CSH ALLIANCE BERHAD
200001002113 (504718-U)

The rEVolution is here

2023 annual report

CSH ALLIANCE BERHAD
200001002113 (504718-U)

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BOARD OF DIRECTORS

AHMAD RUSLAN ZAHARI BIN ZAKARIA
Independent Non-Executive Chairman

LIM PENG TONG
Independent Non-Executive Director

DATO' CHONG MUN PHING
Independent Non-Executive Director
(Appointed w.e.f. 19.04.2023)

TAN YIP JIUN
Executive Director

KENNY KHOW CHUAN WAH
Executive Director

DATO' GOH SOO WEE
Executive Director
(Appointed w.e.f. 12.04.2023)

AUDIT COMMITTEE

Chairman
Lim Peng Tong

Members
Ahmad Ruslan Zahari Bin Zakaria
Dato' Chong Mun Phing

NOMINATION COMMITTEE

Chairperson
Dato' Chong Mun Phing

Members
Ahmad Ruslan Zahari Bin Zakaria
Lim Peng Tong

REMUNERATION COMMITTEE

Chairperson
Dato' Chong Mun Phing

Members
Ahmad Ruslan Zahari Bin Zakaria
Lim Peng Tong

RISK MANAGEMENT COMMITTEE

Chairman
Lim Peng Tong

Members
Kenny Khow Chuan Wah
Dato' Chong Mun Phing

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)
(SSM PC No. 201908002648)

Yeow Sze Min
(MAICSA 7065735)
(SSM PC No. 201908003120)

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel No.: (+603) 2084 9000
Fax No.: (+603) 2094 9940
Email: info@sshsb.com.my

CORPORATE HEAD OFFICE

Level 2, No. 3, Jalan TP 2
Taman Perindustrian UEP
47600 Subang Jaya
Selangor Darul Ehsan
Tel No.: (+603) 7890 3535

REGISTRAR

Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No.: (+603) 2692 4271
Fax No.: (+603) 2732 5388/
(+603) 2732 5399
Email: mega-sharereg@megacorp.com.my

AUDITORS

ChengCo PLT (201806002622)
LLP0017004-LCA & AF0886
Chartered Accountants
Wisma Cheng & Co
No. 8-2 & 10-2, Jalan 2/114
Kuchai Business Centre
Off Jalan Klang Lama
58200 Kuala Lumpur
Tel No.: (+603) 7984 8988
Fax No.: (+603) 7984 4402

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad
Public Bank Berhad

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

STOCK CODE

7165

STOCK NAME

CSH

WEBSITE

https://www.cshalliance.com.my

CORPORATE STRUCTURE

CSH ALLIANCE BERHAD
200001002113 (504718-U)

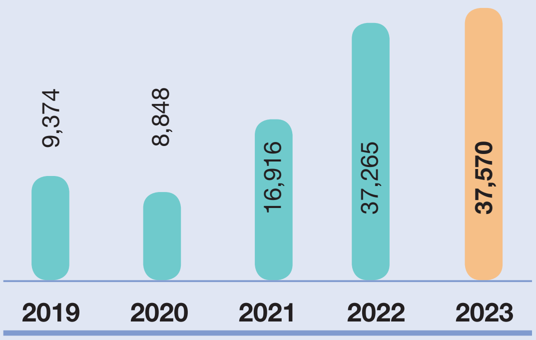
100%	Alliance EV Sdn. Bhd.
100%	Asian Earthernware Sdn. Bhd.
100%	Asian Porcelain Sdn. Bhd.
100%	Asian Pottery (Penang) Sdn. Bhd.
100%	Asian Pottery Home & Garden Sdn. Bhd.
100%	Asian Pottery Manufactures Sdn. Bhd.
100%	Metro Craft Sdn. Bhd.
100%	Asiarise Holdings Sdn. Bhd.
100%	Velocity Capital Sdn. Bhd. (formerly known as CSH Network Capital Sdn. Bhd.)
100%	Hong Seng Frontier Sdn. Bhd.
100%	CSH Priority Sdn. Bhd.
85%	CSH Solutions Sdn. Bhd.
100%	KTG Marine (M) Sdn. Bhd.
100%	Line Haul Sdn. Bhd.
100%	Million Rich Development Sdn. Bhd.
80%	Omnipack Sdn. Bhd.
100%	Oriwina Sdn. Bhd.
100%	Profit Sunland Sdn. Bhd.
100%	Sunmark Point Sdn. Bhd.
100%	Titanium Hallmark Sdn. Bhd.

5-YEAR FINANCIAL HIGHLIGHTS

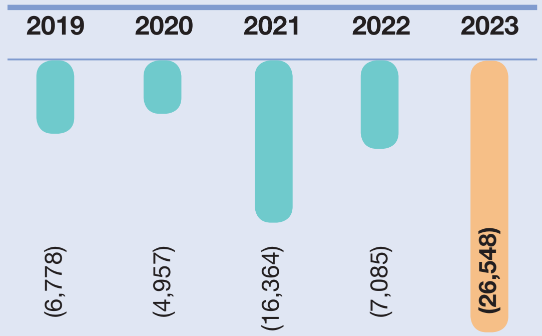
		2019	2020	2021	2022	2023
RESULTS OF OPERATION						
Revenue	**RM'000**	9,374	8,848	16,916	37,265	37,570
LBITDA (Loss Before Interest, Taxes, Depreciation and Amortisation)	**RM'000**	(5,348)	(4,083)	(13,606)	(2,882)	(19,965)
Loss Before Taxation	**RM'000**	(6,778)	(4,957)	(16,364)	(7,085)	(26,548)
Loss After Taxation	**RM'000**	(6,797)	(5,024)	(16,637)	(8,040)	(27,457)
Net Loss Attributable To Equity Holders	**RM'000**	(6,797)	(5,024)	(16,637)	(8,040)	(26,630)
FINANCIAL POSITION						
Total Assets	**RM'000**	120,118	122,617	321,926	418,649	414,823
Total Borrowings	**RM'000**	163	73	2,735	185	10,952
Shareholders' Equity	**RM'000**	104,140	109,372	310,574	406,140	384,308
FINANCIAL INDICATORS						
Return On Equity	**%**	(6.5)	(4.6)	(5.4)	(2.0)	(6.9)
Return On Total Assets	**%**	(5.7)	(4.1)	(5.2)	(1.9)	(6.4)
Gearing Ratio	**%**	0.2	0.1	0.9	Negligible	2.8
Interest Cover	**times**	(26.8)	(683.0)	(234.3)	(112.7)	(61.4)
Basic Loss Per Share	**sen**	(3.39)	(2.18)	(4.42)	(0.81)	(1.93)
Net Assets Per Share	**sen**	51.97	47.44	82.50	40.73	27.82
Share Price As At The Financial Year End	**sen**	64.50	21.00	16.00	9.00	4.00

5-Year Financial Highlights (Cont'd)

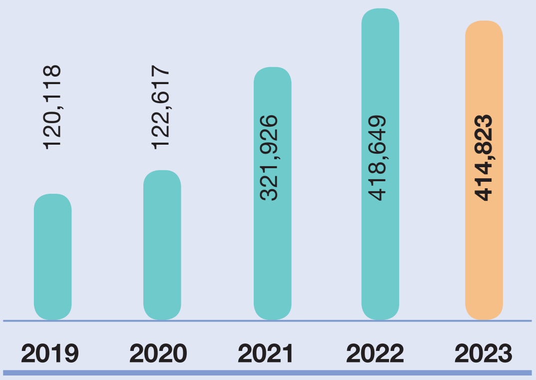
REVENUE
(RM'000)



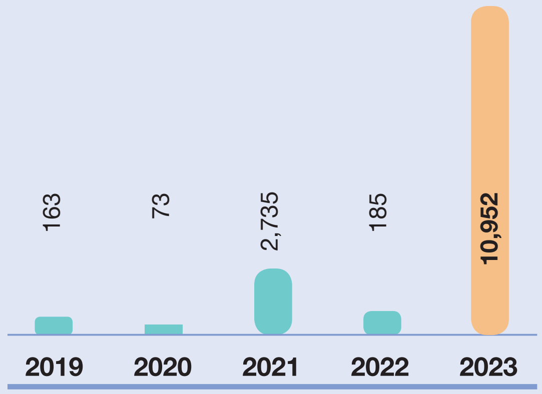
LOSS BEFORE TAXATION
(RM'000)



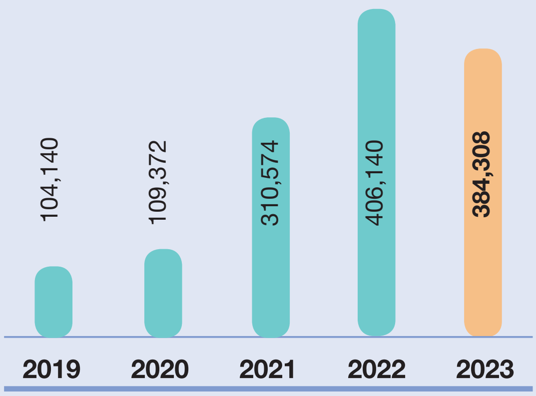
TOTAL ASSETS
(RM'000)



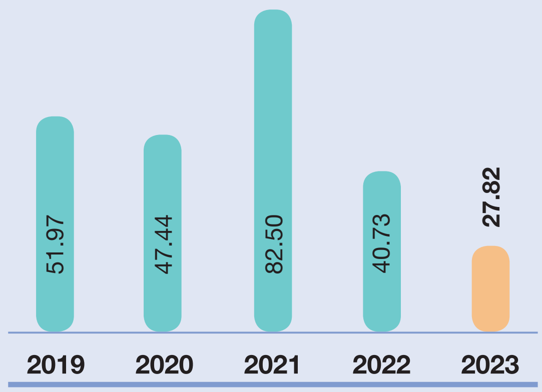
TOTAL BORROWINGS
(RM'000)



SHAREHOLDERS' EQUITY
(RM'000)



NET ASSETS PER SHARE
(SEN)



BOARD OF DIRECTORS' PROFILE

AHMAD RUSLAN ZAHARI BIN ZAKARIA

Independent Non-Executive Chairman

62 Age

Nationality

MALE Gender

Member of Audit Committee

Member of Nomination Committee

Member of Remuneration Committee

En. Ahmad Ruslan Zahari Bin Zakaria ("**Encik Ahmad Ruslan**") was appointed to the Board on 19 May 2014 as an Independent Non-Executive Director and was re-designated as Independent Non-Executive Chairman of the Company on 11 November 2020. Presently, he is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He graduated from the University of Newcastle-upon-Tyne, England, in the year 1984 with a Bachelor of Arts in Economic Studies (Accounting & Financial Analysis). He was trained as a Chartered Accountant at a firm in London after graduation and in the year 1986, he joined Merchants Business Growth Consulting, a pan European marketing consulting company, as its Group Financial Controller.

Encik Ahmad Ruslan left Europe in the year 1993 and joined CIMB Investment Bank Berhad in the Corporate Finance Department. In 1997, he assisted in the formation of Commerce Asset Ventures, the venture capital arm of CIMB Group. In 2000, he joined Clear Channel Communications, Inc., the leading global media organisation listed on the New York Stock Exchange as ASEAN Regional Director/Managing Director of Malaysian operations.

In 2005, Encik Ahmad Ruslan was appointed as the Chief Executive Officer ("**CEO**") of Terengganu Incorporated, a strategic investment holding company for the Terengganu state. From the year 2008 to the year 2018, he was the CEO of Armstrong Marine & Offshore Sdn. Bhd., the official representative of Armstrong Corporation Holdings in Asia and the Pacific Rim, a company involved in offshore and shipping investments, oil trading, finance, and project development. From the year 2010 to the year 2018, he was concurrently the CEO of Sungai Temau Mining (M) Sdn. Bhd., an iron ore mining company. Presently, he is the Founder and Principal of Connoisseur Consult Sdn. Bhd.

Encik Ahmad Ruslan currently sits on the Board of Minetech Resources Berhad as an Independent Non-Executive Director.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2023 are set out on pages 32 and 33 of this Annual Report while his interest in the shares and warrants of the Company, if any, are listed on pages 145 and 147 of this Annual Report.

Encik Ahmad Ruslan does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile (Cont'd)

LIM PENG TONG

Independent Non-Executive Director

65	Nationality	MALE
Age	Nationality	Gender

Chairman of Audit Committee

Chairman of Risk Management Committee

Member of Nomination Committee

Member of Remuneration Committee

Mr. Lim Peng Tong ("**Mr. Lim**") was appointed to the Board on 18 January 2018 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee.

Mr. Lim is an established banker with extensive experience in the financial and banking industry. He has served a long career path of thirty-eight (38) years with Malayan Banking Berhad, with his last position as Regional Head of Business Banking covering the Northern Region of Penang/Kedah/Perlis. He rose from the ranks starting as a clerk in 1979 and had held supervisory and leadership roles in various capacities ranging from operations and credit management during his long and successful banking career. As Regional Head of Business Banking, he was responsible for the strategic planning to grow the commercial businesses, especially in commercial and corporate lending activities involving marketing, credit processes, business development, relationship management, and most importantly, ensuring asset quality for the Bank. Mr. Lim has also served in various states in the country, from Melaka, Johor, Kuala Lumpur to the northern region of Penang, Kedah, and Perlis, which gave him an advantage of a wide network and connection to many of the businessmen in the region.

Mr. Lim graduated as a Diploma holder in Banking and Financial Services in 1997 with Institute Bank-Bank Malaysia ("**IBBM**") while pursuing his career in the banking industry. Mr. Lim is a certified credit practitioner and has held the Certified Credit Professional qualification since 2002. He is an Associate member with IBBM, now known as the Asian Institute of Chartered Bankers.

Mr. Lim currently sits on the Board of Ingenieur Gudang Berhad as an Independent Non-Executive Director.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2023 are set out on pages 32 and 33 of this Annual Report while his interest in the shares and warrants of the Company, if any, are listed on pages 145 and 147 of this Annual Report.

Mr. Lim does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile (Cont'd)

DATO' CHONG MUN PHING

Independent Non-Executive Director

66		FEMALE
Age	Nationality	Gender

Chairperson of Nomination Committee

Chairperson of Remuneration Committee

Member of Audit Committee

Member of Risk Management Committee

Dato' Chong Mun Phing ("**Dato' Chong**") was appointed to the Board on 19 April 2023 as an Independent Non-Executive Director. She is the Chairperson of the Nomination Committee and Remuneration Committee and a member of the Audit Committee and Risk Management Committee.

Dato' Chong is an Associate of the Institute of Chartered Secretaries and Administrators, United Kingdom. She holds a Masters degree in business administration from Charles Sturt University, Australia. She is also a Certified Financial Investigator (National Co-ordination Committee to Counter Money Laundering).

She made history by being the first female graduate to join the Royal Malaysia Police Force ("**RMP**") as a Cadet Assistant Superintendent of Police in 1982. She had a distinguished career, serving a total of almost thirty-six (36) years with the RMP in the three (3) main investigation departments; that is, the Criminal Investigation Department ("**CID**"), the Commercial Crime Investigation Department ("**CCID**"), and the Narcotics Crime Investigation Department.

Through the years she moved up in ranks and was the first female to be assigned to hold various important command posts in several states, including Head of Commercial Crime, Ipoh in 1983; Head of Anti Vice and Gaming, Pulau Pinang in 1989; Head of Intelligence/Interrogation, Narcotics, Pulau Pinang in 1993, Deputy Head of CID, Perak in 1996 and Head of CCID, Selangor in 2009.

Her working experiences in the Federal Headquarters in Bukit Aman include being the Assistant Director of National Central Bureau/Interpol Malaysia in 2002; Assistant Director of Financial Crime Investigation, CCID in 2006; Deputy Director of Strategic Planning, CCID in 2014; following that as Principal Assistant Director of Investigation (Syndicated Crimes), CCID in 2015; a position she held until her retirement in December 2017 with the rank of Senior Assistant Commissioner.

Dato' Chong was conferred the Darjah Indera Mahkota Pahang by the Sultan of Pahang in 2017 and the Darjah Kebesaran Setia Sultan Sharafuddin Idris Shah, Selangor in 2014.

Dato' Chong currently sits on the Board of Green Packet Berhad and Mpire Global Berhad (formerly known as Sand Nisko Capital Berhad) as an Independent Non-Executive Director.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2023 are set out on pages 32 and 33 of this Annual Report while her interest in the shares and warrants of the Company, if any, are listed on pages 145 and 147 of this Annual Report.

Dato' Chong does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. She has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile (Cont'd)

TAN YIP JIUN

Executive Director

32		MALE
Age	Nationality	Gender

Mr. Tan Yip Jiun ("**Mr. YJ**") was appointed to the Board on 16 March 2021 as an Executive Director.

Upon completing his studies at the Bukit Jalil Sports School and SMK Gunung Rapat, Mr. YJ started his career in the logistic sector as an Operation Officer based in Klang under ChipSeng Heng Enterprise Sdn. Bhd. ("**ChipSeng Heng**") since year 2015. He was involved in the operation management aspect of ChipSeng Heng, which handled third-party logistics services and a total of twenty (20) units of cargo and tanker lorries, the daily delivery fulfilment based on customer requirement, and the overall fleet management.

Within a year, he was promoted to the Operation Cum Safety Officer, whereby he was responsible for implementing safety management and ensuring all workers complied with the safety rules in the working area, the monthly incoming vessel by providing custom clearance services, stock transfer from the vessel to yard, weighbridge monitoring, stockpile management, daily monitoring on loading progress and delivery to ensure the raw material in customer plant never below safety level and the monthly delivery forecast by communicating closely with receiving party.

In 2018, Mr. YJ was transferred to the headquarters ("**HQ**") of ChipSeng Heng, which was based in Ipoh as their General Manager ("**GM**"). He was tasked to oversee all departments, including operation, fleet, workshop, safety, accounts, and human resources for the HQ and branch with a total of one hundred and eighty (180) units of fleets and two hundred and twenty (220) manpower. During his tenure as the GM, he provided marketing and sales strategies, improved ChipSeng Heng's internal management to be more systematic, implemented ISO 39001 Road Traffic Safety Management, changed the internal structure, and implemented recruitment targeting at the younger generation.

Currently, he is the Executive Director of ChipSeng Heng and is working to strengthen ChipSeng Heng's position by minimising cost by providing vehicle training to drivers for better understanding on taking care of their fleet, implementing driver management system (merit and demerit), restructuring workshop inventories control by having a proper racking and bar code system, implementing lorry maintenance system to reduce downtime, maximise revenue by re-routing trucks operation, increase return goods volume, encourage operation officers always perform at their best by implementing key performance indicator, provide expansion strategy and financial planning for Managing Director to make a clearer decision for the ChipSeng Heng's growth strategies.

Besides that, he also serves as a Director in several companies involved in the transportation, raw materials for construction, and information technology sectors. As the Director of these companies, he plays an instrumental role in the business development and overall business direction.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2023 are set out on pages 32 and 33 of this Annual Report while his interest in the shares and warrants of the Company, if any, are listed on pages 145 and 147 of this Annual Report.

Mr. YJ does not hold any directorship in other public companies and listed issuers in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KENNY KHOW CHUAN WAH

Executive Director

48

Age

Nationality

MALE

Gender

Member of Risk Management Committee

Mr. Kenny Khow Chuan Wah ("**Mr. Kenny**") was appointed to the Board on 21 May 2021 as an Executive Director. He was appointed as a member of the Risk Management Committee on 25 October 2021.

Mr. Kenny holds a degree in Accounting and Finance (Distinction) from the University of Technology, Sydney. He is a member of the Malaysian Institute of Accountants and CPA Australia.

He has more than thirteen (13) years of experience as an auditor with PricewaterhouseCoopers Malaysia, including a two (2) years secondment from the year 2004 to the year 2006 at PricewaterhouseCoopers London.

He joined PricewaterhouseCoopers in the year 1997 and has extensive experience in the area of corporate exercises covering the initial public offering, the demerger of a listed entity, management and integration of two (2) major companies in Malaysia, privatisation of a major listed entity, rights issue, issuance of debt securities, as well as the sale and leaseback of key assets.

His other work experience includes financial due diligence, advisory, and numerous cross-border securities offering. He also sits on the Board of Directors of MMAG Holdings Berhad and Green Packet Berhad as an Executive Director.

As the Executive Director of the companies, in addition to overseeing groups' financial affairs, including accounting, finance, tax, and treasury, he also oversees human resources-related matters and other administrative duties.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2023 are set out on pages 32 and 33 of this Annual Report while his interest in the shares and warrants of the Company, if any, are listed on pages 145 and 147 of this Annual Report.

Mr. Kenny does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile (Cont'd)

DATO' GOH SOO WEE

Executive Director

42		MALE
Age	Nationality	Gender

Dato' Goh Soo Wee ("**Dato' Goh**") was appointed to the Board on 12 April 2023 as an Executive Director.

Dato' Goh started his business with a Hyundai dealership in 2002, eventually becoming Malaysia's largest Hyundai dealership network with 8 showrooms nationwide. In 2017, the dealership successfully achieved 34% market share sales with a revenue of more than RM150 million. Consequently, he was voted one of the 100 Most Influential Young Entrepreneurs in 2017, a recognition for his keen entrepreneurship and leadership skills following the success of the dealership.

With about twenty (20) years of experience in the automotive industry, he also had the expertise in commercial and heavy vehicles segments through the distributorships secured for some major and international commercial and heavy vehicle brands in Malaysia namely FOTON Daimler, FOTON and JAC since 2018. Subsequently in the same year, Dato' Goh also established a Proton 3S dealership in Batu Pahat, Johor.

Throughout the course of his business, Dato' Goh had also acquired the know-how, network and resources in the vehicle assembly industry. He had worked closely with prominent contract assemblers and the relevant authorities for the set-up of the business.

In recent years, Dato' Goh has also ventured into the capital market through his licensed moneylending companies which specialise in hire purchases for automotive and property development industries under MPIRE Capital Sdn. Bhd. and Shiny Outlook Sdn. Bhd. respectively.

Dato' Goh currently sits on the Board of Directors of Mpire Global Berhad (formerly known as Sand Nisko Capital Berhad) as an Executive Chairman.

The training and number of Board of Directors' Meetings attended for the financial year ended 30 June 2023 are set out on pages 32 and 33 of this Annual Report while his interest in the shares and warrants of the Company, if any, are listed on pages 145 and 147 of this Annual Report.

Dato' Goh does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), as well as any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PERSONNEL'S PROFILE

The key senior management personnel are as follows:-

1. **Tan Yip Jiun**
   Executive Director
2. **Kenny Khow Chuan Wah**
   Executive Director
3. **Dato' Goh Soo Wee**
   Executive Director

The profiles of the key senior management personnel are outlined in their respective profile on pages 9, 10, and 11.

INTRODUCTION

CSH Alliance Berhad ("**CSH**") and its subsidiaries ("**the Group**") are principally engaged in transportation and logistics, retail, trading, manufacturing, exporting, and marketing pottery, porcelain products, ceramics wares and ornaments, property construction, property investment, property development as well as financial services business.

CSH has recently ventured into the distribution of commercial electric vehicles ("**EV**") and its related services business through a strategic partnership between Alliance EV Sdn. Bhd. ("**AEV**"), a wholly-owned subsidiary of CSH and BYD Malaysia Sdn. Bhd. ("**BYD**"), the Malaysian arm of BYD Company Limited which is a global leader in four major industries (i.e. Electronics, Auto, New Energy and Rail Transit) and a pioneer in achieving zero-emission energy ecosystem affordable solar power, reliable energy storage and electrified transportation.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES

BUSINESS AND OPERATIONS OVERVIEW

Banking on the global trends of the growing demands for EV in the market, CSH had started its journey in the electrification race beginning with the partnership with BYD. This is in line with Malaysia's aims to grow the EV market share to 38% by 2040 through the Low Carbon Nation Aspiration (Aspirasi Negara Rendah Karbon) 2040, which is part of the National Energy Policy 2022-2040 (Dasar Tenaga Negara, or DTN) that was announced a year ago. Our first 10 electric powered vans have arrived at our shores with another 30 expected to arrive in November 2023.

The strategic move to venture into EV market is part of the Group's initiatives to diversify its income streams, complements its transportation and logistics business through the supply of EV for the logistics industry and financial services business by offering flexible financing schemes to transportation and logistics entrepreneurs or companies to fund the purchases of EV.

FINANCIAL RESULTS AND FINANCIAL CONDITION REVIEWS

The Group achieved a 0.8% increase in revenue of RM37.57 million in the financial year ended 30 June 2023 ("**FYE2023**") as compared to RM37.27 million in the previous financial year ended 30 June 2022 ("**FYE2022**"). The increase was mainly contributed by the transportation and logistics segment which generated RM18.34 million revenue from haulage and hub-to-hub deliveries services provided to its customers and the financial services segment which generated RM7.62 million revenue due to higher interest income received from loan borrowers as a licensed moneylender.

FINANCIAL RESULTS AND FINANCIAL CONDITION REVIEWS (CONT'D)

Meanwhile, the Group's overall loss before taxation ("**LBT**") increased by RM19.47 million or 275.0% as compared to FYE2022. The hike was mainly contributed by the allowance for impairment provided on other investment and financing receivables.

Segmental wise, our transportation and logistics segment generated RM18.34 million in revenue from provision of Middle Mile Logistics services, representing an increase of 20.4% compared to FYE2022 and equivalent to 48.8% of the Group's total revenue. However, the segment also recorded a slightly higher LBT at RM7.22 million in FYE2023 as compared to RM6.68 million in FY2022 which was mainly attributed to higher depreciation charges incurred following additional trucks leased for used in the operation.

This year, the Group's ceramic segment generated RM10.55 million in revenue, representing a decline of 14.6% compared to FYE2022 and a LBT of RM1.88 million compared to LBT of RM1.05 million in the preceding year. Both reductions mainly caused by the drop in orders from one of the overseas customers as compared to FYE2022.

However, there is no revenue generated in our construction and property segment in FYE2023 as compared to revenue of RM1.36 million in FYE2022. In FYE2022, the revenue generated was through the sale of several units of condominium from the inventories of Profit Sunland Sdn. Bhd. ("**PSSB**"). The improved in profit before taxation ("**PBT**") of RM4.17 million in FYE2023 as compared to LBT of RM2.07 million in the last financial year was mainly due to the negative goodwill derived from acquisition of Hong Seng Frontier Sdn. Bhd. ("**HSF**") towards the end of FYE2023.

Next, our financial services segment contributed a revenue of RM7.62 million, representing an increase of 26.8% as compared to RM6.01 million in FYE2022 due to higher interest income received from loan borrowers as a licensed moneylender in FYE2023. Nevertheless, the segment had recorded PBT of RM2,980 in FYE2023 as compared to PBT of RM2.46 million in FYE2022 due to allowance of impairment provided on the financing receivables.

As for the Group's non-current assets, it is higher by RM45.81 million mainly due to acquisition of 4 pieces land by Alliance EV Sdn. Bhd. (RM22.95 million), for the purpose of building the Complete Knocked Down ("**CKD**") assembly plant and the 4S service center catering to the EV business, addition in investment properties subsequent to the acquisition of HSF (RM36 million) as well as increase in right-of-use assets of RM13.21 million on leasing of fleet of trucks by transportation and logistics segment.

On the other hand, the Group's current assets have decreased from RM322.29 million or 15.4% in FYE2023 as compared to RM272.65 million in FYE2023. This reduction is mainly due to the decrease in fixed and short-term deposits, cash and bank balances by RM54.73 million as the fixed deposits had been utilised for working capital purpose in the current financial year.

Consequently, the Group's total liabilities have widened by RM15.43 million or 123.3% to RM27.94 million as opposed to RM12.51 million recorded in FYE2022 due to higher lease liabilities and trade and other payables in the transportation and logistics segment as well as the increase in operation costs which is in line with the growth in revenue in this segment.

Meanwhile, there is no any issuance of new share capital or exercise of warrants in the current financial year, the overall loss after taxation had contributing to the decrease in net assets by RM21.83 million. Other than that, the Group has minimum bank borrowings with healthy and sufficient funds for working capital needs, although the Group is still making losses.

REVIEW OF OPERATING ACTIVITIES

Despite the economic and foreign exchange volatility, the Group maintained its revenue following the recalibration and rationalisation strategies implemented by the management to venture into the transportation and logistics business and financial services business while disposing non-core assets and non-profit making assets to minimise its business and financial risks.

The Group's transportation and logistics business through Line Haul Sdn. Bhd. ("**Line Haul**") are expanding to include other heavy industries and logistics players as well as business customers from various industries by widening its Middle Mile Logistics services segment and adopting a freight sharing services business model for the logistics providers. The freight sharing model involves companies sharing space on the same vehicle or container and splitting the fare for their respective portions of the trip by applying the pallet network concept, comprising a hub facilitator that brings together local haulage partners to be able to offer, often next-day, pick-up and delivery of goods by pallets ("**Pallet Network Concept**").

Goods packaged in pallet form are consolidated with other onward shipments of pallets from suppliers in the same area at the hub facilitator and merged with other pallets destined for the same area of delivery. The Pallet Network Concept would increase the vehicle fill rates (the ratio of the actual capacity used to the total capacity available in terms of weight and volume) ("**Vehicle Fill Rates**"), reducing the number of vehicles, thus increasing productivity. In addition, the sharing of loads, heavy vehicles, trucks, and facilities is expected to reduce costs for the logistics services providers in the industry.

As a result, Line Haul's business has predominantly become the major revenue contributor of the Group followed by the financial services segment which offers moneylending and hire purchase facilities.

The moneylending arm of the Group, Velocity Capital Sdn. Bhd. (formerly known as CSH Network Capital Sdn. Bhd.) ("**Velocity Capital**") plans to grow its total loan size by extending its moneylending services to, amongst others, investment holding companies, small and medium enterprises and start-up entrepreneurs of all business segments (without limitation to any specific industry) which it perceives to be underserved by licensed financial institutions and co-operatives for various purposes such as personal financing, working capital, investment, business start-up and expansion, project financing and others, with or without secured collaterals of customers. As of 30 June 2023, Velocity Capital had an existing loan base of approximately RM162 million.

In the meantime, the Group's hire purchase arm, CSH Priority Sdn. Bhd. ("**CSH Priority**") may offer flexible financing schemes to transportation and logistics entrepreneurs or companies to fund the purchases of EV, thereby strengthening the Group's capability with enhanced infrastructure such as transport vehicles for pick-up and delivery facilities. In return, these companies are expected to give favourable terms and pricing for the transportation and logistics services to support the Group's transportation and logistics business through the aforesaid inter-dependent business relationship.

Furthermore, the hire purchase financing services offered by CSH Priority will also target to finance purchases of industrial machineries and equipment for companies in various industries such as logistics, trading or e-commerce, transportation, manufacturing, construction, engineering as well as food and beverages industries. The hire purchase financing is typically secured with collaterals of customers which will serve to provide the customers with additional loan options at lower interest rates.

The Group's efforts to extend its current customer base as well as the inclusion of EV business to the Group are expected to eventually lead to an increase in demand for its financing facilities (i.e. hire purchase, working capital financing, personal loan and others).

As such, AEV's recent partnership with BYD in the distribution of EVs is expected to bring a positive impact on the Group's financial performance. In the preliminary phase of the EV business, AEV and BYD will work together for the distribution of EV in Malaysia as well as setting up of the 4S services centre (i.e. sales, service, spare parts and body and paint services) to provide the related after-sales services to the EV customers and to showcase EV. To date, AEV has obtained several licenses or permits required to commercialise the EV business, such as the approved permit ("**AP**") from the Ministry of International Trade and Industry and vehicle type approval ("**VTA**") certificate from Road Transport Department Malaysia. The first batch of 10 electric powered vans have arrived at our shores and the next batch of 30 electric vans is expected to arrive in November 2023.

Moving on to the ceramics business, the Group continues to revise its marketing strategies and increase research and development initiatives to focus on product development with the aim to develop new designs and colour glazing for its planters and pots. The Group is also seeking partnerships with other industry players to overcome the current issues faced by the industry in meeting customers' and market demands, as well as competition from other regions and rising costs in determining its pricing policy.

REVIEW OF OPERATING ACTIVITIES (CONT'D)

The Group presently does not have any ongoing construction and property development projects, however, the Group will continue to explore other viable opportunities via joint venture or bidding for a suitable project to revive our construction and property development segments and to broaden our construction business to include infrastructure construction projects and/or undertaking a scaled-down concept master plan based on the Group's two (2) pieces of vacant development lands measuring approximately 497,400 square feet located at Klebang, Melaka owned by Titanium Hallmark Sdn. Bhd., a wholly-owned subsidiary of the Company, to source for viable options such as joint venture arrangement for the commercial development of the lands or dispose the lands together with the concept masterplan.

RISK MANAGEMENT

With the country now past the endemic phase in managing the COVID-19 infections, the international borders have reopened and the economy is recovering gradually. The Group foresees less risk in the movement control orders or lockdowns.

However, in view of the diversification of the Group's core business to include transportation and logistics services and financial services with new ventures into the EVs industry whereby the Group may face new challenges and risks arising from the new businesses in which our Group currently has no exposure in.

CSH does not have prior experience in some of the new businesses such as EVs which may cause the Group to be subjected to challenges and the risks arising therefrom. As a result, this may in turn potentially have a material adverse effect on our Group's operations in these businesses as well as on our Group's financial performance.

Hence, the Group intends to leverage on the experience and expertise of its collaboration partner, BYD, which is the world's leading producer of rechargeable batteries and a leading player in the EV industry. BYD will be providing support and technical assistance in relation to the EV Project to the Group.

Further, CSH may also be subject to the risk of not being able to procure additional funding for further development of transportation and logistics business; financial services and EV business and any shortfall will be required to be funded via internally generated funds and/or equity fund raising exercise(s). Should the Group decide to undertake any further equity fund raising exercise(s), there may be a corresponding dilution in the shareholdings of our existing shareholders due to the increase in the amount of CSH shares in issue arising from the equity fund raising exercise(s).

Moving on, the Group is exposed to competition risks from the existing competitors and/or new entrants operating in similar business relating to the construction, property investment and property development businesses. CSH will face competition particularly in terms of identifying strategically located and reasonably priced land bank, property for investment purposes and marketing strategy of the developed property.

Lastly, the Group's businesses may also be affected by risks on the occurrence of force majeure events or circumstances which are beyond the control of our Group, for instances, natural disasters, lockdown, closure of international borders, economic risks (such as an economic downturn, slower global and domestic growth and inflation), ongoing trade and geopolitical tensions, commodity-related crisis, adverse developments in political and government policies in Malaysia and foreign markets, acts of war or terrorism, riots, expropriations and changes in political leadership.

MOVING FORWARD

The Group will continue to identify potential businesses and/or business partners to increase its income basket while reducing unnecessary expenses. The Board of Directors ("**the Board**") will continue to grow its transportation and logistics and financial services businesses which are expected to contribute positively to the Group's future earnings due to increase in demand for e-commerce, warehousing and flexible financing solutions.

Further to the distribution of EV itself, CSH also aims to be involved in supplying charging station which is essential in EV industry; energy diversification through the adoption and utilisation of solar panels by partnering with local electricity company, Tenaga Nasional Berhad to build the infrastructure and EV spare parts business in building the ecosystem to provide confidence towards users in the transitioning period.

The Board will also put more emphasis in environmental sustainability as it is strategically domineering organisations globally. With EV makes and models coming onto the market at a rapid pace and battery advancements increasing range, decreasing cost of commercial fleet has been identified as one of the most significant and accessible ways for companies with Environmental, Social and Governance (ESG) plans to make progress on their goals over the next 10 to 20 years.

Management Discussion and Analysis Disclosures (Cont'd)

Dividend

No dividends have been paid by the Company for the current financial year. Payment of any future dividends is subject to the Company's level of cash, indebtedness, retained earnings, capital expenditure, and such other matter, as the Board may deem relevant from time to time.

Acknowledgement

The Board wishes to extend our heartfelt gratitude to our valued customers, business associates, partners, bankers and employees for their hard work, dedication and relentlessness in supporting the Group through its achievements and challenges.

We look forward to working with all our shareholders to strengthen our organization and rebuild our strategies for CSH in 2024 and beyond.

For and on behalf of the Board and the Management of CSH

SUSTAINABILITY STATEMENT

As the business environment in our country is continuously growing and evolving, financial year ended 30 June 2023 ("**FYE2023**") was yet another challenging year for CSH Alliance Berhad ("**CSH**") and its subsidiaries ("**the Group**"). The past couple of years has reinforced our core values and beliefs in creating a sustainable business. We are aware that the performance and success of the Group do not solely rest on financial or economic outcomes, as such, we are committed to not only strengthening economic perspective, but also from the societal and environmental perspectives.

The Group's Sustainability Statement summarises our continued commitment to our business operations during these challenging yet opportunity-rich times. It also outlines the sustainability initiatives we are spearheading to create long-term value for our customers, local communities and the planet. This Sustainability Statement covers the Group's business operations for FYE2023. In particular, the Sustainability Statement has been prepared pursuant to Practice Note 9 of the Main Market Listing Requirements ("**MMLR**") of Bursa Securities Malaysia Berhad ("**Bursa Securities**") and to disclose the management of material sustainability matters in accordance with Part A of Practice Note 9 of MMLR and Sustainability Reporting Guide issued by Bursa Securities on the content of the Sustainability Statement.

Our Sustainability Policy established is guided by the 17 Sustainable Development Goals developed by the United Nations to address a range of social and economic development issues such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

STAKEHOLDERS ENGAGEMENT

We engage our stakeholders continuously via various communication channels as depicted in Table 1. We define our stakeholders as any individuals, communities and entities that may be impacted by the Group's business operations. We value our stakeholders' views and undertake various communication channels to understand their interests and concerns towards our business operations and sustainability performance.

The approaches we engaged with our stakeholders include conventional documents, electronic documents, web-based media platforms and face-to-face communications detailed as follows:-

Stakeholder groups	Areas of interest	Engagement methods
Board of Directors ("Board")	• Business strategy • Financial performance • Environmental practices • Human capital management • Client satisfaction • Occupational health and safety	• Board meetings • General meetings • Corporate/Company events • Stakeholder Engagement Surveys
Investors/Shareholders	• Transparent reporting with credible data • Innovative supply chain solutions	• Quarterly financial results/reports • Annual report • Corporate website • Fully virtual/physical general meeting(s) • Announcements and advertisement, if any
Customers	• Reliable service and on-time delivery • Customer convenience • Competitive pricing • Operational efficiency • Quality of products	• Customer feedback and surveys conducted annually • Market research • E-fulfilment of transportation • Sales and customer visits/virtual meeting/conference calls • Stringent quality control
Employees	• Fair employment practices • Staff development and training • Occupational health and safety • Information security • Anti-bribery and anti-corruption	• Performance review • Employee Handbook • Code of Business Ethics and Conduct • Fully virtual training programmes and workshops • Townhall meetings conducted on a fully virtual basis (department-wise) • Company intranet (disseminating department meeting updates and memos)
Suppliers	• Long-term business relationship • Timely pay-outs • Procurement practices • Licensing and certification • Business opportunities • Mitigation of business risks • Sustainability of the Company's operations • Shared growth through partnerships • Impact of COVID-19 pandemic	• Annual supplier assessment • Supplier registration • Virtual meetings • Email correspondences

STAKEHOLDERS ENGAGEMENT (CONT'D)

The approaches we engaged with our stakeholders include conventional documents, electronic documents, web-based media platforms and face-to-face communications detailed as follows:-

Stakeholder groups	Areas of interest	Engagement methods
Communities	• Impact of operations on the surrounding environment • Economic opportunities • Corporate Social Responsibility ("CSR") activities and involvement	• Community engagement programmes • Public safety and security • Safety and security of operations • Employment and business opportunities • Infrastructure development • Social and welfare contributions
Business Partners	• Financial stability • Service coverage and capability • Reputation	• Written communication • Business exchange • Virtual meetings visits
Regulatory Authorities and Statutory Bodies	• Regulatory compliance • Corporate governance • Standards and certifications • Risk management • Information security	• Collaborative partnerships • Regular audits and inspections • Updates on regulations and meetings

Table 1

SUSTAINABILITY GOVERNANCE

Our sustainability efforts are governed through our corporate structure where ultimate responsibility lies with our Board whom are responsible for overseeing sustainability role across the Group. The Risk Management Committee ("**RMC**"), chaired by Mr. Lim Peng Tong, the Independent Non-Executive Director is tasked for driving and managing the sustainability across the business and ensuring that key sustainability results are met with the support of the Management. The RMC reports key sustainability matters to the Board. The Management implements sustainability strategies and monitors the progress of the Company's sustainability performance.

MATERIAL SUSTAINABILITY MATTERS

A materiality assessment exercise is carried out annually from all business divisions. The Group recognises the importance of building a sustainable business, therefore takes into consideration medium to long-term view of technology trends, environmental, social, and governance impact while developing corporate strategies.

We reviewed the relevancy of sustainability matters using information from internal (i.e. management data, risk register, interviews' feedback from stakeholders) and external sources (e.g. Bursa Malaysia's Sustainability Reporting Guide and relevant industry-specific references and publications).

The degree of significance of the sustainable matters to influence the assessment and decision by internal and external stakeholders was performed by using informal stakeholders' engagement through direct communication with relevant internal and external stakeholders by Head of Departments/Divisions and Executive Directors. In addition, the respective division's management heads are responsible for identifying, evaluating, monitoring, and managing economic, environmental, and social risks and opportunities directly.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Products and Services Quality

As one of the leading ceramics manufacturers in Malaysia as well as trading in ceramics goods, the Group is committed to maintaining quality products and services. The Group engages with various certification bodies relevant to their business operations to ensure its products manufactured meet customers' and regulatory requirements.

We continuously train our employees to adhere to the Group's standard operating procedures ("**SOPs**") in carrying out their roles and duties. These included but not limited to performing tests and analysis on incoming raw and packaging material as well as our finished products. These SOPs are consistently reviewed and improved upon to ensure its effectiveness. Besides providing trainings for our employees, we constantly update our employees with the latest standards, wherever applicable.

Supply Chain and Responsible Procurement Practices

Our procurement department ensures that we engage in responsible procurement practices, which is reinforced with the requirement for all our active registered vendors to periodically acknowledge their commitment to the Code of Business Ethics and Conduct. Vendors' qualifications and credentials are carefully vetted before being admitted into our list of qualified suppliers. Our initiatives start with the supplier selection process incorporating sustainability considerations such as fair labour practices and safety requirements. Compliance and commitment by vendors and suppliers to conduct business with us in a transparent manner are sought through performing audits and making continuous improvements in our procurement processes and policies.

In monitoring our suppliers' performance, we conduct annual key suppliers' performance assessment which generally includes the following:-

(a) Quality of materials;
(b) Timeliness of delivery;
(c) Delivery terms; and
(d) Order fulfilment.

Environmental

With the issues of global warming being the main concern and responsibility of each of us, CSH continued to demonstrate our commitment to conservation by emphasising managing our resources by reducing waste, practicing energy efficiency and introducing initiatives to reduce emissions throughout our operations. The Board also demonstrated their commitment to minimise the environmental impact of our activities, comply with all applicable laws and regulations and communicate our commitment to our stakeholders.

Social

The Group's CSR activities are continuously guided by its firm beliefs that it can contribute positively to our society as a caring and responsible corporate entity. A sustainable business is one that enriches its people and the communities in which they operate.

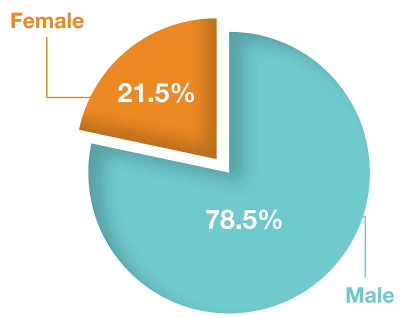
We reach out to society via our philanthropic and CSR activities, aimed at the less fortunate where we can make a difference and our employees can participate in giving back and enriching themselves in the process.

Employment Diversity and Equal Opportunity

We emphasise on hiring and promoting employees based on merits, capabilities and experiences. Everyone in the organisation is treated fairly and is provided with a variety of opportunities. We provide fair labour practice and do not hire child labour or forced labour. We complied with applicable laws and procedures in hiring foreign workers.

We value our employees as they are key to competitive success in the marketplace, vital for business sustainability. As part of the Group hiring practice, we do not discriminate against any race, gender, identity, ethnicity or religion. Although we emphasise equal employment opportunity, we also stress that candidates are only hired based on suitability and competency. The employees are also provided with adequate welfare and employee benefits.

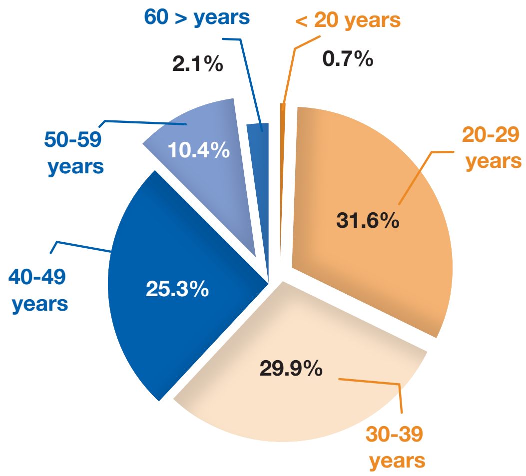
In the Group, due to the nature of industry, male employees have dominated the operations workforce, of whom they have accounted for 78.5% while the remaining 21.5% are female employees.



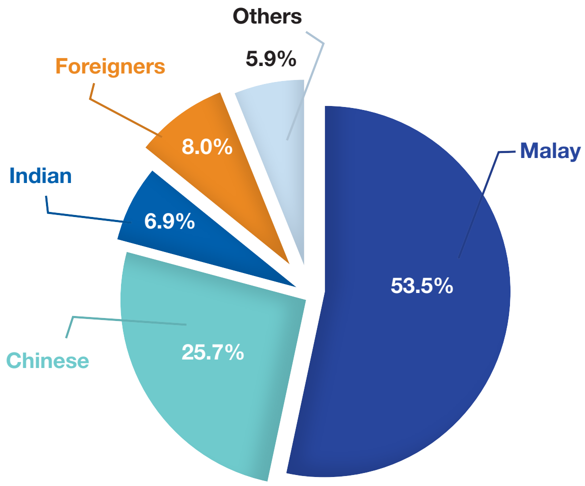
MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Employment Diversity and Equal Opportunity

The Group has a healthy mix of young and experienced workforce. In FYE2023, as shown below, approximately 62.2% of our workforce consists of young people below the age of 40 while the remaining 37.8% of the workforce are of



the age of 40 years old and above.
In terms of ethnic diversity, the Group has established a diverse workforce which consist of different ethnicity. As shown below, majority of the workforce, i.e. 53.5% are Malay and 25.7% are Chinese. We understand the value of recruiting and retaining diverse employees from different ethnicity.



Employee Welfare

To allow our employees to pursue their professional growth and support our business and development, we instilled a safe, nurturing, and high performing culture, whilst creating positive impact on the local communities.

We provide both monetary and non-monetary incentives to promote employee well-being. We ensure mandatory compliance with the local statutory requirements on wages and benefits such as minimum wages order, employees' provident fund (EPF), employees' social security protection (SOCSO), employment insurance system (EIS) coverage and leaves provision are complied with. Employees also receive other medical benefits such as Outpatient treatment, Group Personal Accident insurance and Hospitalisation and Surgical insurance coverage.

Occupational Safety and Health

We are committed to ensuring our employees work in a safe and healthy environment by securing employees' health, safety, and welfare at the workplace. In our effort to prevent injuries and hazards in all work environments, various training and workshops have been conducted. Across our operations, we maintain a safe and healthy working environment by implementing key measures to prevent injuries, fatalities and occupational illness at project sites and workplaces.

The Group has taken a proactive approach to ensure the following:-

(i) Minimising employees' risk of exposure to the COVID-19 with the implementation of work-from-home model and virtual meetings with any parties and online documentation system in communicating with customers and suppliers;
(ii) Introducing regular sanitisation services at our premises, which include regular disinfection of common areas and sanitisation to all office premises, warehouse and factory;
(iii) Implementing strict and effective SOPs and following the best practices as recommended by the Ministry of Health and the World Health Organisation, which ensured the continuous business or daily operations of the Group; and
(iv) Developing SOPs and/or alternative business arrangements with customers, contractors or suppliers to ensure smooth continuity of the business and operations.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Ethics and Integrity

We are committed to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs.

CSH has also implemented and strictly enforced Anti-Bribery and Anti-Corruption Policy ("**ABAC Policy**"). Directors and employees are not permitted to solicit gifts or personal favours from contractors, sub-contractors, suppliers, consultants, bankers, dealers or customers, or other parties having business dealings with the Company, whether actual or potential, regardless of value.

Our Whistleblowing Policy is established with the aim of providing a structured mechanism for employees and other stakeholders to report any concerns on any suspected or wrongful activities or wrongdoings. These refer to any potential violations or concerns relating to any laws, rules, regulations, acts, ethics, integrity and business conduct, including any violation or concerns relating to malpractice, illegal, immoral, embezzlement and fraudulent activities, which will affect the business and image of the Group.

Data Protection – Customers' Privacy & Confidential Information

The Group being involved in the business of manufacturing, transportation and logistics and financial services, do not compromise with the protection of our customers' data. We recognise the risks and negative impact that our business and stakeholders may encounter if information such as confidential and sensitive corporate data, personal data of customers, employees and stakeholders, is not adequately protected. Therefore, data security and privacy are our top priorities.

We comply with the Personal Data Protection Act 2010 ("**PDPA**") and abide strictly with the guidelines set out in the PDPA. Where applicable, we also sign non-disclosure agreement with the customer to protect confidential material, knowledge or information shared between both parties.

Corporate Governance Practices

The Group is led by an effective Board that assumes responsibility for its leadership and control, and is collectively responsible for promoting its success by directing and supervising its affairs. The Directors made objective decisions in the best interests of the Group through good corporate governance practices.

The Group has ensured that the policies and procedures are in place to strengthen its corporate governance drive as well as being an effective tool to guide the Management and all its stakeholders relating to the following areas:-

– ABAC Policy
– Code of Business Ethics and Conducts
– Board Charter
– Whistleblowing Policy
– Risk Management Policy

The Board and top-level management have taken proactive measures to ensure the Company's adherence with the Malaysian Anti-Corruption Commission's corporate liability law which came into force on 1 June 2020. The Group is committed to fighting corruption, enhancing integrity, and implementing good governance in its organisation by taking appropriate and consistent steps to ensure that the Company does not engage in corrupt activities.

Apart from the above-mentioned, a specific grievance procedure is established by the Management to enable the employees to voice their grievances through multiple communication channels to the appropriate level of authority. This is part of the Group's efforts to establish and uphold impartiality in the workplace.

There was no major legal action taken against the Group, nor any fine or monetary sanction imposed related to social aspects during the financial year under review.

During these unprecedented times, we continue to drive our sustainability efforts across all our business segments to ensure sustainable development of our business through the importance we have placed, particularly in our material matters that shape the Group's sustainability efforts in managing the long-term value creation of our stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of CSH Alliance Berhad ("**CSH**" or the "**Company**") values the importance of maintaining high standards of corporate governance within the Company to protect shareholders' value while at the same time preserving the interests of the Company's other stakeholders. The Board understands the importance of achieving the desired financial performance while maintaining its sustainability.

The Board is committed to its policy of managing the affairs of the Company with transparency, accountability and integrity by ensuring that a sound framework of best corporate governance practices is in place and thus discharging its responsibility towards protecting and enhancing long-term shareholders' value and investors' interest.

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The objective of this Statement is to provide an overview of the application of the corporate governance practices of the Company and its subsidiaries ("**Group**") during the financial year ended 30 June 2023 ("**FYE 2023**") as guided by the latest Malaysian Code on Corporate Governance ("**MCCG**" or "**Code**").

The comprehensive Corporate Governance Report can be accessed on the Company's website by this link https://www.cshalliance.com.my.

The Board is pleased to provide the following Statement, which outlines the main corporate governance practices that have been in place throughout the financial year under review.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

(1) Clear Functions of the Board and Management

The Board has been entrusted by the shareholders in guiding the business activities of the Group through achieving an optimum balance of sound and sustainable business operation and embracing good corporate governance practices. The Board has been steadfast in upholding the responsibilities in establishing strategic direction, corporate goals and monitoring the achievement of these objectives.

The Board has maintained matters that include the review of financial statements, risk management, acquisitions and disposals, investments in joint ventures, property transactions, capital expenditure and board appointments for its approval while delegating responsibilities to other Board Committees within their terms of reference ("**TOR**"). The Board receives reports at its meetings from the Chairman of the respective Board Committees.

(2) Roles and Responsibilities of the Board

The Board is collectively responsible for the proper conduct of the Company's business and assumes the responsibility of effective stewardship and control of the Group. In discharging its fiduciary duties and leadership functions, the Board has, amongst others, undertaken the following as guided by the Board Charter:-

- together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on Management's proposals for the Company, and monitor its implementation by the Management;
- consider Management's recommendations on key issues including acquisitions, disposals and restructuring, funding, and significant capital expenditure;
- monitor the progress of the Company's strategies, plans and policies;
- oversee the conduct of the Company's business to evaluate whether the business is being properly managed;
- ensure there is a sound framework for internal controls and risk management;
- identify and understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

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

I. Board Responsibilities (Cont'd)

(2) Roles and Responsibilities of the Board (Cont'd)

- ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and senior management;
- ensure that the Company has in place procedures to enable effective communication with stakeholders; and
- ensure the integrity of the Company's financial and non-financial reporting.

Further to the above, the Board is committed in enhancing the Group's sustainability governance and considering reviewing and refining the Company's sustainability strategies, priorities and targets to identify, manage and address the Company's sustainability risks and opportunities.

(3) Separation of Position of the Chairman and Chief Executive Officer ("CEO")/Managing Director ("MD")

En. Ahmad Ruslan Zahari Bin Zakaria was re-designated as Independent Non-Executive Chairman on 11 November 2020. The Chairman is responsible for the achievement of the Group's strategic vision and also for leading the Board in its collective oversight of management.

While the Management is not spearheaded by a CEO/MD, the business and day-to-day management and operations of the Group and the implementation of the Board's decisions are carried out collectively by the Executive Directors ("**EDs**").

Nevertheless, the Board is mindful of the separation of the position of the Chairman and CEO/MD, and the Board Charter has specified a clear separation of powers and responsibilities between the Chairman of the Board and the CEO/MD to ensure that an equilibrium of power, authority and accountability are maintained.

(4) Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries, who are responsible for supporting and advising the Board and the relevant Board Committees to ensure their effective functioning in accordance with their TOR and best practices, as well as managing the corporate governance framework of the Company. Also, the Company Secretaries ensure that the deliberations at Board and Board Committee meetings are minuted in an adequate and timely manner.

Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and possess practising certificate issued by the Companies Commission of Malaysia. They are both qualified Company Secretaries pursuant to Section 235(2) of the Companies Act 2016.

(5) Access to Information and Advice

All the Directors were given due notices of proposed Board and Board Committee meetings held during the FYE 2023. The Directors may participate in Board and Board Committee meetings either physically in person or virtually via online conferencing facility. Meeting materials are furnished to the members of the Board and Board Committees within a reasonable time before the meetings, while minutes of the meetings are circulated to all members of the Board and Board Committees for the Board and respective Board Committee's confirmation in a timely manner.

The Board has access to the advice and services of the Company Secretaries who are suitably qualified and competent to support the Board in carrying out its roles and responsibilities. The Board may seek independent advice from the Company Secretaries if required.

Moreover, the Board may also obtain independent professional advice at the Company's expense in furtherance of their duties. Consultants and experts would be invited to brief the Board on their areas of expertise or their reports whenever necessary.

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

I. Board Responsibilities (Cont'd)

(6) Board Charter

The Company has adopted a Board Charter which sets out amongst others, the following:-

- Roles and responsibilities of the Board;
- Board Meeting procedures;
- Description of the roles of the Chairman;
- Expectation of individual Director;
- Appointment of Senior Independent Director and its roles;
- Board Committees;
- Board composition;
- Nomination and appointment of new Director;
- Tenure of Independent Director;
- Shareholdings by Board Members in the Company;
- Provision of business or professional services by Independent Directors;
- Board appointment in other companies;
- Directors' training;
- Board-Management relationship;
- Board-Shareholder relationship; and
- Stakeholder relationship.

In this respect, the Board Charter is vital in helping the Board to direct its focus on matters that are pertinent to the Company.

In addition, the Company has adopted TOR for each Board Committee which spells out amongst others, the following:-

- Objectives of the respective Board Committees;
- Composition of the respective Board Committees;
- Description of the roles of the Chairman of the respective Board Committees; and
- Duties and responsibilities of the respective Board Committee.

The Board Charter and TOR of the respective Board Committees are reviewed periodically to ensure that the practices of the Board are in line with the latest laws and/or regulations and that the practices of the Board remain relevant to the Company and the business environment within which the Group operates.

The Board Charter and TOR of the respective Board Committees, which are available on the Company's website at https://www.cshalliance.com.my, also serve as an avenue to communicate the Company's approach to important governance practices to the Company's stakeholders.

(7) Code of Business Ethics and Conduct

To reflect the Board's commitment to the highest standards of ethical business conduct, the Board has formalised a Code of Business Ethics and Conduct, which summarises the standard of business ethics and conduct that the Board, the Management, employees and other stakeholders must observe.

The Code of Business Ethics and Conduct has been published on the Company's corporate website at https://www.cshalliance.com.my.

(8) Whistleblowing

The Board recognises that whistleblowing can serve as an important tool in preventing misconduct at the early stage and has established a Whistleblowing Policy that sets out avenues for individuals to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

The Whistleblowing Policy may be accessed by the public via the Company's corporate website at https://www.cshalliance.com.my.

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

II Board Composition

(1) Board Composition and Balance

The Board currently comprises eight (6) Directors made up of three (3) EDs and three (3) Independent Non-Executive Directors ("**Independent Directors**"). Half of the Board comprises Independent Directors, the Board views the number of its Independent Directors as adequate to provide the necessary check and balance to the Board's decision-making process.

The diverse professional experience and background coupled with the mix of professional and technical knowledge among the Directors have contributed to the collective wisdom of the Board and added value to the Company. The Directors' profiles are presented on pages 6 to 11 of this Annual Report.

Considering the nature of the Group's existing businesses and the current scale of the Group's operations, the Board is of the view that the current size and composition of the Board is adequate. However, the Board will consider suitable candidates in the future to enhance the composition of the Board if necessary.

(2) Re-election of Directors

Pursuant to the Company's Constitution, any Director appointed during the year shall retire and may seek for re-election by the shareholders at the Annual General Meeting ("**AGM**") immediately after their appointment. The Company's Constitution also requires one-third (1/3) of the Directors to retire by rotation and seek for re-election at each AGM and that each Director shall submit himself/herself for re-election at least once in every three (3) years.

The Directors who are subject to re-election at the forthcoming Twenty-Third ("**23rd**") AGM had been assessed by the Nomination Committee ("**NC**"), whereupon their recommendation had been considered by the Board for recommendation to the shareholders for approval at the forthcoming 23rd AGM.

The Directors who are seeking re-election at the forthcoming 23rd AGM of the Company are as set forth in the Notice of the 23rd AGM contained in this Annual Report.

(3) Tenure of Independent Directors

At the time of writing this Statement, the tenure of the Independent Non-Executive Directors, namely Mr. Lim Peng Tong and Dato' Chong Mun Phing are less than nine (9) years whereas En. Ahmad Ruslan Zahari Bin Zakaria ("**En. Ahmad Ruslan**") has exceeded the cumulative term of nine (9) years. En. Ahmad Ruslan has expressed his intention not to seek for re-election as a Director of the Company at the 23rd AGM and hence, he shall hold office as Director of the Company only until the conclusion of the 23rd AGM.

The Board Charter of the Company limits the tenure of an Independent Director to not exceeding a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve on Board as an Independent Director, provided the Board shall first justify and obtain shareholders' approval via a two (2)-tier voting process as guided by the MCCG for his or her retention, failing which, he or she may still serve on the Board, but as a Non-Independent Director.

Furthermore, the Board has undertaken to assess its Independent Directors annually as recommended by the MCCG. In this regard, the NC has undertaken proper policies and procedures to assess the independence of the Independent Directors on the Board by taking into account the individual Director's ability to exercise independent and impartial judgement at all times and their contribution to the effective functioning of the Board.

The Independent Directors must ensure that they are independent of management and free from any business relationship which could materially interfere with their independent judgement. Their role is to provide an independent view, advice and judgement to ensure a balanced and unbiased decision-making process as well as to safeguard the interest of public shareholders. To this end, the Independent Directors are expected to advise the Chairman or the Board immediately if they believe that they may no longer be independent.

All the Independent Directors have fulfilled the criteria prescribed under the Bursa Securities MMLR, and the Board is of the opinion that the current composition of Independent Directors on the Board adequately represents the interest of the minority shareholders in the Company.

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

II Board Composition (Cont'd)

(4) Appointment of Directors

The Group gives equal opportunity to all employees. In making the recommendation to the Board, the NC will consider the required mix of skills, experience, character, integrity, competence, time commitment and diversity of the potential candidate, where appropriate and, may not be limited to gender, age, ethnicity and culture background. On the other hand, the Remuneration Committee ("**RC**") is responsible for determining the appropriate remuneration packages for these appointments.

The Board views that the workplace and Board diversity are important to facilitate the decision-making process by harnessing different insights and perspectives.

Upon appointment, the newly appointed Director shall be briefed on the terms of his/her appointment, his/her duties and obligations, and on the operations of the Group.

The new Board member appointed in the FYE 2023, namely Dato' Goh Soo Wee, Dato' Chong Mun Phing and Mr. Chi Kiam Pheng, who was recommended by the existing Board members. The Board has entrusted the NC with the duty to review and recommend the appointment of potential candidates as EDs for the Board's consideration.

In addition, the Directors' Fit and Proper Policy which was adopted by the Board also outlines the following criteria for assessment of the suitability of the candidate for appointment moving forward:-

- Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness, as well as financial integrity, where the candidate must manage his debts or financial affairs prudently;
- Competence and capability, where the candidate must possess the qualifications, skills, working experience, expertise and capability necessary to carry out the role; and
- Committed and demonstrates willingness to devote time and effort to understand the business of the Group and participate in board activities, and able to judge independently, objectively and provide constructive comments.

The Directors who resigned during the FYE 2023 are as shown in the table below:-

Name of Resigning Directors	Date of Resignation
Peter Yap	4 January 2023
Ng Keok Chai	21 March 2023
Sim Chiun Wee	28 April 2023
Chong Koon Meng	29 September 2023
Chi Kiam Pheng	29 September 2023

(5) Board Committees

The Board has established the following Board Committees, each with clearly defined TOR detailing the respective Board Committees' authorities, roles and responsibilities, to enhance business and corporate efficiency and effectiveness:-

- Audit Committee ("**AC**");
- Risk Management Committee ("**RMC**");
- NC; and
- RC.

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

II Board Composition (Cont'd)

(5) Board Committees (Cont'd)

All these Board Committees have written TOR clearly outlining their objectives, duties and powers. However, the final decisions on all matters are determined by the Board as a whole.

The Board is fully aware of having the same person assuming the positions of Chairman of the Board and members of AC, NC and RC would give rise to the risk of self-review and may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the AC, NC and RC respectively. The Board is in the midst of reviewing the composition of its Board Committees. In the meantime, the Chairman of the Board who is also a member of the AC, NC and RC observed a high level of governance and abstained from all deliberations and voting for matters he has an interest in to ensure that there is a proper check and balance as well as objective review by the Board.

(6) AC

The AC is responsible for assisting the Board in discharging its duties and responsibilities relating to accounting and reporting practices as well as an internal control of the Group.

The Board has delegated the responsibilities to the AC to review the Group's accounting and internal controls and assess the independence of the Group's External and Internal Auditors. The activities of the AC during the financial year under review have been laid out in the AC Report in this Annual Report.

The TOR of the AC is available on the Company's corporate website at https://www.cshalliance.com.my.

(7) NC

The Board has established the NC to assist the Board in ensuring that there is a structured oversight process in the recruitment, retaining, training and development of Directors of the Company. The NC comprises exclusively of the following Independent Directors:-

Name of Directors	Designation	Number of NC Meetings attended/held in the financial year under review
Ng Keok Chai *(resigned on 21 March 2023)*	Chairman	1/1
Dato' Chong Mun Phing *(appointed w.e.f 19 April 2023)*	Chairperson	0/0
Lim Peng Tong	Member	1/1
Ahmad Ruslan Zahari Bin Zakaria	Member	1/1

The NC is governed by its TOR and its principal objective is to assist the Board in its responsibilities by sourcing for and nominating potential candidates to be appointed as new Directors to the Board and to perform annual assessments on the effectiveness of the Board as a whole, the respective Board Committees, and each individual Director.

The TOR of the NC is available on the Company's corporate website at https://www.cshalliance.com.my.

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

II Board Composition (Cont'd)

(7) NC (Cont'd)

(a) Activities are undertaken during the financial year

For the FYE 2023, the NC held one (1) meeting and passed several resolutions in writing to perform the following in discharging of its duties and responsibilities:-

- Reviewed and recommended candidates for appointment to the Board;
- Recommended the re-election of the Directors who are to retire by rotation at the Twenty-Second ("**22nd**") AGM;
- Reviewed the contribution and performance of each individual Director to assess the character, experience, integrity, and competence to effectively discharge their role as a Director through a comprehensive assessment system;
- Reviewed the required mix of skills and experience and other qualities of the Board;
- Evaluated the performance of the Board and respective Board Committees;
- Assessed the independence of the Independent Directors of the Company;
- Reviewed the term of office and performance of the AC and each of the AC members and assessed the effectiveness of the AC as a whole;
- Reviewed the Evaluation Forms for Annual Assessments of Individual Directors, Board and Board Committees, AC and Individual AC Members and recommended the same to the Board for adoption; and
- Reviewed the TOR of the NC and recommended the same to the Board for adoption.

(b) Gender Diversity

Currently, there is one (1) woman Director on the Board. The Board is committed to ensuring that Board recruitment is based on objective criteria, merit and due regard for diversity in skills and experience, not solely gender. However, the Board is cognisant of the recommendation in the MCCG on gender diversity policies and targets, as well as the measures to be taken to meet the targets. The Board will prioritise the appointment of women to the senior management as per the recommendation of the MCCG.

(c) Ethnicity Diversity

The Board currently comprises one (1) Malay Director and five (5) Chinese Directors.

(d) Age Diversity

The general age profile of the Directors is between the thirties to sixties years of age.

While the Company does not have any specific target for age diversity in the Boardroom, the Board recognises the added value that Directors of different age groups could contribute to the Company and would endeavour to promote age diversity among the Directors and senior management.

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

II Board Composition (Cont'd)

(8) RC

The RC comprises exclusively of Independent Directors as follows:-

Name of Directors	Designation	Number of RC Meetings attended/held in the financial year under review
Ng Keok Chai *(resigned on 21 March 2023)*	Chairman	1/1
Dato' Chong Mun Phing *(appointed w.e.f 19 April 2023)*	Chairperson	0/0
Lim Peng Tong	Member	1/1
Ahmad Ruslan Zahari Bin Zakaria	Member	1/1

The RC met once during the FYE 2023.

The RC is governed by its TOR and its principal objective is to assist the Board in developing and administering a fair and transparent procedure for setting policy on the remuneration of Directors and senior management.

The TOR of the RC is available on the Company's corporate website at https://www.cshalliance.com.my.

(9) Time Commitment

Members of the Board are expected to devote sufficient time and attention to the affairs of the Company for the effective functioning of the Board as a whole. While Directors are at liberty to accept other Board appointment(s) in other companies, Directors are required to ensure that the appointment(s) is/are not in conflict with the Company's business and would not hinder the effective discharge of his/her duty as a Director of the Company.

Directors are also required to notify the Board of new Board appointment(s) in other companies and indicate the time that will be spent on the new Board appointment(s).

Directors are also expected to use their best endeavours to attend Board meetings where each Director shall commit to attending at least 50% of all Board Meetings and Board Committee Meetings where he is a member of, in any applicable financial year.

The Board will normally hold meetings at least four (4) times in each financial year and hold additional meetings as the situation requires. At each meeting, the Board will consider, amongst others, the following:-

- Quarterly financial results;
- Relevant financial and operational report(s) from Management; and
- Major issues and/or potential opportunities for the Company, if any.

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

II Board Composition (Cont'd)

(9) Time Commitment (Cont'd)

For the FYE 2023, the Board had convened a total of five (5) Board Meetings. The attendance record of each Director at the Board of Directors' Meetings during the FYE 2023 is as follows:-

Name of Directors	Attendance
Ahmad Ruslan Zahari Bin Zakaria	5/5
Lim Peng Tong	5/5
Tan Yip Jiun	5/5
Kenny Khow Chuan Wah	5/5
Dato' Goh Soo Wee *(appointed w.e.f 12 April 2023)*	1/1
Dato' Chong Mun Phing *(appointed w.e.f 19 April 2023)*	1/1
Peter Yap *(resigned on 4 January 2023)*	3/3
Ng Keok Chai *(resigned on 21 March 2023)*	4/4
Sim Chiun Wee *(resigned on 28 April 2023)*	3/3
Chong Koon Meng *(resigned on 29 September 2023)*	5/5
Chi Kiam Pheng *(appointed w.e.f 14 June 2023 and resigned on 29 September 2023)*	0/0

During the intervals between Board meetings, matters requiring urgent decisions and/or approval of the Board were sought to vide circular resolutions of the Board, which were circulated to all Directors and supported with all relevant information and explanations required for an informed decision to be made.

(10) Training

The Board is cognisant of the importance of continuous education and training in equipping each individual Director and the Board as a whole. In this regard, with the assistance of the NC, the Board evaluates and determines the training needs of its Directors annually and encourages the Directors to attend various professional training programmes to keep abreast on issues and challenges arising from the changing business environment within which the Group operates.

Recognising the increasing importance of Environmental, Social, and Governance ("**ESG**") considerations to the Group's performance and long-term sustainability, ESG would be embedded as part of the Board and Management's development planning.

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

II Board Composition (Cont'd)

(10) Training (Cont'd)

During the FYE 2023, the Directors had attended the following training programmes in compliance with Paragraph 15.08 of the MMLR:-

Name of Directors	Training/Courses attended
Ahmad Ruslan Zahari Bin Zakaria	• Fraud Prevention & Detection
Lim Peng Tong	• Advocacy Session for Directors and Senior Management of Main Market Listed Issuers • Corporate Governance & Remuneration Practices for the ESG World • Fraud Prevention & Detection • Audit Oversight Board: Conversation with Audit Committees
Tan Yip Jiun	• Directors Behaviour and Boardroom Dynamics
Kenny Khow Chuan Wah	• Taxation on Foreign Source Income
Dato' Goh Soo Wee *(appointed w.e.f 12 April 2023)*	• Mandatory Accreditation Programme • Anti-Bribery and Corruption Policy
Dato' Chong Mun Phing *(appointed w.e.f 19 April 2023)*	• Mandatory Accreditation Programme

III Remuneration

The Board recognises that fair remuneration is crucial to attract, retain and motivate Directors and senior management. To this end, the Board has adopted the Policy and Procedures in determining the Remuneration of Directors and Senior Management which considers amongst others, the demands, complexities and performance of the Company, as well as the skills and experience required of each Director and Senior Management, to guide the Board in ensuring that the remuneration package of each Director and Senior Management commensurate with the responsibility and performance of each Director and Senior Management, and is sufficient to attract, retain and motivate the Directors and Senior Management.

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

III Remuneration (Cont'd)

The breakdown of the remuneration packages of the Directors for the FYE 2023 are as follows:-

Group

Name of Directors	Directors fees [1] RM	Salaries and bonus [2] RM	Other emoluments [3] RM	Benefits in-kind RM	Total RM
Executive Directors					
Tan Yip Jiun	36,000	353,919	2,500	–	392,419
Kenny Khow Chuan Wah	36,000	68,919	2,500	–	107,419
Dato' Goh Soo Wee *(appointed w.e.f 12 April 2023)*	7,900	–	500	–	8,400
Peter Yap *(resigned on 4 January 2023)*	18,000	73,740	1,500	–	93,240
Sim Chiun Wee *(resigned on 28 April 2023)*	30,000	228,526	2,000	–	260,526
Chong Koon Meng *(resigned on 29 September 2023)*	36,000	68,920	2,500	–	107,420
Chi Kiam Pheng *(appointed w.e.f on 14 June 2023 and resigned on 29 September 2023)*	1,700	12,621	–	–	14,321
Non-Executive Directors					
Ahmad Ruslan Zahari Bin Zakaria	60,000	–	2,500	–	62,500
Lim Peng Tong	36,000	–	2,500	–	38,500
Ng Keok Chai *(resigned on 21 March 2023)*	27,000	–	2,000	–	29,000
Dato' Chong Mun Phing *(appointed w.e.f 19 April 2023)*	7,200	–	500	–	7,700

(1) Approval obtained as a lump sum at the 22nd AGM for the FYE 2023.
(2) Includes statutory contributions.
(3) For meeting allowances only.

For the financial year ending 30 June 2024, a total amount of Directors' Fees of RM350,000/- has been recommended to the shareholders for approval at the forthcoming 23rd AGM of the Company.

The following persons are the top senior management of the Company, who are also the EDs of the Company. Their remuneration packages for FYE 2023 are as disclosed above:-

- Tan Yip Jiun;
- Kenny Khow Chuan Wah; and
- Dato' Goh Soo Wee

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

To ensure that the Company's financial statements provide a reliable representation of the Company's financial performance and position of the Company, the Board has delegated the role of overseeing the financial reporting process of the Company to the AC, which comprises solely of Independent Directors, and was chaired by Mr. Lim Peng Tong, who is a separate person from the Chair of the Board.

The TOR of the AC, which has been made available on the Company's website at https://www.cshalliance.com.my, sets out in sufficient detail the specific duties, responsibilities and authority of the AC, and is reviewed and updated periodically and as and when regulatory changes and/or changes to the strategic direction of the Company required.

The composition and details of activities carried out by the AC during the financial year are set out in the AC Report of this Annual Report.

FINANCIAL REPORTING

(1) Compliance with Applicable Financial Reporting Standards

The Company's financial statements, both audited and unaudited, are prepared in accordance with the requirements of the prevailing approved accounting standards in Malaysia and the provisions of the Companies Act 2016.

The AC would review the information to be disclosed in the quarterly results and year-end financial results to ensure completeness, accuracy and adequacy of the quarterly results and year-end financial results prior to recommending the same to the Board for endorsement and submission to Bursa Securities.

In reviewing the quarterly results and year-end financial results, the AC would also take extra caution of any significant adjustments that may arise from the external audit and consult the External Auditors on such matters should the need arise.

As fiduciaries of the Company, the Board ensures that the shareholders are presented with a clear, balanced and faithful representation of the Company's financial performance and prospects through the issuance of the audited financial statements and quarterly announcements of financial results on a timely basis and in compliance with the prevailing approved accounting standards in Malaysia.

(2) Assessment of Suitability and Independence of External Auditors

For the FYE 2023, the AC has assessed the External Auditors, namely Messrs. ChengCo PLT, vide an annual assessment of the suitability, objectivity and independence of the External Auditors in accordance with the criteria under the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors.

Upon conducting the annual evaluation of the performance of the External Auditors, the AC was satisfied with the quality of audit, competency and sufficiency of resources, and audit independence of the External Auditors in respect of the services rendered for the FYE 2023.

In accordance with the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors, a former key audit partner of the Company's External Auditors is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC to uphold the objectivity and independence of the Company's financial statements.

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

II. Risk Management and Internal Control Framework

(1) Sound Framework to Manage Risks

Recognising the importance of a sound system of risk management and internal controls, the Board has delegated the oversight of the risk management of the Company to the RMC.

Besides adopting the Risk Management Strategy and Policy, the Company has also adopted an Enterprise Risk Management Framework: Integrating with Strategy and Performance to ensure sustainable growth and promote a proactive approach in reporting, evaluating and managing risks associated within the respective companies, in line with the agreed risk framework and accepted by the RMC and approved by the Board.

The Company has adopted a Credit Policy to regulate and govern its moneylending business, as well as ensuring sound credit-granting standards whereby comprehensive credit assessment would be conducted to evaluate the creditworthiness of borrowing applicants at the same time establishing specific criteria to be met before granting of loans. Mechanisms such as issuing reminder letters, calls, and litigation processes have been established to monitor collections and minimise default risks.

The Statement on Risk Management and Internal Control of the Group, as set out on pages 137 to 140 of this Annual Report, provides an overview of the state of risk management and internal controls within the Group.

(2) Internal Audit Function

The internal audit function of the Group is outsourced to an outsourced professional service firm, namely Synergy LLT Consultants Sdn. Bhd. ("**Synergy**"). To uphold the independence and objectivity of the internal audit function, the outsourced Internal Auditors report directly to the AC. Furthermore, to ensure the effectiveness of the internal audit function, the AC has also taken reasonable steps to ensure that the outsourced Internal Auditors are accorded with direct and unrestricted access to the necessary and relevant information, records, physical properties and personnel in the furtherance of the Internal Auditors' duties.

The AC also follows up closely on the implementation of recommendations by the Internal Auditors. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the 2023 Annual Report.

For the FYE 2023, the AC has assessed the performance of the Internal Auditors vide an annual assessment of the suitability of the Internal Auditors and is satisfied with the effectiveness and performance of Synergy.

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

I. Communication with Stakeholders

(1) Corporate Disclosure Policy

The Board acknowledges the importance of maintaining and fostering good meaningful relationships with the Company's stakeholders and recognises that the Company's actions would affect the stakeholders in one way or another. As such, as part of the Company's endeavours to establish meaningful relationships with its stakeholders, the Company has adopted a Corporate Disclosure Policy which is available to the public on the Company's corporate website at https://www.cshalliance.com.my. Aside from establishing good investor relations, the Corporate Disclosure Policy also provides the Company with a basis for compliance with all applicable legal and regulatory requirements on the disclosure of material information.

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

I. Communication with Stakeholders (Cont'd)

(2) Official Communication Channels for Effective Dissemination of Information

The Board has adopted the following measures with regards to communication with the Company's shareholders:-

(i) Announcements to Bursa Securities

The Board takes reasonable steps to ensure that any material information and updates as well as all periodic financial reports of the Company are published on a timely basis through announcements to Bursa Securities via the dedicated website of Bursa Securities at www.bursamalaysia.com.

(ii) Corporate Website

The Company endeavours to make all publicly disclosed material information and presentations to analysts and conferences available through the Company's corporate website at https://www.cshalliance.com.my for a reasonable period of time.

The Company also has designated Investor Relations & Corporate Communications personnel who have been tasked to ensure that the Company's website is kept up-to-date with the Company's latest disclosures.

(iii) Annual Reports

The Annual Report to shareholders is also one (1) of the main channels of communication between the Company and its shareholders and stakeholders. The Annual Report, which is prepared in accordance with the MMLR, communicates comprehensive information of the financial results and activities undertaken by the Company during the financial year.

(iv) AGMs/General Meetings

The Company also seeks to provide a forum for dialogue with its shareholders where they may raise questions or seek clarifications on the Company's business and reports from the Company's Directors through the AGMs/General Meetings of the Company.

Further to the above, the Company strives to publish the minutes of the AGMs/General Meetings of the Company on the Company's website within thirty (30) business days from the day of AGMs/General Meetings.

(v) Designated Spokespersons

The Company has designated a limited number of spokespersons ("**Authorised Spokesperson**") responsible for communication with the investment community, regulators or the media. The list of the Authorised Spokespersons is as follows:-

1. Chairman;
2. Authorised Director; and/or
3. Senior Manager, Investor Relations & Corporate Communications.

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

II. Conduct of General Meetings

(1) Shareholders' Participation at General Meetings

To encourage shareholders' participation at General Meetings, the Board would ensure that Notices of AGMs/ General Meetings provide a detailed explanation for the resolutions proposed along with any background information and reports or recommendation that is relevant, where required and necessary, to enable shareholders to make informed decisions in exercising their voting rights.

In addition, to enable shareholders to plan ahead and schedule their time to attend the Company's 23rd AGM this year, the Company has provided all shareholders at least twenty-eight (28) days' notice before the date of the 23rd AGM this year.

The Board also takes cognisant that interaction with the Board at AGMs and General Meetings allows shareholders to hear directly from the Board on the Board's management of the Company's affairs and the strategic direction. As such, the Directors would take all reasonable and practicable steps to ensure their attendance at AGMs and General Meetings of the Company.

(2) Poll Voting

In line with Paragraph 8.29A of the MMLR on the requirement for poll voting for any resolution set out in the notices of general meetings, the Company had conducted its voting on all resolutions at the 22nd AGM held on 29 November 2022, by poll, to facilitate the polling process and provide a more accurate outcome of the poll results. Furthermore, to ensure a transparent polling process, an independent scrutineer was also appointed to scrutinise the polling process and verify the poll results.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board passed on 24 October 2023.

ADDITIONAL COMPLIANCE INFORMATION

1. STATUS OF UTILISATION OF PROCEEDS

Rights issue of Ordinary Shares ("**OS**") with free detachable warrants ("**Rights Issue**")

On 26 January 2022, CSH Alliance Berhad ("**CSH**" or "**the Company**") had completed a rights issue of 690,705,280 new OS together with 690,705,280 free detachable warrants and raised total gross proceeds of RM103.61 million to be utilised in the manner as set out in the Circular to Shareholders of CSH dated 23 August 2021, as approved by the shareholders of CSH at the Extraordinary General Meeting ("**EGM**") held on 22 September 2021. Subsequently, on 8 April 2022, the Company announced its intention to vary the utilisation of the proceeds raised from the Rights Issue as set out in the Circular to Shareholders of CSH dated 19 May 2022, as approved by the shareholders of CSH at the EGM held on 3 June 2022.

The details of proceeds raised from corporate proposals above as at 30 June 2023 are disclosed in the table below:-

Description	Proposed/ Revised utilisation RM'000	Actual utilisation as at 30 June 2023 RM'000	Balance of proceeds RM'000	Intended timeframe of utilisation
Transportation and logistics business	23,869	20,028	3,841	Within 36 months
Electrical vehicles business	20,000	20,000	–	Within 24 months
Financial services business	56,100	56,100	–	Within 24 months
Working capital	2,947	2,947	–	Within 18 months
Expenses for corporate exercise	690 (1)	690	–	Immediate
	103,606	**99,765**	**3,841**	

Note:-

1. The surplus of RM24,000 from the expenses for the corporate exercises had been allocated to the working capital of the Company and its subsidiaries ("**CSH Group**").

2. AUDIT AND NON-AUDIT FEES

The amounts of audit and non-audit fees paid or payable to the Company's auditors for the financial year ended 30 June 2023 are as follows:-

	Company RM	Group RM
Audit fees	61,000	249,000
Non-audit fees	5,000	5,000
Total	**66,000**	**254,000**

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company or by any of its subsidiaries (not being contracts entered into in the ordinary course of business) involving the interests of Directors, or Major Shareholders either still subsisting at the end of the financial year ended 30 June 2023, or if not then subsisting, entered into since the end of the previous financial year.

Additional Compliance Information (Cont'd)

4. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions of a revenue or trading nature for the Group during the financial year under review did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") as follows:-

Transacting parties	Nature of transactions	The aggregate value of transactions from 1 July 2022 to 30 June 2023 (RM'000)	Interested related parties
ChipSeng Heng Enterprise Sdn. Bhd. ("**ChipSeng Heng Enterprise**") and CSH Group	Renting of trucks	2,053	Tan Yip Jiun[1]; Tan Yow Hua[2]; ChipSeng Heng Holdings Sdn. Bhd. ("**ChipSengHeng**")
ChipSeng Heng Enterprise and CSH Group	Provision of haulage and transportation services as well as other related logistics services	–	Tan Yip Jiun[1]; Tan Yow Hua[2]; ChipSeng Heng
ChipSeng Heng Enterprise and CSH Group	Purchase of trucks (Prime mover/Rigid) to provide haulage and hub-to-hub delivery services by transporting customers' goods between hubs	–	Tan Yip Jiun[1]; Tan Yow Hua[2]; ChipSeng Heng
Line Clear Express & Logistics Sdn. Bhd.[3] ("**LCEL**") and CSH Group	Renting of trucks	922	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings Berhad ("**MMAG Holdings**")
CSH Solutions Sdn. Bhd. and MMAG Holdings and its subsidiaries ("**MMAG Group**")	Provision of Information Technology ("**IT**") solutions/platform, known as "Premier Integrated Parcel Autonomous" System related to logistics business process as well as other IT related services to MMAG Group	1,750	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
CSH Group and MMAG Group	Provision of haulage and transportation services as well as other related logistics services to MMAG Group	15,587	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
MMAG Group and CSH Group	Provision of Last Mile Logistics and other related logistics services	40	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings

Additional Compliance Information (Cont'd)

4. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

The recurrent related party transactions of a revenue or trading nature for the Group during the financial year under review did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as follows:- (Cont'd)

Transacting parties	Nature of transactions	The aggregate value of transactions from 1 July 2022 to 30 June 2023 (RM'000)	Interested related parties
CSH Group and MMAG Group	Supply of packaging materials for logistics services to MMAG Group	69	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
LCEL and CSH Group	Purchase of trucks (Prime mover/Rigid/17.5 tonnes trucks) to provide haulage and hub-to-hub delivery services by transporting customers' goods between hubs	615	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
LCEL and Alliance EV Sdn. Bhd. ("**AEV**")	Sales of motor vehicles and electric vehicles	–	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
LCEL and AEV	Provision of after-sales services, including but not limited to maintenance, warranty packages, supplying of charging services, spare parts and etc.	–	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
LCEL and CSH Priority Sdn. Bhd.	Provision of hire purchase financing	–	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
LCEL and Velocity Capital Sdn. Bhd. (formerly known as CSH Network Capital Sdn. Bhd.)	Provision of money lending financing	–	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings
MMAG Group and CSH Group	Rental of office space located at Level 2, No. 3, Jalan TP2, Taman Perindustrian UEP Subang Jaya, 47600 Subang Jaya, Selangor Darul Ehsan inclusive of utilities and other miscellaneous expenses	282	Kenny Khow Chuan Wah[4], Chong Koon Meng[5], Chan Swee Ying[6], MMAG Holdings

4. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

The recurrent related party transactions of a revenue or trading nature for the Group during the financial year under review did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as follows:- (Cont'd)

Nature of relationships:-

1. *Tan Yip Jiun, being an Executive Director and a Major Shareholder of the Company via his indirect shareholdings in the Company through ChipSengHeng (a major shareholder of the Company), is also a Director and Major Shareholder of ChipSeng Heng Enterprise.*
2. *Tan Yow Hua, who is the father of Tan Yip Jiun and a Major Shareholder of the Company via his indirect shareholdings in the Company through ChipSengHeng (a major shareholder of the Company), is also a Director and Major Shareholder of ChipSeng Heng Enterprise. He has ceased to be a Major Shareholder of the Company and ChipSeng Heng with effect from 28 March 2023.*
3. *During the financial year, LCEL is an 80.75% owned subsidiary of MMAG Holdings, 14.25% is held by the Company and the remaining 5% is held by Hong Seng Gloves Sdn. Bhd. The Company had subsequently after the financial year disposed 5.34% of its equity interest in LCEL on 4 October 2023.*
4. *Kenny Khow Chuan Wah, being an Executive Director of the Company, is also an Executive Director of MMAG Holdings.*
5. *Chong Koon Meng, being an Executive Director and shareholder with a shareholding of less than 1% in both the Company and MMAG Holdings. He had resigned from the Company on 29 September 2023.*
6. *MMAG Holdings and Chan Swee Ying (who has a substantial interest in MMAG Holdings) were substantial shareholders of the Company during the financial year.*

STATEMENT OF DIRECTORS' RESPONSIBILITY
IN RELATION TO THE FINANCIAL STATEMENTS

CSH Alliance Berhad ("**CSH**" or "**the Company**") is required under Paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") to ensure that its Board of Directors ("**Board**") makes a statement explaining the Board's responsibility for preparing the annual audited financial statements.

CSH and its subsidiaries ("**the Group**")'s consolidated annual audited financial statements for the financial year ended 30 June 2023 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act 2016 ("**CA 2016**") to give a true and fair view of the affairs of the Group and of the Company. The Statement by the Directors pursuant to Section 251 (2) of the CA 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated annual audited financial statements for the financial year ended 30 June 2023.

In order to ensure that the financial statements are properly drawn up, the Board has taken the following measures:-

- ensure the adoption of appropriate, adequate and applicable accounting standards and policies and applied them consistently;

- ensure that applicable approved accounting standards have been followed;

- where applicable, judgments and estimates are made on a reasonable and prudent basis; and

- upon due inquiry into the state of affairs of the Group and of the Company, there are no material matters that may affect the ability of the Group and of the Company to continue in business on a going concern basis.

The Board has ensured that the quarterly reports and annual audited financial statements of the Group are released to Bursa Securities in a timely manner in order to keep our investing public informed of the Group's latest performance and developments.

The Board has also ensured that the Group maintains accounting records that disclose with reasonable accuracy the financial position of the Group, and which enable the Board to ensure the financial statements comply with the CA 2016.

The Board has taken the necessary steps that are reasonably available to the Board to safeguard the Group's assets and prevent and detect fraud and other irregularities.

This Statement of Directors' Responsibility in preparing the financial statements was approved by the Board on 24 October 2023.

CSH ALLIANCE BERHAD
200001002113 (504718-U)

FINANCIAL STATEMENT

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities and the details of the subsidiaries are set out in Note 8.2 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and of the subsidiaries during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year attributable to:		
- owners of the Company	(26,629,844)	(20,549,050)
- non-controlling interests	(826,877)	–
	(27,456,721)	(20,549,050)

RESERVES AND PROVISIONS

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

SHARE CAPITAL

There was no issuance of new shares during the financial year.

DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year. The Directors do not recommend the payment of any final dividend in respect of the current financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS 2022/2027

The Warrants 2022/2027 ("the Warrants") were constituted under the Deed Poll dated 7 December 2021. The Warrants were issued on 20 January 2022 in conjuction with the right issue of the Company's Ordinary Shares and shall expire on 19 January 2027. Each Warrant entitled the registered holder, at any time during the exercise period, to subscribe for one (1) new ordinary share at an exercise price of RM0.15 per Warrant. None of Warrants 2022/2027 were exercised during the financial year.

DIRECTORS

The names of the Directors of the Company who held office since the beginning of the financial year to the date of this report are as follows:-

Ahmad Ruslan Zahari bin Zakaria	
Lim Peng Tong	
Tan Yip Jiun	
Kenny Khow Chuan Wah	
Dato' Goh Soo Wee	*(Appointed on 12 April 2023)*
Dato' Chong Mun Phing	*(Appointed on 19 April 2023)*
Peter Yap	*(Resigned on 4 January 2023)*
Ng Keok Chai	*(Resigned on 21 March 2023)*
Sim Chiun Wee	*(Resigned on 28 April 2023)*
Chong Koon Meng	*(Resigned on 29 September 2023)*
Chi Kiam Pheng	*(Appointed on 14 June 2023 and resigned on 29 September 2023)*

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report are as follows:-

Fan Shue King	
Kenny Khow Chuan Wah	
Yap Yee Siew Audrey	
Tan Yip Jiun	
Wong Chee Jiun	
Wong Teck Fatt	
Lim Zhen Yi	
Wang Yu	
Gooi See Chia	*(Appointed on 1 November 2022)*
Yap Chee Wai	*(Appointed on 1 November 2022)*
Chi Kiam Pheng	*(Appointed on 1 November 2023)*
Chin Boon Long	*(Appointed on 24 March 2023)*
Sim Chiun Wee	*(Resigned on 2 December 2022)*
Goh Hui Chen	*(Resigned on 4 January 2023)*
Peter Yap	*(Resigned on 30 April 2023)*

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in ordinary shares in the Company and in Warrants 2022/2027 during the financial year were as follows:-

	Number of ordinary shares			
	As at 01.07.2022	**During the financial year Acquired**	**Disposed**	**As at 30.06.2023**
Tan Yip Jiun - Indirect *	168,174,000	–	–	168,174,000
Chong Koon Meng - Direct	1,000,000	–	–	1,000,000

DIRECTORS' INTERESTS (CONT'D)

	Number of Warrants 2022/2027			
	As at 01.07.2022	During the financial year Granted	Disposed	As at 30.06.2023
Tan Yip Jiun - Indirect *	84,087,000	–	–	84,087,000
Chong Koon Meng - Direct	650,000	–	–	650,000

* Deemed interested by virtue of his shareholdings in ChipSeng Heng Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

By virtue of his interests in shares in the Company, Tan Yip Jiun is also deemed to be interested in shares of the wholly-owned subsidiaries of the Company.

Other than as disclosed above, no other Directors in office at the end of the financial year held any interests, direct or indirect, in shares, debentures and Warrants 2022/2027 of the Company and its subsidiaries during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than those disclosed in the *Directors' Remuneration* section below) by reason of a contract made by the Company or a related corporation with the Director or his nominees or with a firm of which he is a member or with a company in which he has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business as disclosed in Note 28 to the financial statements.

As at the end of the financial year and during the financial year, there did not subsist any arrangement to which the Company was a party, whereby the Directors or their nominees might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

The remuneration received or receivable by the Directors of the Company from the Company and its subsidiaries during the financial year are as follows:-

	Received or receivable from		
	The Company RM	Subsidiaries RM	Total RM
Fees	295,800	–	295,800
Other remuneration	19,000	806,645	825,645
	314,800	806,645	1,121,445

No indemnity was given to nor was there any insurance effected for the Directors or officers of the Group and of the Company during the financial year.

AUDITORS' REMUNERATION

The remuneration paid or payable to the auditors of the Group and of the Company for the financial year are RM254,000 and RM66,000 respectively.

No indemnity was given to nor was there any insurance effected for the auditors during the financial year.

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

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

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

(i) which would render the amount written off for bad debts and the amount of allowance made for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

(ii) which would render the values of current assets in the financial statements of the Group and of the Company misleading;

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

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

(c) As at the date of this report, there does not exist:-

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

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

(d) In the opinion of the Directors:-

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

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

(iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report
(Cont'd)

MATERIAL EVENTS DURING THE FINANCIAL YEAR

Material events during the financial year are disclosed in Note 34 to the financial statements.

MATERIAL EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

Material event subsequent to the financial year end is disclosed in Note 35 to the financial statements.

On behalf of the Board of Directors,

TAN YIP JIUN	**KENNY KHOW CHUAN WAH**
Director	Director

This report is made pursuant to the directors' resolution passed on 24 October 2023.

Date: 24 October 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	4	50,112,242	24,518,511	16,403	27,720
Investment properties	5	58,364,385	25,602,368	–	–
Right-of-use assets	6.1	10,600,558	98,453	–	–
Intangible asset	7	20,269,732	21,255,556	–	–
Investments in subsidiaries	8	–	–	39,170,065	12,357,282
Goodwill	9	1,984,468	1,984,468	–	–
Other investment	10	1	22,000,000	1	22,000,000
Financing receivables	11	737,000	904,217	–	–
Amount due from subsidiaries	14	–	–	227,899,373	241,102,959
Fixed and short-term deposits, cash and bank balances	15	100,000	–	–	–
		142,168,386	96,363,573	267,085,842	275,487,961
Current Assets					
Inventories	12	9,227,572	9,354,017	–	–
Financing receivables	11	161,552,403	178,572,493	–	–
Trade and other receivables	13	43,285,680	21,231,552	24,000	243,450
Amount due from subsidiaries	14	–	–	70,910,268	15,449,657
Tax recoverable		605,310	317,792	–	–
Fixed and short-term deposits, cash and bank balances	15	57,983,729	112,810,015	33,710,674	92,605,398
		272,654,694	322,285,869	104,644,942	108,298,505
Total Assets		414,823,080	418,649,442	371,730,784	383,786,466

The notes set out on pages 56 to 128 form an integral part of these financial statements

Statements of Financial Position (Cont'd)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	396,790,911	396,790,911	396,790,911	396,790,911
Accumulated losses		(56,204,067)	(34,372,635)	(80,622,657)	(60,073,607)
Warrants reserve	17	43,721,644	43,721,644	43,721,644	43,721,644
		384,308,488	406,139,920	359,889,898	380,438,948
Non-controlling interests	8.8	2,569,711	–	–	–
Total Equity		386,878,199	406,139,920	359,889,898	380,438,948
Non-current Liabilities					
Lease liabilities	6.2	7,248,795	42,761	–	–
Hire-purchase payables	18	118,176	42,579	–	–
Deferred tax liabilities	19	1,993,302	2,056,879	–	–
		9,360,273	2,142,219	–	–
Current Liabilities					
Lease liabilities	6.2	3,525,343	58,765	–	–
Hire-purchase payables	18	59,373	40,618	–	–
Trade and other payables	20	14,841,914	9,302,350	9,066,196	164,047
Amount due to subsidiaries	14	–	–	2,762,218	3,060,585
Taxation		157,978	965,570	12,472	122,886
		18,584,608	10,367,303	11,840,886	3,347,518
Total Liabilities		27,944,881	12,509,522	11,840,886	3,347,518
Total Equity and Liabilities		414,823,080	418,649,442	371,730,784	383,786,466

The notes set out on pages 56 to 128 form an integral part of these financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	21	37,569,893	37,265,257	–	–
Cost of sales		(31,695,649)	(30,252,196)	–	–
Gross profit		5,874,244	7,013,061	–	–
Other income		6,654,671	1,622,843	3,397,913	2,919,807
Selling and distribution costs		(428,639)	(725,353)	–	–
Administrative expenses		(12,629,073)	(10,436,147)	(1,206,341)	(1,575,816)
Net (impairment)/reversal losses on financial assets	23	(3,110,345)	(744,500)	5,967,789	(9,507,000)
Other expenses		(22,483,087)	(3,752,508)	(28,776,334)	(2,588,371)
Operating loss		(26,122,229)	(7,022,604)	(20,616,973)	(10,751,380)
Finance costs	22	(425,558)	(62,308)	–	–
Loss before taxation	23	(26,547,787)	(7,084,912)	(20,616,973)	(10,751,380)
Taxation	24	(908,934)	(954,821)	67,923	(122,886)
Loss for the financial year		(27,456,721)	(8,039,733)	(20,549,050)	(10,874,266)
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive loss for the financial year		(27,456,721)	(8,039,733)	(20,549,050)	(10,874,266)
Loss for the financial year attributable to:					
Owners of the Company		(26,629,844)	(8,039,733)	(20,549,050)	(10,874,266)
Non-controlling interests		(826,877)	–	–	–
		(27,456,721)	(8,039,733)	(20,549,050)	(10,874,266)
Total comprehensive loss for the financial year attributable to:					
Owners of the Company		(26,629,844)	(8,039,733)	(20,549,050)	(10,874,266)
Non-controlling interests		(826,877)	–	–	–
		(27,456,721)	(8,039,733)	(20,549,050)	(10,874,266)
Loss per share attributable to owners of the Company (sen)					
Basic, from loss for the financial year	25.1	(1.93)	(0.81)		
Diluted, from loss for the financial year	25.2	(1.93)	(0.81)		

The notes set out on pages 56 to 128 form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Non-distributable					
	Ordinary Shares RM	Warrant Reserve RM	Accumulated Losses RM	Total RM	Non-controlling interest RM	Total Equity RM
Group - 2023						
Balance at 1 July 2022	396,790,911	43,721,644	(34,372,635)	406,139,920	–	406,139,920
Change in ownership interest in subsidiaries	–	–	4,798,412	4,798,412	3,396,588	8,195,000
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	(26,629,844)	(26,629,844)	(826,877)	(27,456,721)
Balance at 30 June 2023	396,790,911	43,721,644	(56,204,067)	384,308,488	2,569,711	386,878,199
Group - 2022						
Balance at 1 July 2021	336,906,763	–	(26,332,902)	310,573,861	–	310,573,861
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	(8,039,733)	(8,039,733)	–	(8,039,733)
Issuance of ordinary shares pursuant to a renounceable rights issue exercise together with free detachable warrants (Note 16.1)	59,884,148	43,721,644	–	103,605,792	–	103,605,792
Balance at 30 June 2022	396,790,911	43,721,644	(34,372,635)	406,139,920	–	406,139,920

	Non-distributable			
	Ordinary Shares RM	Warrants Reserve RM	Accumulated Losses RM	Total Equity RM
Company - 2023				
Balance at 1 July 2022	396,790,911	43,721,644	(60,073,607)	380,438,948
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	(20,549,050)	(20,549,050)
Balance at 30 June 2023	396,790,911	43,721,644	(80,622,657)	359,889,898
Company - 2022				
Balance at 1 July 2021	336,906,763	–	(49,199,341)	287,707,422
Loss for the financial year, representing total comprehensive loss for the financial year	–	–	(10,874,266)	(10,874,266)
Issuance of ordinary shares pursuant to a renounceable rights issue exercise together with free detachable warrants (Note 16.1)	59,884,148	43,721,644	–	103,605,792
Balance at 30 June 2022	396,790,911	43,721,644	(60,073,607)	380,438,948

The notes set out on pages 56 to 128 form an integral part of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities				
Loss before taxation	(26,547,787)	(7,084,912)	(20,616,973)	(10,751,380)
Adjustments for:-				
Amortisation of intangible asset	1,683,023	1,666,666	–	–
Amount due from a subsidiary written off upon de-registration	–	–	26,907	–
Bad debts written off	202,546	5,702	–	–
Deposit written off	50	–	–	–
Depreciation in respect of assets under lease included within:				
- Property, plant and equipment	462,958	67,824	–	–
- Investment properties	235,615	235,615	–	–
- Right-of-use assets	2,843,155	1,762,852	–	–
Depreciation of own:				
- Property, plant and equipment	1,698,539	1,064,152	5,508	20,310
- Investment properties	24,730	6,745	–	–
Gain on termination of lease contracts	–	(45,820)	–	–
Interest income	(790,729)	(663,720)	(716,804)	(564,873)
Interest expense	425,558	62,308	–	–
Loss on disposal of investment property	77,638	–	–	–
Negative goodwill on acquisition	(5,134,471)	–	–	–
Net fair value/Impairment losses/ (Reversal of impairment losses) on:				
- Investment properties	–	(648,615)	–	–
- Intangible asset	–	1,800,000	–	–
- Investments in subsidiaries	–	–	5,617,015	2,556,038
- Other investment	21,999,999	–	21,999,999	–
- Amount due from subsidiaries	–	–	(5,967,789)	–
- Financial assets	3,110,345	744,500	–	9,507,000
Net (gain)/loss on disposal of property, plant and equipment	(3,933)	14,733	–	32,333
Net (gain)/loss on disposals of subsidiaries	(7,524)	–	125,000	–
Net loss on deregistration of a subsidiary	–	–	2	
Net unrealised gain on foreign exchange	(36,095)	(12,416)	–	–
Net write down in value of inventories	–	1,968,107	–	–
Property, plant and equipment written off	7,409	69	7,409	–
Unwinding of discount on amount due from subsidiaries measured at amortised cost	–	–	(1,680,820)	(2,354,934)
Operating profit/(loss) before working capital changes carried forward	251,026	943,790	(1,200,546)	(1,555,506)

The notes set out on pages 56 to 128 form an integral part of these financial statements

Statements of Cash Flows (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities (Cont'd)				
Operating profit/(loss) before working capital changes brought forward	251,026	943,790	(1,200,546)	(1,555,506)
Increase in financing receivables	(18,423,038)	(96,745,632)	–	–
Decrease in inventories	126,445	1,796,401	–	–
(Increase)/Decrease in trade and other receivables	(7,825,319)	(1,656,549)	219,450	(226,853)
Increase/(Decrease) in trade and other payables	5,058,122	3,087,989	(97,851)	(208,792)
Cash utilised in operations	(20,812,764)	(92,574,001)	(1,078,947)	(1,991,151)
Interest paid	(425,558)	(62,308)	–	–
Tax paid	(2,068,951)	(522,262)	(42,491)	–
Real Property Gains Tax paid	–	(25,050)	–	–
Net cash used in operating activities	(23,307,273)	(93,183,621)	(1,121,438)	(1,991,151)
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 26.1)	(27,612,704)	(3,101,245)	(1,600)	(3,719)
Proceeds from disposal of property, plant and equipment	24,000	7,667,600	–	7,650,000
Proceeds from disposal of investment property	2,900,000	–	–	–
Purchase of investment properties (Note 5)	–	(3,009,113)	–	–
Purchase of intangible asset (Note 7)	(697,199)	–	–	–
Incorporation of subsidiaries (Note 8.7)	–	–	–	(1,100)
Subscriptions to additional shares in subsidiaries (Note 8.7)	–	–	–	(4,999,000)
Acquisitions of subsidiaries (Note 8.3)	(12,269,436)	–	(3,750,000)	–
Net cash (outflow)/inflow from disposals of subsidiaries (Note 8.4)	(1,107)	–	875,100	–
Subscription of shares by non-controlling interest	8,195,000	–	–	–
Net advances to subsidiaries	–	–	(55,315,223)	(75,085,805)
Interest received	790,729	663,720	716,804	564,873
Net cash (used in)/from investing activities	(28,670,717)	2,220,962	(57,474,919)	(71,874,751)
Cash flows from financing activities				
Increase in fixed deposits pledged as security	(113,381)	(10,965)	–	–
Proceeds from shares issued pursuant to a renounceable rights issue exercise (Note 16.1)	–	103,605,792	–	103,605,792
Repayment of lease liabilities (Note 6.3)	(2,672,648)	(1,748,688)	–	–
Hire-purchase instalments paid (Note 26.2)	(75,648)	(36,915)	–	–
Repayment to directors (Note 26.2)	–	(3,931)	–	–
Repayment to subsidiaries (Note 26.2)	–	–	(298,367)	(512,255)
Net cash (used in)/from financing activities	(2,861,677)	101,805,293	(298,367)	103,093,537
Net (decrease)/increase in cash and cash equivalents	(54,839,677)	10,842,634	(58,894,724)	29,227,635
Cash and cash equivalents at beginning of financial year	112,150,206	101,307,572	92,605,398	63,377,763
Cash and cash equivalents at end of financial year (Note 26.3)	57,310,539	112,150,206	33,710,674	92,605,398

The notes set out on pages 56 to 128 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2023

1. GENERAL INFORMATION

CSH Alliance Berhad is a public company limited by shares, incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad.

Its registered office is located at Level 7, Menara Milennium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur and the principal place of business is located at Level 2, No 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan.

The principal activity of the Company is that of investment holding. The principal activities and the details of the subsidiaries are set out in Note 8.2.

These financial statements comprise the consolidated financial statements and the financial statements of the Company and they are presented in Ringgit Malaysia ("RM").

The financial statements were approved and authorised for issue by the Board of Directors on 24 October 2023.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of the accounting pronouncements as disclosed in Note 2.2 below.

2.2 Application of Accounting Pronouncements

During the financial year, the Group and the Company have applied the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 July 2022:-

Amendments to MFRS 3 - Reference to the Conceptual Framework	*(effective on 1 January 2022)*
Amendments to MFRS 116 - Proceeds before Intended Use	*(effective on 1 January 2022)*
Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract	*(effective on 1 January 2022)*
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2018 - 2020"	*(effective on 1 January 2022)*

The initial application of amendments to MFRSs did not have any significant impact on the Group's and the Company's financial statements for the current and prior financial periods.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New MFRS and Amendments to MFRSs That Are In Issue But Not Yet Effective

The Group and the Company have not early adopted the following new MFRS and amendments to MFRSs that have been issued by the MASB but are not yet effective:-

Effective for annual periods beginning on or after 1 January 2023
MFRS 17, Insurance Contracts
Amendments to MFRS 17 - Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 - Disclosure of Accounting Policies
Amendments to MFRS 108 - Definition of Accounting Estimates
Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112 - International Tax Reform - Pillar Two Model Rules

Effective for annual periods beginning on or after 1 January 2024
Amendments to MFRS 16 - Lease Liability in a Sale and Leaseback
Amendments to MFRS 101 - Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7 - Supplier Finance Agreement

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

Effective for annual periods beginning on or after a date to be determined by the MASB
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will apply the above new MFRS and amendments to MFRSs that are applicable once they become effective and the adoption is not expected to have any material impact on the Group's and on the Company's financial statements in the period of initial application.

2.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group:-

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to affect those returns through its power over the entity.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Subsidiaries are consolidated using the acquisition method as explained in Note 2.5 and consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of Consolidation (Cont'd)

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets (including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

2.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method except for combinations of entities or businesses under common control. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The accounting policy for goodwill is set out in Note 2.6. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Goodwill

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU or groups of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the CGU retained.

2.7 Foreign Currencies

2.7.1 Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates i.e. the entity's functional currency. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.7.2 Foreign currency transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of foreign currency non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are recognised to other comprehensive income.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Foreign Currencies (Cont'd)

2.7.3 Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:-

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(c) All resulting exchange differences are recognised in other comprehensive income and are accumulated in foreign currency translation reserve within equity.

Exchange differences arising from monetary items that form part of the Company's net investment in a foreign operation and that are denominated in the functional currency of the Company or the foreign operation are recognised in profit or loss of the Company or of the foreign operation, as appropriate. In the Group's financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and taken to equity under foreign currency translation reserve will be reclassified to profit or loss.

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

2.8 Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. The investments are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.12. On disposal of such investments, the difference between the net disposal proceeds and the net carrying value of the investments is recognised as a gain or loss on disposal in the Company's profit or loss.

2.9 Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Property, Plant and Equipment (Cont'd)

Freehold land and capital work-in-progress are not depreciated. All other property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The estimated useful lives of the Group's property, plant and equipment are as follows:-

Buildings	Over remaining useful lives of between 34 and 50 years
Furniture, fittings and equipment	Between 5 and 8 years
Motor vehicles	Between 5 and 8 years
Plant and machinery	Between 5 and 8 years
Renovation	5 years

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.12.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

2.10 Investment Properties

Investment properties are land and/or buildings which are held for rental yields or for capital appreciation or for both or land held for a currently undetermined future use. The investment properties are initially measured at cost, including direct transaction costs and borrowing costs if the investment properties meet the definition of a qualifying asset.

The investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Investment in freehold land is stated at cost and is not depreciated. Investment in freehold building is stated at cost and is depreciated over the remaining useful life of 25 years. In respect of acquired leasehold properties, the depreciation policy is disclosed in Note 2.16.1. Investment properties are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the period of the retirement or disposal.

2.11 Non-current Assets (or Disposal Groups) Classified as Held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

On initial classification as held for sale, non-current assets or disposal groups (other than investment properties that are accounted for in accordance with fair value model, deferred tax assets, financial assets and inventories) are measured at the lower of their carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (other than inventories, contract assets and assets arising from costs to obtain or fulfil a contract, deferred tax assets, investment property that is measured at fair value and non-current assets or disposal groups held for sale) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill recognised in a business combination and that has an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill arising from a business combination allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.13 Inventories

2.13.1 Property development costs

Property development costs comprise cost of land and related acquisition costs and all costs that are directly attributable to development activities less cumulative amount recognised as expense in the profit or loss. Cost includes interest on borrowings used to finance the property development projects and other direct expenditure and related overheads incurred in the process of development. Property development costs are stated at the lower of costs and net realisable value.

On completion of development, property development costs of unsold units are transferred to completed development units.

2.13.2 Completed development units held for sale

Inventories of completed development units and held for sale are stated at the lower of cost and net realisable value. Costs comprise cost of land and related development costs and are allocated to each unit based on the relative sale value of the properties.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Inventories (Cont'd)

2.13.3 Raw materials, work-in-progress and finished goods

These inventories comprised only ceramic products and are measured at the lower of cost and net realisable value.

Cost of raw materials and finished goods is determined on the weighted average basis and first-in, first-out basis respectively. In the case of work-in-progress and finished goods, cost includes costs of materials, direct labour and attributable production overheads that are based on normal operating capacity.

2.13.4 Net realisable value

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

2.14 Contract Assets and Contract Liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date. Contract assets are reviewed for impairment in accordance with the Group's accounting policy on impairment of financial assets as disclosed in Note 2.18.4.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include down payments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

2.15 Contract Costs

Contract costs are recognised as an asset when the following criteria are met:-

(a) In relation to incremental costs of obtaining a contract, the Group recognises the costs as an asset if the Group expects to recover those costs.

(b) In relation to costs to fulfil a contract, the Group recognises the contract costs as an asset if (i) they relate directly to a contract or to an anticipated contract that the Group can specifically identify; (ii) when the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (iii) the costs are expected to be recovered.

These assets are initially measured at cost and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration expected to be received less the remaining costs expected to be incurred. A reversal of impairment loss is recognised in profit or loss when the impairment conditions no longer exist or have improved. The increased carrying amount does not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases

2.16.1 The Group as a lessee

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

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liability.

Depreciation for right-of-use asset is calculated using the straight-line method and commences from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets of the Group comprise acquired leasehold land and buildings which are included under the line items of Property, Plant and Equipment (Note 4) and Investment Properties (Note 5) and assets on lease (Note 6). The depreciation rates of the right-of-use assets are as follows:-

Leasehold land	Between 50 and 97 years
Leasehold buildings	50 years
Buildings on lease	Between 24 and 36 months
Fleet of trucks on lease	Between 12 and 60 months

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:-

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

Variable lease payment that does not depend on an index or a rate is recognised as an expense in the period in which it is incurred.

The lease liability is remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") and which is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases (Cont'd)

2.16.1 The Group as a lessee (Cont'd)

If a rent concession does not result in a lease modification, the Group accounts for the change in lease payments as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs.

If a rent concession result in a lease modification, the Group accounts the rent concession as either a new lease or as a remeasurement of an existing lease.

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

2.16.2 The Group as a lessor

Leases for which the Group is a lessor are classified as finance leases or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. All other leases are classified as operating leases.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. The finance income is recognised over the term of the lease based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the Group in obtaining an operating lease are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.17 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over their estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Intangible Assets (Cont'd)

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the differences between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

The intangible asset of the Group is intellectual property rights of IT solution/platform related to logistics business process and is estimated to have a useful life of 15 years.

2.18 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to:-

- the recognition of an asset to be received and the liability to pay for it on the trade date which is the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.18.1 Classification

The Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets:-

(a) at amortised cost;

(b) fair value through other comprehensive income; and

(c) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial Assets (Cont'd)

2.18.2 Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's debt instruments are categorised into the following measurement categories:-

(i) Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition:-

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

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment are recognised in profit or loss.

(ii) Fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL at initial recognition:-

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial Assets (Cont'd)

2.18.2 Measurement (Cont'd)

(a) Debt instruments (Cont'd)

(iii) Fair value through profit or loss ("FVTPL")

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value.

For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

2.18.3 Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial Assets (Cont'd)

2.18.4 Impairment of financial assets and contract assets

The Group recognises loss allowance for expected credit losses ("ECLs") on contracts assets and the following financial assets:-

(a) financial assets measured at amortised cost; and

(b) debt instruments measured at fair value through other comprehensive income ("FVOCI").

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Group applies a simplified approach in measuring ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected loss rates are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

An impairment loss in respect of financial assets measured at amortised cost and contract assets is recognised in the profit or loss and the carrying amount of the assets is reduced through the use of an allowance account.

An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow in its entirety or a portion thereof.

2.19 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, bank balances, deposits with licensed banks and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, reduced by bank overdrafts. The statements of cash flows are prepared using the indirect method.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Share Capital

2.20.1 Ordinary shares

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the end of the reporting period are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

2.20.2 Preference shares

Redeemable preference shares are classified as financial liabilities as they bear non-discretionary dividends and are redeemable in cash by the holders. The non-discretionary dividends are recognised as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity as they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Company's equity instruments. Discretionary dividends are recognised as distribution within equity.

2.21 Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

2.21.1 Classification and measurement

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial liabilities at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost. The Group does not have any financial liabilities at fair value through profit or loss.

All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method and any gain or loss is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.21.2 Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.22 Offsetting Financial Instruments

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of (i) the amount determined in accordance with the expected credit loss model; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 Revenue from Contracts with Customers.

2.24 Employee Benefits

2.24.1 Short-term employee benefits

Wages, salaries and social security contributions, paid annual and sick leave, bonuses and non-monetary benefits are recognised as an expense in profit or loss or included in the costs of assets, where applicable, in the period in which the associated services are rendered by employees of the Group.

2.24.2 Post-employment benefits

Defined contribution plans

The Group provides post-employment benefits by way of contribution to defined contribution plans operated by the relevant authorities at the prescribed rates.

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are recognised as an expense in profit or loss in the period to which the contributions relate or included in the costs of assets, where applicable.

2.24.3 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits at the earlier of (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the Group recognises costs for a restructuring.

Termination benefits falling over more than twelve (12) months after the end of the reporting period are discounted to present value.

2.25 Income Taxes

Tax expense is the aggregate amount of current and deferred taxes. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax is the expected tax payable on the taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the end of the reporting period.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Income Taxes (Cont'd)

Deferred tax is recognised, using the liability method, on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

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

2.26 Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

2.27 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of qualifying assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalisation.

2.28 Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, net of any treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, net of any treasury shares held, for the effects of all dilutive potential ordinary shares.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.29 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors, who makes decision about resources to be allocated to the segments and to assess their performance and for which discrete financial information is available.

2.30 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and leasing transactions, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial assets, the fair value measurement 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.

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.31 Revenue from Contracts with Customers

The Company recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Depending on the terms of a contract with customer, control may transfer over time or at a point in time.

The Group satisfies a performance obligation over time and therefore transfers control of a good or service over time if the Group's performance:-

(i) does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date; or

(ii) creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) provides benefits that the customer simultaneously receives and consumes as the Group performs.

Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the good or service, excluding the amounts collected on behalf of third parties.

There is no significant financing component in contracts with customers as the payment terms is less than twelve (12) months from the date of billings. Therefore, no adjustment is made to the promised amount of consideration for the effects of time value of money.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.31 Revenue from Contracts with Customers (Cont'd)

The Group recognises revenue from the following business activities:-

(a) Manufacture and sales of pottery, ceramic, porcelain and related products

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customers and there is no unfulfilled obligation that could affect the customers' acceptance of the products. The normal credit term is 30 to 90 days upon delivery. Revenue is recognised based on the amount specified in the contract, net of discounts, if any.

A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Haulage and hub-to-hub delivery services

Revenue from haulage and hub-to-hub delivery services is recognised in the reporting period in which the services are rendered and the Group has a present right to the payment for the services.

(c) Construction contracts

The Group constructs properties under long-term contracts with customers who are property developers. The constructions are on the land owned by the customers. Revenue from property construction is recognised over time using the input method which is based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management considers that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under MFRS 15. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

The Group becomes entitled to invoice customers for construction of properties based on a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work certified by a third party assessor and a progress billing for the related milestone payment. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is billed to the customer. If the milestone payment exceeds the revenue recognised to date, then the Group recognises a contract liability for the difference. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue and the milestone payment is always less than twelve (12) months.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.31 Revenue from Contracts with Customers (Cont'd)

The Group recognises revenue from the following business activities (Cont'd):-

(d) Property development

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time.

Revenue is measured at the fixed transaction price agreed under the sale and purchase agreements less variable considerations such as discounts, rebates and incentives, and consideration payable to customers.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue in respect of unit sold over time using the input method which is based the stage of completion determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the assets sold.

2.32 Revenue from Other Sources and Other Income

(a) Financing receivables

Interest income on financing receivables is recognised in profit or loss using the effective interest rate ("EIR") method.

EIR is a method of calculating the amortised cost of financing receivables and of allocating the corresponding interest income over the relevant period. EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financing receivables or, when appropriate, a shorter period to the net carrying amount of the financing receivables.

(b) Interest income

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

(c) Rental income

Rental income is recognised on an accrual basis over the period of tenancy.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Significant judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management are of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

3.2 Key sources of estimation uncertainty

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

(a) Impairment of property, plant and equipment, investment properties, right-of-use assets, intangible asset and investments in subsidiaries

The Group assesses impairment of property, plant and equipment, investment properties, right-of- use assets, intangible asset and investments in subsidiaries when the events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value after taking into account the costs of disposal or expected value in use of the relevant assets. The carrying amounts of these assets are disclosed in Notes 4, 5, 6, 7 and 8.

(b) Useful life of intangible asset

This relates to the Group's intellectual property rights of IT solution/platform as disclosed in Note 7. The Group estimates the useful life of the intellectual property rights to be 15 years which is based on a sub-licensing agreement entered into between the Group and its customer. The initial sub-licensing period is for 10 years and the sub-licensing agreement provides for an extension option to renew for another 5 years. A significant assumption has been made by the Group that it is reasonably certain that the Group and the customer will exercise the extension option.

(c) Impairment of goodwill

The Group performs an annual assessment of the carrying value of its goodwill against the recoverable amount of the cash generating unit ("CGU") to which the goodwill has been allocated. The measurement of the recoverable amount of CGU is determined based on the value in use method which requires the management to estimate the future cash flows expected to arise from the CGU's ongoing operations, the growth rate that reflects the management's expected future performance and a suitable discount rate in order to calculate the present value. The relevant information and assumptions are disclosed in Note 9.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

3.2 Key sources of estimation uncertainty (Cont'd)

(d) Valuation of unquoted equity investment classified as financial asset at fair value through profit or loss ("FVTPL")

In respect of unquoted equity investment where fair value is not available from active markets, the fair value is measured using a valuation technique which involves significant judgement to estimate the expected future cash flows and an appropriate discount rate in order to calculate the present value of the future cash flows as further explained in Note 32.2(a). The fair value of the unquoted equity investment is disclosed in Note 10.

(e) Measurement of expected credit loss allowances on trade receivables

The Group applies a simplified approach in measuring loss allowances on expected credit losses ("ECLs") for trade receivables. The measurement requires the use of significant assumptions about risk of default and expected loss rate and the future economic conditions.

The expected loss rates are based on the payment profiles of its customers in relation to the invoices issued for sales of goods and services rendered over a period of two (2) years prior to the end of each reporting period and the corresponding historical credit loss experienced within those periods.

The historical loss rates are then adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") as a relevant factor and accordingly adjusts the expected loss rates based on expected changes in the factor.

At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analysed. When the historical observed loss rates vary from the original estimates, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables and the cumulative allowance for impairment losses are disclosed in Note 13.1.

(f) Measurement of expected credit loss allowances on financing receivables, other receivables and deposits and amount due from subsidiaries

The Group applies general approach in measuring loss allowances for financing receivables, other receivables and deposits. The methodology used to measure the loss allowance is based on whether there has been a significant increase in credit risk since initial recognition of the financing receivables, other receivables and deposits. In respect of the amount due from subsidiaries, the Company uses a similar methodology in measuring the loss allowance.

Where the credit risk varies from the original estimates, such difference will impact the carrying value of the financing receivables, other receivables and deposits and the amount due from subsidiaries. The carrying amounts of financing receivables, other receivables and deposits are disclosed in Notes 11, 13.2 and 13.3 respectively. The amount due from subsidiaries is disclosed in Note 14.

4. PROPERTY, PLANT AND EQUIPMENT

(a) The movements of property, plant and equipment during the financial year were as follows:-

Group - 2023

	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Right-of-use assets (Note 4(b)) RM	Total RM
Costs									
At beginning of financial year	3,440,000	17,993,451	1,600,722	5,201,911	2,326,414	944,393	959,213	5,613,570	38,079,674
Additions	–	–	169,367	384,302	1,781,777	422,000	2,076,355	22,948,903	27,782,704
Transfer	–	–	–	829,000	–	–	(829,000)	–	–
Disposals	–	–	–	–	(28,000)	–	–	–	(28,000)
Write-off	–	–	–	–	–	(35,276)	–	–	(35,276)
At end of financial year	3,440,000	17,993,451	1,770,089	6,415,213	4,080,191	1,331,117	2,206,568	28,562,473	65,799,102
Accumulated depreciation									
At beginning of financial year	–	5,265,154	661,191	4,452,507	898,282	695,395	–	804,094	12,776,623
Charge for the financial year	–	464,888	266,404	362,444	518,653	86,150	–	462,958	2,161,497
Disposals	–	–	–	–	(7,933)	-	–	–	(7,933)
Write-off	–	–	–	–	–	(27,867)	–	–	(27,867)
At end of financial year	–	5,730,042	927,595	4,814,951	1,409,002	753,678	–	1,267,052	14,902,320
Accumulated impairment losses									
At begining/end of financial year	–	594,540	–	190,000	–	–	–	–	784,540
Carrying amounts as at 30 June 2023	3,440,000	11,668,869	842,494	1,410,262	2,671,189	577,439	2,206,568	27,295,421	50,112,242

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

(a) The movements of property, plant and equipment during the financial year were as follows (Cont'd):-

Group - 2022

	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Right-of-use assets (Note 4(b)) RM	Total RM
Costs									
At beginning of financial year	9,290,000	18,523,451	1,576,122	4,705,669	872,305	733,128	1,520,000	5,613,570	42,834,245
Additions	–	–	24,600	530,020	1,454,109	211,413	959,213	–	3,179,355
Disposals	(5,850,000)	(530,000)	–	(33,778)	–	-	(1,520,000)	–	(7,933,778)
Write-off	–	–	–	–	–	(148)	–	–	(148)
At end of financial year	3,440,000	17,993,451	1,600,722	5,201,911	2,326,414	944,393	959,213	5,613,570	38,079,674
Accumulated depreciation									
At beginning of financial year	–	4,812,633	392,636	4,275,803	840,460	638,369	–	736,270	11,696,171
Charge for the financial year	–	470,188	268,555	210,482	57,822	57,105	–	67,824	1,131,976
Disposals	–	(17,667)	–	(33,778)	–	-	–	–	(51,445)
Write-off	–	–	–	–	–	(79)	–	–	(79)
At end of financial year	–	5,265,154	661,191	4,452,507	898,282	695,395	–	804,094	12,776,623
Accumulated impairment losses									
At beginning of financial year	–	594,540	–	190,000	–	–	200,000	–	984,540
Disposals	–	–	–	–	–	–	(200,000)	–	(200,000)
At end of financial year	–	594,540	–	190,000	–	–	–	–	784,540
Carrying amounts as at 30 June 2022	3,440,000	12,133,757	939,531	559,404	1,428,132	248,998	959,213	4,809,476	24,518,511

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

(a) The movements of property, plant and equipment during the financial year were as follows (Cont'd):-

Company - 2023

	Renovation RM	Furniture, fittings and equipment RM	Total RM
Costs			
At beginning of financial year	60,381	61,881	122,262
Additions	–	1,600	1,600
Write-off	(60,381)	(35,276)	(95,657)
At end of financial year	–	28,205	28,205
Accumulated depreciation			
At beginning of financial year	60,381	34,161	94,542
Charge for the financial year	–	5,508	5,508
Write-off	(60,381)	(27,867)	(88,248)
At end of financial year	–	11,802	11,802
Carrying amounts as at 30 June 2023	–	16,403	16,403

Company - 2022

	Freehold land RM	Buildings RM	Renovation RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
Costs						
At beginning of financial year	5,850,000	530,000	60,381	58,162	1,520,000	8,018,543
Additions	–	–	–	3,719	–	3,719
Disposals	(5,850,000)	(530,000)	–	–	(1,520,000)	(7,900,000)
At end of financial year	–	–	60,381	61,881	–	122,262
Accumulated depreciation						
At beginning of financial year	–	12,367	54,960	24,572	–	91,899
Charge for the financial year	–	5,300	5,421	9,589	–	20,310
Disposals	–	(17,667)	–	–	–	(17,667)
At end of financial year	–	–	60,381	34,161	–	94,542
Accumulated impairment losses						
At beginning of financial year	–	–	–	–	200,000	200,000
Disposals	–	–	–	–	(200,000)	(200,000)
At end of financial year	–	–	–	–	–	–
Carrying amounts as at 30 June 2022	–	–	–	27,720	–	27,720

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

(b) Right-of-use assets included within the property, plant and equipment comprised the following:-

Group - 2023	Leasehold land RM	Leasehold buildings RM	Total RM
Costs			
At beginning of financial year	4,545,700	1,067,870	5,613,570
Additions	22,948,903	–	22,948,903
At end of financial year	27,494,603	1,067,870	28,562,473
Accumulated depreciation			
At beginning of financial year	499,449	304,645	804,094
Charge for the financial year	445,401	17,557	462,958
At end of financial year	944,850	322,202	1,267,052
Carrying amounts as at 30 June 2023	26,549,753	745,668	27,295,421

Group - 2022	Leasehold land RM	Leasehold buildings RM	Total RM
Costs			
At beginning/end of financial year	4,545,700	1,067,870	5,613,570
Accumulated depreciation			
At beginning of financial year	449,182	287,088	736,270
Charge for the financial year	50,267	17,557	67,824
At end of financial year	499,449	304,645	804,094
Carrying amounts as at 30 June 2022	4,046,251	763,225	4,809,476

The Group leases certain leasehold buildings to earn rental income. The Group classifies these leases as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the properties. The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is set out as follows:-

	Group	
	2023 RM	2022 RM
Less than 1 year	–	6,300

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

(c) Property, plant and equipment include the following assets acquired under hire-purchase arrangements:-

	Cost RM	Accumulated depreciation RM	Carrying amount RM	Current depreciation RM
Group - 2023				
Motor vehicles	184,204	(124,319)	59,885	26,230
Group - 2022				
Motor vehicles	184,204	(98,089)	86,115	23,823

(d) Depreciation charge for the financial year comprised the following:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Depreciation of own property, plant and equipment	1,698,539	1,064,152	5,508	20,310
Depreciation of right-of-use assets	462,958	67,824	–	–
	2,161,497	1,131,976	5,508	20,310

5. INVESTMENT PROPERTIES

	Own assets		Right-of-use assets		
	Freehold land RM	Freehold Building RM	Vacant leasehold land RM	Vacant leasehold building RM	Total RM
Group - 2023					
Costs					
At beginning of financial year	3,134,657	674,456	22,737,901	–	26,547,014
Arising through business combination	–	–	5,834,034	30,165,966	36,000,000
Disposal	(2,334,657)	(674,456)	–	–	(3,009,113)
At end of financial year	800,000	–	28,571,935	30,165,966	59,537,901
Accumulated depreciation					
At beginning of financial year	–	6,745	864,971	–	871,716
Charge for the financial year	–	24,730	235,615	–	260,345
Disposal	–	(31,475)	–	–	(31,475)
At end of financial year	–	–	1,100,586	–	1,100,586
Accumulated impairment losses					
At beginning/end of financial year	–	–	72,930	–	72,930
Carrying amounts as at 30 June 2023	800,000	–	27,398,419	30,165,966	58,364,385
Fair values as at 30 June 2023	880,000	–	27,634,034	30,165,966	58,680,000

5. INVESTMENT PROPERTIES (CONT'D)

	Own assets		Right-of-use assets	
	Freehold land RM	Freehold Building RM	Vacant leasehold building RM	Total RM
Group - 2022				
Costs				
At beginning of financial year	800,000	–	22,737,901	23,537,901
Additions	2,334,657	674,456	–	3,009,113
At end of financial year	3,134,657	674,456	22,737,901	26,547,014
Accumulated depreciation				
At beginning of financial year	–	–	629,356	629,356
Charge for the financial year	–	6,745	235,615	242,360
At end of financial year	–	6,745	864,971	871,716
Accumulated impairment losses				
At beginning of financial year	–	–	721,545	721,545
Reversal of impairment loss	–	–	(648,615)	(648,615)
At end of financial year	–	–	72,930	72,930
Carrying amounts as at 30 June 2022	3,134,657	667,711	21,800,000	25,602,368
Fair values as at 30 June 2022	3,050,000	650,000	21,800,000	25,500,000

Investment properties of the Group are non-income generating freehold land and building and leasehold land and direct operating expenses recognised in profit or loss during the financial year in relation to the investment properties were RM61,309 (2022: RM58,797).

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

6.1 Right-of-use assets

The right-of-use assets in this note comprised the leases of properties and fleet of trucks ("the leased assets"). The right-of-use assets in respect of leasehold properties acquired by the Group are disclosed in Note 4 - Property, Plant and Equipment and Note 5 - Investment Properties.

The movements in the carrying amounts of the leased assets during the financial year were as follows:-

Group - 2023	Office premises RM	Living accommodation RM	Fleet of trucks RM	Total RM
Carrying amount				
At beginning of financial year	14,136	84,317	–	98,453
Additions	290,919	79,171	12,975,170	13,345,260
Depreciation charge	(34,257)	(83,578)	(2,725,320)	(2,843,155)
At end of financial year	270,798	79,910	10,249,850	10,600,558

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

6.1 Right-of-use assets (Cont'd)

The movements in the carrying amounts of the leased assets during the financial year were as follows (Cont'd):-

Group - 2022	Office premises RM	Living accommodation RM	Fleet of trucks RM	Total RM
Carrying amount				
At beginning of financial year	393,025	128,308	2,136,863	2,658,196
Additions	–	–	1,564,678	1,564,678
Depreciation charge	(288,408)	(43,991)	(1,430,453)	(1,762,852)
Terminations	(90,481)	–	(2,271,088)	(2,361,569)
At end of financial year	14,136	84,317	–	98,453

The leased assets are depreciated on the straight-line method over the following lease terms:-

Office premises	24 - 36 months
Living accommodation	24 - 36 months
Fleet of trucks	12 - 60 months

Lease contracts of the Group include extension and termination options. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options are only included in the lease term if the Group considered it reasonably certain to exercise the option. The assessment of reasonably certain is revised upon the occurrence of either a significant event or a significant change in circumstances that is within its control and that was not previously included in its determination of the lease term.

6.2 Lease liabilities

	Group 2023 RM	Group 2022 RM
Non-current	7,248,795	42,761
Current	3,525,343	58,765
	10,774,138	101,526

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

6.3 Cash flows for leases

	Group 2023 RM	2022 RM
Included in cash flows from operating activities		
Payment for short-term leases	884,709	158,519
Payment for interest on lease liabilities	412,495	59,619
Included in cash flows from financing activities		
Payment for principal portion of lease liabilities	2,672,648	1,748,688
Total cash outflows for leases	3,969,852	1,966,826

Expenses relating to short-term leases and leases of low-value assets are disclosed in Note 23. Interest expense on lease liabilities is disclosed in Note 22.

7. INTANGIBLE ASSET

	Group 2023 RM	2022 RM
Costs		
At beginning of financial year	25,000,000	25,000,000
Addition	697,199	–
At end of financial year	25,697,199	25,000,000
Accumulated amortisation		
At beginning of financial year	1,944,444	277,778
Charge for the financial year	1,683,023	1,666,666
At end of financial year	3,627,467	1,944,444
Accumulated impairment losses		
At beginning of financial year	1,800,000	–
Impairment loss	–	1,800,000
At end of financial year	1,800,000	1,800,000
Carrying amount as at 30 June	20,269,732	21,255,556

The intangible asset of the Group represents an acquired intellectual property rights of IT solution/platform related to logistics business process. The cost of this acquired intangible asset is amortised on the straight- line method over the estimated useful life of 15 years (2022: 15 years). The amortisation is included in cost of sales (2022: cost of sales) of the Group's profit or loss.

8. INVESTMENTS IN SUBSIDIARIES

	Company 2023 RM	2022 RM
Unquoted shares, at cost	98,801,911	66,372,113
Less: Allowance for impairment losses (Note 8.1)	(59,631,846)	(54,014,831)
Carrying amount as at 30 June	39,170,065	12,357,282

8.1 Allowance for impairment losses

Movements in the allowance for impairment losses on investments in subsidiaries during the financial year were as follows:-

	Company 2023 RM	2022 RM
At beginning of financial year	54,014,831	51,458,793
Additions	6,617,017	2,556,038
Reversal	(1,000,002)	–
At end of financial year	59,631,846	54,014,831

The Company carried out impairment assessments on subsidiaries with impairment indicators such as continuing operating losses and reduced shareholders' fund. The recoverable amount of the Company's investments in these subsidiaries is determined based on adjusted net tangible assets as a proxy to fair value less costs of disposal and is within Level 3 of the fair value hierarchy. As a result of the impairment assessments, the Company has recognised an additional impairment loss of RM6,617,017 in respect of its investments in seven (7) subsidiaries whereas the reversal of impairment losses of RM1,000,002 was due to disposal of one (1) subsidiary and strike off of one (1) subsidiary as further explained in Note 8.4 and 8.6 in the current financial year which is included in other expenses and other income of the Company's profit or loss.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.2 Details of the subsidiaries

Details of the subsidiaries are as follows:-

Name of company	Principal activities	Country of incorporation	Effective interest in equity 2023 %	2022 %
Asian Pottery (Penang) Sdn.Bhd.	Marketing of pottery and porcelain products, ceramic wares and ornaments	Malaysia	100	100
Profit Sunland Sdn. Bhd.	Property construction and related businesses	Malaysia	100	100
Oriwina Sdn. Bhd.	Manufacturing and trading of ceramic wares	Malaysia	100	100
Asia Pottery Home & Garden Sdn. Bhd.	Retail, trading and wholesale of all kinds of clay products such as pottery, ceramics and porcelain products - currently dormant	Malaysia	100	100
Sunmark Point Sdn. Bhd.	Investment holding and property investment activity	Malaysia	100	100
Asian Pottery Manufacturers Sdn. Bhd.	Dormant	Malaysia	100	100
Asian Earthernware Sdn. Bhd.	Dormant	Malaysia	100	100
Asiarise Holdings Sdn. Bhd.	Dormant	Malaysia	100	100
Asian Porcelain Sdn. Bhd.	Dormant	Malaysia	100	100
APPI Sdn. Bhd.	Dormant	Malaysia	–	100
Instant Initiative Sdn. Bhd.	Property investment - currently dormant	Malaysia	–	100
Million Rich Development Sdn. Bhd.	Property development and other related services	Malaysia	100	100
KTG Marine (M) Sdn. Bhd.	Marine construction and coastal reclamation works	Malaysia	100	100
Titanium Hallmark Sdn. Bhd.	Property development and other related services	Malaysia	100	100
Velocity Capital Sdn. Bhd. (Formerly known as CSH Network Capital Sdn. Bhd.)	Moneylending business	Malaysia	100	100

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.2 Details of the subsidiaries (Cont'd)

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

Name of company	Principal activities	Country of incorporation	Effective interest in equity 2023 %	2022 %
Line Haul Sdn. Bhd.	Transportation and logistics - providing haulage and hub-to-hub delivery services	Malaysia	100	100
CSH Solutions Sdn. Bhd.	Information technology solutions and other related services	Malaysia	85	100
Bio Beacon Supply Sdn. Bhd.	Manufacture and trade in mask and other related products	Malaysia	–	100
CSH Priority Sdn. Bhd.	Hire-purchase financing - currently dormant	Malaysia	100	100
Omnipack Sdn. Bhd.	Manufacturing and trading in styrofoam box and other packaging business	Malaysia	80	100
Alliance EV Sdn. Bhd.	Sale and distribution of motor vehicles and electrical vehicles and providing related after-sales services as well as sales and trading of related spare parts and any other related businesses	Malaysia	100	100
Hong Seng Frontier Sdn. Bhd.*	Activities of holding companies	Malaysia	100	–
Held through Asian Pottery Manufacturers Sdn. Bhd.				
Metro Craft Sdn. Bhd.	Dormant	Malaysia	100	100

* Not audited by ChengCo PLT.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.3 Acquisition of a new subsidiary during the financial year

Acquisition of Hong Seng Frontier Sdn. Bhd. ("HSFSB")

On 27 June 2023, the Company acquired the entire issued and paid-up share capital of HSFSB comprising 250,000 ordinary shares for a total cash consideration of RM12,750,000. The acquisition was completed on 30 June 2023.

The assets acquired and liabilities recognised as at the date of acquisition were as follows:-

	Fair value recognised on acquisition RM	HSFSB's carrying amount RM
Investment property	36,000,000	44,631,730
Other receivables, deposits and prepayments	14,396,310	14,396,310
Cash and bank balances	480,564	480,564
Other payables and accruals	(492,403)	(492,403)
Amount owing to holding company	(32,500,000)	(32,500,000)
Net identifiable assets acquired	17,884,471	26,516,201
Negative goodwill on acquisition	(5,134,471)	
Total purchase consideration discharged by cash	12,750,000	
Cash and cash equivalents of subsidiary acquired	(480,564)	
Net cash outflow from acquisition	12,269,436	

The acquisition-related costs of RM34,597 had been charged to administrative expenses in the Group's and the Company's current financial year profit or loss.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.4 Disposals of subsidiaries in the current financial year

(a) Disposal of Instant Initiative Sdn. Bhd. ("IISB")

On 4 April 2023, the Company disposed its entire equity interest in IISB for a total cash consideration of RM875,000. The disposal was completed on 17 May 2023 and had resulted in a gain of RM4,128 and loss of RM125,000 to the Group and to the Company respectively. The gain/loss recognised had been included under other income of the Group's and other expenses of the Company's current financial year profit or loss.

The effects of disposal on the financial results of the Group as at the date of disposal were as follows:-

	As at the date of disposal RM
Other receivables, deposits and prepayments	500
Tax recoverable	1,330
Cash and bank balances	872,125
Other payables	(3,083)
Net assets disposed	870,872
Disposal consideration	(875,000)
Gain on disposal	(4,128)
Cash flows arising from disposal:-	
Cash consideration received	875,000
Cash and bank balances of subsidiary disposed	(872,125)
Net cash inflow on disposal	2,875

The effects of disposal on the financial results of the Company as at the date of disposal were as follows:-

	As at the date of disposal RM
Carrying amount of investment	1,000,000
Disposal consideration	(875,000)
Loss on disposal of investment in IISB	125,000

(b) Disposal of Bio Beacon Supply Sdn. Bhd. ("BBSSB")

On 4 April 2023, the Company disposed its entire equity interest in BBSSB for a total cash consideration of RM100. The disposal was completed on 17 May 2023 and had resulted in a gain of RM3,396 to the Group. The gain recognised had been included under other income of the Group's current financial year profit or loss.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.4 Disposals of subsidiaries in the current financial year (Cont'd)

(b) Disposal of Bio Beacon Supply Sdn. Bhd. ("BBSSB") (Cont'd)

The effects of disposal on the financial results of the Group as at the date of disposal were as follows:-

	As at the date of disposal RM
Other receivables, deposits and prepayments	500
Cash and bank balances	4,082
Other payables	(7,878)
Net assets disposed	(3,296)
Disposal consideration	(100)
Gain on disposal	(3,396)
Cash flows arising from disposal:-	
Cash consideration received	100
Cash and bank balances of subsidiary disposed	(4,082)
Net cash outflow on disposal	(3,982)

The effects of disposal on the financial results of the Company as at the date of disposal were as follows:-

	As at the date of disposal RM
Carrying amount of investment	(100)
Disposal consideration	100
Gain on disposal of investment in BBSSB	–

8.5 Change in interest in subsidiaries without loss of control in the current financial year

(a) Change in interest in Omnipack Sdn. Bhd. ("OSB")

On 1 October 2022, OSB issued an additional 974,900 new ordinary shares at an issue price of RM1 per ordinary share of which 779,900 ordinary shares were subscribed by the Company and the remaining 195,000 ordinary shares were subscribed by a director of OSB. The consideration for the shares issued amounted to RM974,900 was satisfied by way of capitalising the amount due to the Company and due to the director respectively. The partial subscription to OSB shares has resulted in a dilution of the Company's equity interest in OSB from 100% to 80%.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.5 Change in interest in subsidiaries without loss of control in the current financial year (Cont'd)

(b) Change in interest in CSH Solutions Sdn. Bhd. ("CSHSSB")

On 20 October 2022, CSHSSB issued an additional 900,000 new ordinary shares of which 750,000 ordinary shares were subscribed by the Company and the remaining 150,000 ordinary shares were subscribed by a related party. The consideration for the shares issued amounted to RM27,900,000 was satisfied by way of capitalising the amount due to the Company of RM19,900,000 and cash consideration of RM8,000,000 from the related party respectively. The partial subscription to CSHSSB shares has resulted in a dilution of the Company's equity interest in CSHSSB from 100% to 85%

8.6 Strike-off of APPI Sdn. Bhd. (APPISB) in the current financial year

On 12 June 2023, APPISB applied for strike off. The strike off did not have any impact on the Group.

8.7 Incorporation of new subsidiaries in the previous financial year

(a) Incorporation of OSB

On 2 August 2021, the Company incorporated OSB with an issued and paid-up capital of RM100 divided into 100 ordinary shares. OSB is principally involved in the business of manufacturing and trading in styrofoam box and other packaging business.

(b) Incorporation of Alliance EV Sdn. Bhd. ("AEVSB")

On 29 December 2021, the Company incorporated AEVSB with an issued and paid-up capital of RM1,000 divided into 1,000 ordinary shares. Subsequently, the issued and paid-up capital of AEVSB was increased from RM1,000 to RM5,000,000 through the following:-

(i) Issuance of 99,000 new ordinary shares on 3 March 2022 at an issue price of RM1 per ordinary share for a total consideration of RM99,000 which was fully satisfied by way of capitalising the amount owing by AEVSB to the Company; and

(ii) Issuance of 4,900,000 new ordinary shares on 4 April 2022 at an issue price of RM1 per ordinary share which were fully subscribed by the Company for a total cash consideration of RM4,900,000.

AEVSB will be principally involved in the business of sale and distribution of motor vehicles and electrical vehicles and providing related after-sales services as well as sales and trading of related spare parts and any other related businesses.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

8.8 Non-Controlling Interests ("NCI")

The Group's subsidiaries that have material NCI are as follows:-

	OSB	CSHSSB	Total
Percentage of ownership interest and voting interest held by NCI as at the end of financial year (%)	20%	15%	
Carrying amount of NCI (RM)	14,639	2,555,072	2,569,711
Net loss allocated to NCI (RM)	(191,273)	(635,604)	(826,877)
Total comprehensive loss allocated to NCI (RM)	(191,273)	(635,604)	(826,877)

2023

	OSB RM	CSHSSB RM
Assets and liabilities		
Non-current assets	2,128,150	20,489,456
Current assets	668,239	3,375,500
Current liabilities	(2,723,191)	(6,831,145)
Net assets	73,198	17,033,811
Results		
Revenue	1,006,126	1,809,500
Loss for the financial year	(970,733)	(5,863,834)
Total comprehensive loss	(970,733)	(5,863,834)
Cash flows		
Cash flows used in operating activities	(519,314)	(4,918,849)
Cash flows used in investing activities	(1,329,790)	(882,278)
Cash flows from financing activities	1,883,639	5,887,609
Net increase in cash and cash equivalents	34,765	86,482

9. GOODWILL

	Group 2023 RM	2022 RM
Carrying amount		
At beginning/end of financial year	1,984,468	1,984,468

9. GOODWILL (CONT'D)

9.1 Allocation of goodwill

The carrying amount of goodwill is attributable to the following subsidiary:-

		Group	
	Segment	2023 RM	2022 RM
Line Haul Sdn. Bhd.	Transportation and logistics	1,984,468	1,984,468

9.2 Impairment assessment on goodwill

For the purpose of annual impairment assessment, goodwill has been allocated to the Group's cash-generating unit ("CGU") which is the subsidiary itself and the recoverable amount of this CGU is determined based on the value in use calculation. This calculation is based on a discounted future cash flow model using the cash flow forecast and projections covering a five-year period and approved by management. The key assumptions for the computation of value in use are further described in Note 9.3 below.

9.3 Key assumptions used for value in use calculation

(a) Discount rate

A pre-tax discount rate of 11.30% (2022: 9.71%) has been applied in determining the recoverable amount of the CGU. The discount rate is determined based on the weighted average cost of capital of the CGU and reflects the management's estimate of the risks specific to the CGU and the economic environment in which the CGU operates.

(b) Projected revenue and gross margin

This has been estimated based on the management's business plan which reflects the expectation of achievable growth based on market development and industry outlook.

9.4 Impact of possible changes in key assumptions

The management have considered and assessed reasonably possible changes of key assumptions and have not identified any instances that could cause the carrying amount of the goodwill to exceed its recoverable amount.

10. OTHER INVESTMENT

	Group and Company	
	2023 RM	2022 RM
Unquoted equity investment in a Malaysian corporation at fair value through profit or loss ("FVTPL")	1	22,000,000

The Company has restated this asset from fair value through other comprehensive income to fair value through profit or loss.

11. FINANCING RECEIVABLES

	Group	
	2023 RM	2022 RM
Total gross financing receivables	170,313,348	184,769,272
Less: Unearned financing income	(4,913,600)	(5,292,562)
Less: Accumulated impairment losses	(3,110,345)	–
Financing receivables	162,289,403	179,476,710

The secured and unsecured financing receivables included under non-current and current assets are as follows:-

	Group	
	2023 RM	2022 RM
Non-current assets:		
- unsecured	737,000	904,217
	737,000	904,217
Current assets:		
- secured	152,858,157	168,399,236
- unsecured	8,694,246	10,173,257
	161,552,403	178,572,493
	162,289,403	179,476,710

The Group's exposure to credit risk and loss allowance for expected credit losses ("ECLs") on financing receivables are summarised below:-

Group - 2023	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
Not credit impaired			
Current - Not past due	165,202,086	(3,060,879)	162,141,207
0 to 30 days past due	84,429	(5,064)	79,365
31 to 60 days past due	40,938	(5,044)	35,894
61 to 90 days past due	12,966	(4,982)	7,984
More than 90 days past due	59,329	(34,376)	24,953
	165,399,748	(3,110,345)	162,289,403

11. FINANCING RECEIVABLES (CONT'D)

The movement in the Group's allowance for ECLs on financing receivables during the financial year were as follows:-

Group - 2023	**Lifetime ECLs RM**	**Credit impaired RM**	**Total RM**
At beginning of financial year	–	–	–
Net loss on remeasurement of loss allowance	2,293,230	817,115	3,110,345
At end of financial year	2,293,230	817,115	3,110,345

Group - 2022 - Nil

The secured financing receivables as at 30 June 2023 are entirely secured against stocks quoted on Bursa Malaysia Securities Berhad (2022: secured against stocks quoted on Bursa Malaysia Securities Berhad) and are subject to interest at 4% (2022: 4%) per annum.

The unsecured financing receivables are subject to interest at rates ranging from 5% to 9% (2022: 5% to 8%) per annum.

12. INVENTORIES

	Group	
	2023 RM	**2022 RM**
At cost		
Raw materials	410,851	276,521
Work-in-progress	72,173	70,222
Finished goods	659,083	847,491
	1,142,107	1,194,234
At net realisable value		
Work-in-progress	674	961
Finished goods	98,791	172,822
Completed properties held for sale	7,986,000	7,986,000
	8,085,465	8,159,783
	9,227,572	9,354,017

The amount of inventories recognised as an expense during the financial year was RM9,049,645 (2022: RM11,642,257) and this has been included in cost of sales of the Group's profit or loss.

12. INVENTORIES (CONT'D)

The Group leases certain completed properties held for sale to earn rental income while the Group seeking for prospective purchasers. The Group classifies these leases as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the properties. The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is set out as follows:-

	Group	
	2023 RM	2022 RM
Less than 1 year	218,075	114,350
Between 2 to 5 years	16,200	–
	234,275	114,350

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables (Note 13.1)	10,883,054	7,109,055	–	–
Other receivables (Note 13.2)	14,405,926	454,200	–	229,500
Deposits (Note 13.3)	12,875,738	12,749,854	24,000	13,950
Prepayments	5,120,962	918,443	–	–
	43,285,680	21,231,552	24,000	243,450

13.1 Trade receivables

	Group	
	2023 RM	2022 RM
Trade receivables	11,658,291	7,884,292
Less: Allowance for impairment losses	(775,237)	(775,237)
	10,883,054	7,109,055

The Group's normal trade credit periods of trade receivables range from 30 to 60 days (2022: 30 to 60 days). Other credit periods are assessed and approved on a case by case basis.

13. TRADE AND OTHER RECEIVABLES (CONT'D)

13.1 Trade receivables (Cont'd)

The Group's exposure to credit risk and loss allowance for ECLs on trade receivables are summarised below:-

Group - 2023	Gross carrying amount RM	Loss allowance RM	Net carrying amount RM
Not credit impaired			
Current - Not past due	6,788,519	–	6,788,519
0 to 30 days past due	2,761,795	–	2,761,795
31 to 60 days past due	1,673,652	(358,448)	1,315,204
61 to 90 days past due	403,239	(386,002)	17,237
91 to 120 days past due	50	(50)	–
More than 120 days past due	299	–	299
	11,627,554	(744,500)	10,883,054
Credit impaired			
Individually impaired	30,737	(30,737)	–
	11,658,291	(775,237)	10,883,054
Group - 2022			
Not credit impaired			
Current - Not past due	5,012,873	(325,613)	4,687,260
0 to 30 days past due	1,445,162	(357,132)	1,088,030
31 to 60 days past due	1,093,296	(61,755)	1,031,541
61 to 90 days past due	–	–	–
91 to 120 days past due	–	–	–
More than 120 days past due	302,224	–	302,224
	7,853,555	(744,500)	7,109,055
Credit impaired			
Individually impaired	30,737	(30,737)	–
	7,884,292	(775,237)	7,109,055

The movements in the Group's allowance for ECLs on trade receivables during the financial year were as follows:-

Group - 2023	Lifetime ECLs RM	Credit impaired RM	Total RM
At beginning/end of financial year	744,500	30,737	775,237
Group - 2022			
At beginning of financial year	–	30,737	30,737
Net loss on remeasurement of loss allowance	744,500	–	744,500
At end of financial year	744,500	30,737	775,237

13. TRADE AND OTHER RECEIVABLES (CONT'D)

13.1 Trade receivables (Cont'd)

The Group's trade receivables are denominated in the following currencies:-

	Group	
	2023 RM	2022 RM
Ringgit Malaysia	9,469,740	5,955,097
United States Dollar	1,413,314	1,153,958
	10,883,054	7,109,055

13.2 Other receivables

These comprised:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Amount receivable from disposal of a subsidiary	2,872,183	2,872,183	2,872,183	2,872,183
Other receivables	14,445,926	494,200	40,000	269,500
Less : Allowance for impairment losses	(2,912,183)	(2,912,183)	(2,912,183)	(2,912,183)
	14,405,926	454,200	–	229,500

The movements in the allowance for impairment losses on other receivables during the financial year were as follows:-

	Group and Company	
	2023 RM	2022 RM
At beginning/end of financial year	2,912,183	2,912,183

Amount receivable from disposal of a subsidiary

The amount receivable arose from a settlement arrangement between the Company and the purchaser of Sama Restu Sdn. Bhd. ("SRSB"), a former subsidiary of the Group, of the amount owing by SRSB to the Company. A full allowance for impairment loss has been recognised in the previous financial years due to the uncertainty over the recovery of the amount outstanding in view of the financial challenges faced by the purchaser.

13. TRADE AND OTHER RECEIVABLES (CONT'D)

13.3 Deposits

These comprised:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deposits paid pursuant to Concept Masterplan Agreement (Note 13.3(a))	7,398,165	7,398,165	–	–
Advance payment for purchase of electric vans	3,316,035	2,745,000	–	–
Earnest deposits paid for purchase of industrial land	–	2,200,000	–	–
Other deposits	2,161,538	406,689	24,000	13,950
	12,875,738	12,749,854	24,000	13,950

(a) Deposits paid pursuant to Concept Masterplan Agreement

These refundable security deposits ("the Deposits") were paid by a subsidiary, Million Rich Development Sdn. Bhd. ("MRDSB"), pursuant to a Concept Masterplan Agreement ("CMPA") entered into between MRDSB and Arena Progresif Sdn. Bhd. ("Arena") on 4 July 2017 which has been terminated on 9 April 2021. The deposits were paid to enable Arena to acquire two (2) parcels of land ("the Land") for the purpose of development in accordance with the CMPA.

On 4 June 2021, MRDSB and Arena have agreed that:-

(i) Arena grants MRDSB the exclusive and irrevocable mandate/appointment to sell or dispose the Land;

(ii) The mandate/appointment to sell or dispose the Land shall be for a period for twenty four (24) months from the date of acceptance; a further twenty four (24) months extension from the expiry on 3 June 2023 had been granted; and

(iii) MRDSB shall be entitled for a fee of 20% of the actual selling price of the Land.

As at the date of approval of these financial statements, the Land has yet to be disposed.

14. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company 2023 RM	Company 2022 RM
Amount due from subsidiaries		
Non-current		
Non-trade (Note 14(a))	227,899,373	247,067,959
Less: Allowance for impairment losses (Note 14(c))	–	(5,965,000)
	227,899,373	241,102,959
Current		
Non-trade (Note 14(b))	74,633,529	19,175,707
Less: Allowance for impairment losses (Note 14(c))	(3,723,261)	(3,726,050)
	70,910,268	15,449,657
Total amount due from subsidiaries	298,809,641	256,552,616
Amount due to subsidiaries		
Current		
Non-trade (Note 14(b))	(2,762,218)	(3,060,585)

(a) The non-current portion of the amount due from subsidiaries is in respect of advances that are unsecured, interest-free and is not expected to be receivable within the next twelve (12) months.

(b) The current portion of the amount due from/(to) subsidiaries is in respect of advances that are unsecured, interest-free and are repayable on demand.

(c) The movements in the allowance for impairment losses on amount due from subsidiaries during the financial year were as follows:-

	Company 2023 RM	Company 2022 RM
Credit impaired		
At beginning of financial year	9,691,050	184,050
Addition	–	9,507,000
Reversal	(5,967,789)	–
At end of financial year	3,723,261	9,691,050

15. FIXED AND SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current				
Fixed deposits with licensed banks	100,000	–	–	–
Current				
Fixed deposits with licensed banks	12,907,573	78,746,521	12,157,719	78,011,532
Short-term deposits with licensed banks	2,021,364	4,009,498	2,021,364	4,009,498
Cash and bank balances	43,054,792	30,053,996	19,531,591	10,584,368
	57,983,729	112,810,015	33,710,674	92,605,398
	58,083,729	112,810,015	33,710,674	92,605,398

(a) The Group's fixed deposits as at the end of the financial year have effective interest rates ranging from 1.75% to 2.65% (2022: 1.50% to 1.85%) per annum and original maturity period of between 1 and 24 months (2022: 1 and 12 months).

The Group's and the Company's short-term deposits as at the end of the financial year have effective interest rates ranging from 0.05% to 2.60% (2022: 0.25% to 0.85%) per annum and original maturity period of 1 day (2022: 1 day).

(b) The Group's fixed deposits with licensed banks include an amount of RM773,190 (2022: RM659,809) which have been pledged for bank guarantee facilities granted to a subsidiary of the Company.

(c) The Group's and the Company's deposits, cash and bank balances are denominated in the following currencies:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	57,940,424	112,673,363	33,710,674	92,605,398
United States Dollar	142,283	135,648	–	–
Australian Dollar	844	826	–	–
Euro	178	178	–	–
	58,083,729	112,810,015	33,710,674	92,605,398

16. SHARE CAPITAL

16.1 Issued and fully paid-up ordinary shares

	Group and Company			
	2023		2022	
	Number of shares	Amount RM	Number of shares	Amount RM
At beginning of financial year	1,381,410,560	396,790,911	690,705,280	336,906,763
Shares issued pursuant to:				
- rights issue of shares with free detachable warrants	–	–	690,705,280	59,884,148
At end of financial year	1,381,410,560	396,790,911	1,381,410,560	396,790,911

Ordinary shares of the Company have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

On 20 January 2022, the Company issued 690,705,280 new ordinary shares ("the Rights Shares") pursuant to a renounceable rights issue exercise on the basis of one (1) Rights Share for every one (1) existing ordinary share held in the Company at an issue price of RM0.15 per Rights Share together with 690,705,280 free detachable warrants ("the Warrants") on the basis of one (1) Warrant for every one (1) Rights Share subscribed for ("the Rights Issue Exercise"). The Rights Issue Exercise has raised a total cash proceeds of RM103,605,792 of which an amount of RM43,721,644 has been allocated to warrants reserve as further explained in Note 17.1 below.

All the new ordinary shares issued during the previous financial years rank pari passu in all respects with the then existing issued ordinary shares of the Company.

17. WARRANTS RESERVE

The movements of the warrants reserve during the financial year were as follows:-

	Group and Company	
	2023 RM	2022 RM
At beginning of financial year	43,721,644	–
New issue of free detachable Warrants 2022/2027 (Note 17.1)	–	43,721,644
At end of financial year	43,721,644	43,721,644

Warrants reserve arose from the allocation of proceeds received from the share issuance exercise by the Company which entitled a subscriber for a free detachable warrant.

17. WARRANTS RESERVE (CONT'D)

17.1 Warrants 2022/2027

On 20 January 2022, the Company issued 690,705,280 free detachable warrants ("Warrants 2022/2027") pursuant to the Rights Issue Exercise as explained in Note 16.1 above. Warrants 2022/2027, which were constituted under the Deed Poll dated 7 December 2021, shall expire on 19 January 2027 ("the Exercise Period"). Each Warrant 2022/2027 entitles the registered holder, at any time during the Exercise Period, to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.15 per Warrant 2022/2027. Any Warrants 2022/2027 not exercised by the date of maturity will thereafter lapse and cease to be valid for all purposes.

The warrants reserve amounted to RM43,721,644 was allocated to Warrants 2022/2027 from the proceeds of the rights issue exercise by reference to their fair value of RM0.0633 per Warrant 2022/2027.

None of Warrants 2022/2027 were exercised during the financial year.

18. HIRE-PURCHASE PAYABLES

	Group	
	2023 RM	**2022 RM**
Future minimum payments:		
- Within 1 year	69,380	44,547
- Between 2 to 5 years	127,767	48,600
	197,147	93,147
Future finance charges on hire-purchase	(19,598)	(9,950)
Present value	177,549	83,197
Payable within 1 year (included under current liabilities)	(59,373)	(40,618)
Payable between 2 to 5 years (included under non-current liabilities)	118,176	42,579

19. DEFERRED TAX LIABILITIES

	Group	
	2023 RM	**2022 RM**
At beginning of financial year	2,056,879	2,120,456
Recognised in profit or loss (Note 24)	(63,577)	(63,577)
At end of financial year	1,993,302	2,056,879

19. DEFERRED TAX LIABILITIES (CONT'D)

(a) The components and movements of the Group's deferred tax liabilities and deferred tax assets during the financial year prior to offsetting are as follows:-

Group - 2023	As at 01.07.2022 RM	Recognised in profit or loss RM	As at 30.06.2023 RM
Deferred tax liabilities			
Property, plant and equipment	2,140,094	(19,045)	2,121,049
Right-of-use assets	23,629	2,520,505	2,544,134
Other taxable temporary differences	3,075	(3,075)	–
	2,166,798	2,498,385	4,665,183
Deferred tax assets			
Lease liabilities	(23,136)	(2,562,657)	(2,585,793)
Unutilised capital allowances	(7,230)	(3,288)	(10,518)
Unutilised reinvestment allowances	(75,570)	–	(75,570)
Other deductible temporary differences	(3,983)	3,983	–
	(109,919)	(2,561,962)	(2,671,881)
	2,056,879	(63,577)	1,993,302

Group - 2022	As at 01.07.2021 RM	Recognised in profit or loss RM	As at 30.06.2022 RM
Deferred tax liabilities			
Property, plant and equipment	2,121,719	18,375	2,140,094
Right-of-use assets	637,967	(614,338)	23,629
Other taxable temporary differences	11,418	(8,343)	3,075
	2,771,104	(604,306)	2,166,798
Deferred tax assets			
Lease liabilities	(638,642)	615,506	(23,136)
Unutilised capital allowances	(456)	(6,774)	(7,230)
Unutilised reinvestment allowances-	–	(75,570)	(75,570)
Other deductible temporary differences	(11,550)	7,567	(3,983)
	(650,648)	540,729	(109,919)
	2,120,456	(63,577)	2,056,879

19. DEFERRED TAX LIABILITIES (CONT'D)

(b) As at the end of the financial year, the amounts of unabsorbed tax losses, unutilised capital allowances, unutilised reinvestment allowances, unutilised increased exports allowance and other deductible temporary differences for which deferred tax assets have not been recognised in the financial statements are as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unabsorbed tax losses	22,790,156	17,803,624	800,016	800,016
Unutilised capital allowances	4,755,694	4,579,289	283	13,528
Unutilised reinvestment allowances	6,269,668	5,659,544	–	–
Unutilised increased exports allowance	–	52,245	–	–
Other deductible temporary differences	–	792,722	–	–
	33,815,518	28,887,424	800,299	813,544

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables	3,006,166	5,781,604	–	–
Other payables and accruals	11,835,748	3,520,746	9,066,196	164,047
	14,841,914	9,302,350	9,066,196	164,047

The normal credit periods of trade payables range from 30 to 90 days (2022: 30 to 90 days).

21. REVENUE

Analyses of the Group's revenue disaggregated by business segments, primary geographical markets and timing of revenue recognition are as follows:-

	Group 2023 RM	2022 RM
Analysis by business segments		
Revenue from contract with customers		
Ceramic - Sales of pottery, ceramic, porcelain and related products	10,545,541	13,709,034
Transportation and logistics - Haulage services	16,588,354	15,233,227
Others	2,815,626	2,308,094
	29,949,521	31,250,355
Revenue from other sources		
Interest income from moneylending activities	7,620,372	6,014,902
	37,569,893	37,265,257
Geographical markets		
Malaysia	35,964,568	35,157,673
Europe	512,509	419,068
United States	1,029,212	1,646,408
Others	63,604	42,108
	37,569,893	37,265,257

	Group 2023 RM	2022 RM
Timing of recognition for revenue from contracts with customers		
At a point in time	29,949,521	31,250,355
At over time	7,620,372	6,014,902
	37,569,893	37,265,257

22. FINANCE COSTS

	Group 2023 RM	2022 RM
Interest on lease liabilities	412,495	59,619
Interest on hire-purchase	13,063	2,689
	425,558	62,308

23. LOSS BEFORE TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
This is stated after charging:-				
Amortisation of intangible asset	1,683,023	1,666,666	–	–
Amount due from a subsidiary written off upon de-registration	–	–	26,907	–
Auditors' remuneration:				
- Annual statutory audit				
- *Current year*	249,000	243,000	61,000	65,000
- *Over provided in prior year*	(7,334)	(1,000)	–	–
- Non-audit fees				
- *Current year*	5,000	31,000	5,000	31,000
Bad debts written off	202,546	5,702	–	–
Deposit written off	50	–	–	–
Depreciation in respect of assets under leases included within:				
- Property, plant and equipment (Note 4(d))	462,958	67,824	–	–
- Investment properties (Note 5)	235,615	235,615	–	–
- Right-of-use assets (Note 6.1)	2,843,155	1,762,852	–	–
Depreciation of own:				
- Property, plant and equipment (Note 4(d))	1,698,539	1,064,152	5,508	20,310
- Investment properties (Note 5)	24,730	6,745	–	–
Directors' remuneration:				
- Executive Directors of the Company				
Fees	165,600	165,000	165,600	165,000
Salaries and other remuneration	818,145	663,934	11,500	2,700
- Non-executive Directors of the Company				
Fees	130,200	108,000	130,200	108,000
Other remuneration	7,500	1,800	7,500	1,800
- Directors of subsidiaries				
Salaries and other remuneration	1,181,240	605,116	–	–
Net fair value/Impairment losses on:				
- Intangible asset	–	1,800,000	–	–
- Investments in subsidiaries	–	–	5,617,015	2,556,038
- Other investment	21,999,999	–	21,999,999	–
- Financial assets				
- *Financing receivables (Note 11)*	3,110,345	–	–	–
- *Trade receivables (Note 13.1)*	–	744,500	–	–
- *Amount due from subsidiaries - (reversal)/addition (Note 14(c))*	–	–	(5,967,789)	9,507,000

Notes to the Financial Statements (Cont'd)

23. LOSS BEFORE TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
This is stated after charging (Cont'd):-				
Expenses relating to short-term leases	884,709	158,519	144,000	–
Loss on disposal of property, plant and equipment	–	14,733	–	32,333
Loss on disposal of investment property	77,638	–	–	–
Net loss on deregistration of a subsidiary	–	–	2	–
Net loss on disposals of subsidiaries	–	–	125,000	–
Net write down in value of inventories	–	1,968,107	–	–
Property, plant and equipment written off	7,409	69	7,409	–
Realised loss on foreign exchange	195,136	–	–	–
and crediting:-				
Gain on disposal of property, plant and equipment	3,933	–	–	–
Gain on foreign exchange:				
- Realised	–	75,752	–	–
- Unrealised	36,095	12,416	–	–
Gain on termination of lease contracts	–	45,820	–	–
Interest income from fixed and short-term deposits placed with licensed banks	790,729	663,720	716,804	564,873
Negative goodwill on acquisition	5,134,471	–	–	–
Net gain on disposals of subsidiaries	7,524	–	–	–
Rental income	370,170	124,700	–	–
Reversal of impairment loss on investment properties (Note 5)	–	648,615	–	–
Unwinding of discount on amount due from subsidiaries measured at amortised cost	–	–	1,680,820	2,354,934

24. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current year Malaysian income tax	1,179,114	1,054,809	42,472	122,886
Real Property Gains Tax	–	25,050	–	–
Deferred tax income resulting from the origination and reversal of temporary differences (Note 19)	(63,577)	(63,577)	–	–
	1,115,537	1,016,282	42,472	122,886
Over provided in prior year:				
- Income tax	(206,603)	(61,461)	(110,395)	–
	908,934	954,821	(67,923)	122,886

24. TAXATION (CONT'D)

(a) The general income tax rate in Malaysia for the financial year under review is 24% (2022: 24%) of taxable income.

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

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Loss before taxation	(26,547,787)	(7,084,912)	(20,616,973)	(10,751,380)
Taxation at the statutory tax rate of 24% (2022: 24%)	(6,371,469)	(1,700,379)	(4,948,074)	(2,580,331)
Tax effects in respect of:-				
Expenses not deductible for taxation purposes	8,697,402	2,816,341	7,065,102	3,268,401
Income not subject to tax	(2,322,992)	(816,790)	(2,075,735)	(565,184)
Current year deferred tax assets not recognised	1,316,716	789,667	–	–
Tax savings arising from the utilisation of previously unrecognised deferred tax assets	(204,120)	(97,607)	1,179	–
Real Property Gains Tax	–	25,050	–	–
Over provided in prior year:				
- Income tax	(206, 603)	(61,461)	(110,395)	–
Total tax expense	908,934	954,821	(67,923)	122,886

(b) Subject to the agreement with the Inland Revenue Board, the Group and the Company have the following estimated amounts of unabsorbed tax losses, unutilised capital allowances, unutilised reinvestment allowances and unutilised increased exports allowance which are available for set-off against future taxable income:-

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Unabsorbed tax losses:				
- expiring in 2028	12,450,729	12,637,171	800,016	800,016
- expiring in 2029	774,903	748,393	–	–
- expiring in 2030	1,058,668	1,058,668	–	–
- expiring in 2031	816,572	816,572	–	–
- expiring in 2032	2,376,051	2,542,820	–	–
- expiring in 2033	5,313,233	–	–	–
Unutilised capital allowances	4,755,694	4,609,415	10,087	13,528
Unutilised reinvestment allowances	6,269,668	5,974,419	–	–
Unutilised increased exports allowance	–	52,245	–	–
	33,815,518	28,439,703	810,103	813,544

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, any unabsorbed tax losses up to the year of assessment ("YA") 2018 shall be available for carry forward until YA 2028 and any amount not utilised by the end of YA 2028 shall be disregarded. Any unabsorbed tax losses for YA 2019 onwards shall be available for carry forward for 10 consecutive YAs and any amount not utilised by the end of the 10-year period shall be disregarded.

25. LOSS PER SHARE

25.1 Basic

The basic loss per ordinary share is calculated based on the Group's loss for the financial year attributable to owners of the Company and on the weighted average number of shares in issue during the financial year as follows:-

	Group	
	2023 RM	**2022 RM**
Loss attributable to owners of the Company (RM)	(26,629,844)	(8,039,733)
Weighted average number of ordinary shares in issue	1,381,411,000	997,264,884
Basic loss per ordinary share (Sen)	(1.93)	(0.81)

25.2 Diluted

The diluted loss per ordinary share is the same with the basic loss per ordinary share as there is an anti- dilutive effect arising from the assumed exercise of Warrants 2022/2027.

26. NOTES TO STATEMENTS OF CASH FLOWS

26.1 Purchase of property, plant and equipment

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Aggregate cost of property, plant and equipment acquired	27,782,704	3,179,355	1,600	3,719
Amount financed under hire-purchase financing	(170,000)	(78,110)	–	–
Cash purchase	27,612,704	3,101,245	1,600	3,719

The principal amount of instalment payments for property, plant and equipment acquired by hire-purchase financing are reflected as cash outflows from financing activities.

26.2 Liabilities arising from financing activities

Changes in the Group's and in the Company's liabilities arising from financing activities, including both cash and non-cash changes, during the financial year are analysed in the tables below.

2023

	As at 01.07.2022 RM	**Financing obtained RM**	**Net cash flows RM**	**As at 30.06.2023 RM**
Group				
Hire-purchase payables (Note 18)	83,197	170,000	(245,648)	7,549
Company				
Amount due to subsidiaries (Note 14)	3,060,585	–	(298,367)	2,762,218

26. NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)

26.2 Liabilities arising from financing activities (Cont'd)

2022

	As at 01.07.2021 RM	Financing obtained RM	Net cash flows RM	As at 30.06.2022 RM
Group				
Hire-purchase payables (Note 18)	42,002	78,110	(36,915)	83,197
Amount due to directors	3,931	–	(3,931)	–
	45,933	78,110	(40,846)	83,197
Company				
Amount due to subsidiaries (Note 14)	3,572,840	–	(512,255)	3,060,585

26.3 Cash and cash equivalents at end of financial year

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
As presented in the statements of financial position				
Fixed deposits with licensed banks (Note 15)	13,007,573	78,746,521	12,157,719	78,011,532
Short-term deposits with licensed banks (Note 15)	2,021,364	4,009,498	2,021,364	4,009,498
Cash and bank balances (Note 15)	43,054,792	30,053,996	19,531,591	10,584,368
	58,083,729	112,810,015	33,710,674	92,605,398
Less: Fixed deposits pledged with a licensed bank	(773,190)	(659,809)	–	–
Cash and cash equivalents - as presented in the statements of cash flows	57,310,539	112,150,206	33,710,674	92,605,398

27. STAFF COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Staff costs comprised:-				
Salaries, wages and bonuses	8,190,597	7,065,395	364,800	332,296
Amount contributed under defined contribution plan:				
- Employees Provident Fund	860,971	690,551	5,850	5,880
Others	391,685	299,178	5,637	8,503
	9,443,253	8,055,124	376,287	346,679

28. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or when both parties are under the common control of another party.

Other than those already disclosed elsewhere in these financial statements, the transactions carried out with related parties during the financial year and balances at end of financial year were as follows:-

28.1 Transactions with related parties

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Transactions with companies in which certain Directors of the Company have substaintial interests:				
- Software service income received	1,750,000	–	–	–
- Sales of packaging material	69,028	–	–	–
- Haulage services rendered	15,650,164	15,233,227	–	–
- Haulage services received	–	(10,469,841)	–	–
- Insurance services received	(1,915)	–	–	–
- Last miles logistics services received	(40,346)	–	–	–
- Purchase of equipment	(211,340)	(1,640)	–	–
- Purchase of motor vehicles	(615,000)	–	–	–
- Rental of trucks	(2,975,603)	(1,495,008)	–	–
- Rental utilities and miscellaneous charges paid for office premises	(662,301)	(323,315)	–	–
- Rental received for office premises	–	3,000	–	–

28.2 The financial year-end outstanding balances with related parties

The financial year-end outstanding balances with related parties and their terms and conditions are disclosed in Notes 14. The movements of impairment losses in respect of the amount due by related parties are disclosed in Note 14(c).

28.3 Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group are the Directors of the Company and executive directors of major subsidiaries and their remuneration for the financial year were as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term employee benefits	2,006,700	1,405,429	314,800	277,500
Post-employment benefits				
- Contribution to Employees Provident Fund	145,740	124,725	–	–
Others	7,586	13,696	–	–
	2,160,026	1,543,850	314,800	277,500

The financial year-end outstanding balance in relation to key management personnel compensation is:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Included under other payables and accruals	84,700	69,795	–	64,400

29. CAPITAL COMMITMENT

Capital commitment as at the end of the financial year was as follows:-

	Group	
	2023 RM	2022 RM
Authorised and contracted for		
Capital expenditure for purchase of motor vehicles	–	183,154
Capital expenditure for purchase of industrial land	–	19,800,000
	–	19,983,154

30. SEGMENT REPORTING

30.1 Operating Segments

The Group has five reportable segments which comprised its major business segments and are based on their products and services. The reportable segments are as follows:-

(a)	Ceramic	Involved in the retail, trading, manufacturing, exporting and marketing of pottery, porcelain products and ceramics wares and ornaments.
(b)	Construction and property	Involved in property construction and other related businesses, property investment and property development and other related services.
(c)	Financial services	Involved in moneylending and hire purchase businesses.
(d)	Transportation and logistics related	Involved in transportation and logistics business and information technology solutions and services.
(e)	Others	Involved in investment holding and general trading.

The manufacturing and trading of pottery and porcelain products are managed by two different operating segments within the Group. These operating segments are aggregated to form a reportable segment known as ceramic segment due to the nature and economic characteristics of the products which are similar and inter-related.

The management monitors the performance of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. The performance of each business segment is evaluated based on the segment's profit or loss which is measured on a basis not significantly different from the profit or loss included in the consolidated financial statements.

Inter-segment transactions have been accounted for on a basis that is consistent with the Group's accounting policies.

30. SEGMENT REPORTING (CONT'D)

30.1 Operating Segments (Cont'd)

2023

	Ceramic RM	Construction and Property RM	Financial Services RM	Transportation and Logistics RM	Others RM	Consolidated RM
Revenue						
Total revenue	11,311,061	–	7,620,372	18,338,354	1,065,626	38,335,413
Inter-segment revenue	(765,520)	–	–	–	–	(765,520)
External sales	10,545,541	–	7,620,372	18,338,354	1,065,626	37,569,893
Results						
Segment results	(1,016,797)	(682,383)	3,519,065	(1,947,714)	223,579	95,750
Interest income	13,959	1,484	58,482	–	716,804	790,729
Depreciation and amortisation	(902,434)	(286,853)	(538,014)	(4,667,885)	(552,834)	(6,948,020)
Other non-cash items	38,835	5,134,471	(3,032,707)	(202,546)	(21,998,741)	(20,060,688)
Operating (loss)/profit	(1,866,437)	4,166,719	6,826	(6,818,145)	(21,611,192)	(26,122,229)
Finance costs	(13,967)	–	(3,846)	(404,195)	(3,550)	(425,558)
(Loss)/Profit before taxation	(1,880,404)	4,166,719	2,980	(7,222,340)	(21,614,742)	(26,547,787)
Taxation	(3,248)	2,301	(849,333)	(195,293)	136,639	(908,934)
(Loss)/Profit for the financial year	(1,883,652)	4,169,020	(846,353)	(7,417,633)	(21,478,103)	(27,456,721)
Assets						
Segment assets	21,987,322	91,157,137	179,215,164	56,590,765	65,872,692	414,823,080
Included in the measure of segment assets - amounts of additions to non-current assets other than financial instruments and deferred tax assets:						
- Property, plant and equipment	278,714	–	1,290	3,084,407	24,418,293	27,782,704
- Investment properties	–	36,000,000	–	–	–	36,000,000
- Right-of-use assets	54,432	–	–	13,211,657	79,171	13,345,260

30. SEGMENT REPORTING (CONT'D)

30.1 Operating Segments (Cont'd)

2023 (Cont'd)

	Ceramic RM	Construction and Property RM	Financial Services RM	Transportation and Logistics RM	Others RM	Consolidated RM
Liabilities						
Segment liabilities	4,144,338	830,810	277,324	13,459,450	9,232,959	27,944,881
Other Information						
Depreciation and amortisation						
- Amortisation of intangible asset	–	–	–	1,683,023	–	1,683,023
- Depreciation in respect of assets under leases included within:						
- Property, plant and equipment	32,069	35,755	–	–	395,134	462,958
- Investment properties	–	235,615	–	–	–	235,615
- Right-of-use assets	17,160	–	43,992	2,742,417	39,586	2,843,155
- Depreciation of own:						
- Property, plant and equipment	853,205	15,483	469,292	242,445	118,114	1,698,539
- Investment properties	–	–	24,730	–	–	24,730
	902,434	286,853	538,014	4,667,885	552,834	6,948,020
Non cash items other than depreciation and amortisation						
- Amount due from a subsidiary written off upon de-registration	(2,790)	–	–	–	2,790	–
- Bad debts written off	–	–	–	202,546	–	202,546
- Deposit written off	50	–	–	–	–	50
- Gain on disposal of property, plant and equipment	–	–	–	–	(3,933)	(3,933)
- Gain on disposal of investment property	–	–	(77,638)	–	–	(77,638)
- Negative goodwill on acquisition	–	(5,134,471)	–	–	–	(5,134,471)
- Net fair value/Impairment losses on:						
- Other investment	–	–	–	–	21,999,999	21,999,999
- Financial assets	–	–	3,110,345	–	–	3,110,345
- Net gain on disposals of subsidiaries	–	–	–	–	(7,524)	(7,524)
- Net unrealised gain on foreign exchange	(36,095)	–	–	–	–	(36,095)
- Property, plant and equipment written off	–	–	–	–	7,409	7,409
	(38,835)	(5,134,471)	3,032,707	202,546	–	20,060,688

30. SEGMENT REPORTING (CONT'D)

30.1 Operating Segments (Cont'd)

2022

	Ceramic RM	Construction and Property RM	Financial Services RM	Transportation and Logistics RM	Others RM	Consolidated RM
Revenue						
Total revenue	13,232,510	1,360,000	6,014,902	15,233,227	2,308,094	38,148,733
Inter-segment revenue	(883,476)	–	–	–	–	(883,476)
External sales	12,349,034	1,360,000	6,014,902	15,233,227	2,308,094	37,265,257
Results						
Segment results	(207,901)	(499,353)	2,925,301	(1,000,762)	(288,228)	929,057
Interest income	11,017	1,222	86,608	–	564,873	663,720
Depreciation and amortisation	(817,126)	(288,401)	(541,474)	(3,133,404)	(23,449)	(4,803,854)
Other non-cash items	(29,462)	(1,283,385)	–	(2,498,680)	–	(3,811,527)
Operating (loss)/profit	(1,043,472)	(2,069,917)	2,470,435	(6,632,846)	253,196	(7,022,604)
Finance costs	(4,054)	–	(14,350)	(43,904)	–	(62,308)
(Loss)/Profit before taxation	(1,047,526)	(2,069,917)	2,456,085	(6,676,750)	253,196	(7,084,912)
Taxation	2,133	(16,559)	(779,510)	(74,706)	(86,179)	(954,821)
(Loss)/Profit for the financial year	(1,045,393)	(2,086,476)	1,676,575	(6,751,456)	167,017	(8,039,733)
Assets						
Segment assets	23,515,387	41,681,135	195,177,622	32,822,164	125,453,134	418,649,442
Included in the measure of segment assets - amounts of additions to non-current assets other than financial instruments and deferred tax assets:						
- Property, plant and equipment	805,381	–	1,417,957	92,399	863,618	3,179,355
- Investment properties	–	–	3,009,113	–	–	3,009,113
- Right-of-use assets	–	–	–	1,564,678	–	1,564,678

30. SEGMENT REPORTING (CONT'D)

30.1 Operating Segments (Cont'd)

2022 (Cont'd)

	Ceramic RM	Construction and Property RM	Financial Services RM	Transportation and Logistics RM	Others RM	Consolidated RM
Liabilities						
Segment liabilities	4,683,631	234,523	737,966	5,306,459	1,546,943	12,509,522
Other Information						
Depreciation and amortisation						
- Amortisation of intangible asset	–	–	–	1,666,666	–	1,666,666
- Depreciation in respect of assets under leases included within:						
- Property, plant and equipment	32,069	35,755	–	–	–	67,824
- Investment properties	–	235,615	–	–	–	235,615
- Right-of-use assets	16,963	–	292,815	1,453,074	–	1,762,852
- Depreciation of own:						
- Property, plant and equipment	768,094	17,031	241,914	13,664	23,449	1,064,152
- Investment properties	–	–	6,745	–	–	6,745
	817,126	288,401	541,474	3,133,404	23,449	4,803,854
Non cash items other than depreciation and amortisation						
- Bad debts written off	5,702	–	–	–	–	5,702
- Gain on termination of lease contracts	–	–	–	(45,820)	–	(45,820)
- Impairment losses/(Reversal of impairment losses) on:						
- Investment properties	–	(648,615)	–	–	–	(648,615)
- Intangible assets	–	–	–	1,800,000	–	1,800,000
- Financial assets	–	–	–	744,500	–	744,500
- Net unrealised gain on foreign exchange	(12,416)	–	–	–	–	(12,416)
- Net write down in value of inventories	36,107	1,932,000	–	–	–	1,968,107
- Property, plant and equipment written off	69	–	–	–	–	69
	29,462	1,283,385	–	2,498,680	–	3,811,527

30. SEGMENT REPORTING (CONT'D)

30.2 Geographical Segments

In determining geographical segments of the Group, revenue is based on the geographical location of customers and non-current assets are based on the geographical location of the assets. The non-current assets do not include financial instruments and deferred tax assets.

	2023		2022	
	Revenue RM	Non-current assets RM	Revenue RM	Non-current assets RM
Malaysia	35,964,568	141,331,385	35,157,673	73,459,356
Europe	512,509	–	419,068	–
United States	1,029,212	–	1,646,408	–
Others	63,604	–	42,108	–
	37,569,893	141,331,385	37,265,257	73,459,356

30.3 Major Customers

The following are the major customers with revenue equal to or more than 10% of the Group's revenue:-

	Group		
	2023 RM	2022 RM	Segments
Customer 1	8,940,215	10,043,894	Ceramic
Customer 2	17,337,174	15,233,227	Transportation and logistics

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Financial assets of the Group include other investment, financing receivables, trade and other receivables, fixed and short-term deposits with licensed banks, cash and bank balances.

Financial liabilities of the Group include trade and other payables and hire-purchase payables.

In respect of the Company, financial assets and financial liabilities also include the amounts due from and due to subsidiaries.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.1 Categories of Financial Instruments

The Group's and the Company's financial instruments are categorised as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets				
At fair value through profit or loss				
Unquoted equity investment	1	22,000,000	1	22,000,000
At amortised cost				
Financing receivables	162,289,403	179,476,710	–	–
Trade receivables	10,883,054	7,109,055	–	–
Other receivables and deposits #	23,965,629	10,459,054	24,000	243,450
Amount due from subsidiaries	–	–	298,809,641	256,552,616
Fixed and short-term deposits, cash and bank balances	58,083,729	112,810,015	33,710,674	92,605,398
	255,211,816	331,854,834	332,544,316	371,401,464
Financial liabilities				
At amortised cost				
Trade payables	3,006,166	5,781,604	–	–
Other payables and accruals	11,835,748	3,520,746	9,066,196	164,047
Amount due to subsidiaries	–	–	2,762,218	3,060,585
Hire-purchase payables	177,549	83,197	–	–
Lease liabilities	10,774,138	101,526	–	–
	25,793,601	9,487,073	11,828,414	3,224,632

\# *Exclude deposit for purchase of electric vans (Note 13.3)*

31.2 Financial Risk Management

The Group's financial instruments are subject to a variety of financial risks including credit risk, liquidity and cash flow risks and market risk.

The Group's overall financial risk management objective is to seek to address and control the risks to which the Group is exposed and to minimise or avoid the incidence of loss that may result from its exposure to such risks and to enhance returns where appropriate.

The Board is primarily responsible for the management of these risks and to formulate policies and procedures for the management thereof. The risks are managed by regular risk reviews, internal control systems, on-going formulation and adherence to financial risk policies and mitigated by insurance coverage where appropriate.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Financial Risk Management (Cont'd)

(a) Credit risk

Risk management

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its financing receivables, trade and other receivables, fixed deposits placed with licensed banks and bank balances. The Company's exposure to credit risk includes the amount due from subsidiaries.

Credit risk is addressed by the application of credit evaluation and close monitoring procedures by the management. New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses. Collateral is required for the business of financing activities.

The Group's fixed and short-term deposits and bank balances are only placed with licensed banks and the management consider the risk of material loss in the event of non-performance by the financial counterparty to be unlikely.

Measurement of expected credit loss allowances

The Group has four (4) types of financial assets which are subject to the expected credit losses ("ECLs") impairment model and they are:-

- Financing receivables;
- Trade receivables;
- Other receivables and deposits; and
- Fixed and short-term deposits and bank balances.

In respect of the Company, this includes the amount due from subsidiaries.

Fixed and short-term deposits and bank balances have a low credit risk as they are placed with reputable banks with high quality external credit ratings. Consequently, no allowance for impairment loss has been provided for in the financial statements.

Financing receivables

Impairment of financing receivables are recognised on the general approach within MFRS 9 using the forward-looking ECL model. Financing receivables are generally collateralised against stocks quoted on Bursa Malaysia Securities Berhad, properties, and fixed and/or floating charges over the assets a business. In respect unsecured lendings, customers are required to provide individual and/or corporate guarantee and indemnity to the Group. When measuring ECLs, the assessment is performed on individual customer and the Group takes into account of the cash flows expected from the realisation of the collaterals and the customer's financial strength.

In respect of secured financing receivables as at the end of the financial year, the market values of the collaterals as at 30 June 2023 are higher than the amount outstanding and hence, no loss allowance has been recognised in the financial statements.

The allowance for ECLs recognised in respect of unsecure financing receiveables are disclosed in Note 11.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

<u>**Measurement of expected credit loss allowances (Cont'd)**</u>

Trade receivables using the simplified approach

The Group applies the MFRS 9 simplified approach in measuring ECLs which estimates a lifetime expected credit loss allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of its customers in relation to the billings and invoices issued to customers over a period of two (2) years prior to the end of each reporting period and the corresponding historical credit loss experienced within that period.

The historical loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle their debts. The Group has identified the Gross Domestic Product ("GDP") as a relevant factor and accordingly adjusts the expected loss rates based on expected changes in the factor.

Where the credit risk of a debtor has increased significantly and past due more than one (1) year, its ECLs are assessed individually by considering historical payment trends and financial strength of the debtor.

The gross carrying amounts of credit impaired trade receivables are written off when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor is having significant financial difficulty and does not have sufficient cash flows to repay its debts. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The Group's exposure to credit risk and allowance for ECLs on trade receivables are disclosed in Note 13.1.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Other receivables and refundable deposits

Impairment of other receivables and refundable deposits are recognised on the general approach within MFRS 9 using the forward-looking ECL model. The methodology used to determine the amount of impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets.

Other than as disclosed in Note 13.2, based on the management's assessment, the probability of default by the other counterparties is low and hence, no loss allowance has been recognised in the financial statements.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

Measurement of expected credit loss allowances (Cont'd)

Amount due from subsidiaries

The Company provides unsecured advances to subsidiaries and the Company monitors the results from their operations regularly.

The Company considers that the advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. Since the Company is able determine the timing of repayments of the advances, the Company considers the advances to be in default if the subsidiaries are not able to pay when demanded. This is normally evidenced by the subsidiaries' continuing losses and having a deficit in shareholders' fund.

The Company determines that the probability of default for the amount due from subsidiaries individually using internal information. The Company's exposure to credit risk and loss allowance on amount due from subsidiaries are disclosed in Note 14. Other than those already impaired, no loss allowance has been recognised on the remaining amount due from subsidiaries as the Company considers them as low credit risk.

Credit risk concentration profile

As at the end of the reporting period, the Group has significant concentration of credit risk arising from the exposure as disclosed below:-

(i) Amount due from twelve (12) major customers representing approximately 99% (2022: fitfteen (15) major customers representing 98%) of the total financing receivables. In addition to the collateral obtained by the Group, the repayments from these customers are closely monitored by the management to ensure that the terms agreed with the customers are complied with.

(ii) Amount due from two (2) major customers representing approximately 69% (2022: two (2) major customers representing approximately 81%) of the total trade receivables. The amounts due and repayments from these customers are closely monitored by the management to ensure that the credit limits and terms agreed with the customers are complied with.

(iii) Deposits paid pursuant to the Concept Masterplan Agreement representing approximately 57% (2022: 58%) of total deposits. In addition to the security obtained by the Group, the obligations by the counterparty are closely monitored by the management to ensure that they are appropriately fulfilled.

(b) Liquidity and cash flow risks

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

Liquidity and cash flow risks are addressed by annual and continuous review and forward planning of cash flow in relation to business plans to ensure a balanced and prudent portfolio of cash and other liquid assets and credit facilities is maintained. The proper management of credit risks has the effect of further minimising the incidence and effects of liquidity and cash flow risks.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Financial Risk Management (Cont'd)

(b) Liquidity and cash flow risks (Cont'd)

Maturity analysis

The maturity profile of the Group's and of the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments are as follows:-

	Maturity Profile				
	Less than 1 year RM	**Between 1 year to 5 years RM**	**More than 5 years RM**	**Total RM**	**Effective interest rate**
Group - 2023					
Trade payables	3,006,166	–	–	3,006,166	–
Other payables	11,835,748	–	–	11,835,748	–
Hire-purchase payables	69,380	127,767	–	197,147	2.90% - 3.34%
Lease liabilities	3,896,708	7,606,605	–	11,503,313	4.00% - 5.75%
Group - 2022					
Trade payables	5,781,604	–	–	5,781,604	–
Other payables	3,520,746	–	–	3,520,746	–
Hire-purchase payables	44,547	48,600	–	93,147	7.07% - 7.64%
Lease liabilities	63,000	44,000	–	107,000	5.75%
Company - 2023					
Other payables	9,066,196	–	–	9,066,196	–
Amount due to subsidiaries	2,762,218	–	–	2,762,218	–
Company - 2022					
Other payables	164,047	–	–	164,047	–
Amount due to subsidiaries	3,060,585	–	–	3,060,585	–

(c) Market risk

Market risk is the risk that the value of the financial instruments will fluctuate due to changes in market prices.

The Group's main market risk exposure are currency and interest rate fluctuations and which are discussed under the respective risk headings.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Financial Risk Management (Cont'd)

(d) Currency risk

The Group operates internationally and is exposed to foreign currency risk arising form transactions denominated in currencies other than functional currencies of the entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD") and European Union Euro ("EURO"). Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

The Group does not speculate in foreign currency derivatives.

Exposure to currency risk

The foreign currency exposure profile of the Group's financial assets as at the end of the reporting period is as follows:-

	Denominated in foreign currency			
	USD RM	**AUD RM**	**EURO RM**	**Total RM**
Group - 2023				
Trade receivables	1,413,314	–	–	1,413,314
Fixed and short-term deposits, cash and bank balances	142,283	844	178	143,305
	1,555,597	844	178	1,556,619
Group - 2022				
Trade receivables	1,153,958	–	–	1,153,958
Fixed and short-term deposits, cash and bank balances	135,648	826	178	136,652
	1,289,606	826	178	1,290,610

The Group does not have any exposure in foreign currencies in respect of its financial liabilities as at the end of the reporting period (2022: NIL).

Currency risk sensitivity analysis

A 10 percent strengthening or weakening of the foreign currency against the functional currencies at the end of the reporting period would have increased or decreased profit or loss before tax by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group	
	2023 RM	**2022 RM**
USD	155,560	128,961
AUD	84	83
EURO	18	18
	155,662	129,062

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

31.2 Financial Risk Management (Cont'd)

(e) Interest rate risk

The Group has interest rate risk in respect of its hire-purchase payables, financing receivables and fixed and short-term deposits with licensed banks.

The Group's hire-purchase payables, financing receivables, fixed and short-term deposits with licensed banks are subject to interest based on fixed rates.

Market interest rate movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate borrowing arrangements and interest bearing deposits are restructured and reduced.

Interest rate risk sensitivity analysis

As the Group's hire-purchase payables, financing receivables, fixed and short-term deposits with licensed banks are based on fixed rates, a change in interest rate at the end of the reporting period would not affect profit or loss or equity.

32. FAIR VALUE MEASUREMENT

32.1 Fair Value Measurement Hierarchy

Other than as analysed in the tables below, the Group and the Company consider that the carrying amounts of those financial assets and financial liabilities are reasonable approximation of their fair values, either due to their short-term nature or that they are priced to market interest rates.

There were no transfers in between fair value levels during the financial year ended 30 June 2023 and 30 June 2022.

(a) Assets measured at fair value

	Fair value measurement using			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
Group and Company				
Unquoted equity investment at fair value through profit or loss (Note 10)				
- 2023	–	–	1	1
- 2022	–	–	22,000,000	22,000,000

32. FAIR VALUE MEASUREMENT (CONT'D)

32.1 Fair Value Measurement Hierarchy (Cont'd)

(b) Assets not measured at fair value but for which fair value is disclosed

	Fair value measurement using			Total	Carrying
	Level 1 RM	Level 2 RM	Level 3 RM	fair value RM	amount RM
Group - 2023					
Investment properties	–	58,680,000	–	58,680,000	58,364,385
Group - 2022					
Investment properties	–	25,500,000	–	25,500,000	25,602,368

32.2 Determination of Fair Value

(a) Unquoted equity investment at fair value through profit or loss ("FVTPL")

The fair value of the unquoted equity investment has been determined by the management with reference to a valuation using discounted cash flow method. The inputs used for the determination of fair value are categorised as Level 3. The significant unobservable inputs to the valuation model are discount rate, projected future cash flows and terminal value. An increase in discount rate and decrease in projected future cash flows and terminal value will result in a significant decrease to the fair value and vice versa.

The fair value measurement of the unquoted equity investment is regularly monitored and reviewed by the management including any changes to the significant unobservable input and the management report directly to the Directors of the Company.

(b) Investment properties

The fair value of the investment properties has been determined by external independent property valuers who holds a recognised and relevant professional qualification and has recent experience in the location and category of the property being valued.

The fair value is within Level 2 of the fair value hierarchy. The fair value has been generally derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

33. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital using debt-to-equity ratio. The Group's policy to maintain a prudent level of debt to-equity ratio that complies with regulatory requirements and debt covenants, if any.

There were no changes in the Group's approach to capital management during the financial year.

34. MATERIAL EVENTS DURING THE FINANCIAL YEAR

Reference made to (i) Memorandum of Understanding ("MOU") entered between Alliance EV Sdn Bhd ("AEV") and BYD Malaysia Sdn Bhd ("BYD"); (ii) Letter of Appointment from BYD to AEV, and (iii) acquisition of 3 adjoining plots of industrial land in Tanjung Malim ("Tanjung Malim Land") by AEV (collectively referred to as the "Announcements") whereby AEV and BYD intend to work together in the business of distribution of the BYD T3 commercial electric van ("BYD T3 EV") model as well as to set up a local assembly plant for the said model on the Tanjung Malim Land.

Pursuant to the above, on 6 January 2023 and 10 January 2023, the Board of Directors announced that AEV has successfully obtained the manufacturing license (dated 29 November 2022) for the assembly of commercial electric van and model approval letter (dated 21 December 2022) for local assembly of electric commercial van, primarily the BYD T3 EV, which were issued by Ministry of International Trade and Industry ("MITI"). The local assembly of the said model shall be set up on the Tanjung Malim Land in compliance with the regulations and standards of construction and safety of electric power-trained vehicles including any other technical requirements as set out by the Road Transport Department Malaysia.

AEV has successfully obtained the Approved Permit from the MITI (dated 2 February 2023) to bring in the Complete-Built-Up units of BYD T3 EV into the country for distribution purposes prior to the set up of the local assembly plant on the Tanjung Malim Land.

35. MATERIAL EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

(a) On 4 October 2023, the Company has entered into a Shares Sale Agreement with a related party, Line Clear Ventures Holdings Sdn. Bhd. ("LCVH"), for the disposal of 5,400,000 ordinary shares in Line Clear Express & Logistics Sdn. Bhd. ("LCEL"), representing 5.34% of the equity interest in LCEL, for a total cash consideration of RM8.25 million. The transaction completed on 5 October 2023.

(b) On 4 October 2023, the subsidiary, CSH Network Capital Sdn. Bhd. changed its name to Velocity Capital Sdn. Bhd..

(c) On 13 October 2023, the Company proposed to change its name to Velocity Capital Partner Berhad. The proposed change of name is subject to the approval of the shareholders of the Group.

STATEMENT BY DIRECTORS

We, TAN YIP JIUN and KENNY KHOW CHUAN WAH, being two of the Directors of CSH ALLIANCE BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 50 to 128 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Board of Directors dated 24 October 2023.

TAN YIP JIUN Director	KENNY KHOW CHUAN WAH Director

Date: 24 October 2023

STATUTORY DECLARATION

I, KENNY KHOW CHUAN WAH, being the Director primarily responsible for the financial management of CSH ALLIANCE BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 50 to 128 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed)
KENNY KHOW CHUAN WAH at Kuala Lumpur in the)
Federal Territory this 24 October 2023)

KENNY KHOW CHUAN WAH
(MIA MEMBERSHIP NO.: CA 31967)

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS 'REPORT
TO THE MEMBERS OF CSH ALLIANCE BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CSH ALLIANCE BERHAD, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 128.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Independent Auditors' Report (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
1. Impairment of intangible asset The Group has significant balances of intangible assets of RM20 million. There are a risk arising from the existences and potential impairment of intangible asset.	Our audit procedures include the following:- • Review the appropriateness of the estimated useful lives in relation to its industry and nature of the assets; • Check reasonableness of the amortization charge during the financial year for the selected categories; and • Review and determine whether the indication that the intangible assets may be impaired exists. Where impairment losses are identified, ascertain that they are accounted for and disclosed in the financial statement.
2. Carrying amount of other investment The Group has significant balances of other investment at net carrying amount of RM1 with cost of RM22,000,000 and fair value loss at RM21,999,999. There are a risk arising from the existences, ownership and potential impairment of other investment.	Our audit procedures include the following:- • Obtain and review the evidences to assess the ownership over the investments; • Testing the mathematical accuracy of the impairment assessment; • Discussion with the management on the carrying amount of the other investments; and • Assessing the valuation methodology adopted by the Group.
3. Impairment of trade and financing receivables The Group has significant balances of trade and financing receivables of RM173 million. There are a risk arising from potential impairment of trade and loan receivables.	Our audit procedures include the following:- • Reviewed the measurement method adopted by the Group in accordance to the requirements of MFRS 9 Financial Instruments; • Tested the mathematical accuracy of the impairment assessment; • Obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures; and • Assessed the recoverability of trade and financing receivables by checking past payment trend and assessing the receipts during the financial year and subsequent to year end collections.

Independent Auditors' Report (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Independent Auditors' Report (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

Other Matters

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

The financial statements for the financial year ended 30 June 2022 were audited by another firm of chartered accountants whose report dated 18 October 2022 expressed an unqualified opinion on these statements.

CHENGCO PLT
201802002622
(LL90017004-LCA) & AF0886
CHARTERED ACCOUNTANTS

KONG TUNG SAM
03585/09/2025 J
CHARTERED ACCOUNTANT

Kuala Lumpur

Date: 24 October 2023

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE ("AC")

The AC comprises the following members:-

Name of Directors	Designation	Directorship
Lim Peng Tong	Chairman	Independent Non-Executive Director
Ahmad Ruslan Zahari Bin Zakaria	Member	Independent Non-Executive Director
Ng Keok Chai *(resigned on 21 March 2023)*	Member	Independent Non-Executive Director
Dato' Chong Mun Phing *(appointed w.e.f 19 April 2023)*	Member	Independent Non-Executive Director

The composition of the AC is in compliance with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the Malaysian Code on Corporate Governance ("**MCCG**") where all three (3) AC members are Independent Non-Executive Directors. The Company does not have any Alternate Directors on Board and there is no Alternate Director who have been appointed as a member of the AC.

The composition of the AC meets the requisite qualifications under Paragraph 15.09(1)(c) of the MMLR of Bursa Securities.

The duties and responsibilities of the AC are spelt out in the Terms of Reference of the AC, a copy of which is available on the Company's website at https://www.cshalliance.com.my.

MEETINGS AND ATTENDANCE OF AC MEMBERS

The AC held five (5) meetings during the financial year ended 30 June 2023 ("**FYE 2023**"). The Executive Directors and representatives of the External and Internal Auditors were invited to attend AC meetings when required in order to facilitate direct communications regarding matters of significant concern or interest. The Minutes of the AC meetings were circulated to all members of the Board of Directors ("**the Board**") for notation.

The details of the meeting attendance of the AC members for the FYE 2023 were as follows:-

Name of Directors	Attendance*
Lim Peng Tong	5/5
Ahmad Ruslan Zahari Bin Zakaria	5/5
Ng Keok Chai *(resigned on 21 March 2023)*	4/4
Dato' Chong Mun Phing *(appointed w.e.f 19 April 2023)*	1/1

* The AC Meetings were held on 29 August 2022, 18 October 2022, 29 November 2022, 27 February 2023 and 30 May 2023 respectively.

Audit Committee Report (Cont'd)

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC

During the FYE 2023, the AC has discharged its functions and carried out its duties as set out in its Terms of Reference.

The AC had also met up with the External Auditors without the presence of all the Executive Board members twice during FYE 2023 to encourage a greater exchange of free and honest views between both parties.

A summary of the work of the AC in discharging of its functions and duties for the FYE 2023 and how it has met its responsibilities during the financial year were as follows:-

1. **Financial Results**

(a) Reviewed the quarterly financial results of the Company and its subsidiaries ("**the Group**") focusing particularly on changes in or implementation of major accounting policy changes, significant and unusual events, and compliance with accounting standards and other legal requirements before recommending them for approval by the Board for the announcement to Bursa Securities; and

(b) Reviewed the reports and the audited financial statements of the Group together with the External Auditors prior to tabling to the Board for approval.

In the review of the annual audited financial statements, the AC had discussed with Management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements, as well as issues and reservations arising from the statutory audit.

The AC had met on the following dates during the financial year under review to deliberate on the financial reporting matters:-

Date of meeting	Financial reporting statement reviewed
29 August 2022	• Fourth quarter results for the financial period ended 30 June 2022
18 October 2022	• Audited Financial Statements for the financial year ended 30 June 2022
29 November 2022	• First quarter results for the financial period ended 30 September 2022
27 February 2023	• Second quarter results for the financial period ended 31 December 2022
30 May 2023	• Third quarter results for the financial period ended 31 March 2023

2. **External Audit**

(a) Reviewed the Report on Significant Audit Findings for the financial year ended 30 June 2022, which included the External Auditors' significant audit findings and observations, the status of the audit, independence of the External Auditors and summary of adjusted audit differences;

(b) Reviewed and discussed the Follow-Up Report for the financial year ended 30 June 2022 and areas for concern raised by the External Auditors;

(c) Reviewed the Outline of Audit Planning Memorandum for the FYE 2023 presented by the External Auditors, which included the External Auditors' audit scope and approach, areas of audit emphasis, audit timetable, fees and recent changes in accounting standards;

(d) Assessed the suitability, objectivity, independence and performance of the External Auditors; and

(e) Reviewed and evaluated the adequacy and effectiveness of the Group's accounting policies, procedures and system of internal controls.

During the financial year, the AC had two (2) private discussions with the External Auditors on 29 August 2022 and 18 October 2022 respectively, without the presence of the Executive Directors and Management of the Company to discuss issues that arose from the external audit.

SUMMARY OF WORK AND DISCHARGE OF RESPONSIBILITIES OF THE AC (CONT'D)

A summary of the work of the AC in discharging of its functions and duties for the FYE 2023 and how it has met its responsibilities during the financial year were as follows:- (Cont'd)

3. Internal Audit

(a) Assessed the performance of the Internal Auditors;

(b) Reviewed and approved the Internal Audit Services Proposal for the FYE 2023 and the internal audit fees;

(c) Reviewed one (1) Internal Auditor's Report for the FYE 2023, which includes internal audit findings and the Management responses to rectify and improve the system of internal control; and

(d) Monitored the implementation of the action plans recommended by Internal Auditors arising from its audits in order to obtain assurance that all key risks and controls have been dealt with effectively.

4. Related Party Transactions

(a) Reviewed any related party transaction and conflict of interest situation that may arise within the Group, including any transaction, procedure, or course of conduct that raises questions on management integrity at each AC quarterly meeting.

(b) Reviewed the draft Circular to Shareholders in respect of the proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature and recommended the same to the Board for approval.

5. Other matters

(a) Reviewed the AC Report for disclosure in the 2022 Annual Report; and

(b) Reviewed the Terms of Reference of the AC and Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Company's internal audit function, which is outsourced to a professional service firm, assists the Board and the AC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system and reports directly to the AC.

The amount of fees for provision of services in relation to internal audit function paid by the Company for the FYE 2023 was amounted to RM11,000.

A summary of work of the internal audit function for the FYE 2023 was as follows:-

(a) Formulated the internal audit plan and presented the plan for the AC's review and approval;

(b) Conducted the internal audit review on the human resources management of Line Haul Sdn. Bhd. ("**LHSB**"), a wholly-owned subsidiary of the Company with the objective to ensure there are proper controls, authorisation, policy and/or procedures in place to improve the control environment, internal control and governance process of LHSB;

(c) Based on the audit reviews carried out, reported the results of the audit reviews to the AC in the AC meeting held on 30 May 2023. The reports highlighted internal control weaknesses identified and corresponding recommendations for improvements.

The internal audit reviews carried out during the FYE 2023 did not reveal weaknesses that have resulted in any material losses, contingencies, or uncertainties that would require separate disclosure in this Annual Report.

This AC Report was made in accordance with a resolution passed by the Board on 24 October 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**the Board**") of CSH Alliance Berhad ("**CSH**" or "**the Company**") is pleased to present its Statement on Risk Management and Internal Control ("**SORMIC**") for the financial year ended 30 June 2023, which has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and in accordance with the SORMIC: Guidelines for Directors of Listed Issuers, issued by Task Force on Internal Control with the support and endorsement of Bursa Securities. The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year under review.

BOARD RESPONSIBILITY

The Board undertakes the responsibility and re-affirms its commitment to maintaining a sound system of internal control that supports the achievement of the corporate policies, aims, and objectives of the Company and its subsidiaries ("**the Group**") through continuous improvement on internal control and risk management. The Company's system of risk management and internal control is designed to safeguard shareholders' investments and the Company's assets, as well as to review the adequacy and integrity of the system of internal control. The responsibility of reviewing the adequacy and integrity of the Company's system of internal control is delegated to the Audit Committee ("**AC**"), which is empowered by its Terms of Reference to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal audit function.

However, as there are inherent limitations in any system of internal control, such a system put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Company's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

On 20 April 2011, the Board had established the Risk Management Committee ("**RMC**"), which comprises majority of Independent Non-Executive Directors and plays a more focused role in the direction and oversight of the Group's risk management policies. The composition of the RMC is as follows:-

Name of Directors	Designation	Directorship
Lim Peng Tong	Chairman	Independent Non-Executive Director
Ng Keok Chai *(resigned on 21 March 2023)*	Member	Independent Non-Executive Director
Kenny Khow Chuan Wah	Member	Executive Director
Dato' Chong Mun Phing *(appointed w.e.f 19 April 2023)*	Member	Independent Non-Executive Director

The RMC, together with the Operational Management and Risk Officers, work hand-in-hand to safeguard the assets of the Group by identifying key business risks and ensuring that the identified risks are properly managed within budget, as well as the Group's operational and strategic plans.

The Board, together with the RMC, have tried to determine the core capabilities, divisions, competitive advantages, formation of the value-added chain, and thus key factors that contribute to the Group's value drivers. The risk management strategy will be aligned with the actions taken with business strategy, which is necessary to maximise organisational effectiveness.

RISK MANAGEMENT (CONT'D)

Aside from the risk management policy, the Group has adopted an Enterprise Risk Management ("**ERM**") Framework: Integrating with Strategy and Performance to ensure sustainable growth and promote a proactive approach in reporting, evaluating, and managing risks associated within the respective companies, in-line with the agreed risk framework and accepted by the RMC and approved by the Board.

Based on the ERM Framework, risk assessments that have been conducted through a combination of discussion by the Head of Department/Business Units and the top management, the Board and the RMC had noted the risk profiling results, which outlines the process followed in conducting an assignment and the risk register outputs from the exercise conducted. The results from the risk assessments will be able to provide the basis for business improvement strategies, developing cost-effective control strategies, and possibly internal audits to prioritise operational review.

INTERNAL CONTROL

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters that require the Board's attention are highlighted for review, deliberation, and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly, and any significant fluctuations are analysed and acted upon in a timely manner.

Issues relating to the business operations are highlighted for the Board's attention during Board meetings. The AC reviews internal control matters and updates the Board on significant control gaps for the Board's attention and action.

The other salient features of the Group's systems of internal controls are as follows:-

- Group's business objectives are communicated throughout the organisation through its business plan, management meetings, as well as the interaction between the Executive Directors, Management and employees;

- Defined organisation structure and delegation of responsibilities enable a clear reporting line from lower management level up to the Board;

- Policies, Procedures and Standard Operating Procedures which are systematically documented, revised regularly, and made available to guide staff in their daily operations;

- Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues, and formulate corrective measures;

- Quarterly review of the financial performance of the Group by the Board and the AC;

- A Code of Business Ethics and Conduct is well communicated to all employees of the Group. All employees of the Group shall adhere to the Code of Business Ethics and Conduct of the Group, which sets out the principles and standards to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within the Group and with external parties; and

- The Anti-Bribery and Anti-Corruption ("**ABAC**") Policy, which has been made available on the Company's website at https://www.cshalliance.com.my, sets out the Group's ABAC management and governance framework, as well as the Group's responsibilities in observing and upholding the Group's stance against bribery and corruption. Training and briefing in relation to ABAC Policy of the Group have been provided to all existing employees, Management, as well as Board of the Group, and the same would be provided for all new employees, Management and Directors to ensure all individuals within the Group are fully aware of the ABAC Policy.

INTERNAL CONTROL (CONT'D)

Further, the following key internal control structures which provide guidance for the employees of the Group in dealing with risks in a rational and target-oriented manner are in place to assist the Board in maintaining a proper internal control system:-

- Adoption of the Group's risk management policy statement by all business units and divisions and decisions in relation to risk management to be made at the operational level where knowledge and expertise reside. Responsibility for risk management will be undertaken by business units or divisions with the guidance from the RMC;
- Risks identified to be formally reported to the RMC and the Board during the RMC and Board meetings to be held periodically;
- Incorporation of risk management in relation to business and operational planning into new projects; and
- Promotion of a proactive risk management approach and creation of the necessary risk awareness and cultivation of an intra-group risk and control culture.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional service firm as part of its efforts in ensuring that the Group systems of internal controls are adequate and effective. The internal audit activities of the Group are carried out according to the internal audit service proposal approved by the AC. The internal audit function adopts a risk-based approach and prepares its audit plans based on the risk profile of the Group and significant risks identified. The internal audit provides an assessment of the adequacy and integrity of the Group's system of internal controls and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the internal audit assessments are reported periodically to the AC.

The internal audit report is reviewed by the AC and forwarded to the Management so that any recommended corrective actions can be implemented. The Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame. In addition, the status of the implementation of corrective actions to address the weaknesses is also followed up by the AC and RMC to ensure that these actions have been satisfactorily implemented. The Management will continue to ensure that appropriate actions are taken to enhance and strengthen the internal control environment.

During the financial year under review, one (1) cycle of the internal audit was carried out for one (1) of the wholly-owned subsidiaries of the Company, namely Line Haul Sdn. Bhd. Based on the internal audit reviews carried out, none of the weaknesses noted have resulted in any material losses, contingencies, or uncertainties that would require separate disclosure in this Annual Report.

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 30 June 2023 amounted to RM11,000.

REVIEW BY THE BOARD

The Board's review of risk management and internal control effectiveness is based on information from:-

- Management within the organisation is responsible for the development and maintenance of the risk management and internal control system; and
- The work by the internal audit function, which submitted its reports to the AC together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The Board considered the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Company's business environment.

REVIEW BY THE EXTERNAL AUDITORS

The External Auditors of the Company have reviewed this SORMIC for the inclusion in this Annual Report and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the risk management processes and internal controls.

CONCLUSION

For the financial year under review and up to the date of approval of this Statement, the Board is of the view that the Company's system of internal control is adequate to safeguard shareholders' investments and the Company's assets and has not resulted in any material loss, contingency or uncertainty.

The Board has not identified any circumstances that suggest any fundamental deficiencies in the Company's system of internal control. However, the Board is also cognisant that the Company's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, when necessary, the Board will put in place appropriate action plans to further enhance the system of internal control.

The Board has obtained assurance from the Executive Directors on whether the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, for the financial year ended 30 June 2023.

This statement was approved by the Board on 24 October 2023.

LIST OF GROUP PROPERTIES

No.	Location	Description and existing usage	Land area (sq. ft.)	Built-up area (sq. ft.)	Tenure	Approximate age of building (Years)	Net Book value as at 30 June 2023 (RM)	Date of revaluation/ acquisition
1.	No. 547-P, Jalan Wee Hein Tze, 11200 Tanjung Bungah, Pulau Pinang (Lot No. 999, Geran 3768, Tanjung Bungah, Daerah Timor Laut, Pulau Pinang)	Office	6,594	3,959	Freehold	44	2,316,175	20.10.2023
2.	Lot 906, Jalan Jalong, 31100 Sungai Siput, Perak (Lot No. 18733, GM 4783, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak Darul Ridzuan)	Vacant land	115,527	N/A	Freehold	N/A	400,000	20.10.2023
3.	Lot 907, Jalan Jalong, 31100 Sungai Siput, Perak (Lot No. 18735, GM 4782, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak Darul Ridzuan)	Vacant land	128,502	N/A	Freehold	N/A	400,000	20.10.2023
4.	Lot 947, Jalan Jalong, 31100 Sungai Siput, Perak (Lot No. 947, GM 1342, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak Darul Ridzuan)	Warehouse	133,947	48,000	Freehold	25	2,178,377	20.10.2023
5.	Lot 948, Jalan Jalong, 31100 Sungai Siput, Perak (Lot No. 13437, GM 1709, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak Darul Ridzuan)	Warehouse	136,669	60,000	Freehold	22	3,037,500	20.10.2023
6.	Lot 949, Jalan Jalong, 31100 Sungai Siput, Perak (Lot No. 949, GM 678, Mukim Sungai Siput, Daerah Kuala Kangsar, Perak Darul Ridzuan)	Warehouse	139,123	54,000	Freehold	18	2,644,888	20.10.2023
7.	Plot 57, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (Lot No. 20790, PN 196575, Mukim Asam Kumbang, Daerah Larut Matang, Perak Darul Ridzuan)	Factory	43,562	23,400	Leasehold (99 years) expiring on 7.12.2097	25	1,284,039	20.10.2023
8.	Plot 58, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (Lot No. 20791, PN 196576, Mukim Asam Kumbang, Daerah Larut Matang, Perak Darul Ridzuan)	Factory	43,562	23,400	Leasehold (99 years) expiring on 7.12.2097	25	1,369,062	20.10.2023
9.	Plot 55, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (Lot No. 20788, PN 196573, Mukim Asam Kumbang, Daerah Larut Matang, Perak Darul Ridzuan)	Factory and a single storey hostel	44,358	24,000	Leasehold (99 years) expiring on 7.12.2097	25	1,217,036	20.10.2023

List of Group Properties (Cont'd)

No.	Location	Description and existing usage	Land area (sq. ft.)	Built-up area (sq. ft.)	Tenure	Approximate age of building (Years)	Net Book value as at 30 June 2023 (RM)	Date of revaluation/ acquisition
10.	Plot 56, Jalan Logam 3, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (Lot No. 20789, PN 196574, Mukim Asam Kumbang, Daerah Larut Matang, Perak Darul Ridzuan)	Factory	43,562	29,000	Leasehold (99 years) expiring on 7.12.2097	25	1,381,888	20.10.2023
11.	Plot 53 & 54, Jalan Logam 2, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting, Perak (Lot Nos. 20786 & 20787, PN 196570 & 1965723, Mukim Asam Kumbang, Daerah Larut Matang, Perak Darul Ridzuan)	Warehouse	87,920	33,900	Leasehold (99 years) expiring on 7.12.2097	25	1,424,514	20.10.2023
12.	Unit No. C-10-3A, Block C, Flora Green Condominium, Jalan Sungai Long, Bandar Sungai Long, 43000 Kajang, Selangor (Geran 54185/M2-B/11/140, Parcel No. 140, Floor No. 11, Building No. M2-B, Parent Lot No. 27737, Section 5, Cheras, Daerah Hulu Langat, Selangor Darul Ehsan)	Hostel	1,787	1,787	Freehold	18	635,944	20.10.2023
13.	Nos. 99, 99-1 & 99-2, Jalan KU 2, Taman Klebang Utama, 75200 Melaka (Unit No. D-11, Building No. Block D, Klebang Busines Centre, Section II, Pekan Klebang, Daerah Melaka Tengah, Melaka Darul Azim)	Office	4,620	4,620	Leasehold (99 years) expiring on 24.11.2109	8	999,767	20.10.2023
14.	Nos. 101, 101-1 & 101-2, Jalan KU 2, Taman Klebang Utama, 75200 Melaka (Unit No. D-12, Building No. Block D, Klebang Busines Centre, Section II, Pekan Klebang, Daerah Melaka Tengah, Melaka Darul Azim)	Office	6,719	6,719	Leasehold (99 years) expiring on 24.11.2109	8	1,361,331	20.10.2023
15.	Lot No. 12168, PN 65672, Kawasan Bandar XLV, Daerah Melaka Tengah, Melaka Darul Azim	Vacant land	246,601	N/A	Leasehold (99 years) expiring on 20.04.2115	N/A	10,683,202	20.10.2023
16.	Lot No. 12175, PN 65681, Kawasan Bandar XLV, Daerah Melaka Tengah, Melaka Darul Azim	Vacant land	250,799	N/A	Leasehold (99 years) expiring on 20.04.2115	N/A	10,881,183	20.10.2023

List of Group Properties (Cont'd)

No.	Location	Description and existing usage	Land area (sq. ft.)	Built-up area (sq. ft.)	Tenure	Approximate age of building (Years)	Net Book value as at 30 June 2023 (RM)	Date of revaluation/ acquisition
17.	PT17209, PT17210 & PT 17211, Jalan BIE 1/23, Bernam Industrial Park, Kota Malim Prima, 35900 Tanjung Malim, Perak Darul Ridzuan (HS(D) 336, PT 17209, HS(D) 351, PT 17210 & HS(D) 357, PT 17211, Mukim Hulu Bernam Timor, Daerah Muallim, Perak)	Vacant land	2,409,681	N/A	Leasehold (99 years) expiring on 08.12.2107	N/A	12,275,918	22.04.2022
18.	No. 1, Jalan Tandang (51/204), 46050 Petaling Jaya, Selangor Darul Ehsan (PN 10300, Lot 54, Bandar Petaling Jaya, Daerah Petaling, Selangor)	Vacant land	46,446	N/A	Leasehold (99 years) expiring on 30.06.2067	N/A	10,277,851	22.04.2022
19.	No. 97, Jalan Sepuluh, Kawasan Perindustrian Bakar Arang, 08000 Sungai Petani, Kedah Darul Aman (PM 377, Lot 1014, Seksyen 66, Bandar Sungai Petani, Daerah Kuala Muda, Kedah Darul Aman)	Factory	233,361	N/A	Leasehold (99 years) expiring on 12.03.2050	N/A	36,000,000	10.07.2023

ANALYSIS OF SHAREHOLDINGS
AS AT 17 OCTOBER 2023

Class of Securities	**:**	**Ordinary Shares**
Total Issued Share Capital	:	RM440,512,555.18 comprising 1,381,410,560 ordinary shares
Total Number of Holders	:	6,285
Voting Rights	:	One (1) vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total Holdings	%
Less than 100 Shares	36	1,094	0.000
100 - 1,000 Shares	394	225,696	0.016
1,001 - 10,000 Shares	1,512	10,114,051	0.732
10,001 - 100,000 Shares	3,045	134,819,321	9.760
100,001 - less than 5% of issued Shares	1,296	838,576,398	60.704
5% and above of issued Shares	2	397,674,000	28.788
Total	**6,285**	**1,381,410,560**	**100.000**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The names of the substantial shareholders of the Company and their respective shareholdings based on the Register of Substantial Shareholders of the Company as at 17 October 2023 are as follows:-

	Direct Interest		Deemed Interest	
Substantial Shareholders	No. of Shares Held	%	No. of Shares Held	%
Sheng Dar Holding Sdn. Bhd.	229,500,000	16.613	–	–
ChipSeng Heng Holdings Sdn. Bhd.	168,174,000	12.174	–	–
Dato' Liu Han Ming[1]	–	–	229,500,000	16.613
Tan Yip Jiun[2]	–	–	168,174,000	12.174

1 *Deemed interested by virtue of his shareholdings in Sheng Dar Holding Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

2 *Deemed interested by virtue of his shareholdings in ChipSeng Heng Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

Analysis of Shareholdings (Cont'd)

DIRECTORS' SHAREHOLDINGS IN THE COMPANY OR IN A RELATED CORPORATION (INCLUDING NUMBER AND PERCENTAGE) BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

The Directors' shareholdings in the Company based on the Register of Directors' Shareholdings as at 17 October 2023 are as follows:-

	Direct Interest		Deemed Interest	
Directors	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Ahmad Ruslan Zahari Bin Zakaria	–	–	–	–
Lim Peng Tong	–	–	–	–
Dato' Chong Mun Phing	–	–	–	–
Tan Yip Jiun*	–	–	168,174,000	12.174
Kenny Khow Chuan Wah	–	–	–	–
Dato' Goh Soo Wee	–	–	–	–

* *Deemed interested by virtue of his shareholding in ChipSeng Heng Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

LIST OF TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares	%
1	Hong Seng Capital Sdn. Bhd. - pledged securities account for Sheng Dar Holding Sdn. Bhd.	229,500,000	16.613
2	Hong Seng Capital Sdn. Bhd. -pledged securities account for ChipSeng Heng Holdings Sdn. Bhd.	168,174,000	12.174
3	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Master Knowledge Sdn. Bhd.	36,305,300	2.628
4	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Tan Chong Swee	19,379,400	1.403
5	Gadang Holdings Berhad	17,980,000	1.302
6	Lim Tuan	17,072,400	1.236
7	Liew Chee Keong	10,000,000	0.724
8	Public Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Yo Chin Xue	9,687,100	0.701
9	Lee Khim Hwa	9,100,000	0.659
10	Tiong Boon Ann	8,400,000	0.608
11	Public Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Johnson Hii Chang Hium	7,873,000	0.570
12	Lee Khim Hwa	7,498,000	0.543
13	Lee Khim Hwa	7,398,100	0.536
14	Tan Swee Ean	7,300,000	0.528
15	Subramanian A/L Sundaram	7,254,500	0.525

Analysis of Shareholdings (Cont'd)

LIST OF TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
16	Jagdish Singh Pantlia	6,800,000	0.492
17	Cheng Leh Theng	6,000,000	0.434
18	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Leow Teik Heng	5,433,000	0.393
19	Lim Chiew Fang	5,240,500	0.379
20	Apex Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Seik Yee Kok	5,116,000	0.370
21	Khaw Chong Jin	5,100,000	0.369
22	Lee Seng Yong	5,051,000	0.366
23	Chong Woei Nan	5,000,400	0.362
24	Ong Yong Hang	5,000,000	0.362
25	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Cheok Kuang Yi	5,000,000	0.362
26	Kenanga Nominees (Tempatan) Sdn. Bhd. - Rakuten Trade Sdn. Bhd. for Tan Che Ning	4,570,000	0.331
27	Lay Sook Hwey	4,500,000	0.326
28	Chan Jee Chet	4,500,000	0.326
29	Then Kar Jun	4,460,000	0.323
30	Ng Bi Yong	4,350,000	0.315
		639,042,700	**46.260**

ANALYSIS OF WARRANTHOLDINGS FOR WARRANTS B

AS AT 17 OCTOBER 2023

Class of Securities	:	Warrants B (2022/2027)
Total Number of Outstanding Warrants	:	690,705,280
Total Number of Warrantholders	:	143
Maturity Date	:	19 January 2027
Voting Rights	:	–

ANALYSIS OF WARRANTHOLDINGS FOR WARRANTS B

Size of Warrantholdings	No. of Warrantholders	Total Holdings	%
Less than 100 Warrants B	1	94	0.000
100 - 1,000 Warrants B	8	5,500	0.001
1,001 - 10,000 Warrants B	23	176,000	0.025
10,001 - 100,000 Warrants B	49	1,945,200	0.282
100,001 - less than 5% of issued Warrants B	56	315,177,600	45.631
5% and above of issued Warrants B	6	373,400,886	54.061
Total	**143**	**690,705,280**	**100.000**

DIRECTORS' WARRANTHOLDINGS IN THE COMPANY OR IN A RELATED CORPORATION (INCLUDING NUMBER AND PERCENTAGE) BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

The Directors' warrantholdings for Warrants B in the Company based on the Register of Directors' Shareholdings as at 17 October 2023 are as follows:-

	Direct Interest		Deemed Interest	
Directors	No. of Warrants B Held	%	No. of Warrants B Held	%
Ahmad Ruslan Zahari Bin Zakaria	–	–	–	–
Lim Peng Tong	–	–	–	–
Dato' Chong Mun Phing	–	–	–	–
Tan Yip Jiun*	–	–	84,087,000	12.174
Kenny Khow Chuan Wah	–	–	–	–
Dato' Goh Soo Wee	–	–	–	–

* *Deemed interested by virtue of his shareholding in ChipSeng Heng Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

Analysis of Warrantsholdings (Cont'd)

LIST OF TOP 30 WARRANTHOLDERS AS PER RECORD OF DEPOSITORS

No.	Name of Warrantholders	No. of Warrants	%
1	Hong Seng Capital Sdn. Bhd. - pledged securities account for ChipSeng Heng Holdings Sdn. Bhd.	84,087,000	12.174
2	Hong Seng Capital Sdn. Bhd. - pledged securities account for Ng Them Seang	81,337,200	11.776
3	CSH Network Capital Sdn. Bhd. - pledged securities account for Lee Heen Ming	62,644,486	9.070
4	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Tan Chong Swee	57,993,900	8.396
5	Hong Seng Capital Sdn. Bhd. - pledged securities account for Lee Heen Ming	47,338,300	6.854
6	CSH Network Capital Sdn. Bhd. - pledged securities account for Ng Them Seang	40,000,000	5.791
7	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Choo Peng Hung	28,229,500	4.087
8	Hong Seng Capital Sdn. Bhd. - pledged securities account for Metasmile Sdn. Bhd.	23,350,000	3.381
9	Hong Seng Capital Sdn. Bhd. - pledged securities account for Erebus Light Sdn. Bhd.	20,000,000	2.896
10	Hong Seng Capital Sdn. Bhd. - pledged securities account for In Lay Sdn. Bhd.	20,000,000	2.896
11	Hong Seng Capital Sdn. Bhd. - pledged securities account for Hera Trading Sdn. Bhd.	20,000,000	2.896
12	Hong Seng Capital Sdn. Bhd. - pledged securities account for Grazio Dynasty Sdn. Bhd.	20,000,000	2.896
13	Hong Seng Capital Sdn. Bhd. - pledged securities account for Lunarvyse Sdn. Bhd.	20,000,000	2.896
14	Hong Seng Capital Sdn. Bhd. - pledged securities account for Millensium Sdn. Bhd.	20,000,000	2.896
15	Hong Seng Capital Sdn. Bhd. - pledged securities account for Everport Sdn. Bhd.	20,000,000	2.896
16	Hong Seng Capital Sdn. Bhd. - pledged securities account for Silvernic Sdn. Bhd.	20,000,000	2.896
17	Mysticmeka Sdn. Bhd.	16,250,000	2.353
18	CGS-CIMB Nominees (Asing) Sdn. Bhd. - Exempt an for CGS-CIMB Securities (Singapore) Pte. Ltd.	10,700,000	1.549
19	Yap Bee Kian	7,181,800	1.040
20	Loh Mun Ling	5,645,000	0.817
21	Kenanga Nominees (Tempatan) Sdn. Bhd. - pledged securities account for Cheok Kuang Yi	5,507,800	0.797
22	Tee Shao Wei	5,444,000	0.788
23	Leong Seng Wui	4,700,000	0.680
24	Subramanian A/L Sundaram	4,300,100	0.622
25	Cheah Wan Yn	4,035,000	0.584
26	Cheah Min Lly	3,490,000	0.505
27	Lunarvyse Sdn Bhd.	3,000,000	0.434
28	In Lay Sdn. Bhd.	3,000,000	0.434
29	Grazio Dynasty Sdn. Bhd.	2,800,000	0.405
30	Kee Loong Sing	2,500,000	0.361
		663,534,086	**96.066**

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third ("**23rd**") Annual General Meeting ("**AGM**") of the Company will be at Ballroom V, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 30 November 2023 at 9:30 a.m., or any adjournment thereof, for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note (a))**
2. To approve the payment of Directors' fees of up to RM350,000/- for the financial year ending 30 June 2024 and thereafter, which is payable quarterly in arrears. **(Ordinary Resolution 1)**
3. To approve the payment of Directors' benefits of up to RM40,000/- from 1 December 2023 until the date of the next AGM of the Company. **(Ordinary Resolution 2)**
4. To re-elect the following Directors, who are due to retire in accordance with Clause 120 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Dato' Goh Soo Wee; and **(Ordinary Resolution 3)**

   (b) Dato' Chong Mun Phing. **(Ordinary Resolution 4)**

5. To re-appoint Messrs. ChengCo PLT as auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions as Ordinary and Special Resolutions:-

6. **ORDINARY RESOLUTION** **(Ordinary Resolution 6)**
   WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016 ("ACT")

   "**THAT** approval be and is hereby given for the waiver of the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Section 85 of the Act to be read together with Clause 15 of the Constitution of the Company.

   AND THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution 7 – Authority to Issue Shares pursuant to the Act."

Notice of Twenty-Third Annual General Meeting (Cont'd)

7. **ORDINARY RESOLUTION** **(Ordinary Resolution 7)**
AUTHORITY TO ISSUE SHARES PURSUANT TO THE ACT ("PROPOSED GENERAL MANDATE")

"**THAT** contingent upon the passing of the Ordinary Resolution 6 on waiver of pre-emptive rights under Section 85 of the Act and subject always to the Act, the Constitution of the Company, Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and subject to the approvals of the relevant governmental and/or regulatory authorities, where necessary, the Directors be and are hereby authorised and empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit always provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being (excluding treasury shares, if any) as stipulated under Paragraph 6.03(1) of the MMLR of Bursa Securities;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **ORDINARY RESOLUTION** **(Ordinary Resolution 8)**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPTS") ENTERED INTO BETWEEN CHIPSENG HENG ENTERPRISE SDN. BHD. ("CHIPSENGHENG ENTERPRISE") AND CSH ALLIANCE BERHAD AND ITS SUBSIDIARIES ("CSH GROUP")

"**THAT** subject to the provisions of MMLR of Bursa Securities, a renewal of the existing shareholders' mandate be and is hereby granted to CSH Group to enter into RRPTs with ChipSengHeng Enterprise as described in Section 2.2 (a), Part A of the Circular to Shareholders dated 31 October 2023 ("**Circular**"), **PROVIDED THAT**:-

(i) the RRPTs are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report with a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year necessary for the Company's day-to-day operations;

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this Ordinary Resolution and continue to be in force until:-

(i) the conclusion of the next AGM of the Company, at which time it will lapse unless, by a resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is to be held pursuant to Section 340(2) of the Act (but must not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting before the next AGM;

whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised under this resolution."

9. **ORDINARY RESOLUTION** **(Ordinary Resolution 9)**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPTS ENTERED INTO BETWEEN MMAG HOLDINGS BERHAD AND ITS SUBSIDIARIES ("MMAG GROUP") AND CSH GROUP

"**THAT** subject to the provisions of MMLR of Bursa Securities, a renewal of the existing shareholders' mandate be and is hereby granted to CSH Group to enter into RRPTs with MMAG Group as described in Section 2.2 (b), Part A of the Circular, **PROVIDED THAT**:-

(i) the RRPTs are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report with a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year necessary for the Company's day-to-day operations;

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this Ordinary Resolution and continue to be in force until:-

(i) the conclusion of the next AGM of the Company, at which time it will lapse unless, by a resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is to be held pursuant to Section 340(2) of the Act (but must not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting before the next AGM;

whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised under this resolution."

10. **SPECIAL RESOLUTION** **(Special Resolution)**
PROPOSED CHANGE OF NAME FROM CSH ALLIANCE BERHAD TO VELOCITY CAPITAL PARTNER BERHAD ("PROPOSED CHANGE OF NAME")

"**THAT** the name of the Company be changed from "CSH Alliance Berhad" to "Velocity Capital Partner Berhad" effective from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia to the Company;

AND THAT the Directors and/or the Company Secretaries be and are hereby authorised and empowered to carry out all the necessary steps and formalities in effecting the Proposed Change of Name."

11. To transact any other ordinary business of which due notice has been given.

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
YEOW SZE MIN (SSM PC NO. 201908003120) (MAICSA 7065735)
Company Secretaries

Kuala Lumpur
31 October 2023

Explanatory Notes:-

1. Ordinary Resolution 1 – Directors' Fees for the Financial Year Ending 30 June 2024

As part of the plan to mitigate the impact of the COVID-19 pandemic on the Group's performance, the Board has voluntarily reduced the Directors' fees paid to the Chairman of the Board and the Directors of the Company by 40% since 1 July 2020.

The proposed Ordinary Resolution 1, if passed, will allow the Company to pay Directors' fees of RM5,000/- and RM3,000/- per month to the Chairman of the Board and the Directors of the Company respectively for the financial year ending 30 June 2024, and it shall be payable quarterly in arrears after each quarter of completed service of the Directors of the Company.

2. Ordinary Resolution 2 – Directors' Benefits Payable from 1 December 2023 until the date of the next AGM of the Company

The proposed Ordinary Resolution 2, if passed, will authorise the payment of the Directors' benefits to all Directors up to an amount of RM40,000/- with effect from 1 December 2023 until the date of the next AGM of the Company.

The Directors' benefits payable shall comprise solely meeting allowances.

3. Ordinary Resolutions 3 and 4 – Re-election of Directors

In determining the eligibility of the Directors to stand for re-election at the 23rd AGM, the Nomination Committee ("**NC**") having considered the requirements under Paragraph 2.20A of the MMLR of Bursa Securities, recommended for the re-election of Dato' Goh Soo Wee and Dato' Chong Mun Phing who are retiring pursuant to Clause 120 of the Constitution of the Company ("**Retiring Directors**").

The Board, through the NC, being satisfied with the performance/contribution of the Retiring Directors. Therefore, the Board would like to recommend the same be tabled to the shareholders for approval at the 23rd AGM under Ordinary Resolutions 3 and 4 respectively.

En. Ahmad Ruslan Zahari Bin Zakaria, an Independent Non-Executive Director of the Company who has served on the Board for more than nine (9) years and is retiring pursuant to Clause 121 of the Company's Constitution, has expressed his intention not to seek for re-election at the 23rd AGM. Hence, he shall hold office as Director of the Company until the conclusion of the 23rd AGM.

Notice of Twenty-Third Annual General Meeting (Cont'd)

Explanatory Notes:- (Cont'd)

4. Ordinary Resolution 6 – Waiver of Pre-emptive Rights under Section 85 of the Act

The Ordinary Resolution 6 is pertaining to the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Act. By voting in favour of the Ordinary Resolution 6, the shareholders of the Company would be waiving their statutory pre-emptive right. The Resolution if passed, would allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

5. Ordinary Resolution 7 – Authority to Issue Shares Pursuant to the Act

The Company had been granted a general mandate for issuance of new securities at the Twenty-Second AGM of the Company held on 29 November 2022 (hereinafter referred to as the "**Previous Mandate**").

Subject to passing the Ordinary Resolution 6 on the waiver of pre-emptive rights under Section 85 of the Act, the proposed Ordinary Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of the issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, the Company did not issue any shares pursuant to the Previous Mandate.

6. Ordinary Resolutions 8 and 9 – Proposed Renewal of Shareholders' Mandate for RRPTs entered into between the following parties:-
- ChipSengHeng Enterprise and CSH Group; and
- MMAG Group and CSH Group

The proposed adoption of Ordinary Resolutions 8 and 9 is to renew the shareholders' mandates for RRPTs granted by the Company's shareholders at the Annual General Meeting of the Company held on 29 November 2022 ("**Renewal of Shareholders' Mandates**"). The Renewal of Shareholders' Mandates will enable CSH Group to enter into the RRPTs which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 31 October 2023 for further information.

7. Special Resolution – Proposed Change of Name

The proposed Special Resolution, if passed, will allow the change of name of the Company from "CSH Alliance Berhad" to "Velocity Capital Partner Berhad" effective from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia to the Company.

Please refer to the Circular to Shareholders dated 31 October 2023 for further information.

Notice of Twenty-Third Annual General Meeting (Cont'd)

Notes to the Notice of the 23rd AGM:-

(a) This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require the formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(b) In respect of deposited securities, only shareholders whose names appear in the Record of Depositors on 23 November 2023 shall be eligible to attend the Meeting.

(c) The shareholder of the Company shall be entitled to appoint up to two (2) persons as his proxies to exercise all or any of his rights to attend, participate, speak and vote in his stead. A proxy need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.

(d) Where the shareholder appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy appointed to attend the Meeting of the Company shall have the same rights as the shareholder.

(e) The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the shareholder or of his attorney, and in the case of a corporation, shall be executed under its common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

(f) Where the shareholder is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(g) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar at Mega Corporate Services Sdn. Bhd., Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, or via electronic means through email to **mega-sharereg@megacorp.com.my** or via facsimile at 03-2732 5388 at least forty-eight (48) hours before the time set for holding the meeting, i.e., on or before 9:30 a.m., on Tuesday, 28 November 2023 or at any adjournment thereof at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default, the instrument of proxy shall not be treated as valid.

(h) All the resolutions set out in this Notice are to be voted by poll.

CSH ALLIANCE BERHAD

[Registration No. 200001002113 (504718-U)]
(Incorporated in Malaysia)

CDS Account No.

No. of ordinary shares held

FORM OF PROXY

*I/We (full name in block), ____

bearing *NRIC No./Passport No./Company Registration No. ______________________________

of (full address) ____

being shareholder(s) of CSH Alliance Berhad ("**the Company**") hereby appoint:-

First Proxy "A"

Full Name (in block)	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact		

and/or failing *him/her,

Second Proxy "B"

Full Name (in block)	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address	Email		
	Contact		

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held at Ballroom V, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 30 November 2023 at 9:30 a.m., or any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If no specific direction for voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No.	Agenda	Resolution	For	Against
Ordinary business				
1.	To approve the payment of Directors' fees of up to RM350,000/- for the financial year ending 30 June 2024 and thereafter, which is payable quarterly in arrears	Ordinary Resolution 1		
2.	To approve the payment of Directors' benefits of up to RM40,000/- from 1 December 2023 until the date of the next Annual General Meeting ("**AGM**") of the Company	Ordinary Resolution 2		
3.	To re-elect Dato' Goh Soo Wee, who is due to retire in accordance with Clause 120 of the Company's Constitution	Ordinary Resolution 3		
4.	To re-elect Dato' Chong Mun Phing, who is due to retire in accordance with Clause 120 of the Company's Constitution	Ordinary Resolution 4		
5.	To re-appoint Messrs. ChengCo PLT as auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration	Ordinary Resolution 5		
Special Business				
6.	Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016	Ordinary Resolution 6		
7.	Authority to Issue Shares pursuant to the Companies Act 2016	Ordinary Resolution 7		
8.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**RRPTs**") entered into between ChipSeng Heng Enterprise Sdn. Bhd. and CSH Alliance Berhad and its subsidiaries ("**CSH Group**")	Ordinary Resolution 8		
9.	Proposed Renewal of Shareholders' Mandate for RRPTs entered into between MMAG Holdings Berhad and its subsidiaries and CSH Group	Ordinary Resolution 9		
10.	Proposed Change of Name from CSH Alliance Berhad to Velocity Capital Partner Berhad	Special Resolution		

As witness my/our hand(s) this day _________ of __________________ 2023.

____
*Signature/Common Seal of Shareholder(s)

**Strike out whichever not applicable*

Notes:

(a) In respect of deposited securities, only shareholders whose names appear in the Record of Depositors on 23 November 2023 shall be eligible to attend the Meeting.
(b) The shareholder of the Company shall be entitled to appoint up to two (2) persons as his proxies to exercise all or any of his rights to attend, participate, speak and vote in his stead. A proxy need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
(c) Where the shareholder appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy appointed to attend the Meeting of the Company shall have the same rights as the shareholder.
(d) The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the shareholder or of his attorney, and in the case of a corporation, shall be executed under its common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
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(f) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar at Mega Corporate Services Sdn. Bhd., Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, or via electronic means through email to **mega-sharereg@megacorp.com.my** or via facsimile at 03-2732 5388 at least forty-eight (48) hours before the time set for holding the meeting, i.e., on or before 9:30 a.m., on Tuesday, 28 November 2023 or at any adjournment thereof at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for taking of the poll, and in default, the instrument of proxy shall not be treated as valid.
(g) All the resolutions set out in this Notice are to be voted by poll.

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AFFIX
STAMP

SHARE REGISTRAR OF CSH ALLIANCE BERHAD
Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan

2nd Fold Here

Fold This Flap For Sealing

CSH ALLIANCE BERHAD 200001002113 (504718-U)

Level 2, No. 3, Jalan TP 2, Taman Perindustrian UEP
47600 Subang Jaya, Selangor Darul Ehsan, Malaysia

Tel : (+603) 7890 3535

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