Registration No: 201801013622 (1275638 - T)

ENEST GROUP BERHAD

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2023

ENEST GROUP BERHAD
(Incorporated in Malaysia)

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ENEST GROUP BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS	Tan Teh Jie Tan Teh Sheng Tan Heng Guan Datuk Ng Seing Liong Sim Lai Ly (Resigned on 4 October 2023)
SECRETARIES	Wong Youn Kim (MAICSA 7018778) Lim Li Heong (MAICSA 7054716) (Appointed on 1 April 2024) Wong Mee Kiat (MAICSA 7058813) (Appointed on 1 April 2024)
REGISTERED OFFICE	Level 5, Tower 8, Avenue 5, Horizon 2 Bangsar South City 59200 Kuala Lumpur
PRINCIPAL PLACE OF BUSINESS	No. 2B - G, Jalan Semenyih Bandar Kajang 43000 Kajang Selangor Darul Ehsan
AUDITORS	Grant Thornton Malaysia PLT (Member of Grant Thornton International Ltd) Chartered Accountants Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur
STOCK EXCHANGE LISTING	LEAP Market of Bursa Malaysia Securities Berhad

ENEST GROUP BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 5(a) to the financial statements.

There have been no other significant changes in the nature of the activities of the Company and of its subsidiaries during the financial year other than those changes as mentioned in Note 5(a) to the financial statements.

FINANCIAL RESULTS

	Group RM	**Company** RM
Net profit for the financial year	7,000,365	33,375
Attributable to:-		
Owners of the Company	6,670,322	33,375
Non-controlling interests	330,043	-
	7,000,365	33,375

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no issuance of debentures during the financial year.

DIRECTORS

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

Tan Teh Jie *
Tan Teh Sheng *
Tan Heng Guan *
Datuk Ng Seing Liong
Sim Lai Ly (Resigned on 4 October 2023)

*Directors of the Company and its subsidiaries

DIRECTORS OF THE SUBSIDIARIES

The Directors who held office (excluding Directors of the Company) during the financial year and up to the date of this report are as follows:-

Christopher Tan Yew Leong
Lok Chyi Yeu
Ng Miao Xiang (Appointed on 13 February 2023)
Boris Ting Ek Wu (Resigned on 13 February 2023)

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 in Malaysia ("the Act"), the interests and deemed interests in the ordinary shares of the Company of those who were Directors at the end of the financial year are as follows:-

	Number of ordinary shares			
	At 1.1.2023	Additions	Sold	At 31.12.2023
The Company				
Direct interest				
- Tan Teh Jie	80,541,520	-	-	80,541,520
- Tan Teh Sheng	82,385,520	-	-	82,385,520
- Tan Heng Guan	84,650,000	-	-	84,650,000

Except as disclosed, none of the other Directors in office at the end of financial year held any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' FEES AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the Directors of the Company are as follows:-

	Incurred by the Group RM	Incurred by the Company RM
Salaries and other emoluments	450,011	262,364
Directors' fees	33,000	33,000
Defined contribution plan	47,479	25,155
Social security contributions	5,533	3,052
	536,023	323,571

The estimated monetary value of benefits-in-kind provided to Directors of the Company incurred by the Group is RM81,982.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects 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.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and adequate provision had been made for doubtful debt; and

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

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

(a) which would render it necessary to write off any bad debts or to the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

In the opinion of the Directors:-

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

(b) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There were no indemnity coverage or insurance premium paid for the Directors and Officers of the Group and of the Company during the financial year.

AUDITORS

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

The amount of audit and other fees paid to or payable to Auditors and its member firms by the Group and the Company for the financial year ended 31 December 2023 amounted to RM198,600 and RM35,600 respectively. Further details are disclosed in Note 26 to the financial statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permissible under the provision of the Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnify for the financial year.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors dated 26 April 2024.

....	)	
TAN TEH JIE	)	
	)	DIRECTORS
....	)	
TAN TEH SHENG		

ENEST GROUP BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 15 to 70 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors dated 26 April 2024.

……..	…………………………………………
TAN TEH JIE	TAN TEH SHENG

STATUTORY DECLARATION

I, Christopher Tan Yew Leong, being the Officer primarily responsible for the financial management of Enest Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 15 to 70 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)	
the abovenamed at Kuala Lumpur in the	)	
Federal Territory this day of	)	
26 April 2024	)	....
		CHRISTOPHER TAN YEW LEONG
		(MIA No: 42903)

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF

ENEST GROUP BERHAD
(Incorporated in Malaysia)
Registration No: 201801013622 (1275638 - T)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Enest Group Berhad, which comprise the statements of financial position as at 31 December 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 material accounting policy information and other explanatory information, as set out on pages 15 to 70.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting 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 ("ISAs"). 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.

Report on the Audit of the Financial Statements (cont'd)

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.

GROUP

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Revenue recognition

Referring to Note 22 to the financial statements, the Group's revenue for the financial year amounted to RM120,325,510.

Revenue is regarded as key audit matter because the amount of revenue contributed is significant to the financial statements of the Group as a whole.

Revenue is recognised through a five steps model as per MFRS 15.

Furthermore, International Standards on Auditing ("ISA") 240 presumed that we consider the risk of fraud arising in revenue recognition. Whilst revenue recognition and measurement is not complex for the Group, revenue targets form part of the Group's key performance measures which could create an incentive to record revenue incorrectly.

We focused on this area given the magnitude of revenue transactions that occurred.</td><td>Our procedures included, amongst others:-

• Understood and evaluated the controls relating to revenue recognition;
• Performed substantive tests to verify the revenue recognised;
• Performed analytical procedures on the trend of revenue recognised to identify any abnormalities; and
• Performed cut-off test and credit note review on sampling basis to ensure the revenue is recognised on the correct accounting period.</td></tr>
</table>

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Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

GROUP (CONT'D)

Key audit matters	How our audit addressed the key audit matters
Trade receivables Referring to Note 9 to the financial statements, the Group holds trade receivables of RM18,149,798 on the statements of financial position. The recoverability of trade receivables is a significant audit risk as it is subject to credit risk exposures and required management judgement in assessing the adequacy of outstanding trade receivables by considering ageing of trade receivables, expected recoverability, historical loss experience and forward-looking information.	Our procedures included, amongst others:- • Challenged management's assumptions in impairment losses assessment of trade receivables; • Reviewed the ageing of trade receivables and tested the reliability thereon; and • Assessed the recoverability of outstanding receivables through examination of subsequent receipts and other relevant information.
Inventories Referring to Note 8 to the financial statements, the Group holds inventories of RM15,919,769 on the statements of financial position. The valuation of inventories is a significant audit risk as inventories may be held for long periods of time before sold making it vulnerable to slow moving or obsolescence and it is also subject to change in consumer demands. This could result in an overstatement of the value of the inventories if the cost is higher than the net realisable value. Furthermore, the assessment and application of inventories provisions are subject to significant management judgement.	Our procedures included, amongst others:- • Tested the costing and latest selling price on sampling basis to ensure that the inventories are stated at lower of cost and net realisable value; and • Challenged the appropriateness and consistency of judgements and assumptions in relates to the impairment of inventories.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

COMPANY

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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 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 MFRSs, IFRSs 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 and the Company or to cease operations, or have no realistic alternative but to do so.

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Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

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

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

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

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

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

- 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.

Report on the Audit of the Financial Statements (cont'd)

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

We have communicated 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 identified during our audit.

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 subsidiaries of which we have not acted as auditors, are disclosed in Note 5(a) 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.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

LEE YIK LOONG
(NO: 03630/12/2025 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
26 April 2024

ENEST GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	5,892,361	5,653,775	165,183	210,541
Investment properties	4	1,047,965	822,719	-	-
Investment in subsidiaries	5(a)	-	-	2,885,260	2,185,161
Investment in an associate	6(a)	-	-	27	3
Goodwill	7	1,839,979	1,839,979	-	-
Total non-current assets		8,780,305	8,316,473	3,050,470	2,395,705
Current assets					
Inventories	8	15,919,769	11,333,555	-	-
Trade receivables	9	18,149,798	13,453,111	-	-
Other receivables	10	4,661,017	4,457,407	1,053,927	557,506
Amount due from subsidiaries	5(c)	-	-	2,446,507	2,906,359
Amount due from an associate	6(b)	11,000	-	11,000	-
Other investments	11	-	430,168	-	430,168
Fixed deposits with a licensed bank	12	639,083	505,080	-	-
Cash and bank balances	13	1,296,824	3,646,048	35,788	14,910
Total current assets		40,677,491	33,825,369	3,547,222	3,908,943
TOTAL ASSETS		49,457,796	42,141,842	6,597,692	6,304,648
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:-					
Share capital	14.1	5,431,272	5,431,272	5,431,272	5,431,272
Merger deficit	14.2	(375,108)	(375,108)	-	-
Foreign currency translation reserve	14.3	(14,954)	(71,949)	-	-
Retained earnings		28,126,514	21,456,192	679,872	646,497
		33,167,724	26,440,407	6,111,144	6,077,769
Non-controlling interests	5(b)	2,281,546	1,951,503	-	-
Total equity		35,449,270	28,391,910	6,111,144	6,077,769
LIABILITIES					
Non-current liabilities					
Borrowings	15	3,978,842	3,632,761	-	-
Deferred tax liabilities	16	94,000	110,000	-	-
Lease liabilities	17	958,607	1,442,600	60,346	90,536
Total non-current liabilities		5,031,449	5,185,361	60,346	90,536

ENEST GROUP BERHAD
(Incorporated in Malaysia)

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

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES (CONT'D)					
Current liabilities					
Trade payables	18	3,583,161	3,455,272	-	-
Other payables	19	746,628	770,318	113,177	81,184
Lease liabilities	17	491,843	495,498	30,190	29,332
Amount due to subsidiaries	5(c)	-	-	278,220	-
Amount due to a Director	20	50	-	-	-
Borrowings	15	1,887,095	2,109,049	-	-
Bank overdrafts	21	1,441,709	4,184	-	-
Tax payable		826,591	1,730,250	4,615	25,827
Total current liabilities		8,977,077	8,564,571	426,202	136,343
Total liabilities		14,008,526	13,749,932	486,548	226,879
TOTAL EQUITY AND LIABILITIES		49,457,796	42,141,842	6,597,692	6,304,648

ENEST GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	22				
Sales of goods		120,325,510	112,972,169	-	-
Rendering of services		-	-	1,000,000	1,000,000
		120,325,510	112,972,169	1,000,000	1,000,000
Cost of sales		(105,573,672)	(98,033,665)	-	-
Gross profit		14,751,838	14,938,504	1,000,000	1,000,000
Other income	23	347,837	1,566,944	10,198	27,793
Selling and distribution expenses		(46,255)	(5,656)	-	-
Administrative expenses		(5,863,932)	(7,273,623)	(994,971)	(1,004,398)
Reversal/(Impairment loss) on financial assets		46,500	(66,195)	-	(19,695)
Other expenses	24	(1,974)	(241,909)	-	-
Operating profit		9,234,014	8,918,065	15,227	3,700
Finance income	25	12,161	10,733	-	-
Finance costs	25	(509,632)	(356,880)	(3,068)	(2,658)
Share of results of an associate		(24)	-	-	-
Profit before tax	26	8,736,519	8,571,918	12,159	1,042
Tax (expense)/income	27	(1,736,154)	(2,107,545)	21,216	(31,782)
Net profit for the financial year		7,000,365	6,464,373	33,375	(30,740)
Other comprehensive income					
Item that will be reclassified subsequently to profit or loss					
- Foreign currency translation, net of tax		56,995	(84,163)	-	-
Total comprehensive income for the financial year		7,057,360	6,380,210	33,375	(30,740)
Net profit for the financial year attributable to:-					
Owners of the Company		6,670,322	6,066,732	33,375	(30,740)
Non-controlling interests		330,043	397,641	-	-
		7,000,365	6,464,373	33,375	(30,740)
Total comprehensive income for the financial year attributable to:-					
Owners of the Company		6,727,317	5,982,569	33,375	(30,740)
Non-controlling interests		330,043	397,641	-	-
		7,057,360	6,380,210	33,375	(30,740)
Earnings per share attributable to owners of the Company:-					
- Basic (sen)	28(a)	1.43	1.30		
- Diluted (sen)	28(b)	*	*		

** There are no dilutive potential equity instruments that would give a diluted effects to the basic earnings per share.*

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

ENEST GROUP BERHAD

(Incorporated in Malaysia)

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

	Attributable to owners of the Company						
	Non-distributable			Distributable			
	Share capital RM	Merger deficit RM	Foreign currency translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group							
Balance at 1 January 2022	5,431,272	(375,108)	12,214	15,389,460	20,457,838	1,553,862	22,011,700
Net profit for the financial year	-	-	-	6,066,732	6,066,732	397,641	6,464,373
Other comprehensive income for the financial year							
- Foreign currency translation	-	-	(84,163)	-	(84,163)	-	(84,163)
Total comprehensive income for the financial year	-	-	(84,163)	6,066,732	5,982,569	397,641	6,380,210
Balance at 31 December 2022	5,431,272	(375,108)	(71,949)	21,456,192	26,440,407	1,951,503	28,391,910
Net profit for the financial year	-	-	-	6,670,322	6,670,322	330,043	7,000,365
Other comprehensive income for the financial year							
- Foreign currency translation	-	-	56,995	-	56,995	-	56,995
Total comprehensive income for the financial year	-	-	56,995	6,670,322	6,727,317	330,043	7,057,360
Balance at 31 December 2023	5,431,272	(375,108)	(14,954)	28,126,514	33,167,724	2,281,546	35,449,270
Company							
Balance at 1 January 2022	5,431,272	-	-	677,237	6,108,509	-	6,108,509
Total comprehensive loss for the financial year	-	-	-	(30,740)	(30,740)	-	(30,740)
Balance at 31 December 2022	5,431,272	-	-	646,497	6,077,769	-	6,077,769
Total comprehensive income for the financial year	-	-	-	33,375	33,375	-	33,375
Balance at 31 December 2023	5,431,272	-	-	679,872	6,111,144	-	6,111,144

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

ENEST GROUP BERHAD
(Incorporated in Malaysia)

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

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
OPERATING ACTIVITIES					
Profit before tax		8,736,519	8,571,918	12,159	1,042
Adjustments for:-					
Depreciation of property, plant and equipment		356,576	355,967	14,790	14,190
Depreciation of right-of-use assets		636,555	565,939	30,568	29,848
Fair value adjustment on investment properties		(49,246)	(194,446)	-	-
Gain on early termination of lease contracts		(1,198)	(1,064)	-	-
Gain on remeasurement of lease contracts		-	(10,173)	-	(1,664)
Dividend income from other investments		-	(24,629)	(10,198)	(24,629)
Reversal/(Impairment loss) on financial assets					
- Other receivables		(46,500)	46,500	-	-
- Amount due from an associate		-	19,695	-	19,695
Interest expenses		509,632	356,880	3,068	2,658
Interest income		(12,161)	(10,730)	-	-
Property, plant and equipment written off		474	-	-	-
Deposit written off		1,500	-	-	-
Share of result of an associate		24	-	-	-
Unrealised loss on foreign exchange		-	217,818	-	-
Operating profit before working capital changes		10,132,175	9,893,675	50,387	41,140
Changes in working capital:-					
Inventories		(4,586,214)	942,890	-	-
Receivables		(4,855,297)	(1,910,462)	(496,421)	(182,212)
Payables		161,194	(6,261,492)	31,993	(191,844)
Cash generated from/(used in) operations		851,858	2,664,611	(414,041)	(332,916)
Tax refunded		189,240	-	4	-
Tax paid		(2,845,053)	(3,207,398)	-	(27,879)
Net cash used in operating activities		(1,803,955)	(542,787)	(414,037)	(360,795)
INVESTING ACTIVITIES					
Additional investment in a subsidiary		-	-	(199,999)	(9,900)
Additional investment in an associate		(24)	-	(24)	-
Advance to associate		(11,000)	(19,695)	(11,000)	(19,695)
Advance from/(Repayment to) subsidiaries		-	-	29,952	(525,748)
Interest received		12,161	10,730	-	-
Net redemption from other investments		430,168	1,180,292	440,366	1,179,999
Purchase of property, plant and equipment	**A**	(283,161)	(723,936)	-	(2,999)
Purchase of investment properties		(176,000)	-	-	-
Net cash (used in)/from investing activities		(27,856)	447,391	259,295	621,657

ENEST GROUP BERHAD
(Incorporated in Malaysia)

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

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
FINANCING ACTIVITIES					
Advance from/(Repayment to) a Director		50	(64,830)	-	-
Advance from/(Repayment to) subsidiaries		-	-	208,020	(226,800)
Interest paid		(509,632)	(356,880)	(3,068)	(2,658)
Placement of fixed deposits pledged		(133,000)	(40,000)	-	-
Repayment of lease liabilities	**C**	(1,435,480)	(408,498)	(29,332)	(29,742)
Drawdown of borrowings	**C**	720,000	5,204,003	-	-
Repayment of borrowings	**C**	(595,873)	(1,267,174)	-	-
Net cash (used in)/from financing activities		(1,953,935)	3,066,621	175,620	(259,200)
CASH AND CASH EQUIVALENTS					
Net changes		(3,785,746)	2,971,225	20,878	1,662
At beginning of financial year		3,666,944	695,719	14,910	13,248
At the end of financial year	**D**	(118,802)	3,666,944	35,788	14,910

NOTES TO STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Total additions	1,336,735	1,311,994	-	2,999
Purchase through lease arrangement	(1,053,574)	(588,058)	-	-
Cash payment	283,161	723,936	-	2,999

B. CASH OUTFLOWS FOR LEASE AS A LESSEE

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Included in net cash from operating activities:-				
Payment relating to short-term leases	70,549	115,000	-	-
Payment relating to leases of low-value assets	66,956	10,941	-	-
Included in net cash from financing activities:-				
Payment of lease liabilties	1,435,480	408,498	29,332	29,742
Interest paid in relation to lease liabilities	74,807	58,802	3,068	2,658
Total cash outflows for leases	1,647,792	593,241	32,400	32,400

ENEST GROUP BERHAD
(Incorporated in Malaysia)

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

NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)

C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2023 RM	Early termination RM	Remeasurement RM	Drawdown RM	Repayment RM	31 December 2023 RM
Group						
Lease liabilities	1,938,098	(84,476)	(21,266)	1,053,574	(1,435,480)	1,450,450
Banker's acceptance	1,620,000	-	-	-	(200,000)	1,420,000
Term loans	4,121,810	-	-	720,000	(395,873)	4,445,937
	7,679,908	(84,476)	(21,266)	1,773,574	(2,031,353)	7,316,387

	1 January 2022 RM	Early termination RM	Remeasurement RM	Drawdown RM	Repayment RM	31 December 2022 RM
Lease liabilities	1,371,967	(45,487)	432,058	588,058	(408,498)	1,938,098
Banker's acceptance	-	-	-	1,620,000	-	1,620,000
Term loans	1,804,981	-	-	3,584,003	(1,267,174)	4,121,810
	3,176,948	(45,487)	432,058	5,792,061	(1,675,672)	7,679,908

	1 January 2023 RM	Repayment RM	31 December 2023 RM
Company			
Lease liabilities	119,868	(29,332)	90,536

	1 January 2022 RM	Remeasurement RM	Repayment RM	31 December 2022 RM
Lease liabilities	58,782	90,828	(29,742)	119,868

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise of the following amounts:-

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash and bank balances	1,296,824	3,646,048	35,788	14,910
Fixed deposits with a licensed bank	639,083	505,080	-	-
Bank overdrafts	(1,441,709)	(4,184)	-	-
	494,198	4,146,944	35,788	14,910
Less: Fixed deposits pleged with a licensed bank	(613,000)	(480,000)	-	-
	(118,802)	3,666,944	35,788	14,910

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

ENEST GROUP BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the LEAP Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at No. 2B-G, Jalan Semenyih, Bandar Kajang, 43000 Kajang, Selangor Darul Ehsan.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 5(a) to the financial statements.

There have been no other significant changes in the nature of the activities of the Company and of its subsidiaries during the financial year other than those changes as mentioned in Note 5(a) to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 26 April 2024.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise stated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 and its measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group and the Company.

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

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

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement (cont'd)

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

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 their fair value measurement as a whole:-

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

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

The Group and the Company have established control framework in respect of measurement of fair values of financial instruments. The Board of Directors has overall responsibility for overseeing all significant fair value measurements. The Board of Directors regularly reviews significant unobservable inputs and valuation adjustments.

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

2.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 MFRSs

2.4.1 Adoption of new standards/amendments/improvements to MFRSs

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial years beginning on or after 1 January 2023.

2. BASIS OF PREPARATION (CONT'D)

2.4 MFRSs (cont'd)

2.4.1 Adoption of new standards/amendments/improvements to MFRSs (cont'd)

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact to the financial statements of the Group and of the Company, except for:-

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

The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amount are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The MASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in MFRS Practice Statement 2.

The amendments have had an impact on the Group's and the Company's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

2.4.2 Standards issued but not yet effective

<u>Amendments to MFRSs effective for financial period beginning on or after 1 January 2024</u>

Amendments to MFRS 16*	Leases: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements: Non-current Liabilities with Covenants
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 107 and MFRS 7	Statement of Cash Flows and Financial Instruments: Disclosures: Supplier Finance Arrangements

<u>Amendments to MFRSs effective for financial period beginning on or after 1 January 2025</u>

Amendments to MFRS 121	The Effect of Changes in Foreign Exchange Rates-Lack of Exchangeability

<u>Amendments to MFRSs effective date deferred indefinitely</u>

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the Group's and the Company's operation

2. BASIS OF PREPARATION (CONT'D)

2.4 MFRSs (cont'd)

2.4.2 Standards issued but not yet effective (cont'd)

The initial application of the amendments are not expected to have material impact on the financial statements of the Group and of the Company upon its first adoption.

2.5 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition are measurement of assets, liabilities, income and expenses are discussed below.

2.5.1 Estimation uncertainties

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

<u>Useful lives of depreciable assets</u>

The management estimates the useful lives of the depreciable assets to be within 2 to 99 years and reviews the useful lives of depreciable assets at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Group's and the Company's assets.

The management expects that the expected useful lives of the depreciable assets would not have material differences from the management's estimation, hence, it would not result in material variance in the Group's and the Company's profit for the financial year.

The carrying amount of the Group's and of the Company's depreciable assets at the end of the reporting date is disclosed in Note 3 to the financial statements.

<u>Valuation of investment properties</u>

The Group and the Company measure its investment properties at revalued amount with changes in fair value being recognised in profit or loss. The Directors of the Group and of the Company estimate the fair value with reference to the valuation report to determine fair values with sufficient regularity to ensure that the carrying amount or closing balance does not differ materially from the fair value of the investment properties at the reporting date.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Estimation uncertainties (cont'd)

Valuation of investment properties (cont'd)

The carrying amount or closing balance of the investment properties as at the end of the reporting date, and the relevant revaluation bases, information regarding the valuation techniques and inputs used in determining the fair value are disclosed in Notes 4 and 33 to the financial statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to the valuation of inventories.

The management expects that the expected net realisable values of the inventories would not have material difference from the management's estimation of a net realisable value, hence, it would not result in material variance in the Group's profit for the financial year.

The carrying amount of the Group's inventories at the end of the reporting date is disclosed in Note 8 to the financial statements.

Provision for expected credit losses ("ECLs") of financial assets

Credit losses are the differences between all contractual cash flows of the Group and of the Company that are due and the cash flows that it actually expects to receive. An expected credit loss is the probability-weighted estimate of credit losses which requires the Group's and the Company's judgement. The expected credit losses are discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Group and the Company use a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns such as geography, customer type and rating, and coverage by letters of credit and other forms of credit insurance.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Estimation uncertainties (cont'd)

<u>Provision for expected credit losses ("ECLs") of financial assets (cont'd)</u>

The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default rate in the future.

The carrying amount of the Group's and of the Company's receivables at the end of the reporting date are disclosed in Notes 5(c), 6(b), 9 and 10 to the financial statements.

<u>Impairment of non-financial assets</u>

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. These estimates are most relevant to goodwill recognised by the Group. Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill are disclosed in Note 7 to the financial statements.

<u>Income taxes</u>

Significant estimation is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities based on estimates of whether additional taxes will be due. Where the final tax 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 period in which such determination is made.

<u>Leases – Estimating the incremental borrowing rate</u>

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group and the Company estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.2 Significant management judgement

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

<u>Classification between investment properties and owner-occupied properties</u>

The Group and the Company determine whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group and the Company consider whether a property generates cash flows that are largely independently of the other assets held by the Group and the Company.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group and the Company account for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

<u>Leases</u>

In applying MFRS 16, management uses judgement in determining the rate to discount the lease payments and assess whether a right-of-use asset is impaired. Furthermore, the Group and the Company estimates the lease term and reassess whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances.

In most cases, determining the appropriate discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. In assessing the lease term and the likelihood of any extensions or early terminations, the management evaluates whether such extensions or early terminations would lead to economic benefits for the Group and the Company.

<u>Fair value measurement of financial instruments</u>

Significant judgement is involved in determining the appropriate valuation techniques and inputs for fair value measurements where active market quotes are not available.

In estimating the fair value of financial asset or financial liability, the Group and the Company use market-observable data to the extent it is available. The management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in measuring the financial assets and financial liabilities. Where Level 1 inputs are not available, the management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in the Note 33 to the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings RM	Lease of buildings RM	Furniture and fittings RM	Office equipment RM	Tools and equipment RM	Air-conditioners RM	Motor vehicles RM	Computers RM	Electrical and fittings RM	Plant and machineries RM	Signboards RM	Renovations RM	Total RM
Cost													
At 1.1.2022	2,506,126	1,458,009	530,675	420,886	384,584	119,688	409,648	248,072	102,005	38,276	8,280	1,026,058	7,252,307
Additions	-	177,888	83,875	30,994	8,746	4,480	410,170	72,034	9,610	4,850	23,739	485,608	1,311,994
Early termination of lease contracts	-	(60,970)	-	-	-	-	-	-	-	-	-	-	(60,970)
Remeasurement of lease contracts	-	66,786	-	-	-	-	-	-	-	-	-	-	66,786
At 31.12.2022	2,506,126	1,641,713	614,550	451,880	393,330	124,168	819,818	320,106	111,615	43,126	32,019	1,511,666	8,570,117
Additions	935,181	118,393	8,382	6,083	450	7,450	-	37,696	5,150	2,917	2,450	212,583	1,336,735
Early termination of lease contracts	-	(166,557)	-	-	-	-	-	-	-	-	-	-	(166,557)
Written off	-	-	-	(484)	-	-	-	-	-	-	-	-	(484)
Remeasurement of lease contracts	-	(21,266)	-	-	-	-	-	-	-	-	-	-	(21,266)
At 31.12.2023	3,441,307	1,572,283	622,932	457,479	393,780	131,618	819,818	357,802	116,765	46,043	34,469	1,724,249	9,718,545
Accumulated depreciation													
At 1.1.2022	88,314	417,694	345,234	119,688	348,912	103,585	245,790	163,733	51,346	22,449	7,201	472,482	2,386,428
Charge for the financial year	28,052	373,923	35,506	49,479	20,959	8,130	163,964	39,513	11,161	4,313	3,423	183,483	921,906
Early termination of lease contracts	-	(16,547)	-	-	-	-	-	-	-	-	-	-	(16,547)
Remeasurement of lease contracts	-	(375,445)	-	-	-	-	-	-	-	-	-	-	(375,445)
At 31.12.2022	116,366	399,625	380,740	169,167	369,871	111,715	409,754	203,246	62,507	26,762	10,624	655,965	2,916,342
Charge for the financial year	37,672	434,920	38,524	51,350	14,456	6,229	163,963	39,872	11,676	4,604	5,310	184,555	993,131
Early termination of lease contracts	-	(83,279)	-	-	-	-	-	-	-	-	-	-	(83,279)
Written off	-	-	-	(10)	-	-	-	-	-	-	-	-	(10)
At 31.12.2023	154,038	751,266	419,264	220,507	384,327	117,944	573,717	243,118	74,183	31,366	15,934	840,520	3,826,184
Net carrying amount													
At 31.12.2023	3,287,269	821,017	203,668	236,972	9,453	13,674	246,101	114,684	42,582	14,677	18,535	883,729	5,892,361
At 31.12.2022	2,389,760	1,242,088	233,810	282,713	23,459	12,453	410,064	116,860	49,108	16,364	21,395	855,701	5,653,775

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

The leasehold building of the Group with net carrying amount of RM2,630,000 (2022: RM2,506,126) have been pledged to a licensed bank for credit facilities granted to the Group disclosed in Note 15 to the financial statement.

The Directors of the Group are of the opinion that unreasonable expenses would be incurred in segregating the cost of the leasehold land and buildings.

	Lease of buildings RM	Office equipment RM	Renovation RM	Total RM
Company				
Cost				
At 1.1.2022	89,350	16,449	109,000	214,799
Additions	-	2,999	-	2,999
Remeasurement of lease contracts	32,926	-	-	32,926
At 31.12.2022/31.12.2023	122,276	19,448	109,000	250,724
Accumulated depreciation				
At 1.1.2022	32,266	1,645	21,800	55,711
Charge for the financial year	29,848	3,290	10,900	44,038
Remeasurement of lease contracts	(59,566)	-	-	(59,566)
At 31.12.2022	2,548	4,935	32,700	40,183
Charge for the financial year	30,568	3,890	10,900	45,358
At 31.12.2023	33,116	8,825	43,600	85,541
Net carrying amount				
At 31.12.2023	89,160	10,623	65,400	165,183
At 31.12.2022	119,728	14,513	76,300	210,541

(a) Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:-

	2023 RM	2022 RM
Group		
Leasehold land and buildings	3,287,269	2,389,760
Lease of buildings	821,017	1,242,088
Motor vehicles	246,101	410,064
	4,354,387	4,041,912
Company		
Lease of buildings	89,160	119,728

3. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(b) Depreciation charge of right-of-use assets is as follow:-

	2023	2022
	RM	RM
Group		
Leasehold land and buildings	37,672	28,052
Lease of buildings	434,920	373,923
Motor vehicles	163,963	163,964
	636,555	565,939
Company		
Lease of buildings	30,568	29,848

(c) Additions to right-of-use assets are as follows:-

	2023	2022
	RM	RM
Group		
Leasehold land and buildings	935,181	-
Lease of buildings	118,393	177,888
Motor vehicles	-	410,170
	1,053,574	588,058

Material accounting policy information

(a) **Recognition and measurement**

Property, plant and equipment

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

Right-of-use assets

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

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

Material accounting policy information (cont'd)

(b) **Depreciation**

Property, plant and equipment

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful lives. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Furniture and fittings	10%
Office equipment	10% to 20%
Tools and equipment	20%
Air-conditioners	10% to 20%
Computers	20%
Electrical and fittings	10%
Plant and machineries	10%
Signboards	10% to 20%
Renovations	10% to 20%

Right-of-use assets

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

Leasehold land and buildings	Over the lease term from 81 to 99 years
Lease of buildings	2 to 9 years
Motor vehicles	5 years

4. INVESTMENT PROPERTIES

	Leasehold building RM	Freehold building RM	Total RM
Group			
Fair value of investment properties			
At 1.1.2022	-	628,273	628,273
Fair value adjustment	-	194,446	194,446
At 31.12.2022	-	822,719	822,719
Addition	176,000	-	176,000
Fair value adjustment	71,965	(22,719)	49,246
At 31.12.2023	247,965	800,000	1,047,965

4. INVESTMENT PROPERTIES (CONT'D)

Income and expenses recognised in profit or loss:-

	2023 RM	2022 RM
Group		
Fair value adjustment on investment properties	(49,246)	(194,446)
Direct operating expenses		
- Non-income generating	9,280	1,646

The fair value of the investment properties of the Group were estimated by the Directors based on the recent transacted prices in the market of properties with similar condition and location. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group's investment properties are carried at fair value and classified as Level 3 fair value item for the purpose of fair value hierarchy disclosures.

The freehold building and leasehold building with net carrying amount of RM800,000 (2022: RM822,719) and RM247,965 (2022: RMNil) have been pledged to a licensed bank for credit facilities granted to the Group disclosed in Note 15 to the financial statements.

Material accounting policy information

Investment properties are measured subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

5. SUBSIDIARIES

(a) Investment in subsidiaries

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost	2,885,260	2,185,161

5. **SUBSIDIARIES (CONT'D)**

(a) Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows:-

Name of subsidiaries	Principal place of business	Effective equity interest 2023 %	Effective equity interest 2022 %	Principal activities
Ming Feng Marketing (M) Sdn. Bhd. ("MFMSB")	Malaysia	100	100	Processing and selling bird's nest products
Ye Lin Industrial (Shanghai) Co., Ltd ("YLIS")*	China	100	100	Importing and distributing the Group's edible bird's nest within China
Enest Properties Sdn. Bhd. ("EPSB")	Malaysia	100	100	Property development activities and investment properties
Enest Swiftlets Sdn. Bhd. ("ESSB")	Malaysia	100	100	Swiftlets farming for production of edible bird's nests, trading of raw materials of bird nests, investment of farms and related business activities
Kang Li Pharmacy Sdn. Bhd. ("KPLSB")	Malaysia	100	100	Distributing, importing, exporting, wholesaling and dealing in patent medicine, pharmaceutical, medical, chemical and orthopaedic goods and any of the pharmaceutical related business
Enest Marketing Sdn. Bhd. ("EMSB")	Malaysia	100	100	Trading of bird nests
Dynamic Transforms Sdn. Bhd. ("DTSB")	Malaysia	80	80	Trading, exporting and processing of bird nests and its related products

* Not audited by Grant Thornton Malaysia PLT.

Material accounting policy information

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment loss.

5. **SUBSIDIARIES (CONT'D)**

(a) Investment in subsidiaries (cont'd)

Additional investment in a subsidiary

2023

(i) On 3 March 2023, the Company subscribed 199,999 units of newly issued shares of ESSB for cash consideration of RM199,999, which did not result any change in effective equity interest.

(ii) On 1 November 2023, the Company subscribed 500,100 units of newly issued shares of KLPSB by the way of capitalisation of amount due from KLPSB amounting to RM500,100, which did not result any change in effective equity interest.

2022

(i) On 10 May 2022, the Company subscribed 9,900 units of newly issued shares of KLPSB for cash consideration of RM9,900, which did not result in any change in effective equity interest.

(b) Non-controlling interests ("NCI") in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:-

	DTSB RM
2023	
NCI percentage of ownership interest and voting interest	20%
Carrying amount of NCI	2,281,546
Total comprehensive income allocated to NCI	330,043
2022	
NCI percentage of ownership interest and voting interest	20%
Carrying amount of NCI	1,951,503
Total comprehensive income allocated to NCI	397,641

5. **SUBSIDIARIES (CONT'D)**

(b) Non-controlling interests ("NCI") in subsidiaries (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests ("NCI") is as below:-

	2023 DTSB RM	**2022** DTSB RM
Summary of financial position		
Non-current assets	386,014	228,067
Current assets	16,716,463	14,456,676
Total assets	17,102,477	14,684,743
Non-current liabilities	801,769	869,230
Current liabilities	4,892,980	4,058,000
Total liabilities	5,694,749	4,927,230
Net assets	11,407,728	9,757,513
Summary of financial performance		
Revenue	61,338,998	59,374,820
Profit for the financial year	1,650,216	1,988,203
Total comprehensive income for the financial year	1,650,216	1,988,203
Summary of cash flows		
Net cash used in operating activities	(668,531)	(1,448,905)
Net cash used in investing activities	(962,901)	(585,374)
Net cash (used in)/from financing activities	(171,204)	2,159,673
Net cash (outflows)/inflows	(1,802,636)	125,394

Material accounting policy information

Acquisition of subsidiary with non-controlling interests

The Group elects to measure non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets, at the acquisition date.

(c) Amount due from/(to) subsidiaries

The amount due from/(to) subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

6. ASSOCIATE

(a) Investment in an associate

	Group 2023 RM	Group 2022 RM
Unquoted shares, at cost	27	3
Share of post-acquisition reserves		
Retained earnings		
At 1 January	(3)	(3)
Total comprehensive loss	(24)	-
At 31 December	(27)	(3)
	-	-

	Company 2023 RM	Company 2022 RM
Unquoted shares, at cost	27	3

Details of the associate which the principal place of business in Malaysia, are as follows:-

Name of associate	Principal place of business	Effective equity interest 2023 %	Effective equity interest 2022 %	Principal activities
Direct interest				
Dynamic Bird Nest Sdn. Bhd. ("DBNSB")	Malaysia	27	30	Trade, import, export, manufacture and process the raw material of bird's nest

6. ASSOCIATE (CONT'D)

(a) Investment in an associate (cont'd)

The following table summarises the information of associate adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2023 RM	2022 RM
Summary of financial position		
Non-current assets	98,627	112,186
Current assets	13,573	8,875
Current liabilities	(459,131)	(355,684)
Equity	(346,931)	(234,623)
Proportion of the Group's ownership	27.00%	30.00%
Carrying amount of the investment	-	-
Summary of financial performance		
Administrative expenses	(112,398)	(74,527)
Loss for the financial year	(112,398)	(74,527)
Group's share of loss for the financial year	-	-

Unrecognised share of losses

The Group has 27% (2022: 30%) in the equity interests of Dynamic Bird Nest Sdn. Bhd..

The Group has not recognised losses related to Dynamic Bird Nest Sdn. Bhd. of totalling and cumulatively RM93,671 (2022: RM70,387), since the Group has no obligation in respect of these losses.

Contingent liabilities and capital commitments

The associate has no contingent liabilities or capital commitments as at the reporting date.

Material accounting policy information

Investment in an associate is measured in the Company's statement of financial position at cost less any impairment loss.

6. ASSOCIATE (CONT'D)

(b) Amount due from an associate

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Amount due from an associate	111,909	100,909	111,909	100,909
Less: Allowance for expected credit losses	(100,909)	(100,909)	(100,909)	(100,909)
	11,000	-	11,000	-

The movement of the allowance for expected credit losses is as follows:-

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Loss allowances as at 1 January	100,909	81,214	100,909	81,214
Loss allowance recognised during the financial year	-	19,695	-	19,695
Loss allowance as at 31 December	100,909	100,909	100,909	100,909

The amount due from an associate is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

7. GOODWILL

	Group	
	2023	2022
	RM	RM
Cost		
At 1 January/31 December	1,839,979	1,839,979

The goodwill derived is from DTSB.

The recoverable amount of the goodwill is determined from value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. The Directors estimate discount rate using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the goodwill. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

7. GOODWILL (CONT'D)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next 1 year and extrapolates cash flows for the following 4 years based on estimated growth rate of 4% (2022: 4%) per annum. The discount rate used is 6.90% (2022: 6.90%) per annum.

With regards to the assessments, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

8. INVENTORIES

	Group	
	2023	2022
	RM	RM
Raw materials	2,410,085	1,296,194
Work-in-progress	-	149,376
Finished goods	11,739,871	7,827,466
Trading merchandise	1,712,746	1,565,819
Goods in-transit	57,067	494,700
	15,919,769	11,333,555

Recognised in profit or loss:-

Inventories recognised as cost of sales	95,773,625	92,114,000

Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the first-in-first-out method.

9. TRADE RECEIVABLES

	Group	
	2023	2022
	RM	RM
Trade receivables	18,718,985	14,022,298
Less: Allowance for expected credit losses	(569,187)	(569,187)
	18,149,798	13,453,111

The movement of the allowance for expected credit losses is as follows:-

	Group	
	2023	2022
	RM	RM
Loss allowance as at 1 January/31 December	569,187	569,187

9. TRADE RECEIVABLES (CONT'D)

Trade receivables are unsecured, non-interest bearing and the normal credit term granted are ranging from cash term to 90 days (2022: cash term to 90 days). Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition. Information on financial risk of trade receivable is disclosed in Note 32 to the financial statements.

The foreign currency exposure profile of the trade receivables is as follow:-

	Group	
	2023	2022
	RM	RM
Chinese Renminbi ("RMB")	13,669,736	12,137,493

10. OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-trade receivables	96,808	107,289	-	-
Advances to suppliers	1,267,294	3,571,793	-	-
Deposits	189,206	254,179	8,800	8,800
Deposits for purchase of properties	520,635	-	-	-
Prepayments	2,399,021	570,646	1,045,127	548,706
Indirect tax recoverable	188,053	-	-	-
Less: Allowance for expected credit losses	-	(46,500)	-	-
	4,661,017	4,457,407	1,053,927	557,506

The movement of the allowance for expected credit losses is as follows:-

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Loss allowance as at 1 January	46,500	-	-	-
Loss allowance recognised during the financial year	-	46,500	-	-
Reversal of loss allowance during the financial year	(46,500)	-	-	-
Loss allowance as at 31 December	-	46,500	-	-

10. OTHER RECEIVABLES (CONT'D)

The foreign currency exposure profile of the other receivables is as follow:-

	Group	
	2023	2022
	RM	RM
RMB	2,633,873	2,210,532

11. OTHER INVESTMENTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At fair value:-				
Quoted investments in Malaysia ("Unit Trust")	-	430,168	-	430,168
Market value of quoted investments in Malaysia ("Unit Trust")	-	430,168	-	430,168

12. FIXED DEPOSITS WITH A LICENSED BANK

The interest rate of fixed deposits of the Group during the financial year ranged from 0.01% to 3.45% (2022: 0.01% to 4.25%) per annum. The maturity of fixed deposits at the end of the financial year was 12 months (2022: 12 months).

The fixed deposits with a licensed bank amounted to RM613,000 (2022: RM480,000) of the Group are pledged to a licensed bank for bank facilities granted to the Group.

13. CASH AND BANK BALANCES

The foreign currency exposure profile of cash and bank balances is as follow:-

	Group	
	2023	2022
	RM	RM
RMB	1,012,612	531,669

14. CAPITAL AND RESERVES

14.1 Share capital

	Number of ordinary shares Units	Amount RM
Group and Company		
Issued and fully paid with no par value		
At 1.1.2022/31.12.2022/31.12.2023	465,000,040	5,431,272

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.

14.2 Merger deficit

The merger deficit arises as and when the combination take place, it comprises the difference between the cost of merger and the nominal value of shares acquired in MFMSB and YLIS.

14.3 Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from translation of financial statements of foreign operations whose functional currencies differed from the Group's presentation currency.

15. BORROWINGS

	Group	
	2023 RM	2022 RM
Current		
Secured:-		
Banker's acceptance	1,420,000	1,620,000
Term loans	457,095	481,549
Unsecured:-		
Term loans	10,000	7,500
	1,887,095	2,109,049

15. BORROWINGS (CONT'D)

	Group 2023 RM	Group 2022 RM
Non-current		
Secured:-		
Term loans		
- Between 2 to 5 years	1,824,135	1,654,991
- More than 5 years	2,123,040	1,936,103
Unsecured:-		
Term loans		
- Between 2 to 5 years	31,667	40,000
- More than 5 years	-	1,667
	3,978,842	3,632,761
	5,865,937	5,741,810

Borrowings of the Group are secured by means of the following:-

(a) Jointly and severally guaranteed by the Directors of the Group;
(b) Credit Guarantee Corporation Malaysia Berhad ("CGC") guarantee under Flexi Guarantee Scheme ("FGS") for RM560,000;
(c) Government Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad for RM4,099,180;
(d) Asset Sale Agreement for RM3,691,431 over Shariah Compliant Commodities determined by the Bank;
(e) First party legal charge over the leasehold land and buildings of the Group as disclosed in Note 4 to the financial statements; and
(f) Corporate guarantee by the Company and a subsidiary of the Company.

The effective interest of borrowings are charged at the rates ranging from 2.53% to 8.50% (2022: 2.88% to 8.50%) per annum. Term loans are repayable by ranged from 60 to 240 (2022: 84 to 240) monthly instalments.

16. DEFERRED TAX LIABILITIES

	Group 2023 RM	Group 2022 RM
Brought forward	110,000	70,000
Recognised in profit or loss (Note 27)	(16,000)	40,000
Carried forward	94,000	110,000

16. **DEFERRED TAX LIABILITIES (CONT'D)**

The components of deferred tax liabilities are made up of temporary differences arising from:-

	Group	
	2023	2022
	RM	RM
Carrying amount of qualifying property, plant and equipment in excess of its tax base	94,000	110,000

Material accounting policy information

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted by the end of the reporting date.

17. **LEASE LIABILITIES**

17.1 Lease liabilities are presented in the statements of financial position as follows:-

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Lease liabilities				
Current	491,843	495,498	30,190	29,332
Non-current	958,607	1,442,600	60,346	90,536
	1,450,450	1,938,098	90,536	119,868

17.2 Future minimum lease payments are as follows:-

	← Minimum lease payments due →			
	Within 1 year	2 to 5 years	After 5 years	Total
	RM	RM	RM	RM
Group				
2023				
Lease payments	546,856	848,884	216,792	1,612,532
Finance charges	(55,013)	(95,333)	(11,736)	(162,082)
Net present values	491,843	753,551	205,056	1,450,450
2022				
Lease payments	564,158	1,237,724	359,766	2,161,648
Finance charges	(68,660)	(130,276)	(24,614)	(223,550)
Net present values	495,498	1,107,448	335,152	1,938,098

17. LEASE LIABILITIES (CONT'D)

17.2 Future minimum lease payments are as follows (cont'd):-

	Minimum lease payments due			
	Within 1 year RM	2 to 5 years RM	After 5 years RM	Total RM
Company				
2023				
Lease payments	32,400	62,100	-	94,500
Finance charges	(2,210)	(1,754)	-	(3,964)
Net present values	30,190	60,346	-	90,536
2022				
Lease payments	32,400	94,500	-	126,900
Finance charges	(3,068)	(3,964)	-	(7,032)
Net present values	29,332	90,536	-	119,868

17.3 Lease payments not recognised as a liability

The expenses relating to payments not included in the measurement of the lease liabilities are as follows:-

	2023 RM	2022 RM
Group		
Short-term leases	70,549	115,000
Lease of low-value assets	66,956	10,941
	137,505	125,941

The effective interest rate of lease liabilities of the Group and of the Company were charged at rates ranging from 2.88% to 8.38% (2022: 2.88% to 5.55%) and at 2.88% (2022: 2.88%) per annum respectively.

Material accounting policy information

(a) **Lease and non-lease component**

At inception or an reassessment of a contract that contains a lease component, the Group and the Company allocate 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 and the Company is a lessee, they have elected not to separate non-lease components and will instead account for lease and non-lease components as a single lease component.

(b) **Recognition exemption**

The Group and the Company have elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

18. TRADE PAYABLES

Group

Trade payables are unsecured, non-interest bearing and the normal credit term granted by the suppliers ranged from cash term to 90 days (2022: cash term to 90 days).

The foreign currency exposure profile of trade payables is as follow:-

	Group	
	2023	2022
	RM	RM
RMB	3,342,395	1,528,257

19. OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-trade payables	133,545	255,277	27,634	20,721
Accrual of expenses	593,633	495,591	85,543	60,463
Deposits received	19,450	19,450	-	-
	746,628	770,318	113,117	81,184

	Group	
	2023	2022
	RM	RM
At 1 January	-	7,818,677
Recognised as revenue during the financial year	-	(7,818,677)
At 31 December	-	-

In prior financial year, the contract liabilities represent advance deposit received from customers for purchase of goods and expected to be recognised as revenue within one year.

20. AMOUNT DUE TO A DIRECTOR

Group

Amount due to a Director is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

21. BANK OVERDRAFTS

	Group	
	2023	2022
	RM	RM
Secured	1,441,709	4,184

The bank overdrafts of the Group are secured by means of the following:-

(a) Pledge of fixed deposits with a licensed bank as disclosed in Note 12 to the financial statements;
(b) Corporate guarantee by the Company;
(c) Debenture on fixed and floating, present and future assets of a subsidiary;
(d) Jointly and severally guaranteed by the Directors of the Company; and
(e) Government Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad for RM1,600,000.

Interest is charged at rates ranging from 7.70% to 8.25% (2022: 1.07% to 7.50%) per annum.

22. REVENUE

The Group's and the Company's revenue disaggregated by primary geographical markets are as follows:-

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Geographical market				
Malaysia	22,902,875	7,448,425	1,000,000	1,000,000
China	96,696,085	103,776,996	-	-
Australia	709,800	1,178,698	-	-
Others	16,750	568,050	-	-
	120,325,510	112,972,169	1,000,000	1,000,000

The Group's and the Company's revenue disaggregated by pattern of revenue recognition is as follows:-

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Distribution and trading of products				
Goods transferred at a point in time	120,325,510	112,972,169	-	-
Management fee				
Services rendered at a point in time	-	-	1,000,000	1,000,000

22. REVENUE (CONT'D)

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group and the Company recognise revenue at point in time, when (or as) they transfer control over a product or services to the customer. An asset is transferred when (or as) the customer obtains control of the asset.

The payment terms for billings arising from revenue are disclosed in Note 9 to the financial statements.

The revenue of the Group and of the Company contain no elements of variable consideration, obligations for returns or refund or warranties.

23. OTHER INCOME

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Fair value adjustment on investment properties	49,246	194,446	-	-
Gain on early termination of lease contract	1,198	1,064	-	-
Gain on remeasurement of lease contracts	-	10,173	-	1,664
Dividend income from other investments	-	24,629	10,198	24,629
Realised gain on foreign exchange	246,097	1,205,441	-	-
Rental income	6,750	-	-	1,500
Wages subsidy	6,560	8,980	-	-

24. OTHER EXPENSES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Unrealised loss on foreign exchange	-	217,818	-	-
Property, plant and equipment written off	474	-	-	-
Deposit written off	1,500	-	-	-

25. FINANCE INCOME AND FINANCE COSTS

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Finance income				
Interest income on:-				
- Bank accounts	1,759	2,076	-	-
- Fixed deposits with a licensed bank	10,402	8,657	-	-
	12,161	10,733	-	-

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Finance costs				
Interest expenses on:-				
- Bankers' acceptance interest	88,461	33,556	-	-
- Term loans interest	276,884	205,059	-	-
- Bank overdrafts interest	69,480	59,463	-	-
- Lease liabilities interest	74,807	58,802	3,068	2,658
	509,632	356,880	3,068	2,658

26. PROFIT BEFORE TAX

Profit before tax has been determined after (crediting)/charging, amongst other items, the following:-

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Auditors' remuneration				
- Statutory audit	176,000	131,000	33,000	27,000
Other service				
- Tax compliance	22,600	22,500	2,600	2,300
Depreciation of property, plant and equipment	356,576	355,967	14,790	14,190
Depreciation of right-of-use assets	636,555	565,939	30,568	29,848
Impairment loss on financial assets				
- Amount due from an associate	-	19,695	-	19,695
- Other receivables	-	46,500	-	-
Reversal of impairment loss on other receivables	(46,500)	-	-	-
Expenses relating to short-term leases	70,549	115,000	-	-
Expenses relating to lease of low-value assets	66,956	10,941	-	-

27. TAX EXPENSE/(INCOME)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current tax				
- Current financial year provision	1,826,490	1,917,074	13,000	34,216
- (Over)/Under provision in prior financial year	(74,336)	150,471	(34,216)	(2,434)
	1,752,154	2,067,545	(21,216)	31,782
Deferred tax (Note 16)				
- Current financial year provision	(16,000)	38,000	-	-
- Under provision in prior financial year	-	2,000	-	-
	(16,000)	40,000	-	-
	1,736,154	2,107,545	(21,216)	31,782

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

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit before tax	8,736,519	8,571,918	12,159	1,042
Tax at Malaysian statutory tax rate of 24%	2,096,765	2,057,260	2,918	250
Tax effects in respect of:-				
Expenses not deductible for tax purposes	161,078	399,271	12,530	40,636
Income not subject to tax	(56,731)	(90,958)	(2,448)	(6,670)
Movement of deferred tax assets not recognised	(28,800)	(38,640)	-	-
(Over)/Under provision of current tax in prior financial year	(74,336)	150,471	(34,216)	(2,434)
Under provision of deferred tax in prior financial year	-	2,000	-	-
Different tax rate of foreign subsidiary	(361,822)	(371,859)	-	-
Total tax expense	1,736,154	2,107,545	(21,216)	31,782

27. **TAX EXPENSE/(INCOME) (CONT'D)**

The components and movement of unrecognised deferred tax liabilities and assets of the Group are as follows:-

	Property, plant and equipment RM	Unutilised capital allowances RM	Unabsorbed business losses RM	Total RM
At 1 January 2022	32,000	(32,000)	-	-
Recognition in profit or loss	21,000	(21,000)	-	-
At 31 December 2022	53,000	(53,000)	-	-
Recognition in profit or loss	(13,000)	51,000	(38,000)	-
At 31 December 2023	40,000	(2,000)	(38,000)	-

Deferred tax assets have not been recognised in respect of the following items (stated at gross):-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unabsorbed business losses	309,000	429,000	-	-

Deferred tax assets have not been fully recognised in respect of these items because it is uncertain whether the subsidiary can generate adequate future taxable profits against which it can fully utilise the benefit therefrom.

The unutilised capital allowances do not expire under current tax legislation. Unabsorbed business losses for which no deferred tax asset was recognised expire as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Year of assessment 2031	468,000	468,000	-	-
Year of assessment 2032	-	1,000	-	1,000
	468,000	469,000	-	1,000

28. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit attributable to owners of the Company over the weighted average number of ordinary shares in issue of the Group during the financial year as follows:-

	2023	2022
Net profit attributable to owners of the Company (RM)	6,670,322	6,066,732
Weighted average number of ordinary shares (unit)	465,000,040	465,000,040
Basic earnings per share (sen)	1.43	1.30

(b) Diluted earnings per share

There is no diluted earnings per share as the Group does not have any dilutive potential ordinary shares outstanding as at the end of the reporting year.

29. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, bonus, overtime and allowances	9,674,091	2,751,293	668,417	589,681
Defined contribution plan	308,858	272,376	64,621	62,852
Social security contribution	200,040	50,390	6,267	5,326
Other benefits	612,674	371,515	29,346	26,575
	10,795,663	3,445,574	768,651	684,434

Included in the employee benefits expenses are the Directors' remuneration as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries and other emoluments	450,011	292,257	262,364	232,257
Directors' fees	33,000	36,000	33,000	36,000
Defined contribution plan	47,479	35,100	25,155	27,300
Social security contribution	5,533	4,027	3,052	3,025
	536,023	367,384	323,571	298,582

The estimated monetary value of benefits-in-kind provided to Directors of the Company incurred by the Group is RM81,982 (2022: RM87,923).

30. RELATED PARTY DISCLOSURES

(a) Related party transactions:-

	Group 2023 RM	2022 RM
Purchases from a company in which a Director has interest	68,936	76,070
Lease paid to Directors	32,400	32,400

	Company 2023 RM	2022 RM
Rental income charged to a subsidiary	-	1,500
Lease paid to Directors	32,400	32,400
Management fee charged to a subsidiary	1,000,000	1,000,000

(b) The outstanding balances arising from related party transactions are disclosed in Notes 5(c), 6(b) and 20 to the financial statements respectively.

(c) Key management personnel are defined as the person having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

Key management includes all the Directors of the Group and certain members of senior management of the Group.

The remuneration of the Directors is disclosed in Note 29 to the financial statements.

The remuneration of the other key management personnel is as follows:-

	Group and Company 2023 RM	2022 RM
Salaries and other emoluments	178,719	199,101
Defined contribution plan	18,720	18,720
Social security contribution	1,040	899
	198,479	218,720

31. OPERATING SEGMENTS

Segment information

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is organised into the following operating divisions:-

Reportable segment	Descriptions
Bird's nest	Processing and selling bird's nest products.
Others	Investment holding, property investment and pharmaceutical business.

2023

Group	Bird's nest RM	Others RM	Eliminations RM	Note	Consolidated RM
Revenue					
External sales	118,888,480	1,437,030	-		120,325,510
Inter-segment sales	58,092,750	1,131,447	(59,224,197)	A	-
Total revenue	176,981,230	2,568,477	(59,224,197)		120,325,510
Results					
Segment results	8,481,273	(107,391)	(215,808)		8,158,074
Finance costs	(412,920)	(103,009)	6,297		(509,632)
Depreciation	785,318	229,425	(21,612)		993,131
Share of results of associates	-	(24)	-		(24)
Other non-cash items of income	1,198	93,772	-	B	94,970
Profit before tax	8,854,869	112,773	(231,123)		8,736,519
Tax expense	(1,750,414)	14,260	-		(1,736,154)
Net profit for the financial year	7,104,455	127,033	(231,123)		7,000,365
Assets					
Segment assets	60,639,875	12,481,247	(23,663,326)		49,457,796
Consolidated total assets	60,639,875	12,481,247	(23,663,326)		49,457,796
Liabilities					
Segment liabilities	28,037,315	5,718,019	(19,746,808)		14,008,526
Consolidated total liabilities	28,037,315	5,718,019	(19,746,808)		14,008,526
Other information					
Additions to property, plant and equipment	542,715	951,514	(157,494)		1,336,735

31. OPERATING SEGMENTS (CONT'D)

Segment information (cont'd)

For management purposes, the Group is organised into the following operating divisions (cont'd):-

2022

Group	**Bird's nest** RM	**Others** RM	**Eliminations** RM	**Note**	**Consolidated** RM
Revenue					
External sales	108,474,122	4,498,047	-		112,972,169
Inter-segment sales	26,394,388	1,018,000	(27,412,388)	A	-
Total revenue	134,868,510	5,516,047	(27,412,388)		112,972,169
Results					
Segment results	8,285,677	(209,518)	9,063		8,085,222
Finance costs	(315,019)	(43,675)	1,814		(356,880)
Depreciation	708,818	202,833	10,255		921,906
Other non-cash items of (expenses)/income	(208,401)	130,071	-	B	(78,330)
Profit before tax	8,471,075	79,711	21,132		8,571,918
Tax expense	(2,075,763)	(31,782)	-		(2,107,545)
Net profit for the financial year	6,395,312	47,929	21,132		6,464,373
Assets					
Segment assets	51,445,119	10,478,788	(19,782,065)		42,141,842
Consolidated total assets	51,445,119	10,478,788	(19,782,065)		42,141,842
Liabilities					
Segment liabilities	26,004,009	4,542,716	(16,796,793)		13,749,932
Consolidated total liabilities	26,004,009	4,542,716	(16,796,793)		13,749,932
Other information					
Additions to property, plant and equipment	1,077,559	223,104	11,331		1,311,994

31. OPERATING SEGMENTS (CONT'D)

Segment information (cont'd)

Notes to the nature of adjustments and eliminates to arrive at amounts reported in the consolidated financial statements.

A. Inter-segment sales are eliminated on consolidation.

B. Other non-cash items of (expenses)/income consists of the following items as presented in the respective notes to the financial statements:-

	2023 RM	2022 RM
Group		
Reversal of impairment loss on other receivables	46,500	-
Impairment loss on financial assets		
- Other receivables	-	(46,500)
- Amount due from an associate	-	(19,695)
Gain on early termination of lease contract	1,198	1,064
Gain on remeasurement of lease contracts	-	10,173
Fair value adjustment on investment properties	49,246	194,446
Unrealised loss on foreign exchange	-	(217,818)
Property, plant and equipment written off	(474)	-
Deposit written off	(1,500)	-
	94,970	(78,330)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

Group	**Revenue**		**Non-current assets**	
	2023 RM	2022 RM	2023 RM	2022 RM
Malaysia*	22,902,875	7,448,425	8,780,305	8,316,473
China	96,696,085	103,776,996	-	-
Australia	709,800	1,178,698	-	-
Others	16,750	568,050	-	-
	120,325,510	112,972,169	8,780,305	8,316,473

* Company's home country

31. OPERATING SEGMENTS (CONT'D)

Geographical information (cont'd)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:-

	Group	
	2023 RM	2022 RM
Property, plant and equipment	5,892,361	5,653,775
Investment properties	1,047,965	822,719
Goodwill	1,839,979	1,839,979
	8,780,305	8,316,473

Major customers

The following are major customers with revenue equal or more than 9% of the Group's total revenue in the bird's nest segment:-

	Revenue	
	2023 RM	2022 RM
Customer A	10,229,310	9,823,081

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

(a) Financial assets measured at amortised cost ("FA");
(b) Financial assets measured at fair value through profit or loss ("FVTPL"); and
(c) Other financial liabilities measured at amortised cost ("OFL").

	Carrying amount RM	**FA** RM	**FVTPL** RM	**OFL** RM
Group				
2023				
Financial assets				
Trade receivables	18,149,798	18,149,798	-	-
Other receivables	806,649	806,649	-	-
Fixed deposits with a licensed bank	639,083	639,083	-	-
Cash and bank balances	1,296,824	1,296,824	-	-
	20,892,354	20,892,354	-	-

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

(a) Financial assets measured at amortised cost ("FA");
(b) Financial assets measured at fair value through profit or loss ("FVTPL"); and
(c) Other financial liabilities measured at amortised cost ("OFL").

	Carrying amount RM	FA RM	FVTPL RM	OFL RM
Group (cont'd)				
2023 (cont'd)				
Financial liabilities				
Trade payables	3,583,161	-	-	3,583,161
Other payables	746,628	-	-	746,628
Amount due to a Director	50	-	-	50
Borrowings	5,865,937	-	-	5,865,937
Bank overdrafts	1,441,709	-	-	1,441,709
	11,637,485	-	-	11,637,485
2022				
Financial assets				
Trade receivables	13,453,111	13,453,111	-	-
Other receivables	314,968	314,968	-	-
Other investments	430,168	-	430,168	-
Fixed deposits with a licensed bank	505,080	505,080	-	-
Cash and bank balances	3,646,048	3,646,048	-	-
	18,349,375	17,919,207	430,168	-
Financial liabilities				
Trade payables	3,455,272	-	-	3,455,272
Other payables	770,318	-	-	770,318
Borrowings	5,741,810	-	-	5,741,810
Bank overdrafts	4,184	-	-	4,184
	9,971,584	-	-	9,971,584
Company				
2023				
Financial assets				
Other receivables	8,800	8,800	-	-
Amount due from subsidiaries	2,446,507	2,446,507	-	-
Amount due from an associate	11,000	11,000	-	-
Cash and bank balances	35,788	35,788	-	-
	2,502,095	2,502,095	-	-

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

(a) Financial assets measured at amortised cost ("FA");
(b) Financial assets measured at fair value through profit or loss ("FVTPL"); and
(c) Other financial liabilities measured at amortised cost ("OFL").

	Carrying amount RM	FA RM	FVTPL RM	OFL RM
Company (cont'd)				
2023 (cont'd)				
Financial liability				
Other payables	113,117	-	-	113,117
Amount due to subsidiaries	278,220	-	-	278,220
	391,337	-	-	391,337
2022				
Financial assets				
Other receivables	8,800	8,800	-	-
Amount due from subsidiaries	2,906,359	2,906,359	-	-
Other investments	430,168	-	430,168	-
Cash and bank balances	14,910	14,910	-	-
	3,360,237	2,930,069	430,168	-
Financial liability				
Other payables	81,184	-	-	81,184

Financial risk management objectives and policies

Financial risks

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing their risks. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) **Credit risk**

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the Group and to the Company. The Group and the Company adopt the policy of dealing with customers of appropriate standing to mitigate credit risk and customers who wish to trade on credit terms are subject to credit evaluation. Receivables are monitored on an ongoing basis to mitigate risk of bad debts. For other financial assets, the Group and the Company adopt the policy of dealing with reputable institutions.

Receivables

Receivables are monitored on an ongoing basis to mitigate risk of bad debts. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer and reviewed quarterly. Any credit exceeding those limits require approval from the management.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses ("ECL"). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

The following table provides information about the credit risk exposure on the Group's trade receivables using a provision of matrix:-

	2023			2022		
	Gross carrying amount RM	Loss allowances RM	Net balances RM	Gross carrying amount RM	Loss allowances RM	Net balances RM
Group						
Current (Not past due)	9,757,667	-	9,757,667	7,239,283	-	7,239,283
1 to 30 days past due	1,317,739	-	1,317,739	1,140,324	-	1,140,324
31 to 60 days past due	286,473	-	286,473	106,257	-	106,257
61 to 90 days past due	1,019,424	-	1,019,424	82,000	-	82,000
More than 90 days past due	6,337,682	569,187	5,768,495	5,454,434	569,187	4,885,247
	18,718,985	569,187	18,149,798	14,022,298	569,187	13,453,111

32. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

Receivables (cont'd)

<u>Credit risk concentration</u>

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The credit risk concentration profile by country on trade receivables of the Group as at the reporting date are as follows:-

	2023 RM	2022 RM
By country:-		
Australia	162,367	228,026
China	13,832,349	12,459,954
Malaysia	4,094,335	721,134
Taiwan	43,997	43,997
Hong Kong	12,500	-
Japan	4,250	-
	18,149,798	13,453,111

In respect of trade and other receivables, the Group is not subjected credit risk exposure to a single counterparty or a group of counterparties having similar characteristics.

The net carrying amount of receivables is considered a reasonable approximate of its fair value. The maximum exposure to credit risk is the carrying value of each class of receivables as disclosed in Notes 9 and 10 to the financial statements.

It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the management.

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

Receivables (cont'd)

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, the management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

Intercompany loans and advances

The maximum exposure to credit risk is represented by its carrying amount in the statements of financial position.

The Company provides unsecured advances to its subsidiaries and associate and monitors their results regularly.

As at the end of the reporting period, there was no indication that the advances to the subsidiaries and associate are not recoverable.

Cash and bank balances

The credit risk for cash and cash equivalents are considered negligible, since the counterparties are reputable banks with high quality external credit ratings and have no history of default.

Financial guarantee

The Company provides secured financial guarantee to financial institutions in respect of borrowing granted to subsidiaries. The Company monitors on an ongoing basis on the repayment to financial institutions. As at the reporting date, there was no indication that the subsidiaries would default on repayment.

(b) **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due, due to shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables, amount due to a Director, amount due to subsidiaries, lease liabilities, borrowings and bank overdrafts, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities as and when they fall due.

32. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) **Liquidity risk (cont'd)**

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The summary of the maturity profile based on the contractual undiscounted repayment obligations are as below:-

	Maturity			
	Current	**Non-current**		
	On demand/ less than 1 year RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM
Group				
2023				
Non-derivative financial liabilities				
Borrowings	2,143,627	2,533,413	2,434,092	7,111,132
Lease liabilities	546,856	848,884	216,792	1,612,532
Trade payables	3,583,161	-	-	3,583,161
Other payables	746,628	-	-	746,628
Amount due to a Director	50	-	-	50
Bank overdrafts	1,441,709	-	-	1,441,709
Total undiscounted financial liabilities	8,462,031	3,382,297	2,650,884	14,495,212
2022				
Non-derivative financial liabilities				
Borrowings	2,308,454	2,243,672	2,254,213	6,806,339
Lease liabilities	564,158	1,237,724	359,766	2,161,648
Trade payables	3,455,272	-	-	3,455,272
Other payables	770,318	-	-	770,318
Bank overdrafts	4,184	-	-	4,184
Total undiscounted financial liabilities	7,102,386	3,481,396	2,613,979	13,197,761

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) **Liquidity risk (cont'd)**

The summary of the maturity profile based on the contractual undiscounted repayment obligations are as below (cont'd):-

	Maturity			
	Current	Non-current		
	On demand/ less than 1 year	2 to 5 years	More than 5 years	Total contractual cash flows
	RM	RM	RM	RM
Company				
2023				
Non-derivative financial liabilities				
Lease liabilities	32,400	62,100	-	94,500
Other payables	113,177	-	-	113,177
Total undiscounted financial liabilities	145,577	62,100	-	207,677
Financial guarantee*				
Corporate guarantee obtained by subsidiaries	3,513,626	-	-	3,513,626
2022				
Non-derivative financial liabilities				
Lease liabilities	32,400	94,500	-	126,900
Other payables	81,184	-	-	81,184
Total undiscounted financial liabilities	113,584	94,500	-	208,084
Financial guarantee*				
Corporate guarantee obtained by subsidiaries	2,209,387	-	-	2,209,387

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities as at the reporting date.

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) **Foreign currency risk**

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

The Group is exposed to foreign currency risk on financial assets and financial liabilities that are denominated in a currency other than the functional currency of Group. The currency giving rise to this risk is primarily RMB.

Carrying amounts of the Group's exposure to foreign currency risk are as follows:-

	Group	
	2023 RM	2022 RM
RMB		
Financial assets		
Trade receivables	13,669,736	12,137,493
Other receivables	2,633,873	2,210,532
Cash and bank balances	1,012,612	531,669
Financial liability		
Trade payables	(3,342,395)	(1,528,257)
Net financial assets/Net exposure	13,973,826	13,351,437

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the RMB exchange rates against the respective functional currency of the Group entities, with all other variables held constant.

		Group	
		2023 RM	2022 RM
RMB/RM	- strengthened 1% (2022: 4%)	139,738	534,057
	- weakened 1% (2022: 4%)	(139,738)	(534,057)

The assumed movement in the above foreign currency rate for the foreign currency exchange rate sensitivity analysis is based on the prudent estimate of the current market environment.

The exposure to foreign exchange risk varies during the financial years depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) **Interest rate risk**

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

The Group's and Company's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

The carrying amount of the Group's and Company's significant interest-bearing financial instruments, as at the reporting date are as follows:-

	Group	
	2023	2022
	RM	RM
Fixed rate instrument		
Financial liability		
Lease liabilities	1,450,450	1,938,098
Borrowing	41,667	49,167
Net financial liability	1,492,117	1,987,265
Floating rate instruments		
Financial liabilities		
Borrowings	5,865,937	5,741,810
Bank overdrafts	1,441,709	4,184
Net financial liabilities	7,307,646	5,745,994

	Company	
	2023	2022
	RM	RM
Fixed rate instrument		
Financial liability		
Lease liabilities/Net financial liability	90,536	119,868

The Group and the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial risk management objectives and policies (cont'd)

Financial risks (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) **Interest rate risk (cont'd)**

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/-25 basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group	
	2023 RM	2022 RM
Effect on profit for the financial year		
+ 0.25%	(18,269)	(14,365)
- 0.25%	18,269	14,365

(e) **Price risk**

The Group and the Company are exposed to equity price risk due to fluctuation in prices of quoted securities under investments in unit trust. The movements in quoted price of these securities are monitored continuously.

An increase or decrease of Nil% (2022: 1%) in the prices of the quoted securities would result in an increase or decrease of RMNil (2022: RM4,302) and RMNil (2022: RM4,302) to the profit or loss of the Group and of the Company respectively.

33. **FAIR VALUE MEASUREMENT**

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

33.1 The following table summaries the method, used in determining the fair value of financial instrument of the Group on a recurring basis at 31 December 2023 and 31 December 2022:-

Group

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation techniques and key inputs**
	2023 RM	**2022 RM**		
Other investments:-	Assets	Assets		Quoted bid prices in
Quoted investments in Malaysia	-	430,168	Level 2	similar market

33. FAIR VALUE MEASUREMENT (CONT'D)

33.1 The following table summaries the method, used in determining the fair value of financial instrument of the Group on a recurring basis at 31 December 2023 and 31 December 2022 (cont'd):-

Company

Financial assets	Fair value as at 2023 RM	Fair value as at 2022 RM	Fair value hierarchy	Valuation techniques and key inputs
Other investments:-	Assets	Assets		Quoted bid prices in
Quoted investments in Malaysia	-	430,168	Level 2	similar market

33.2 The following table summaries the method, used in determining the fair value of non-financial asset of the Group on a recurring basis at 31 December 2023 and 31 December 2022:-

Group

Non-financial asset	Fair value as at 2023 RM	Fair value as at 2022 RM	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	Leasehold building 247,965	Leasehold building -	Level 3	Leasehold building Sales comparison approach which reflects recent market transactions for similar properties and comparable by utility and age, adjusted for obsolescence.	Leasehold building Adjustment for factors such as plot size, location, physical deterioration, functional and economic obsolescence.	Leasehold building The extent and direction of this adjustment depends on the number of characteristics of the observable market transactions in similar properties that we used as starting point for valuation. While depreciation is deducted to reflect the current condition of the buildings and structures.
Investment properties	Freehold building 800,000	Freehold building 822,719	Level 3	Freehold building Sales comparison approach which reflects recent market transactions for similar properties and comparable by utility and age, adjusted for obsolescence.	Freehold building Adjustment for factors such as plot size, location, physical deterioration, functional and economic obsolescence.	Freehold building The extent and direction of this adjustment depends on the number of characteristics of the observable market transactions in similar properties that we used as starting point for valuation. While depreciation is deducted to reflect the current condition of the buildings and structures.

34. COMMITMENTS

	Group	
	2023	2022
	RM	RM
Capital commitments		
Contracted but not provided for:-		
- Leasehold buildings	10,654,000	170,720

The Group had a lease contract that has not yet commenced as at 31 December 2022. The future lease payments for this non-cancellable lease contracts are:-

	Group	
	2023	2022
	RM	RM
- Within one year	-	11,400
- Within two years to five years	-	11,400
	-	22,800

35. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's and the Company's approach to capital management during the current and previous financial year.