	3,431,216
Depreciation of property, plant and equipment		2,135,784	881,379	2,261,755	1,393,632	6,672,550
Rental expenses:						
- warehouses and offices		1,242,632	–	2,909	(708,822)	536,719
- office equipment		–	–	53,759	–	53,759
Other non-cash expenses	(b)	498,166	522,842	2,991,127	1,500,619	5,512,754
Segment profit after tax	(c)	24,359,281	3,364,166	(872,284)	(1,745,195)	25,105,968
Assets						
Additions to non-current assets (excluding financial assets and deferred tax assets)	(d)	83,355	831,370	9,920,958	–	10,835,683
Segment assets	(e)	337,722,267	43,097,761	218,919,733	(252,299,144)	347,440,617
Liabilities						
Segment liabilities	(f)	193,577,773	16,937,339	108,573,715	(160,428,460)	158,660,367

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. SEGMENT INFORMATION (CONT'D)

(i) Operating segment (Cont'd)

2022	Note	Distribution	Manufacturing	Others	Adjustments and elimination	Total
Revenue		RM	RM	RM	RM	RM
Revenue from external customers		691,230,796	14,606,909	–	–	705,837,705
Inter-segment revenue	(a)	21,597,089	502,543	9,865,234	(31,964,866)	–
Total revenue		712,827,885	15,109,452	9,865,234	(31,964,866)	705,837,705
Results						
Interest income		(773,758)	(454,236)	(2,027,582)	3,047,476	(208,100)
Interest expenses		5,370,780	408,992	857,278	(3,047,476)	3,589,574
Depreciation of property, plant and equipment		2,064,011	810,703	1,339,697	971,693	5,186,104
Rental expenses:		927,707	–	1,716	(733,875)	195,548
- warehouses and offices		–	–	31,339	–	31,339
- office equipment	(b)	2,461,401	(100,002)	815,314	–	3,176,713
Other non-cash expenses	(c)	20,209,316	3,487,844	3,207,038	(4,633,699)	22,270,499
Segment profit after tax						
Assets						
Additions to non-current assets (excluding financial assets and deferred tax assets)	(d)	–	365,750	3,490,529	–	3,856,279
Segment assets	(e)	305,506,191	36,764,793	165,444,651	(184,402,291)	323,313,344
Liabilities						
Segment liabilities	(f)	187,758,678	13,968,537	54,374,280	(94,276,803)	161,824,692

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. SEGMENT INFORMATION (CONT'D)

(i) Operating segment (Cont'd)

- (a) Inter-segment revenue are eliminated on consolidation.
- (b) Other material non-cash expenses/(income) consist of the following items as presented in the respective notes:

	2023 RM	2022 RM
Bad debts written off	178,882	64,737
Gain on disposal of property, plant and equipment	(188,495)	(132,519)
Goodwill written off	1,339,124	–
Impairment on property, plant and equipment	–	1,278,310
Inventories written off	1,710,960	1,591,919
Reversal of bad debts written off	(896)	(10,096)
Reversal of impairment on financial assets	(679,443)	(408,048)
Unrealised loss on foreign exchange	3,152,622	792,410
	5,512,754	3,176,713

- (c) The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the consolidated statement of profit or loss and other comprehensive income:

	2023 RM	2022 RM
Profit from inter-segment sales	(33,665,011)	(31,106,362)
Unallocated corporate expenses	35,507,432	34,138,009
Other income	(4,144,388)	(8,420,559)
Tax expenses	556,772	755,213
	(1,745,195)	(4,633,699)

- (d) Additions to non-current assets (excluding financial assets and deferred tax assets) consist of:

	2023 RM	2022 RM
Property, plant and equipment	10,835,683	3,856,279

- (e) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2023 RM	2022 RM
Inter-segment assets	(252,299,144)	(184,402,291)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. SEGMENT INFORMATION (CONT'D)

(i) Operating segment (Cont'd)

- (f) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2023 RM	2022 RM
Inter-segment liabilities	(160,428,460)	(94,276,803)

(ii) Geographical information

The analysis of the Group's revenue by geographical segment is as disclosed in Note 5 to the financial statements.

The following is the analysis of non-current assets, other than financial instruments and deferred tax assets, which is analysed by the Group's geographical location:

	Sabah RM	Sarawak RM	Brunei RM	Total RM
2023				
Property, plant and equipment	114,202,753	446,744	248,788	114,898,285
Goodwill on consolidation	2,824,889	1,817,371	–	4,642,260
	117,027,642	2,264,115	248,788	119,540,545
2022				
Property, plant and equipment	109,168,072	656,032	901,231	110,725,335
Goodwill on consolidation	4,164,013	1,817,371	–	5,981,384
	113,332,085	2,473,403	901,231	116,706,719

(iii) Major customers

There is no major customer with revenue equal or more than ten percent (10%) of the revenue of the Group during the current and previous financial year.

GROUP'S PROPERTIES

AS AT 30 JUNE 2023

Registered/ Beneficial Owner	Title/Address	Description/Existing Use	Tenure	Land/ Built-up Area sq ft	Date of Last Revaluation	Carrying Amount as at 30 June 2023 RM
Creamos Malaysia	Title CL 015673355, District of Kota Kinabalu, State of Sabah	Description Industrial land with 1 unit 3-storey office cum single-storey warehouse building and 1 unit open- sided storage shed	Approximate age of the building 16 years	81,462/ 24,756	30 June 2022	11,066,744
	Address Lot No.3, Industrial Zone 4 (IZ4), Jalan 1F K.K.I.P Selatan, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah ("Lot 3")	Existing use Office, warehouse storage and factory	Tenure 99 years expiring on 31 December 2098			
KTC Niaga	Title CL 015673373, District of Kota Kinabalu, State of Sabah	Description Industrial land with 2 units single-storey warehouse building (1 unit with cold room storage) and 1 unit covered loading/ unloading bay	Approximate age of the building 10 years and 5 years (for extended warehouse)	105,630/ 64,066	30 June 2022	17,738,776
	Address Lot No. 5, Industrial Zone 4 (IZ4), Jalan 1F, K.K.I.P Selatan, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah ("Lot 5")	Existing use Office and warehouse storage	Tenure 99 years expiring on 31 December 2098			

**GROUP'S PROPERTIES
(CONT'D)**

Registered/ Beneficial Owner	Title/Address	Description/Existing Use	Tenure	Land/ Built-up Area sq ft	Date of Last Revaluation	Carrying Amount as at 30 June 2023 RM
KTC Sdn Bhd	Title CL 015379674, District of Kota Kinabalu, State of Sabah	Description Industrial land with a detached double storey office building annexed with a single-storey warehouse and an extended warehouse	Approximate age of the building 40 years and 36 years (for extended warehouse)	53,580/ 29,183	30 June 2022	18,214,666
	Address No. 22, Jalan Kilang, SEDCO Light Industrial Estate, Mile 5 ½, Jalan Tuaran, 88450 Kota Kinabalu, Sabah	Existing use Office and warehouse storage	Tenure 60 years expiring on 31 December 2079			
KTC Sdn Bhd	Title CL 015620701, District of Kota Kinabalu, State of Sabah	Description Industrial land with a semi-detached 2-storey showroom/office-cum- single-storey-warehouse	Approximate age of the building 18 years	20,076/ 11,474	30 June 2022	7,130,310
	Address Lot 74A, Jalan Kilang, SEDCO Light Industrial Estate, Mile 5 ½ Jalan Tuaran, 88450 Kota Kinabalu, Sabah	Existing use Office and warehouse storage	Tenure 60 years expiring on 31 December 2072			
KTC Sdn Bhd	Title CL 015620710, District of Kota Kinabalu, State of Sabah	Description Industrial land with a semi-detached 2-storey showroom/office-cum- single-storey-warehouse	Approximate age of the building 18 years	19,540/ 11,474	30 June 2022	7,032,310
	Address Lot 74B, Jalan Kilang, SEDCO Light Industrial Estate, Mile 5 ½, Jalan Tuaran, 88450 Kota Kinabalu, Sabah	Existing use Office and warehouse storage	Tenure 60 years expiring on 31 December 2072			

GROUP'S PROPERTIES (CONT'D)

Registered/ Beneficial Owner	Title/Address	Description/Existing Use	Tenure	Land/ Built-up Area sq ft	Date of Last Revaluation	Carrying Amount as at 30 June 2023 RM
KTC Sdn Bhd	Title CL 015424423, District of Kota Kinabalu, State of Sabah Address Lot 73, Jalan Kilang, SEDCO Light Industrial Estate, Mile 5 ½, Jalan Tuaran, 88450 Kota Kinabalu, Sabah	Description Industrial land with a detached single-storey warehouse cum double storey office building Existing use Office and warehouse storage	Approximate age of the building 30 years Tenure 60 years expiring on 31 December 2070	42,856/ 20,039	30 June 2022	14,668,000
Gardenia	Title CL 105508601, CL 105508610, CL 105508629, District of Tawau, State of Sabah Address TB 9889, Lot 1A, 2A and 3A, Perdana Square, KM 6, Jalan Apas, 91000 Tawau, Sabah	Description Three parcel of commercial lands with 2-storey office cum single-storey warehouse building Existing use Office and warehouse storage	Approximate age of the building 13 years Tenure 99 years expiring on 31 December 2101	35,761/ 15,649	30 June 2022	8,833,032

**GROUP'S PROPERTIES
(CONT'D)**

Registered/ Beneficial Owner	Title/Address	Description/Existing Use	Tenure	Land/ Built-up Area sq ft	Date of Last Revaluation	Carrying Amount as at 30 June 2023 RM
KTC Shipping	Title 01-SLF-014- 008-00726, District of Muara Tebos Land, State of Sarawak	Description Industrial land with a double storey office annexed with a single storey warehouse and a detached single storey warehouse	Approximate age of the building 15 years	130,674/ 44,666	30 June 2022	10,292,932
	Address Lot 726, Block 8, Muara Tebas Land District, Demak Laut Industrial Park, Jalan Bako, 93050 Kuching, Sarawak	Existing use Office and warehouse storage	Tenure 60 years expiring on 14 June 2065			

ANALYSIS OF SHAREHOLDINGS

AS AT 17 OCTOBER 2023

SHARE CAPITAL

Total Number of Issued Shares	:	681,857,902 Shares
Class of shares	:	Ordinary shares
Voting rights	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held
Number of Shareholders	:	2,806

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 – 99	19	0.677	498	0.000
100 – 1,000	258	9.194	125,300	0.018
1,001 – 10,000	880	31.361	5,903,218	0.865
10,001 – 100,000	1,386	49.394	54,318,000	7.966
100,001 – 34,092,894(*)	262	9.337	146,221,500	21.444
34,092,895 AND ABOVE (**)	1	0.035	475,289,386	69.705
TOTAL :	2,806	100.000	681,857,902	100.000

REMARK : * – Less than 5% of Issued Shares
 ** – 5% and above of Issued Shares

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct	Shareholdings %	Indirect	%
Y. Bhg. Tan Sri Datuk Seri Panglima Richard Malanjum	–	–	–	–
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	–	–	475,289,386 ⁽¹⁾	69.705
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	–	–	475,289,386 ⁽²⁾	69.705
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	–	–	475,289,386 ⁽²⁾	69.705
Mr. Lim Hui Kiong	–	–	–	–
Ms. Phang Sze Fui	–	–	–	–
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor	–	–	–	–
Madam Wong Wen Miin	–	–	–	–

Notes:-

- ⁽¹⁾ Deemed interested by virtue of its/his shareholdings in Kim Teck Cheong Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 ("the Act")
- ⁽²⁾ Deemed interested by virtue of his/her family member's shareholdings in Kim Teck Cheong Holdings Sdn. Bhd and Kim Teck Cheong Capital Sdn. Bhd. pursuant to Section 197 of the Act.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name of Shareholders	Direct	Shareholdings %	Indirect	%
Kim Teck Cheong Holdings Sdn. Bhd.	475,289,386	69.705	–	–
Kim Teck Cheong Capital Sdn.Bhd.	–	–	475,289,386 ⁽¹⁾	69.705
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	–	–	475,289,386 ⁽²⁾	69.705
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	–	–	475,289,386 ⁽²⁾	69.705
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	–	–	475,289,386 ⁽²⁾	69.705
Mr. Benedick Vicpaul Lau	–	–	475,289,386 ⁽²⁾	69.705
Dr. Lindfay Laura Lau	–	–	475,289,386 ⁽²⁾	69.705

Notes:-

- (1) Deemed interested by virtue of its/his shareholdings in Kim Teck Cheong Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 ("the Act")
- (2) Deemed interested by virtue of his/her family member's shareholdings in Kim Teck Cheong Holdings Sdn. Bhd and Kim Teck Cheong Capital Sdn. Bhd. pursuant to Section 197 of the Act.

THIRTY (30) LARGEST SHAREHOLDERS AS AT 17 OCTOBER 2023

No.	Name of Shareholders	No. of Shares	%
1	KIM TECK CHEONG HOLDINGS SDN BHD	475,289,386	69.705
2	YEOH YEW CHOO	28,899,000	4.238
3	WONG YOKE FONG @ WONG NYOK FING	6,714,500	0.984
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN CHEONG POON	5,000,000	0.733
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT (E-TAI) FOR LOH WAN XIAN	5,000,000	0.733
6	ERNEST LAI HENG WEI	4,089,900	0.599
7	VICTORIA JOY THAMBYRAJA	3,000,000	0.439
8	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT (E-TSA/MSI) FOR TAN KIM SENG	2,800,000	0.410
9	NG CHOON CHUAN	2,082,200	0.305
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHENG CHON (E-KLG)	2,024,000	0.296
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	2,008,500	0.294
12	PHANG KOOI CHIN	1,700,000	0.249
13	LOW KAM FATT	1,600,000	0.234
14	CHEE SIEW FONG	1,570,000	0.230
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI CHUANG LIAN (E-KLG)	1,300,000	0.190

ANALYSIS OF SHAREHOLDINGS (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 17 OCTOBER 2023 (CONT'D)

No.	Name of Shareholders	No. of Shares	%
16	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM BEOY KEE (010)</i>	1,230,000	0.180
17	CARTABAN NOMINEES (ASING) SDN BHD <i>THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND</i>	1,172,600	0.171
18	WONG CHIAN YONG	1,150,000	0.168
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOH SHIN YEAN (E-TSA)</i>	1,050,000	0.153
20	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHAN KOK SAN</i>	1,000,000	0.146
21	SUMANA SOH CHIEN SHIR	1,000,000	0.146
22	CARTABAN NOMINEES (ASING) SDN BHD <i>THE BANK OF NEW YORK MELLON FOR ENSIGN PEAK ADVISORS INC.</i>	962,100	0.141
23	ONG CHEE KEAN	950,000	0.139
24	PUBLIC NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PHANG MAH THIANG (E-LBG)</i>	924,100	0.135
25	KOW BEH @ KOW KIAN	915,000	0.134
26	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD <i>MAYBANK SECURITIES PTE LTD FOR NG LAY PING</i>	900,000	0.131
27	LEE WAN HOOI	853,000	0.125
28	YAP CHENG CHON	853,000	0.125
29	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WONG XUN KUAN (MY4598)</i>	850,000	0.124
30	GOH SAU CHONG	848,000	0.124
Total		557,735,286	81.796

SHARE BUY-BACK STATEMENT

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY TO KIM TECK CHEONG CONSOLIDATED BERHAD TO PURCHASE ITS OWN ORDINARY SHARES OF UP TO TEN PERCENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY AT ANY GIVEN POINT IN TIME ("PROPOSED RENEWAL OF SHARE BUY-BACK")

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement:

"Act"	The Companies Act, 2016 as amended from time to time and any re-enactment thereof
"Board"	The Board of Directors of KTC
"Bursa Securities"	Bursa Malaysia Securities Berhad
"CDS"	Central Depository System
"Code"	Malaysian Code on Take-Over and Mergers 2016 as amended from time to time
"Director"	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of the Company, its subsidiary or holding company or a Chief Executive Officer of the Company, its subsidiary or holding company
"AGM"	Annual General Meeting
"EPS"	Earnings Per Share
"KTC " or "the Company"	Kim Teck Cheong Consolidated Berhad [Registration No. 201401037782 (1113927-H)]
"KTC Group"	KTC and its subsidiaries
"KTC Share(s)"	Ordinary shares in KTC
"Issued Share Capital"	681,857,902 ordinary shares in KTC

SHARE BUY-BACK STATEMENT (CONT'D)

DEFINITIONS (CONT'D)

Except where the context otherwise requires, the following definitions shall apply throughout this Statement: (Cont'd)

"Listing Requirements"	Main Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time
"Market Days"	A day which Bursa Securities is open for the trading of securities
"LPD"	17 October 2023, being the latest practicable date prior to the printing of this Statement
"NA"	Net Assets
"Purchased Shares"	Shares purchased by KTC pursuant to Section 127 of the Act
"Proposed Renewal of Share Buy-Back"	Proposed renewal of authority to KTC to purchase its own ordinary shares of up to ten percent (10%) of its total number of issued shares of the company at any given point in time
"Proposed Share Buy-Back"	Proposed authority to KTC to purchase its own ordinary shares of up to Ten Percent (10%) of its total number of issued shares of the Company at any given point in time
"RM" or "Sen"	Ringgit Malaysia and sen respectively
"SC"	Securities Commission Malaysia
"Shareholders"	Shareholders of KTC
"Substantial Shareholder(s)"	A person who has interest or interests in one or more voting shares in the Company and the nominal amount of that share, or aggregate of the nominal amount of those shares, is not less than 5% of the aggregate of the nominal amount of all the voting shares in the Company
"Treasury Shares"	The KTC Share purchased by the Company that can be retained, distributed as dividend or resold and/or subsequently cancelled
"WAMP"	Weighted Average Market Price

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Statement shall be a reference to Malaysian time, unless otherwise specified.

SHARE BUY-BACK STATEMENT (CONT'D)

1. INTRODUCTION

On the Extraordinary General Meeting held on 18 March 2022, the Board had granted their approval for KTC to purchase its shares of up to ten percent (10%) of its total number of issued shares at any point in time. In compliance with the Listing Requirements and the ordinary resolution passed by the shareholders on 18 March 2022, the authority granted to KTC to purchase its own shares on Bursa Securities will expire at the conclusion of the Company's forthcoming 9th AGM to be held on 8 December 2023 unless renewed by an ordinary resolution passed by the shareholders of the Company.

On 20 October 2023, the Board had announced that the Company proposes to seek the approval of the Shareholders to purchase its shares of up to ten percent (10%) of its total number of issued shares at any point in time at the forthcoming 9th AGM.

The purpose of this Statement is to provide you with details of the Proposed Renewal of Share Buy-Back and to seek your approval on the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming 9th AGM.

SHAREHOLDERS OF KTC ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Board proposes to seek the approval from the shareholders for a renewal of the authority for the Company to purchase from time to time up to ten per cent (10%) of its total number of issued shares.

The Proposed Renewal of Share Buy-Back is subject to compliance with the Act, the Company's Constitution, the Listing Requirements and any prevailing laws, guidelines, orders, rules and regulations issued by the relevant authorities at the time of purchase.

The Proposed Renewal of Share Buy-Back shall be effective immediately upon the passing of the ordinary resolution relating to the Proposed Renewal of Share Buy-Back at the forthcoming 9th AGM and shall be valid until:

- a) the conclusion of the next AGM of the Company following at which time the authority will lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to terms and conditions;
- b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in the general meeting,

whichever occurs first but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, order, guidelines and requirements issued by any relevant authorities.

2.1 Quantum

The maximum aggregate number of Shares, which may be purchased by the Company, shall not exceed ten per cent (10%) of the total number of issued shares of the Company at any point in time.

As at LPD, the total number of ordinary shares issued by KTC is 681,857,902 shares. Assuming no further KTC Shares are issued, the maximum number of KTC Shares which may be purchased and/or held the Company will not more than 68,185,790 KTC Shares.

The actual number of Shares to be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back, will depend on, inter alia, market conditions and sentiments of Bursa Securities as well as the retained profits, share premium and financial resources available to the Company at the time of the purchase(s).

SHARE BUY-BACK STATEMENT (CONT'D)

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

2.2 Sources of Funds

The Proposed Renewal of Share Buy-Back will be funded by internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of KTC Shares to be purchased and other relevant factors. The actual number of KTC Shares to be purchased and/or held, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock markets as well as the retained profits and financial resources available to the Company. In the event that the Proposed Renewal of Share Buy-Back is to be partly financed by external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cash flow of the Group.

2.3 Treatment of Purchased Shares

Pursuant to Section 127 of the Act, the Directors may deal with the Purchased Shares in the following manner:

- i) to cancel all or part of the Purchased Shares;
- ii) to retain the Shares so purchased as Treasury Shares which may be distributed as share dividends to the shareholders of KTC and/or be resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- iii) a combination of (i) and (ii) above.

If such Purchased Shares are held as Treasury Shares, the rights attaching to them in relation to voting, dividends and participation in any other distribution or otherwise would be suspended and the Treasury Shares would not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including the determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at meetings.

As at the date of this Statement, the Board has yet to make any decision with regard to the treatment of the Shares to be so purchased and will take into consideration the effects of such treatment on the Group in arriving at its decision. An immediate announcement will be made to Bursa Securities upon each purchase, cancellation and/or resale of Shares pursuant to the Proposed Renewal of Share Buy-Back.

2.4 Purchase/Resale Price

Pursuant to the Listing Requirements, the Company may only purchase its own Shares at a price which is not more than fifteen percent (15%) above the weighted average market price ("WAMP") for KTC Shares for the five (5) Market Days immediately before the date of any purchase(s).

In the case of resale or transfer of Treasury Shares, the Company may only resell the Treasury Shares on Bursa Securities or transfer Treasury Shares pursuant to Section 127(7) of the Act, at:

- a) a price which is not less than the weighted average share price of KTC Shares for the five (5) Market Days immediately preceding the date of the purchase: and
- b) a discounted price of not more than five (5%) to the weighted average share price of KTC Shares for the five (5) Market Days immediately prior to the resale provided that:
 - (i) the resale or transfer takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

SHARE BUY-BACK STATEMENT (CONT'D)

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

2.5 Implications Relating to the Code

Based on the Register of Substantial Shareholders as at 17 October 2023, the following substantial shareholders of the Company, has a shareholding of 475,289,386 KTC Shares, through its direct shareholdings, representing approximately 69.705% equity interest in KTC.

Substantial Shareholders	As at the LPD				After the Proposed Renewal of Share Buy-Back ^(a)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Kim Teck Cheong Holding Sdn. Bhd.	475,289,386 *	69.705	–	–	475,289,386	77.45	–	–
Kim Teck Cheong Capital Sdn. Bhd.	–	–	475,289,386 *	69.705	–	–	475,289,386	77.45
Total	475,289,386 *	69.705	475,289,386 *	69.705	475,289,386	77.45	475,289,386	77.45

The Board does not anticipate any implication relating to the Code on KTC and its Shareholders in the event the Proposed Renewal of Share Buy-Back Authority of up to ten percent (10%) of the issued and paid-up capital of the Company is carried out in full.

2.6 Public Shareholding Spread

As at LPD, the public shareholding spread of the Company was 30.29%. The Company will not undertake any share buy-back if that will result in breach of Listing Requirements which required the Company to maintain a shareholding spread of at least twenty-five percent (25%) of its total listed shares. The Board is mindful of the shareholding spread requirement and will continue to be mindful of the requirement when making of any purchase of KTC Shares by the Company.

2.7 Previous Purchase, Resale, Cancellation and/or Transfer of Treasury Shares made in the Preceding Twelve (12) Months

KTC has not purchased any of its own Shares, retained its Shares as Treasury Shares or resale its Treasury Shares or cancelled its shares in the preceding twelve (12) months.

2.8 Potential Advantages and Disadvantages of the Proposed Renewal of Share Buy-Back

The potential advantages of the Proposed Renewal of Share Buy-Back are as follows:

- The Proposed Renewal of Share Buy-Back would enable the Company to utilise its financial resources more efficiently especially where there is no immediate use and it may strengthen the consolidated EPS of the Group.
- The Proposed Renewal of Share Buy-Back will also provide the Company with opportunities for potential gains if the Purchased KTC Shares which are retained as Treasury Shares are resold at prices higher than their cost of purchase.
- In any event, the Treasury Shares may also be distributed as share dividends to the shareholders as a reward.
- The Proposed Renewal of Share Buy-Back may also stabilise the supply and demand of KTC Shares traded on Bursa Securities and reduce the volatility of the share prices. The stability of KTC Shares price is important to maintain investors' confidence and may also assist in facilitating future fund raising via the equity market.

SHARE BUY-BACK STATEMENT (CONT'D)

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

2.8 Potential Advantages and Disadvantages of the Proposed Renewal of Share Buy-Back (Cont'd)

The potential disadvantages of the Proposed Renewal of Share Buy-Back are as follows:

- a) The Proposed Renewal of Share Buy-Back if implemented is expected to temporarily reduce the immediate financial resources of KTC Group.
- b) The Proposed Renewal of Share Buy-Back may also result in the Group foregoing better investment opportunities which may emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest bearing instruments.
- c) The Proposed Renewal of Share Buy-Back may also reduce the amount of resources available for distribution to the shareholders of the Company in the form of dividends as funds are utilised to purchase its own Shares.

Nevertheless, the Proposed Renewal of Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact.

The Board is mindful of the interest of the Company and the shareholders and will be prudent with respect to the above exercise.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Proposed Renewal of Share Buy-Back, if implemented, will enable the Company to utilise its surplus financial resources which is not immediately required for other uses to purchase its Shares from the market. It may stabilise the supply and demand of its Shares traded on Bursa Securities, thereby supporting its fundamental value.

Depending on the funding cost for the purchase of the KTC Shares, the Proposed Renewal of Share Buy-Back may strengthen the EPS of KTC and if so, it is expected to have a positive impact on the market price of the Shares, further benefiting the shareholders of KTC.

The purchased of KTC Shares may be held as Treasury Shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain in the reserves. The Treasury Shares may also be distributed to the shareholders as share dividends.

4. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The effects of the Proposed Renewal of Share Buy-Back on share capital, NA, working capital, earnings and shareholdings of Directors and Substantial Shareholders of the Company are set out below:

4.1 SHARE CAPITAL

The effect of the Proposed Renewal of Share Buy-Back on the issued share capital of the Company will depend on whether the Purchased KTC Shares are cancelled or retained as Treasury Shares. The Proposed Renewal of Share Buy-Back will result in a reduction of the issued share capital of the Company if the Purchased KTC Shares are cancelled.

SHARE BUY-BACK STATEMENT (CONT'D)

4. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

4.1 SHARE CAPITAL (CONT'D)

Based on the Company's issued share capital as at LPD, the effect of the Proposed Renewal of Share Buy-Back, assuming that the Purchased KTC Shares will be cancelled, are as follows:

	No. of Shares
Number of KTC Shares as at LPD	681,857,902
Less :- Maximum number of ordinary shares which may be purchased and cancelled pursuant to the Proposed Renewal of Share Buy-Back (assuming all Purchased KTC Shares are fully cancelled)	68,185,790
Resultant number of KTC Shares	613,672,112

However, the Proposed Renewal of Share Buy-Back will have no effect on the issued share capital of the Company if all the Purchased KTC Shares are to be retained as Treasury Shares, resold or distributed to the shareholders.

4.2 NET ASSETS ("NA")

The effects of the Proposed Renewal of Share Buy-Back on the NA of the Group will depend on the purchase price and number of purchased Shares, the effective funding cost to KTC to finance the purchased Shares or any loss in interest income to KTC.

The Proposed Renewal of Share Buy-Back will reduce the consolidated NA per share at the time of purchase if the purchase price exceeds the consolidated NA per share and conversely will increase the consolidated NA per share at the time of purchase if the purchase price is less than the consolidated NA per share.

Should the Purchased Shares be resold, the consolidated NA will increase if the Company realises a capital gain from the resale, and vice-versa. However, the quantum of the increase in NA will depend on the selling prices of the Purchased Shares and the number of Purchased Shares resold.

4.3 WORKING CAPITAL, CASH FLOW AND GEARING

The share purchased will result in an outflow of cash and thereby reduce working capital of the Group, the quantum of which is dependent on the purchase prices and number of the Purchased Shares as well as the funding cost, if any. However, the working capital and cash flow of the Company will increase upon reselling of the Purchased Shares which are retained as Treasury Shares. Again, the quantum of the increase in working capital and cash flow will depend on the actual selling price of Treasury Shares and the number of Treasury Shares resold.

4.4 DIVIDENDS

Barring unforeseen circumstances, the Proposed Renewal of Share Buy-Back is not expected to have any impact on the policy of the Board in recommending dividends, if any to shareholders of KTC. However, any future dividend to be declared and paid will depend on, amongst others, the actual results of the KTC Group, its cash reserves, capital commitment and future funding requirements.

The Board may have the option to distribute future dividends in the form of Treasury Shares purchased pursuant to the Proposed Renewal of Share Buy-Back.

SHARE BUY-BACK STATEMENT (CONT'D)

4. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

4.5 INTEREST OF DIRECTORS, MAJOR AND/OR SUBSTANTIAL SHAREHOLDERS AND PERSON CONNECTED TO THEM

The effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors and the substantial shareholders of KTC based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the LPD assuming the Proposed Renewal of Share Buy-Back is undertaken in full by KTC, are as follows:

(a) Directors' Shareholdings

	As at the LPD				After the Proposed Renewal of Share Buy-Back ^(a)			
	Direct		Indirect		Direct		Indirect	
Directors	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tun Richard Malanjum	-	-	-	-	-	-	-	-
Datuk Lau Koh Sing @ Lau Kok Sing	-	-	475,289,386*	69.705	-	-	475,289,386*	77.45
Datin Lim Fook Len @ Lim Su Chin	-	-	475,289,386**	69.705	-	-	475,289,386**	77.45
Datuk Lau Wei Dick @ Dexter Dick Lau	-	-	475,289,386**	69.705	-	-	475,289,386**	77.45
Lim Hui Kiong	-	-	475,289,386**	69.705	-	-	475,289,386**	77.45
Phang Sze Fui	-	-	-	-	-	-	-	-
Dato' Mohd Ibrahim Bin Mohd Nor	-	-	-	-	-	-	-	-
Wong Wen Miin	-	-	-	-	-	-	-	-
Dr. Lindfay Laura Lau (Alternate Director to Y. Bhg. Datin Lim Fook Len @ Lim Su Chin)	-	-	475,289,386**	69.705	-	-	475,289,386**	77.45

Notes:

^(a) Assuming the maximum of 68,185,790 Shares are bought-back by the Company and cancelled pursuant to the Proposed Renewal of Share Buy-Back.

^(b) * Deemed interested by virtue of its/his shareholdings in Kim Teck Cheong Holdings Sdn Bhd pursuant to Section 8 of the Act.

** Deemed interested by virtue of his/her family member's shareholdings in Kim Teck Cheong Holdings Sdn Bhd and Kim Teck Cheong Capital Sdn Bhd pursuant to Section 197 of the Act.

SHARE BUY-BACK STATEMENT (CONT'D)

4. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

4.5 INTEREST OF DIRECTORS, MAJOR AND/OR SUBSTANTIAL SHAREHOLDERS AND PERSON CONNECTED TO THEM (Cont'd)

(b) Substantial Shareholders of KTC

Substantial Shareholders	As at the LPD				After the Proposed Renewal of Share Buy-Back ^(a)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Kim Teck Cheong Holding Sdn. Bhd.	475,289,386 *	69.705	–	–	475,289,386	77.45	–	–
Kim Teck Cheong Capital Sdn. Bhd.	–	–	475,289,386 *	69.705	–	–	475,289,386	77.45
Total	475,289,386 *	69.705	475,289,386 *	69.705	475,289,386	77.45	475,289,386	77.45

Notes:

- (a) Assuming the maximum of 68,185,790 Shares are bought-back by the Company and cancelled pursuant to the Proposed Renewal of Share Buy-Back.
- (b) * Deemed interested by virtue of its/his shareholdings in Kim Teck Cheong Holdings Sdn Bhd pursuant to Section 8 of the Act.

5. INTEREST OF DIRECTORS / MAJOR SHAREHOLDERS

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back, none of the Directors and Substantial Shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the purchases shares or resale of Treasury Shares, if any in the future.

6. APPROVAL REQUIRED

The Proposal Renewal of Share Buy-Back is subject to the approval of our shareholders at the forthcoming 9th AGM.

SHARE BUY-BACK STATEMENT (CONT'D)

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of KTC Shares traded on Bursa Securities for the past 12 months from October 2022 to September 2023 are as follows: -

	Highest (RM)	Lowest (RM)
2022		
October	0.240	0.160
November	0.260	0.190
December	0.230	0.195
2023		
January	0.245	0.190
February	0.275	0.220
March	0.295	0.230
April	0.285	0.240
May	0.260	0.220
June	0.270	0.230
July	0.245	0.225
August	0.255	0.225
September	0.255	0.225
Last transacted market price of KTC Shares as at the LPD		0.275

(Source: Bursa Malaysia)

8. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Renewal of Share Buy-Back, is of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of the Company and its shareholders.

Accordingly, your Board, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming 9th AGM.

9. ANNUAL GENERAL MEETING ("AGM")

The ordinary resolution to vote on the Proposed Renewal of Share Buy-Back is set out in the Notice of 9th AGM. The 9th AGM will be conducted at the Meeting Room, Lot 73, Jalan Kilang, Sedco Light Industrial Estate, Mile 5 1/2, Jalan Tuaran, 88450 Kota Kinabalu, Sabah on Friday, 8 December 2023 at 9.30 a.m, for the purpose of considering and, if thought fit, passing the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back.

If you are unable to attend and vote in person at the 9th AGM, you are requested to complete, sign and return the Form of Proxy, in accordance with the instructions printed therein as soon as possible so as to arrive at the registered office of KTC at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur not less than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or adjourned meeting.

The completion and return of Form of Proxy will not preclude you from attending and voting in person at the 9th AGM should you subsequently wish to do so.

**SHARE BUY-BACK STATEMENT
(CONT'D)****10. FURTHER INFORMATION****(a) DIRECTORS' RESPONSIBILITY STATEMENT**

This Statement has been seen and approved by the Directors of KTC and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and confirm that after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no material facts, the omission of which would make any statement herein misleading.

(b) MATERIAL LITIGATION

Neither KTC nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff, defendant or as third party, which has a material effect on the financial position of KTC or its subsidiaries, and the Directors of KTC are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of KTC or its subsidiaries.

(c) MATERIAL CONTRACTS

Neither KTC nor its subsidiaries have entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, within the past two (2) years up to the date of this Statement.

(d) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of KTC at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur during normal business hours between Monday and Friday (except public holidays) from the date of this Statement up to and including the date of the 9th AGM:

- (i) Constitution of KTC ;
- (ii) Audited financial statements of KTC for the past two (2) financial years ended 30 June 2021 and 30 June 2022 respectively; and
- (iii) the unaudited consolidated financial results of KTC for the quarter ended 30 June 2023.

This Statement is dated 31 October 2023.

NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting ("**AGM**") of Kim Teck Cheong Consolidated Berhad ("**KTC**" or "**Company**") will be conducted at Meeting Room, Lot 73, Jalan Kilang, Sedco Light Industrial Estate, Mile 5 1/2, Jalan Tuaran, 88450 Kota Kinabalu, Sabah on Friday, 8 December 2023 at 9.30 a.m.

The following are the business to be transacted at the Ninth AGM:

ORDINARY BUSINESS: -

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon. | <i>Please refer to
Note 1</i> |
| 2. | To approve the following payments to Non-Executive Directors: | |
| | (i) Directors' fees of RM260,160 for the financial year ended 30 June 2023; | <i>Resolution 1</i> |
| | (ii) Directors' fees of up to RM260,160 from 1 July 2023 up to the next Annual General Meeting of the Company to be held in year 2024; and | <i>Resolution 2</i> |
| | (iii) Meeting allowance of RM40,000 from 1 July 2023 up to the next Annual General Meeting of the Company to be held in year 2024. | <i>Resolution 3</i> |
| 3. | To re-elect the following Directors who retire by rotation pursuant to Clause 97 of the Company's Constitution: | |
| | (i) Tun Richard Malanjum | <i>Resolution 4</i> |
| | (ii) Y.Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau | <i>Resolution 5</i> |
| | (iii) Ms Phang Sze Fui | <i>Resolution 6</i> |
| 4. | To re-appoint Messrs. PKF PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | <i>Resolution 7</i> |

SPECIAL BUSINESS: -

To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolutions: -

- | | | |
|----|--|--|
| 5. | ORDINARY RESOLUTION | <i>Resolution 8</i> |
| | • Authority for Directors to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016 | <i>(Please refer to
Note 8)</i> |

The ordinary resolution set out below shall be proposed to the Members for approval: -

"THAT pursuant to Sections 75 & 76 of the Companies Act, 2016 and subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT pursuant to Section 85 of the Companies Act, 2016 read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016; **AND THAT** the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.

NOTICE OF NINTH ANNUAL GENERAL MEETING (CONT'D)

6. ORDINARY RESOLUTION

Resolution 9
**(Please refer to
Note 9)**

- **Proposed Renewal of Share Buy-Back Authority**

"THAT, subject to compliance with all applicable laws (as may be amended, modified or re-enacted from time to time), the Constitution of the Company, and the regulations and guidelines applied from time to time by Bursa Malaysia Securities Berhad and/or any other relevant regulatory authority:

- (a) approval be and is hereby given to the Company to purchase such number of ordinary shares in the Company's issued and paid-up ordinary share capital ("Shares") listed on Bursa Malaysia Securities Berhad (as may be determined by the Directors of the Company) ("Proposed Share Buy-Back") upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that:
 - (i) the aggregate number of Shares purchased and/or held by the Company pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company for the time being; and
 - (ii) the maximum amount of funds to be utilised for the purposes of the Proposed Share Buy-Back shall not exceed the Company's aggregate retained profits;
- (b) the approval conferred by this resolution shall continue to be in force until:
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) expiry of the period within which the next Annual General Meeting of the Company is required by law to be held; or
 - (iii) the same is revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting, whichever is the earliest;
- (c) authority be and is hereby given to the Directors of the Company in their absolute discretion to deal with the Shares so purchased by the Company in the following manner:
 - (i) to cancel all or part of such Shares;
 - (ii) to retain all or part of such Shares as Treasury Shares;
 - (iii) to retain all or part of such Shares as Treasury Shares and subsequently cancel, resell on Bursa Malaysia Securities Berhad or distribute as dividends all or part of such Treasury Shares; and/or
 - (iv) to deal with in any other manner as may be prescribed by applicable law and/or the regulations and guidelines applied from time to time by Bursa Malaysia Securities Berhad and/or any other relevant authority for the time being in force; and
- (d) authority be and is hereby given to the Directors of the Company to take all such actions that may be necessary and/or desirable to give effect to this resolution and, in connection therewith:
 - (i) to enter into and execute, sign and deliver on behalf of the Company, any documents, agreement and/or arrangement with any person, and in all cases with full power to assent to any conditions, modifications, variations and/or amendments thereto as the Directors may deem fit and expedient in the best interest of the Company; and
 - (ii) to do all such acts and things as the Directors of the Company may deem fit and expedient in the best interest of the Company."

NOTICE OF NINTH ANNUAL GENERAL MEETING (CONT'D)

ANY OTHER BUSINESS:-

7. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)
SSM Practicing Certificate No. 201908000410
Company Secretary

Dated: 31 October 2023
Kuala Lumpur

NOTES:

1. *Item 1 of the Notice is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of shareholders for the Audited Financial Statements and hence, is not put forward for voting.*
2. *A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *Where a member of the Company 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 Form of Proxy shall be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
6. *The instrument appointing a proxy 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 must be deposited by hand at the Registered Office of the Company located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur not less than 24 hours before the time set for the Meeting or any adjournment thereof.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 30 November 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

NOTICE OF NINTH ANNUAL GENERAL MEETING (CONT'D)

NOTES: (Cont'd)

8. *The proposed Resolution 8 is intended to renew the authority granted to the Directors of the Company at the Eighth Annual General Meeting of the Company held on 15 December 2022 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting.*

The Company did not issue any share pursuant to a mandate granted to the Directors at the last Annual General Meeting held on 15 December 2022.

The general mandate for the issue of shares will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares for purpose of funding future investment, working capital and/or acquisition(s).

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 54 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 54 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Companies Act 2016, which will result in a dilution to their shareholding percentage in the Company.

9. *The proposed Ordinary Resolution 9, if passed, will empower the Directors to purchase the Company's shares of up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Please refer to the Statement to Shareholders dated 31 October 2023 for further details.*

STATEMENT ACCOMPANYING NOTICE OF THE NINTH ANNUAL GENERAL MEETING

1. The Directors seeking for re-election/re-appointment at the Ninth Annual General Meeting of Kim Teck Cheong Consolidated Berhad are as follows:

Clause 97

Tun Richard Malanjum
Y.Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau
Ms Phang Sze Fui

The Board of Directors, taking into the recommendation of Nomination Committee, supported the above-mentioned Directors of their re-election as Directors of the Company.

Based on the assessment and evaluation conducted by the Nomination Committee, the retiring Directors met the performance criteria required of an effective and a high-performance Board. In addition, all the Independent Non-Executive Directors have also provided annual declaration/confirmation of independence respectively.

The profiles of the Directors who are standing for re-election are set out on pages 13, 16 and 18 of this Annual Report.

2. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 30 June 2023 are disclosed in the respective profiles of the Directors.
3. The details of the Ninth Annual General Meeting are as follows:

Date of Meeting	Time of Meeting	Place of Meeting
Friday, 8 December 2023	9.30 a.m.	Meeting Room, Lot 73, Jalan Kilang, Sedco Light Industrial Estate, Mile 5 1/2, Jalan Tuaran, 88450 Kota Kinabalu, Sabah

4. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Note 8 of the Notice of Ninth Annual General Meeting of the Company.



KIM TECK CHEONG CONSOLIDATED BERHAD
Registration No. 201401037782 (1113927-H)

FORM OF PROXY

I/We _____
(name of shareholder as per NRIC, in capital letters)

NRIC No./Passport No./Company No. _____ (New) _____ (Old)
of _____ (full address)

being a Member/Members of Kim Teck Cheong Consolidated Berhad hereby appoint _____
_____ NRIC No. _____ (New)
(name of proxy as per NRIC, in capital letters)
_____ (Old) of _____
(full address)

or failing of him/ her the Chairman of the meeting as my/ our proxy to vote on my/ our behalf at the Ninth Annual General Meeting of the Company to be conducted at the Meeting Room, Lot 73, Jalan Kilang, Sedco Light Industrial Estate, Mile 5 1/2, Jalan Tuaran, 88450 Kota Kinabalu, Sabah on Friday, 8 December 2023 at 9.30 a.m.

I/We direct my/our proxy to vote for or against the resolutions to be proposed at the meeting as hereunder indicated.

Ordinary Resolutions		For	Against
1	To approve the following payment to Non-Executive Directors: Directors' fees of RM260,160 for the financial year ended 30 June 2023		
2	To approve the following payment to Non-Executive Directors: Directors' fees of up to RM260,160 from 1 July 2023 up to the next Annual General Meeting of the Company to be held in year 2024		
3	To approve the following payment to Non-Executive Directors: Meeting allowance of RM40,000 from 1 July 2023 up to the next Annual General Meeting of the Company to be held in year 2024		
4	Re-election of Director – Tun Richard Malanjum		
5	Re-election of Director – Y.Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau		
6	Re-election of Director – Ms Phang Sze Fui		
7	To re-appoint Messrs. PKF PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration		
8	Authority for Directors to Allot and Issue Shares Pursuant to Sections 75 & 76 of the Companies Act, 2016		
9	Proposed Renewal of Share Buy-Back Authority		

Dated this _____ day _____ 2023

Signature/Common Seal _____

CDS ACCOUNT NO.	NUMBER OF SHARES HELD

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

Percentage	
Proxy 1	%
Proxy 2	%
Total	100%



NOTES:

1. A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a member of the Company 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.
4. The Form of Proxy shall be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
5. The instrument appointing a proxy 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 must be deposited by hand at the Registered Office of the Company located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur not less than 24 hours before the time set for the Meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 30 November 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

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AFFIX
STAMP

The Company Secretary
Kim Teck Cheong Consolidated Berhad
Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia

2nd Fold Here

Fold This Flap For Sealing

www.kimteckcheong.com

Kim Teck Cheong Consolidated Berhad

[Registration No. 201401037782 (1113927-H)]

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