FINANCIAL STATEMENTS

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LION POSIM BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors of **LION POSIM BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are trading and distribution of building materials, steel products, petroleum products and automotive products, manufacturing of petroleum products, investment holding, distribution and retailing of consumer products, provision of training services, investment and development in agriculture, and property development.

The information on the name, principal place of business and place of incorporation, and principal activities of subsidiary companies, and percentage of ownership of the holding company in each subsidiary company is disclosed in Note 13 to the financial statements.

RESULTS

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

	The Group RM'000	The Company RM'000
Profit before tax	14,546	17,425
Tax expense	(3,747)	(5)
Profit for the year	10,799	17,420
Profit attributable to owners of the Company	10,799	17,420

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

DIVIDEND

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

The Company did not repurchase its ordinary shares during the financial year. As at 31 December 2024, the Company held 3,745,000 treasury shares at a carrying amount of RM2,276,747.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

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

DIRECTORS

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

Tan Sri Cheng Heng Jem	
Cheng Hui Ya, Serena	
Tan Sri Abd Karim bin Shaikh Munisar	
Dr Folk Jee Yoong	
Liew Jee Min @ Chong Jee Min	(Appointed on 28 May 2024)
Dato' Eow Kwan Hoong	(Retired on 28 May 2024)

LIST OF DIRECTORS OF SUBSIDIARY COMPANIES

The directors who held office in the subsidiary companies of the Company during the financial year and up to the date of this report are:

Cheng Hui Yen, Natalie	
Cheng Hui Ya, Serena	
Chan Soik Hui	(Appointed on 20 August 2024)
Chong Chin Fong	(Appointed on 7 November 2024)
Goh Kok Beng	
Koo Chuan Hong	
Lee Boon Liang	
Ooi Kim Lai	
Poon Sow Har	
Yeo Keng Leong	
Wang Wing Ying	(Resigned with effect from 18 March 2024)
Lee Whay Keong	(Resigned with effect from 14 March 2025)

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	As at 1.1.2024	Addition	Disposal	As at 31.12.2024
Direct interest				
Tan Sri Cheng Heng Jem	400	-	-	400
Dr Folk Jee Yoong	105	-	-	105
Deemed interest				
Tan Sri Cheng Heng Jem	170,186,190	-	-	170,186,190

The interest in shares in the related corporations of those who were Directors at the end of the financial year are as follows:

	Number of ordinary shares			
	As at 1.1.2024	**Addition**	**Disposal**	**As at 31.12.2024**
Tan Sri Cheng Heng Jem				
Direct interest				
Lion Industries Corporation Berhad	222,785,449	-	-	222,785,449
Deemed interest				
Holdsworth Investment Pte Ltd	4,500,000	-	-	4,500,000
Inspirasi Elit Sdn Bhd	212,500	-	-	212,500
Lion Industries Corporation Berhad	12,752,369	-	-	12,752,369
Lion Group Management Services Sdn Bhd	5,000,000	-	-	5,000,000
LLB Enterprise Sdn Bhd	940,000	-	-	940,000
Soga Sdn Bhd	4,542,522	-	-	4,542,522
Steelcorp Sdn Bhd	99,750	-	-	99,750
Zhongsin Biotech Pte Ltd	1,000,000	-	-	1,000,000

Investments in the People's Republic of China	**Currency**	**As at 1.1.2024**	**Addition**	**Disposal**	**As at 31.12.2024**
Tianjin Baden Real Estate Development Co Ltd (In voluntary liquidation)	USD	5,000,000	-	-	5,000,000
Tianjin Hua Shi Auto Meter Co Ltd (In voluntary liquidation)	USD	10,878,944	-	-	10,878,944

In addition to the above, the following Director is also deemed to have an interest in shares in Lion Industries Corporation Berhad ("LICB") by virtue of the warrants issued by LICB with a right to subscribe for ordinary shares in LICB on the basis of 1 new ordinary share for every 1 warrant held:

	Number of warrants			
	As at 1.1.2024	**Addition**	**Disposal**	**As at 31.12.2024**
Tan Sri Cheng Heng Jem				
Direct interest	111,392,723	-	-	111,392,723
Deemed interest	6,376,184	-	-	6,376,184

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, save and except for the benefit which deemed to have arisen by virtue of the balances and transactions between the Company and its related companies, and certain companies in which a Director of the Company has a substantial interest, in the ordinary course of business of the Group and of the Company.

Details of the remuneration paid to or receivable by the Directors of the Company during the financial year are as follows:

	The Group RM'000	**The Company RM'000**
Directors' fees	169	169
Other emoluments	37	37
Total	206	206

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability insurance up to an aggregate limit of RM50,000,000 against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiary companies.

HOLDING COMPANIES

The Company is a subsidiary company of Amsteel Mills Sdn Bhd, a private limited liability company incorporated in Malaysia. The Directors regard Lion Industries Corporation Berhad, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate holding company of the Company.

AUDITORS

The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company for the current financial year are RM315,000 and RM118,000 respectively.

The Auditors, Forvis Mazars PLT *(formerly known as Mazars PLT)*, Chartered Accountants, have expressed their willingness to accept re-appointment.

To the extent permitted by laws, the Company has agreed to indemnify its Auditors, Forvis Mazars PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Forvis Mazars PLT for the current financial year.

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

TAN SRI CHENG HENG JEM

CHENG HUI YA, SERENA

Kuala Lumpur
7 April 2025

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
LION POSIM BERHAD
Registration No. 198201002310 (82056-X)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lion Posim Berhad, which comprise the statements of financial position as at 31 December 2024, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 12 to 90.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with MFRS Accounting Standards, IFRS Accounting 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.

Impairment of investment properties in Cambodia

The Group's accounting policies, significant judgement and estimates made by the management and disclosure notes on investment properties are disclosed in Note 3, Note 4(i)(b) and Note 12 to the financial statements.

The risk:

As at 31 December 2024, the carrying amount of the investment properties of the Group amounted to RM115 million, representing 39% and 13% of the Group's total non-current assets and total assets respectively. Included in the investment properties of the Group are freehold land, leasehold land and economic land concessions in Cambodia ("Cambodia Land") amounting to USD26 million, equivalent to RM115 million.

The recoverable amount of the Cambodia Land was determined by management based on fair value less cost to sell, by references to the latest valuations carried out by independent valuers.

The valuation process involves significant judgement in determining the appropriate valuation methodologies and the underlying assumptions. The valuations are highly dependent on key assumptions applied and any change in the assumptions can have a significant impact to the valuations.

In view of the significant judgement and estimates required by management in determining the recoverable amount of the Cambodia Land, which also includes the Economic Land Concessions ("ELC") totaling RM41 million for which formal lease agreements are pending, as disclosed in Note 12 to the financial statements, and management's plans on its realisation, we identified impairment of the Cambodia Land as a key audit matter.

How the matter was addressed in our audit:

Our audit procedures to address this area included, among others:

- Obtained an understanding of impairment assessment process and evaluated the design and implementation of the relevant controls surrounding impairment assessment on the Cambodia Land;
- Obtained and evaluated the management assessment in determining the recoverable amount of the Cambodia Land;
- Obtained the independent valuation reports for the Cambodia Land and compared to management's assessment;
- Assessed the competency, capabilities and objectivity of the valuers and challenged the assumptions and methodology used in the valuations;
- Obtained and understood the agreements or other relevant documents relating to the conversion of leasehold land and granting of ELC;
- Performed retrospective review of management's plans to convert the ELC to leasehold land;
- Held discussion with independent valuers on the valuation and challenged the basis of determining the fair value of the Cambodia Land; and
- Assessed the adequacy and appropriateness of the disclosures in the financial statements.

We have determined that there are no key audit matters in the audit of financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of 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 and the Company to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

Other Matter

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

Mazars

Forvis Mazars PLT
(formerly known as MAZARS PLT)
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants

Francis Xavier Joseph
02997/06/2026 J
Chartered Accountant

Kuala Lumpur

7 April 2025

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Revenue	5	**753,085**	755,137	**9,400**	6,000
Other operating income		**2,493**	1,872	**11,122**	24
Interest income	6	**3,796**	2,517	**12**	66
Changes in inventories of finished goods and trading merchandise		**(303)**	1,059	-	-
Raw materials and consumables used		**(48,195)**	(47,418)	-	-
Purchase of trading merchandise		**(638,909)**	(647,174)	-	-
Staff costs	6	**(30,996)**	(29,194)	**(168)**	(137)
Directors' remuneration	6	**(206)**	(202)	**(206)**	(202)
Depreciation of:					
Property, plant and equipment	10	**(1,779)**	(2,343)	**(18)**	(19)
Right-of-use assets	11	**(1,811)**	(1,786)	-	-
Investment properties	12	**(461)**	(473)	**(18)**	(18)
Impairment losses net of reversals on:					
Trade and other receivables		**(5,677)**	(6,121)	-	-
Property, plant and equipment		**657**	168	-	-
Right-of-use assets		**(127)**	-	-	-
Other investments in unquoted bonds		**26**	6	-	-
Gain/(Loss) on foreign exchange:					
Realised		**404**	270	-	-
Unrealised		**3**	(36)	-	-
Other operating expenses		**(15,771)**	(16,733)	**(2,526)**	(2,535)
Profit from operations	6	**16,229**	9,549	**17,598**	3,179
Finance costs	7	**(2,582)**	(1,759)	**(173)**	(159)
Realisation of translation adjustment reserve upon dissolution of a subsidiary company	13	-	8,586	-	-
Share of results of associated companies	14	**899**	(91)	-	-
Profit before tax		**14,546**	16,285	**17,425**	3,020
Tax expense	8	**(3,747)**	(2,733)	**(5)**	(14)
Profit for the year		**10,799**	13,552	**17,420**	3,006

(Forward)

	Note	The Group		The Company	
		2024	**2023**	**2024**	**2023**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) attributable to:					
Owners of the Company		**10,799**	13,553	**17,420**	3,006
Non-controlling interests		**-**	(1)	**-**	-
		10,799	13,552	**17,420**	3,006
Earnings per share (sen)					
Basic and diluted	9	**4.74**	5.95		

The accompanying Notes form an integral part of the Financial Statements.

LION POSIM BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit for the year	**10,799**	13,552	**17,420**	3,006
Other comprehensive (loss)/income				
Item that will not be reclassified subsequently to profit or loss				
Net (loss)/gain on other investments at fair value through other comprehensive income:				
- Fair value changes	**(3,401)**	7,840	**(3,360)**	7,840
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences arising from foreign operations	**(6,776)**	8,618	**-**	-
Reclassification to profit or loss upon dissolution of a subsidiary company	**-**	(8,586)	**-**	-
Other comprehensive (loss)/income for the year	**(10,177)**	7,872	**(3,360)**	7,840
Total comprehensive income for the year	**622**	21,424	**14,060**	10,846
Total comprehensive income/(loss) attributable to:				
Owners of the Company	**622**	21,467	**14,060**	10,846
Non-controlling interests	**-**	(43)	**-**	-
	622	21,424	**14,060**	10,846

The accompanying Notes form an integral part of the Financial Statements.

LION POSIM BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	**39,904**	38,486	**4,805**	4,823
Right-of-use-assets	11	**5,780**	7,870	**-**	-
Investment properties	12	**114,994**	118,564	**442**	460
Investment in subsidiary companies	13	**-**	-	**373,401**	344,689
Investment in associated companies	14	**27,279**	29,228	**-**	-
Other investments	15	**13,239**	16,686	**12,043**	15,403
Amount owing by other related company	17(b)	**87,951**	99,551	**87,951**	99,551
Deferred tax assets	16	**9,429**	9,212	**-**	-
Total Non-Current Assets		**298,576**	319,597	**478,642**	464,926
Current Assets					
Inventories	18	**22,956**	23,443	**-**	-
Trade receivables	19(a)	**277,387**	285,898	**-**	-
Other receivables, deposits and prepaid expenses	19(b)	**92,174**	78,659	**190**	178
Amount owing by subsidiary companies	13(a)	**-**	-	**6,898**	29,513
Amount owing by immediate holding company	17(a)	**67,601**	70,648	**-**	-
Amount owing by other related companies	17(b)	**76,513**	88,973	**-**	-
Current tax assets		**1,260**	2,473	**17**	154
Investment in money market funds	20(a)	**2,449**	2,362	**-**	-
Fixed deposits, cash and bank balances	20(b)	**76,752**	69,385	**1,051**	1,725
Total Current Assets		**617,092**	621,841	**8,156**	31,570
Total Assets		**915,668**	941,438	**486,798**	496,496

(Forward)

	Note	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	21	**920,902**	920,902	**920,902**	920,902
Reserves	22	**(158,151)**	(158,773)	**(447,207)**	(461,267)
Equity attributable to owners of the Company		**762,751**	762,129	**473,695**	459,635
Non-controlling interests		**-**	-	**-**	-
Total Equity		**762,751**	762,129	**473,695**	459,635
Non-Current and Deferred Liabilities					
Lease liabilities	23	**5,181**	6,442	**-**	-
Bank borrowings	26	**1,100**	-	**-**	-
Deferred tax liabilities	16	**279**	357	**-**	-
Total Non-Current and Deferred Liabilities		**6,560**	6,799	**-**	-
Current Liabilities					
Trade payables	25(a)	**42,099**	54,272	**-**	-
Other payables and accrued expenses	25(b)	**45,917**	49,809	**5,018**	10,009
Contract liabilities	25(c)	**30,544**	29,628	**-**	-
Amount owing to other related companies	17(c)	**2,213**	1,441	**1,485**	721
Amount owing to subsidiary companies	13(b)	**-**	-	**2,600**	22,131
Lease liabilities	23	**1,613**	2,076	**-**	-
Bank borrowings	26	**23,903**	35,280	**4,000**	4,000
Current tax liabilities		**68**	4	**-**	-
Total Current Liabilities		**146,357**	172,510	**13,103**	36,861
Total Liabilities		**152,917**	179,309	**13,103**	36,861
Total Equity and Liabilities		**915,668**	941,438	**486,798**	496,496

The accompanying Notes form an integral part of the Financial Statements.

Registration No. 198201002310 (82056-X)

LION POSIM BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Non-distributable reserves						
The Group	**Share capital RM'000**	**Treasury shares RM'000**	**Translation adjustment reserve RM'000**	**Fair value reserve RM'000**	**Accumulated losses RM'000**	**Attributable to owners of the Company RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
As at 1 January 2023	920,902	(2,277)	66,979	(24,360)	(220,582)	740,662	43	740,705
Profit/(Loss) for the year	-	-	-	-	13,553	13,553	(1)	13,552
Other comprehensive income/(loss) for the year	-	-	74	7,840	-	7,914	(42)	7,872
Total comprehensive income/(loss) for the year	-	-	74	7,840	13,553	21,467	(43)	21,424
As at 31 December 2023	920,902	(2,277)	67,053	(16,520)	(207,029)	762,129	-	762,129
As at 1 January 2024	**920,902**	**(2,277)**	**67,053**	**(16,520)**	**(207,029)**	**762,129**	**-**	**762,129**
Profit for the year	**-**	**-**	**-**	**-**	**10,799**	**10,799**	**-**	**10,799**
Other comprehensive loss for the year	**-**	**-**	**(6,776)**	**(3,401)**	**-**	**(10,177)**	**-**	**(10,177)**
Total comprehensive (loss)/income for the year	**-**	**-**	**(6,776)**	**(3,401)**	**10,799**	**622**	**-**	**622**
As at 31 December 2024	**920,902**	**(2,277)**	**60,277**	**(19,921)**	**(196,230)**	**762,751**	**-**	**762,751**

(Forward)

The Company	Share capital RM'000	Non-distributable reserves Treasury shares RM'000	Fair value reserve RM'000	Accumulated losses RM'000	Total equity RM'000
As at 1 January 2023	920,902	(2,277)	(24,360)	(445,476)	448,789
Profit for the year	-	-	-	3,006	3,006
Other comprehensive income for the year	-	-	7,840	-	7,840
Total comprehensive income for the year	-	-	7,840	3,006	10,846
As at 31 December 2023	920,902	(2,277)	(16,520)	(442,470)	459,635
As at 1 January 2024	**920,902**	**(2,277)**	**(16,520)**	**(442,470)**	**459,635**
Profit for the year	-	-	-	**17,420**	**17,420**
Other comprehensive loss for the year	-	-	**(3,360)**	-	**(3,360)**
Total comprehensive (loss)/ income for the year	-	-	**(3,360)**	**17,420**	**14,060**
As at 31 December 2024	**920,902**	**(2,277)**	**(19,880)**	**(425,050)**	**473,695**

The accompanying Notes form an integral part of the Financial Statements.

LION POSIM BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Group	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**14,546**	16,285
Adjustments for:			
Allowance for slow-moving and obsolete inventories		**257**	223
Depreciation of:			
Property, plant and equipment		**1,779**	2,343
Right-of-use assets		**1,811**	1,786
Investment properties		**461**	473
Fair value loss on financial assets measured at amortised cost		**5,000**	-
Finance costs		**2,582**	1,759
Gain on disposal of property, plant and equipment		**(199)**	(62)
Impairment losses net of reversals on:			
Trade and other receivables		**5,677**	6,121
Property, plant and equipment		**(657)**	(168)
Right-of-use assets		**127**	-
Other investments in unquoted bonds		**(26)**	(6)
Interest income		**(3,796)**	(2,517)
Realisation of translation adjustment reserve upon dissolution of a subsidiary company		**-**	(8,586)
Property, plant and equipment written off		**2**	-
Share of results of associated companies		**(899)**	91
Unrealised (gain)/loss on foreign exchange		**(3)**	36
Dividend income from:			
Investment in money market funds		**(87)**	(83)
Unquoted investments		**-**	(62)
Operating Profit Before Working Capital Changes		**26,575**	17,633
Decrease/(Increase) in:			
Inventories		**230**	815
Trade receivables		**2,834**	(68,024)
Other receivables, deposits and prepaid expenses		**(13,515)**	(1,174)
Amount owing by immediate holding company		**3,047**	1,838
Amount owing by other related companies		**12,460**	1,921
(Decrease)/Increase in:			
Trade payables		**(12,173)**	13,175
Other payables and accrued expenses		**(3,249)**	317
Contract liabilities		**916**	834
Cash From/(Used In) Operations		**17,125**	(32,665)
Interest received		**2,856**	1,722
Income tax refunded		**1,800**	3,766
Income tax paid		**(4,565)**	(4,353)
Net Cash From/(Used In) Operating Activities		**17,216**	(31,530)

(Forward)

The Group	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)/Decrease in:			
Investment in money market funds		**(87)**	(83)
Cash at banks held under fixed deposits pledged		**1,007**	(1,679)
Amount owing by other related companies		**6,600**	5,500
Interest received from fixed deposits with licensed banks		**940**	795
Proceeds from disposal of:			
Property, plant and equipment		**248**	211
Unquoted investments		**30**	-
Dividend income received from:			
Investment in money market funds		**87**	83
Unquoted investments		**-**	62
Repayment from unquoted bonds		**26**	6
Additions to property, plant and equipment		**(2,593)**	(1,197)
Net Cash From Investing Activities		**6,258**	3,698
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in amount owing to other related companies	17	**772**	741
Repayment of bank borrowings	26	**(15,631)**	(1,000)
Drawdown of bank borrowings	26	**5,354**	17,646
Finance costs paid		**(2,582)**	(1,759)
Lease rental paid	23	**(1,572)**	(1,607)
Hire-purchase paid	24	**-**	(77)
Net Cash (Used In)/From Financing Activities		**(13,659)**	13,944
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**9,815**	(13,888)
Effect of exchange differences		**(1,441)**	613
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**42,949**	56,224
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	**51,323**	42,949

(Forward)

The Company	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**17,425**	3,020
Adjustments for:			
Depreciation of:			
Property, plant and equipment		**18**	19
Investment properties		**18**	18
Finance costs		**173**	159
Dividend income from subsidiary companies		**(9,400)**	(6,000)
Gain on waiver of amount owing to subsidiary companies		**(11,102)**	-
Fair value loss on financial assets measured at amortised cost		**5,000**	-
Interest income		**(12)**	(66)
Operating Profit/(Loss) Before Working Capital Changes		**2,120**	(2,850)
(Increase)/Decrease in other receivables, deposits and prepaid expenses		**(12)**	2
Decrease in other payables and accrued expenses		**(4,991)**	(21)
Cash Used In Operations		**(2,883)**	(2,869)
Interest received		**12**	66
Income tax refunded		**149**	-
Income tax paid		**(17)**	(30)
Net Cash Used In Operating Activities		**(2,739)**	(2,833)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease/(Increase) in:			
Amount owing by other related companies		**6,600**	5,500
Amount owing by subsidiary companies		**(6,097)**	(17,893)
Dividend received from subsidiary companies		**9,400**	6,000
Net Cash From/(Used In) Investing Activities		**9,903**	(6,393)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/Increase in:			
Amount owing to subsidiary companies	17	**(8,429)**	1,327
Amount owing to other related companies	17	**764**	721
Drawdown of bank borrowings	26	**-**	500
Finance costs paid		**(173)**	(159)
Net Cash (Used In)/From Financing Activities		**(7,838)**	2,389
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(674)**	(6,837)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,725**	8,562
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	**1,051**	1,725

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Lion Posim Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding.

The information on the name, principal place of business and place of incorporation, and principal activities of the subsidiary companies, and percentage of ownership held by the holding company in each subsidiary company is disclosed in Note 13.

The Company's registered office is located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The Company's principal place of business is located at Wisma Posim, Lot 72, Persiaran Jubli Perak, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 7 April 2025.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards issued by the Malaysian Accounting Standards Board ("MASB"), IFRS Accounting Standards issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000 or '000), unless otherwise indicated.

Adoption of Amendments to MFRS Accounting Standards

In the current financial year, the Group and the Company adopted all the amendments to MFRS Accounting Standards issued by MASB that are effective for annual periods beginning on or after 1 January 2024 and relevant to its operations, as follows:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liability as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

New MFRS Accounting Standards and Amendments to MFRS Accounting Standards in Issue But Not Yet Effective

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

Amendments to MFRS 121	Lack of Exchangeability[1]
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107	Annual Improvements to MFRS Accounting Standards - Volume 11[2]
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity[2]
MFRS 18	Presentation and Disclosure in Financial Statements[3]
MFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[4]

[1] Effective for annual periods beginning on or after 1 January 2025.
[2] Effective for annual periods beginning on or after 1 January 2026.
[3] Effective for annual periods beginning on or after 1 January 2027.
[4] Effective date deferred to a date to be determined and announced by MASB.

The above new MFRS Accounting Standards and amendments to MFRS Accounting Standards are not expected to have a material impact on the financial statements of the Group and of the Company in the period of initial application.

3. MATERIAL ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost basis except as disclosed in this summary of material accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

3. MATERIAL ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

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

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. **MATERIAL ACCOUNTING POLICIES** (continued)

Basis of Consolidation (continued)

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

Where the Group loses control of a subsidiary company, a gain or loss is recognised and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary company are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary company (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Business Combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. MATERIAL ACCOUNTING POLICIES (continued)

Business Combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investment in Subsidiary Companies

Investment in subsidiary companies which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

3. MATERIAL ACCOUNTING POLICIES (continued)

Investment in Associated Companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associated companies are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associated companies are initially recognised in the statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associated companies, less any impairment in the value of individual investments. When the Group's share of losses of an associated company exceeds the Group's interest in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

An investment in an associated company is accounted for using the equity method from the date on which the investee becomes an associated company. On acquisition of the investment in an associated company, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associated company. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associated company, or when the investment is classified as held for sale. When the Group retains an interest in the former associated company and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associated company at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the associated company is included in the determination of the gain or loss on disposal of the associated company. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associated company on the same basis as would be required if that associated company had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associated company would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. MATERIAL ACCOUNTING POLICIES (continued)

Investment in Associated Companies (continued)

When the Group reduces its ownership interest in an associated company but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associated company of the Group, profits or losses resulting from the transactions with the associated company are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associated company that are not related to the Group.

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract or implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange of transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which they will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling price of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue from the sales of building materials, steel products, lubricants, petroleum products, automotive products and consumer products is recognised upon delivery of goods and the control of the goods has been transferred to the customers, net of discounts and returns.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Sales of goods that result in award credits for customers, under the Group's customer loyalty programmes, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value - the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction - but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

Revenue from the provision of training services is recognised when the services are performed, net of service taxes and discounts.

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

Employee Benefits

(i) **Short-term employee benefits**

Wages, salaries, paid annual leaves, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) **Defined contribution plans**

The Company and certain subsidiary companies make statutory contributions to approved provident funds and the contributions are charged to profit or loss. The approved provident funds are defined contribution plans. The Group's foreign incorporated subsidiary companies and its eligible employees also made contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, there are no further payment obligations.

Taxation

Tax expense for the year comprises current and deferred tax.

<u>Current tax</u>

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods are recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

3. MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax

Deferred tax is accounted for, using the "liability" method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity.

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 by the same tax authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

Foreign Currency Conversion

The individual financial statements of each foreign subsidiary company are presented in the currency of the primary economic environment in which such entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation adjustment reserve account. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

3. MATERIAL ACCOUNTING POLICIES (continued)

Foreign Currency Conversion (continued)

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

Impairment of Assets Excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

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

Freehold land and capital work-in-progress are not depreciated. Depreciation of other property, plant and equipment is computed on the straight-line method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

Buildings	2% - 18%
Plant and machinery	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	18% - 25%
Office renovation	20%

The estimated useful life, residual value and depreciation method of the assets are reviewed at the end of each reporting period and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

3. MATERIAL ACCOUNTING POLICIES (continued)

Assets Acquired Under Hire-Purchase Arrangements

Assets acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Capitalisation of Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Investment Properties

Investment properties, comprising certain freehold and leasehold land and buildings and economic land concessions (work-in-progress), are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost, less accumulated depreciation and any impairment losses.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Freehold land and economic land concessions within investment properties are not depreciated. Leasehold land is depreciated over the lease term at an annual rate of 2%.

Buildings are depreciated on the straight-line method at an annual rate of 2%.

Inventories

Trading merchandise, finished goods, raw materials, fuel and lubricants, and other inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost represents the original purchase price plus the incidental cost incurred in bringing the inventories to their present location and condition. The cost of finished goods includes cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

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.

In arriving at net realisable value, due allowance is made for damaged, obsolete or slow-moving inventories.

3. MATERIAL ACCOUNTING POLICIES (continued)

Provisions

Provisions are made when the Group or the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Directors' best estimate of the amount required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

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

Segment Reporting

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

Contract Costs

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs. These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the assets relate. An impairment loss is recognised in profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

The Group applies the practical expedient in paragraph 94 of MFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

Contract Liabilities

Contract liabilities are stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received from the customers.

Financial Guarantee Contracts

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

Financial guarantee contract liabilities are initially measured at their fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance determined in accordance with MFRS 9 *Financial Instruments*; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

3. MATERIAL ACCOUNTING POLICIES (continued)

Contingent Liabilities

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Statements of Cash Flows

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

Cash and cash equivalents which comprise deposits and cash and bank balances are short-term, highly liquid investments that are readily convertible to cash with insignificant risks of changes in value.

Financial Instruments

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus transaction cost that are directly attributable to its acquisition or issuance. A trade receivable without significant financing component is initially measured at the transaction price.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as hedging instrument.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that is not held primarily for trading purposes are presented as current or non-current assets based on the settlement date.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets (continued)

(b) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model with the objective to hold assets to collect contractual cash flows and their contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the assets are derecognised, modified or impaired.

Financial assets at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current assets.

Interest income is recognised by applying effective interest rate to the gross carrying amount, where applicable, except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(c) Financial assets at fair value through other comprehensive income ("FVTOCI")

Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Impairment of financial assets

The Group and the Company recognise loss allowance for expected credit losses on financial asset measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group and the Company consider past loss experience and observable data such as current changes and future forecast in economic changes to estimate the amount of expected impairment loss. The methodology assumptions including any forecast of future economic conditions are reviewed regularly.

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

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially of full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. When a receivable is considered uncollectible, it is written off against the allowance account.

For other receivables, the Group and the Company measure loss allowance at an amount equal to 12-month expected credit loss if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

For financial guarantee contracts, the date that the Group and the Company become a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group and the Company consider the changes in the risk that the specified debtor will default on the contract.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial liabilities

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

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The measurement of financial liabilities depends on their classification.

Financial liabilities subsequently measured at amortised cost

The Group's and the Company's financial liabilities subsequently measured at amortised cost include trade payables, other payables (including inter-company indebtedness) and loans and borrowings.

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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

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

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

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases

As a lessor

The Group and the Company enter into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group and the Company are a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

As a lessee

The Group, as lessee, assesses at inception of the contract whether a contract is or contains a lease.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(i) **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to their short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. MATERIAL ACCOUNTING POLICIES (continued)

Lease liabilities (continued)

(ii) **Right-of-use assets**

The Group recognises the right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use asset includes the amount of lease liabilities recognised and lease payments made on or before the commencement day. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term or useful lives. The estimated useful lives of the asset based on the lease terms are as follows:

Buildings	2 to 5 years

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except as disclosed below:

(a) **Impairment of receivables**

Assessment of impairment for receivables is made based on the evaluation of collectability and ageing analysis of accounts and on management's estimate of, amongst others, the quantum and timing of cash flows. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the judgement about the creditworthiness of the debtors and the past collection history of each customer. If the financial conditions of the customers were to deteriorate such that the ability of the customers to make repayments is affected, additional allowance for impairment loss may be required.

As at 31 December 2024, the Group has trade and other receivables from two (2023: two) major related parties, namely, Lion DRI Sdn Bhd ("Lion DRI") and Graimpi Sdn Bhd (In liquidation) ("Graimpi"). Both of these companies are wholly-owned subsidiaries of Lion Diversified Holdings Berhad (In liquidation), a company in which Tan Sri Cheng Heng Jem has substantial interest.

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Trade receivables - Lion DRI	**52,007**	52,007
Other receivables - Graimpi	**103,730**	103,730
	155,737	155,737
Less: Accumulated impairment losses	**(155,737)**	(155,737)
Net	**-**	-

In view that Lion DRI had stopped operation since the previous financial years and the ability of Lion DRI to generate sufficient cash flows to repay its debts to the Group is in doubt and Graimpi is in liquidation, the Directors are of the opinion that full impairment losses need to be made on these outstanding amounts.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

(b) **Impairment of investment properties**

The Group has investment properties, which comprise mainly freehold land, leasehold land and economic land concessions ("ELC") in Cambodia of RM114,552,000 (2023: RM118,104,000). Significant judgement is exercised in determining the manner in which the recovery of the said investment properties could be made and the amounts that could be realised. The amount expected to be recovered for the said investment properties was determined based on the fair value less cost to sell, by references to the latest valuations carried out by independent firms of professional valuers.

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

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

(a) **Impairment of non-current assets**

Determining whether assets are impaired requires an estimation of the recoverable amounts of the assets. As at 31 December 2024, the Group and the Company recognised accumulated impairment losses in respect of the following:

	The Group		**The Company**	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	-	664	-	-
Investment in subsidiary companies	-	-	**411,153**	411,153
Other investments	**52,771**	52,797	-	-

Management exercises its judgement in estimating the recoverable amounts of these assets.

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU") will be assessed. The assessment of recoverable amounts involves various methodologies.

In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group makes estimates and assumptions that require significant judgements. While the Group believes these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Group's financial position and results.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

(b) **Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits.

(c) **Provision for expected credit losses ("ECL") of trade receivables**

The Group and the Company use the simplified approach in calculating loss allowances for trade receivables by applying an ECL rate. Significant estimate is required in determining the impairment of trade receivables. Impairment loss measured based on the expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's and Company's past collection records, existing market conditions as well as forward looking estimates as at the end of the reporting period.

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:				
Sales of goods	**750,858**	753,532	-	-
Services rendered	**2,227**	1,605	-	-
	753,085	755,137	-	-
Revenue from other sources:				
Dividend income from subsidiary companies	-	-	**9,400**	6,000
	753,085	755,137	**9,400**	6,000
Timing of revenue recognition:				
Revenue from contracts with customers:				
At a point in time	**750,858**	753,532	-	-
Over time	**2,227**	1,605	-	-
	753,085	755,137	-	-

The Group and the Company do not have any remaining performance obligations that are more than one year.

6. PROFIT FROM OPERATIONS

Profit from operations is arrived at after crediting/(charging) the following:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Interest income on:				
Fixed deposits with licensed banks	**940**	795	**12**	66
Others	**2,856**	1,722	-	-
	3,796	2,517	**12**	66
Gain on disposal of property, plant and equipment	**199**	62	-	-
Gain on waiver of amount owing to subsidiary companies	-	-	**11,102**	-
Dividend income from:				
Investment in money market funds	**87**	83	-	-
Unquoted investments	-	62	-	-
Rental income from:				
Investment properties rented to:				
Subsidiary companies	-	-	**6**	10
Third parties	**1,092**	514	**14**	14
Others	**1,081**	1,047	-	-

6. PROFIT FROM OPERATIONS (continued)

Profit from operations is arrived at after crediting/(charging) the following:

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Bad debts recovered	**34**	94	-	-
Government grant	-	10	-	-
Auditors' remuneration:				
Statutory audit:				
Auditors of the Company:				
Current year	**(270)**	(250)	**(110)**	(101)
Other auditors	**(37)**	(40)	-	-
Non-audit services	**(8)**	(8)	**(8)**	(8)
Allowance for slow-moving and obsolete inventories	**(257)**	(223)	-	-
Fair value loss on financial assets measured at amortised cost	**(5,000)**	-	**(5,000)**	-
Property, plant and equipment written off	**(2)**	-	-	-

Staff costs include salaries, bonuses, contribution to defined contribution plans and all other staff related expenses. Contributions to defined contribution plans by the Group and by the Company amounted to RM3,289,000 and RM18,000 (2023: RM2,830,000 and RM17,000), respectively.

Directors' remuneration charged to profit or loss for the financial year is as follows:

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fees:				
Executive Director	**20**	20	**20**	20
Non-executive Directors	**149**	150	**149**	150
	169	170	**169**	170
Salaries and other emoluments:				
Executive Director	**4**	4	**4**	4
Non-executive Directors	**33**	28	**33**	28
	37	32	**37**	32
	206	202	**206**	202

7. FINANCE COSTS

Finance costs represent:

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Interest expenses on:				
Lease liabilities	**463**	341	**-**	-
Hire-purchase payables	**-**	3	**-**	-
Bank borrowings	**1,556**	1,415	**173**	159
Others	**563**	-	**-**	-
	2,582	1,759	**173**	159

8. TAX EXPENSE

Tax expense consists of the following:

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Estimated tax payable:				
Current	**(4,213)**	(3,339)	**(5)**	(11)
Over/(Under) provision in prior years	**171**	986	**-**	(3)
	(4,042)	(2,353)	**(5)**	(14)
Deferred tax (Note 16):				
Current	**168**	(141)	**-**	-
Over/(Under) provision in prior years	**127**	(239)	**-**	-
	295	(380)	**-**	-
	(3,747)	(2,733)	**(5)**	(14)

8. TAX EXPENSE (continued)

A numerical reconciliation of tax expense applicable to profit before tax at the applicable statutory income tax rate to tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax	**14,546**	16,285	**17,425**	3,020
Tax at applicable tax rate of 24% (2023: 24%)	**(3,491)**	(3,908)	**(4,182)**	(725)
Tax effects of:				
Non-deductible expenses	**(2,681)**	(2,017)	**(746)**	(742)
Non-taxable income	**1,012**	2,310	**4,923**	1,456
Tax effects on share of results of associated companies	**216**	(22)	**-**	-
Deferred tax assets not recognised	**(57)**	(145)	**-**	-
Utilisation of deferred tax assets not recognised previously	**956**	302	**-**	-
Over/(Under) provision in prior years:				
Income tax	**171**	986	**-**	(3)
Deferred tax	**127**	(239)	**-**	-
	(3,747)	(2,733)	**(5)**	(14)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unabsorbed capital allowances which would give rise to net deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. As at 31 December 2024, the estimated amount of deductible temporary differences, unused tax losses and unabsorbed capital allowances, for which the net deferred tax assets are not recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Deductible temporary differences arising from:		
Trade and other receivables	**12,563**	8,324
Others	**1,826**	1,663
Unused tax losses and unabsorbed capital allowances	**243,379**	251,526
	257,768	261,513

The availability of the unused tax losses and unabsorbed capital allowances for offsetting future taxable profits of the respective subsidiary companies is subject to agreement with the tax authorities.

In accordance with the provision of the Finance Act 2021, the time period of carrying forward unused tax losses is ten years, for which, any excess at the end of the tenth year, will be disregarded.

8. TAX EXPENSE (continued)

The expiry of the unused tax losses is as follows:

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Unused tax losses:		
- Expire by 31 December 2028	**239,113**	247,401
- Expire by 31 December 2029	**487**	487
- Expire by 31 December 2030	**648**	648
- Expire by 31 December 2031	**974**	974
- Expire by 31 December 2032	**398**	400
- Expire by 31 December 2034	**131**	-
	241,751	249,910

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share of the Group has been calculated by dividing profit for the year attributable to owners of the Company by the average number of ordinary shares in issue (net of treasury shares) during the year.

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Profit attributable to owners of the Company	**10,799**	13,553
	2024	**2023**
	'000	**'000**
Weighted average number of ordinary shares in issue	**227,827**	227,827
	2024	**2023**
	sen	**sen**
Basic earnings per share	**4.74**	5.95

(b) Diluted

The basic and diluted earnings per share are equal as the Company has no dilutive potential ordinary shares at the end of the reporting period.

10. PROPERTY, PLANT AND EQUIPMENT

COST

The Group	As at 1 January 2023 RM'000	Additions RM'000	Disposals RM'000	Write-offs RM'000	Currency translation RM'000	As at 31 December 2023 RM'000
Freehold land	4,777	-	-	-	-	4,777
Freehold buildings	8,970	190	-	-	-	9,160
Plant and machinery	28,177	856	(1,086)	-	391	28,338
Office equipment, furniture and fittings	6,017	148	(12)	(1)	3	6,155
Motor vehicles	2,605	-	(110)	-	24	2,519
Office renovation	495	3	-	-	-	498
Capital work-in-progress	24,448	-	-	-	-	24,448
	75,489	1,197	(1,208)	(1)	418	75,895

	As at 1 January 2024 RM'000	Additions RM'000	Disposals RM'000	Write-offs RM'000	Currency translation RM'000	As at 31 December 2024 RM'000
Freehold land	**4,777**	**-**	**-**	**-**	**-**	**4,777**
Freehold buildings	**9,160**	**-**	**-**	**-**	**-**	**9,160**
Plant and machinery	**28,338**	**457**	**(951)**	**(1,519)**	**(234)**	**26,091**
Office equipment, furniture and fittings	**6,155**	**90**	**(101)**	**(1,605)**	**(1)**	**4,538**
Motor vehicles	**2,519**	**9**	**-**	**(222)**	**(14)**	**2,292**
Office renovation	**498**	**6**	**-**	**-**	**-**	**504**
Capital work-in-progress	**24,448**	**2,031**	**-**	**-**	**-**	**26,479**
	75,895	**2,593**	**(1,052)**	**(3,346)**	**(249)**	**73,841**

10. PROPERTY, PLANT AND EQUIPMENT (continued)

ACCUMULATED DEPRECIATION

The Group	As at 1 January 2023 RM'000	Charge for the year RM'000	Disposals RM'000	Write-offs RM'000	Currency translation RM'000	As at 31 December 2023 RM'000
Freehold land	-	-	-	-	-	-
Freehold buildings	3,684	181	-	-	-	3,865
Plant and machinery	24,122	1,639	(1,003)	-	368	25,126
Office equipment, furniture and fittings	4,814	334	(12)	(1)	1	5,136
Motor vehicles	2,117	147	(44)	-	24	2,244
Office renovation	332	42	-	-	-	374
Capital work-in-progress	-	-	-	-	-	-
	35,069	2,343	(1,059)	(1)	393	36,745

	As at 1 January 2024 RM'000	Charge for the year RM'000	Disposals RM'000	Write-offs RM'000	Currency translation RM'000	As at 31 December 2024 RM'000
Freehold land	-	-	-	-	-	-
Freehold buildings	**3,865**	**181**	-	-	-	**4,046**
Plant and machinery	**25,126**	**1,130**	**(906)**	**(1,512)**	**(232)**	**23,606**
Office equipment, furniture and fittings	**5,136**	**336**	**(97)**	**(1,603)**	**(1)**	**3,771**
Motor vehicles	**2,244**	**88**	-	**(222)**	**(14)**	**2,096**
Office renovation	**374**	**44**	-	-	-	**418**
Capital work-in-progress	-	-	-	-	-	-
	36,745	**1,779**	**(1,003)**	**(3,337)**	**(247)**	**33,937**

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group	ACCUMULATED IMPAIRMENT LOSSES						CARRYING AMOUNT	
	As at 1 January 2023 RM'000	Reversal RM'000	As at 31 December 2023/ 1 January 2024 RM'000	Reversal RM'000	Write-offs RM'000	As at 31 December 2024 RM'000	As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
Freehold land	-	-	-	-	-	-	**4,777**	4,777
Freehold buildings	-	-	-	-	-	-	**5,114**	5,295
Plant and machinery	804	(168)	**636**	**(629)**	**(7)**	-	**2,485**	2,576
Office equipment, furniture and fittings	28	-	**28**	**(28)**	-	-	**767**	991
Motor vehicles	-	-	-	-	-	-	**196**	275
Office renovation	-	-	-	-	-	-	**86**	124
Capital work-in-progress	-	-	-	-	-	-	**26,479**	24,448
	832	(168)	**664**	**(657)**	**(7)**	-	**39,904**	38,486

Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use, with a cost of approximately RM15,649,000 (2023: RM18,865,000).

As at 31 December 2024, the freehold land of the Group and of the Company with carrying amount of RM4,777,000 (2023: nil) is pledged with a financial institution for banking facilities extended to the Group (Note 26).

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company	COST As at 1 January 2023/ 31 December 2023/ 1 January 2024 RM'000	As at 31 December 2024 RM'000
Freehold land	**4,777**	**4,777**
Office equipment, furniture and fittings	**19**	**19**
Office renovation	**87**	**87**
	4,883	**4,883**

The Company	ACCUMULATED DEPRECIATION As at 1 January 2023 RM'000	Charge for the year RM'000	As at 31 December 2023 RM'000
Freehold land	-	-	-
Office equipment, furniture and fittings	17	2	19
Office renovation	24	17	41
	41	19	60

	As at 1 January 2024 RM'000	Charge for the year RM'000	As at 31 December 2024 RM'000
Freehold land	**-**	**-**	**-**
Office equipment, furniture and fittings	**19**	**-**	**19**
Office renovation	**41**	**18**	**59**
	60	**18**	**78**

The Company	CARRYING AMOUNT As at 31 December 2024 RM'000	As at 31 December 2023 RM'000
Freehold land	**4,777**	4,777
Office equipment, furniture and fittings	**-**	-
Office renovation	**28**	46
	4,805	4,823

11. RIGHT-OF-USE ASSETS

	The Group Buildings 2024 RM'000	2023 RM'000
Cost		
At beginning of year	**10,864**	4,478
Addition	**297**	6,483
Expiry and termination of lease	**(1,320)**	(97)
Lease modification	**(449)**	-
At end of year	**9,392**	10,864
Accumulated depreciation		
At beginning of year	**2,994**	1,305
Charge for the year	**1,811**	1,786
Expiry and termination of lease	**(1,320)**	(97)
At end of year	**3,485**	2,994
Accumulated impairment losses		
At beginning of year	-	-
Charge for the year	**127**	-
At end of year	**127**	-
Carrying amount	**5,780**	7,870

The Group leases several buildings. The lease term ranges from 2 to 5 years (2023: 2 to 5 years).

During the year, amounts recognised in profit or loss are as follows:

	The Group 2024 RM'000	2023 RM'000
Depreciation of right-of-use assets	**1,811**	1,786
Interest expense on lease liabilities	**463**	341
Expense relating to lease of short-term leases	**454**	411

12. INVESTMENT PROPERTIES

The Group	Freehold land RM'000	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Work-in-progress RM'000	Total RM'000
Cost					
As at 1 January 2023	52,276	462	22,218	39,785	114,741
Currency translation	2,378	-	991	1,810	5,179
As at 31 December 2023/ 1 January 2024	**54,654**	**462**	**23,209**	**41,595**	**119,920**
Currency translation	**(1,439)**	-	**(599)**	**(1,095)**	**(3,133)**
As at 31 December 2024	**53,215**	**462**	**22,610**	**40,500**	**116,787**
Accumulated depreciation					
As at 1 January 2023	-	221	643	-	864
Charge for the year	-	9	464	-	473
Currency translation	-	-	19	-	19
As at 31 December 2023/ 1 January 2024	-	**230**	**1,126**	-	**1,356**
Charge for the year	-	**9**	**452**	-	**461**
Currency translation	-	-	**(24)**	-	**(24)**
As at 31 December 2024	-	**239**	**1,554**	-	**1,793**
Carrying amount					
As at 31 December 2023	54,654	232	22,083	41,595	118,564
As at 31 December 2024	**53,215**	**223**	**21,056**	**40,500**	**114,994**
Fair value					
As at 31 December 2023	78,124	410	38,052	Note a	
As at 31 December 2024	**76,067**	**410**	**37,724**	**Note a**	

12. INVESTMENT PROPERTIES (continued)

The Company	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
Cost			
As at 1 January 2023/31 December 2023 1 January 2024/31 December 2024	**462**	**444**	**906**
Accumulated depreciation			
As at 1 January 2023	221	207	428
Charge for the year	9	9	18
As at 31 December 2023/1 January 2024	**230**	**216**	**446**
Charge for the year	**9**	**9**	**18**
As at 31 December 2024	**239**	**225**	**464**
Carrying amount			
As at 31 December 2023	232	228	460
As at 31 December 2024	**223**	**219**	**442**
Fair value			
As at 31 December 2023/31 December 2024	**410**	**760**	**1,170**

The income earned by the Company from the rental of investment properties to subsidiary companies and third parties amounted to RM6,000 and RM14,000 (2023: RM10,000 and RM14,000) respectively.

The income earned by the Group from the rental of investment properties to third parties amounted to RM1,092,000 (2023: RM514,000).

Direct operating expenses pertaining to the investment properties of the Group and of the Company that generated rental income during the year amounted to RM5,000 (2023: RM5,000). Direct operating expenses incurred by the Group and the Company for investment properties that did not generate any rental income during the financial year amounted to RM5,000 (2023: RM6,000).

The fair value of investment properties were determined based on the valuations performed by accredited independent firm of professional valuers. The valuation conforms to International Valuation Standards. The fair value measurement for all the investment properties has been categorised as Level 3 fair value based on the market comparable approach that reflects recent transaction prices for similar properties. The key inputs under this approach are the price per square metre from the most recent sales of comparable properties in the area (location and size). In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the financial year.

Note a

Work-in-progress comprises mainly economic land concessions ("ELC") in Cambodia. The lease agreements for the ELC which determine the lease period of the land, which management is pursuing, have yet to be obtained. The fair values of the ELC are not reasonably determinable until the ELC are converted into leasehold land. Based on the market evidence of transaction prices for leasehold land by the independent firm of professional valuers in March 2025 (2023: March 2024), the Directors have concluded there is no impairment for the ELC.

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2024 RM'000	The Company 2023 RM'000
Unquoted shares - at cost	**429,554**	400,842
Capital contribution	**355,000**	355,000
Less: Accumulated impairment losses	**(411,153)**	(411,153)
Net	**373,401**	344,689

Movement in the accumulated impairment losses

	The Company 2024 RM'000	The Company 2023 RM'000
At beginning and end of year	**411,153**	411,153

(a) Amount owing by subsidiary companies

Amount owing by subsidiary companies which arose mainly from expenses paid on behalf and unsecured advances is interest-free, repayable on demand and expected to be settled in cash. The amount owing by subsidiary companies is denominated in Ringgit Malaysia.

During the financial year, the Company capitalised inter-company balances of RM28,712,000 (2023: nil) owing by its subsidiary companies by way of subscriptions of ordinary shares in its subsidiary companies.

(b) Amount owing to subsidiary companies

Amount owing to subsidiary companies which arose mainly from expenses paid on behalf and unsecured advances is interest-free, repayable on demand and expected to be settled in cash.

During the financial year, amounts owing to certain subsidiary companies totalling RM11,102,000 (2023: nil) was waived by the subsidiary companies.

The subsidiary companies are as follows:

Name of companies	Principal place of business and place of incorporation	Percentage ownership 2024 %	Percentage ownership 2023 %	Principal activities
Gama Harta Sdn Bhd (Dissolved on 16 December 2024)	Malaysia	-	100	Investment holding
Intra Inspirasi Sdn Bhd	Malaysia	**100**	100	Investment holding
Lion AMB Resources Sdn Bhd #	Malaysia	**100**	100	Investment holding
LFIB Agriculture (Cambodia) Sdn Bhd	Malaysia	**100**	100	Investment holding
Lion Petroleum Products Sdn Bhd	Malaysia	**100**	100	Manufacturing of petroleum products
Posim Marketing Sdn Bhd	Malaysia	**100**	100	Trading and distribution of building materials and steel products

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies are as follows: (continued)

Name of companies	Principal place of business and place of incorporation	Percentage ownership 2024 %	2023 %	Principal activities
Posim Petroleum Marketing Sdn Bhd	Malaysia	**100**	100	Trading, distribution and e-commerce of petroleum and automotive products
Lion Waterfront Sdn Bhd #	Malaysia	**100**	100	Property development
Subsidiary company of Intra Inspirasi Sdn Bhd				
Brands Pro Management Sdn Bhd	Malaysia	**100** (2)	100 (1)	Distribution and retailing of ACCA KAPPA products and other beauty and fashion brands
Subsidiary companies of LFIB Agriculture (Cambodia) Sdn Bhd ("BVI Companies")				
Bright Triumph Investments Limited ^	British Virgin Islands	**100**	100	Investment holding
Distinct Harvest Limited ^	British Virgin Islands	**100**	100	Investment holding
Double Merits Enterprise Limited ^	British Virgin Islands	**100**	100	Investment holding
Elite Image Investments Limited ^	British Virgin Islands	**100**	100	Investment holding
Eminent Elite Investments Limited ^	British Virgin Islands	**100**	100	Investment holding
Green Choice Holdings Limited ^	British Virgin Islands	**100**	100	Investment holding
Radiant Elite Holdings Limited ^	British Virgin Islands	**100**	100	Investment holding
Up Reach Limited ^	British Virgin Islands	**100**	100	Investment holding

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies are as follows: (continued)

Name of companies	Principal place of business and place of incorporation	Percentage ownership 2024 %	2023 %	Principal activities
Subsidiary companies of BVI Companies				
Bright Triumph (Cambodia) Co., Limited ^	Cambodia	**100**	100	Investment and development in agriculture
Distinct Harvest (Cambodia) Co., Ltd ^	Cambodia	**100**	100	Investment and development in agriculture
Hi-Rev Lubricants (Cambodia) Co., Ltd ^	Cambodia	**100**	100	Wholesale of petroleum products and related products
Eminent Elite (Cambodia) Co., Ltd ^	Cambodia	**100**	100	Investment and development in agriculture
Green Choice (Cambodia) Co., Limited ^	Cambodia	**100**	100	Investment and development in agriculture
Radiant Elite (Cambodia) Co., Ltd ^	Cambodia	**100**	100	Investment and development in agriculture
Up Reach (Cambodia) Co., Limited ^ (In voluntary liquidation)	Cambodia	**100**	100	Investment and development in agriculture
Subsidiary companies of Lion AMB Resources Sdn Bhd				
AMB Venture Sdn Bhd #	Malaysia	**100**	100	Investment holding
CeDR Corporate Consulting Sdn Bhd #	Malaysia	**100**	100	Provision of training services

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies are as follows: (continued)

Name of companies	Principal place of business and place of incorporation	Percentage ownership 2024 %	2023 %	Principal activities
Subsidiary companies of AMB Venture Sdn Bhd				
Chrome Marketing Sdn Bhd #	Malaysia	**100**	100	Investment holding
Lion Tyre Venture Sdn Bhd # (Dissolved on 27 March 2025)	Malaysia	**100**	100	Ceased operations
Range Grove Sdn Bhd #	Malaysia	**100**	100	Investment holding
Subsidiary company of Range Grove Sdn Bhd				
Shanghai AMB Management Consulting Co Ltd #	People's Republic of China	**100**	100	Provision of management services

\# The financial statements of these companies are audited by auditors other than the auditors of the Company.

^ These subsidiary companies are inactive presently and no statutory requirement for the financial statements to be audited at the end of the financial year.

(1) Held by Gama Harta Sdn Bhd.

(2) During the financial year, Intra Inspirasi Sdn Bhd ("Intra") acquired 100% equity interest in Brands Pro Management Sdn Bhd ("Brands Pro") from Gama Harta Sdn Bhd for a total cash consideration of RM1. Consequently, Brands Pro became a wholly-owned subsidiary company of Intra.

Dissolution of a subsidiary company, Well Morning Limited

In the previous financial year, the Group recognised a gain of RM8,586,000 to profit or loss, arising from the realisation of exchange translation reserve from the dissolution of a foreign subsidiary company.

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Composition of the Group

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

Principal activities	Principal place of business and place of incorporation	Number of wholly-owned subsidiary companies 2024	2023
Building materials and steel products	Malaysia	**1**	1
Lubricants, petroleum products and automotive products	Malaysia	**2**	2
	Cambodia	**1**	1
Investment holding and others	Malaysia	**10**	11
Investment holding	British Virgin Islands	**8**	8
Investment and development in agriculture and others	Cambodia	**6**	6
Provision of management services	People's Republic of China	**1**	1
		29	30

14. INVESTMENT IN ASSOCIATED COMPANIES

	The Group 2024 RM'000	The Group 2023 RM'000
At cost		
Quoted investment outside Malaysia	**83,486**	83,486
Unquoted investment outside Malaysia	**-**	3,212
	83,486	86,698
Share of post-acquisition results and reserves less dividend received	**(56,207)**	(57,470)
	27,279	29,228
Market value of quoted investment outside Malaysia	**23,466**	29,510

The associated companies are as follows:

Name of companies	Financial year-end	Principal place of business and place of incorporation	Percentage ownership 2024 %	Percentage ownership 2023 %	Principal activities
Lion Asiapac Limited #	30 June	Singapore	**36.68**	36.68	Investment holding
Renor Pte Ltd # (Dissolved on 1 April 2024)	30 June	Singapore	-	20	Investment holding

\# The financial statements of all the associated companies are audited by auditors other than the auditors of the Company.

Management assesses whether there are any indications of impairment and exercises judgment in estimating the recoverable amount of the investment in associated companies. When an indication of impairment exists, the recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), is assessed.

As at 31 December 2024, the market value of Lion Asiapac Limited's ("LAP") shares held by the Group was below its carrying amount. Consequently, the Group conducted an impairment test. The recoverable amount was determined based on VIU calculations using cash flow projections over a five-year period. Cash flows beyond that five-year period had been extrapolated using a terminal growth rate of 2% (2023: nil). A pre-tax discount rate of 10% (2023: nil) was applied to the cash flow projections. All the above key assumptions were based on management's industry and historical information. As the recoverable amount exceeds the carrying amount, no impairment loss is required.

14. INVESTMENT IN ASSOCIATED COMPANIES (continued)

Summarised financial information in respect of the Group's material associated company, LAP (quoted outside Malaysia) and reconciliation of the information to the carrying amount of the Group's interest in the associated company, are set out below:

	2024 RM'000	2023 RM'000
Assets and Liabilities		
Non-current assets	**24,511**	14,280
Current assets	**218,914**	233,569
Non-current liabilities	**(4,647)**	(5,642)
Current liabilities	**(37,233)**	(35,153)
Non-controlling interests	**(3,947)**	(4,141)
	197,598	202,913
Results		
Revenue	**124,805**	121,518
Profit/(Loss) for the year	**2,452**	(247)
Group's share of profit/(loss) of associated company	**899**	(91)
Foreign currency translation differences and Group's share of other comprehensive (loss)/income of associated company	**(2,851)**	3,621
Reconciliation of net assets to carrying amount		
Group's share of net assets	**72,479**	74,428
Other adjustments on equity	**(45,200)**	(45,200)
Carrying amount in the Group's statement of financial position	**27,279**	29,228

The Group's share of results of an associated company, Renor Pte Ltd, which was dissolved during the year, has been recognised to the extent of the carrying amount of the investment. The cumulative unrecognised share of losses was RM26.7 million in the previous year.

15. OTHER INVESTMENTS

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Fair value through other comprehensive income				
Investment in Malaysia:				
Quoted shares	**12,040**	15,400	**12,040**	15,400
Unquoted shares	**906**	906	**3**	3
Unquoted investments	**293**	380	**-**	-
	13,239	16,686	**12,043**	15,403
Amortised cost				
Unquoted bonds (at cost, adjusted for accretion of interest)	**52,771**	52,797	**-**	-
Less: Accumulated impairment losses	**(52,771)**	(52,797)	**-**	-
	-	-	**-**	-
	13,239	16,686	**12,043**	15,403
Market value of quoted investments in Malaysia	**12,040**	15,400	**12,040**	15,400

Investment in unquoted bonds of the Group bears yield-to-maturity at 4.75% (2023: 4.75%) per annum.

As at 31 December 2024, the quoted shares of the Group and of the Company with carrying amount of RM12,040,000 (2023: nil) has been charged as collateral to a financial institution for banking facilities extended to the Group (Note 26).

Movement in accumulated impairment losses

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
At beginning of year	**52,797**	52,803	**-**	-
Reversal	**(26)**	(6)	**-**	-
At end of year	**52,771**	52,797	**-**	-

16. DEFERRED TAX ASSETS/LIABILITIES

	The Group 2024 RM'000	The Group 2023 RM'000
At beginning of year	**8,855**	9,235
Transfer from/(to) profit or loss (Note 8):		
Property, plant and equipment	**(52)**	(238)
Inventories	**26**	(22)
Other payables and accrued expenses	**230**	(160)
Others	**91**	40
	295	(380)
At end of year	**9,150**	8,855

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Company's accounting policy. The following is the analysis of the deferred tax balances (after offsetting) for statements of financial position purposes:

	The Group 2024 RM'000	The Group 2023 RM'000
Deferred tax assets	**9,429**	9,212
Deferred tax liabilities	**(279)**	(357)
	9,150	8,855

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

	The Group 2024 RM'000	The Group 2023 RM'000
Deferred tax assets		
Temporary differences arising from:		
Property, plant and equipment	**66**	148
Inventories	**261**	235
Other payables and accrued expenses	**9,274**	9,044
Others	**153**	80
	9,754	9,507
Offsetting	**(325)**	(295)
Deferred tax assets (after offsetting)	**9,429**	9,212
Deferred tax liabilities		
Temporary differences arising from:		
Property, plant and equipment	**587**	617
Others	**17**	35
	604	652
Offsetting	**(325)**	(295)
Deferred tax liabilities (after offsetting)	**279**	357

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary company of Amsteel Mills Sdn Bhd, a private limited liability company incorporated in Malaysia. The Directors regard Lion Industries Corporation Berhad, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate holding company.

(a) Amount owing by immediate holding company arose mainly from trade transactions which have a credit period of 60 days (2023: 60 days) with normal trade terms and expected to be settled in cash.

(b) Amount owing by other related companies, which arose mainly from trade transactions and unsecured advances, are interest-free, repayable on demand and expected to be settled in cash. Trade amounts are subject to normal trade terms with a credit period of 60 days (2023: 60 days). An amount of RM87,951,000 (2023: RM99,551,000) is repayable on demand and interest-free, but not expected to be paid within 12 months.

As at 31 December 2024, the Group and the Company have significant concentration of credit risk in respect of amount owing by other related companies. Of the amount owing by other related companies of the Group and of the Company, RM87,951,000 (2023: RM99,551,000) is due from a related company, LLB Steel Industries Sdn Bhd ("LLB Steel"), which constitutes approximately 53% (2023: 53%) of the Group's and 100% (2023: 100%) of the Company's total amount owing by other related companies. Fair value loss on financial assets measured at amortised cost amounted to RM5,000,000 (2023: nil) is recognised in profit or loss.

(c) Amount owing to other related companies, which arose mainly from trade transactions and expenses paid on behalf, are interest-free, repayable on demand and expected to be settled in cash, except for trade amounts which have a credit period of 60 days (2023: 60 days) with normal trade terms.

The Company has the following transactions with subsidiary companies during the reporting period:

		The Company	
		2024	**2023**
Name of companies	**Nature**	**RM'000**	**RM'000**
Posim Marketing Sdn Bhd	Rental income	**1**	5
Posim Petroleum Marketing Sdn Bhd	Rental income	**5**	5
Gama Harta Sdn Bhd	Gain on waiver of debts	**766**	-
AMB Venture Sdn Bhd	Gain on waiver of debts	**10,336**	-
Intra Inspirasi Sdn Bhd	Novation of debts	**103**	-
Brands Pro Management Sdn Bhd	Novation of debts	**(103)**	-

Other than those related party transactions and outstanding balances disclosed elsewhere in the financial statements, the Group and the Company have the following trade transactions with immediate holding company, other related companies and related parties during the reporting period, which were determined on terms not more favourable to the related parties than to third parties:

		The Group		The Company	
		2024	**2023**	**2024**	**2023**
Name of companies	**Nature**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
With immediate holding company:					
Amsteel Mills Sdn Bhd	Trade sales	**9,061**	16,142	-	-

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

Name of companies	Nature	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
With other related companies:					
Amsteel Mills Marketing Sdn Bhd	Trade purchases	**(270,700)**	(267,493)	-	-
Lion Group Management Services Sdn Bhd	Management fee expenses	**(2,942)**	(2,942)	**(2,164)**	(2,164)
Cendana Aset Sdn Bhd	Novation of debts	**1,026**	-	-	-
Lion Steel Sdn Bhd	Novation of debts	**(1,026)**	-	-	-
With related parties:					
Parkson Corporation Sdn Bhd	Trade sales	**1,387**	941	-	-
Lion Mining Sdn Bhd	Trade sales	**3,346**	23,647	-	-
	Trade purchases	-	(22,821)	-	-

Other than those related party transactions and outstanding balances disclosed elsewhere in the financial statements, the Group and the Company have the following non-trade transactions with subsidiary companies and other related companies during the reporting period:

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
With subsidiary companies:				
(Repayment to)/Advances from	-	-	**(8,429)**	1,327
Advances to	-	-	**(6,097)**	(17,893)
With other related companies:				
Repayment of advances to	**6,600**	5,500	**6,600**	5,500
Advances from	**772**	741	**764**	721

Other related companies refer to subsidiary companies of Lion Industries Corporation Berhad, the ultimate holding company.

Related parties refer to entities in which a Director and/or substantial shareholders of the Company or the ultimate holding company or of its subsidiary companies have interests.

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

The outstanding balances before impairment arising from the transactions with related parties are as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Receivables:				
Included in trade receivables	**118,784**	123,783	-	-
Included in other receivables	**109,760**	107,956	-	-
Payables:				
Included in trade payables	**490**	2,369	-	-

Compensation of key management personnel (other than the Directors of the Company)

Key management personnel (other than the Directors of the Company) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The remuneration of key management personnel (other than the Directors of the Company) during the reporting period are as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Salaries and other remuneration	**1,090**	1,004	**149**	119
Defined contribution plans	**87**	94	**18**	17
Benefits-in-kind	**23**	24	-	-
	1,200	1,122	**167**	136

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's and Company's statements of cash flows as cash flows from/(used in) financing activities.

	As at 1 January 2024 RM'000	Non-cash Waiver of debts RM'000	Financing cash flows RM'000	As at 31 December 2024 RM'000
The Group				
Amount owing to other related companies	**1,441**	-	**772**	**2,213**
The Company				
Amount owing to other related companies	**721**	-	**764**	**1,485**
Amount owing to subsidiary companies	**22,131**	**(11,102)**	**(8,429)**	**2,600**

17. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

Reconciliation of liabilities arising from financing activities (continued)

	As at 1 January 2023 RM'000	Financing cash flows RM'000	As at 31 December 2023 RM'000
The Group			
Amount owing to other related companies	700	741	1,441
The Company			
Amount owing to other related companies	-	721	721
Amount owing to subsidiary companies	20,804	1,327	22,131

Acquisition of land by Posim Marketing Sdn Bhd ("Posim Marketing")

On 25 November 2021, Posim Marketing, a wholly-owned subsidiary company of the Company, had entered into a conditional sale and purchase agreement with Bonus Essential Sdn Bhd ("Bonus Essential") for the acquisition of 10.879 acres of vacant freehold industrial land located at Banting Industrial City, Kuala Langat, Selangor from Bonus Essential for a cash consideration of RM26 million ("Purchase Consideration") ("Acquisition of Land").

Bonus Essential is a company in which Tan Sri Cheng Heng Jem ("TSWC") is a director and has substantial interest.

The Purchase Consideration was arrived at on a willing buyer-willing seller basis, taking into consideration the market valuation provided by Henry Butcher Malaysia Sdn Bhd.

Posim Marketing has lodged a private caveat and lien holder's caveat on the said land. Bonus Essential has procured a personal guarantee from TSWC, its ultimate shareholder, in favour of Posim Marketing with a guaranteed sum of RM26 million to secure the repayment by Bonus Essential in the event Bonus Essential failed to complete the Acquisition of Land.

As at 31 December 2024, the carrying amount of 'capital work-in-progress' includes RM24.4 million (2023: RM24.4 million) incurred for the Acquisition of Land, which has not been reclassified to 'freehold land' under property, plant, and equipment in Note 10, as certain infrastructure works by Bonus Essential are yet to be completed.

18. INVENTORIES

	The Group	
	2024	2023
	RM'000	RM'000
Finished goods	**34**	36
Raw materials	**5,838**	6,120
Trading merchandise	**16,917**	17,218
Others	**1,568**	1,296
	24,357	24,670
Less: Allowance for slow-moving and obsolete inventories	**(1,401)**	(1,227)
Net	**22,956**	23,443

Movement in the allowance for slow-moving and obsolescence of inventories are as follows:

	The Group	
	2024	2023
	RM'000	RM'000
At beginning of year	**1,227**	1,136
Addition	**257**	223
Written off	**(83)**	(132)
At end of year	**1,401**	1,227

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

(a) Trade receivables

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Trade receivables	**352,618**	363,018	**4,345**	4,345
Less: Accumulated impairment losses	**(75,231)**	(77,120)	**(4,345)**	(4,345)
Net	**277,387**	285,898	**-**	-

Trade receivables of the Group and the Company comprise amounts receivable for the sale of goods. The credit period granted to customers ranges from 30 to 90 days (2023: 30 to 90 days).

The Group and the Company recognise impairment losses based on ECL model using the simplified approach, which measures the impairment losses at an amount equal to lifetime ECL. The ECLs on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (continued)

(a) Trade receivables (continued)

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	The Group			
	2024		2023	
	Gross trade receivables RM'000	Lifetime ECL RM'000	Gross trade receivables RM'000	Lifetime ECL RM'000
Not past due	**58,344**	**3,470**	113,444	2,430
Past due:				
1 to 30 days	**49,689**	**655**	42,318	501
31 to 60 days	**41,915**	**306**	22,313	193
More than 60 days	**202,670**	**70,800**	184,943	73,996
	352,618	**75,231**	363,018	77,120

	The Company			
	2024		2023	
	Gross trade receivables RM'000	Lifetime ECL RM'000	Gross trade receivables RM'000	Lifetime ECL RM'000
Past due:				
More than 60 days	**4,345**	**4,345**	4,345	4,345

Movement in the accumulated impairment losses

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At beginning of year	**77,120**	74,218	**4,345**	4,345
Addition	**7,518**	6,440	**-**	-
Reversal	**(1,841)**	(395)	**-**	-
Written off	**(7,566)**	(3,143)	**-**	-
At end of year	**75,231**	77,120	**4,345**	4,345

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (continued)

(a) **Trade receivables** (continued)

As at 31 December 2024, the Group has trade receivables due from a major related party, Lion DRI as follows:

	The Group	
	2024	**2023**
	RM'000	**RM'000**
Trade receivables	**52,007**	52,007
Less: Accumulated impairment losses	**(52,007)**	(52,007)
Net	**-**	-

The Group recognised an impairment loss on trade receivables due from Lion DRI a major related party, based on the assessment disclosed in Note 4(i)(a).

The trade receivables due from a related party is secured by a lienholder caveat placed on two parcels of land, with an estimated value of RM43 million (2023: RM43 million), in favour of the Group.

As at 31 December 2024, the trade receivables of a subsidiary company of RM12,113,000 (2023: RM21,744,000) has been charged as collateral to a financial institution for the bank borrowings granted to the Group (Note 26).

(b) **Other receivables, deposits and prepaid expenses**

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables	**192,149**	178,031	**107**	94
Less: Accumulated impairment losses	**(108,988)**	(108,988)	**-**	-
	83,161	69,043	**107**	94
Deposits	**6,035**	6,872	**38**	38
Prepaid expenses	**2,978**	2,744	**45**	46
	92,174	78,659	**190**	178

<u>Movement in the accumulated impairment losses</u>

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of year	**108,988**	108,912	**-**	-
Addition	**-**	76	**-**	-
At end of year	**108,988**	108,988	**-**	-

Included in the accumulated impairment losses is RM103,730,000 (2023: RM103,730,000) due from Graimpi. The Group recognised the impairment loss based on the assessment disclosed in Note 4(i)(a).

19. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (continued)

(b) Other receivables, deposits and prepaid expenses (continued)

The currency exposure profile of other receivables and deposits is as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**88,355**	75,066	**145**	132
United States Dollar	**636**	645	**-**	-
Chinese Renminbi	**205**	204	**-**	-
	89,196	75,915	**145**	132

20. INVESTMENT IN MONEY MARKET FUNDS, FIXED DEPOSITS, CASH AND BANK BALANCES

(a) Investment in money market funds

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fair value through profit or loss				
Investment in money market funds	**2,449**	2,362	**-**	-

Investment in money market funds of the Group, denominated in Ringgit Malaysia, are managed by a licensed fund management company of which amounts deposited can be withdrawn at the discretion of the Group by given a two days' notice period.

(b) Fixed deposits, cash and bank balances

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks:				
Restricted	**25,429**	26,436	**-**	-
Unrestricted	**22,364**	16,629	**102**	852
	47,793	43,065	**102**	852
Cash and bank balances:				
Unrestricted	**28,959**	26,320	**949**	873
Total fixed deposits, cash and bank balances	**76,752**	69,385	**1,051**	1,725

The above restricted fixed deposits with licensed banks of the Group are held for repayment of bank borrowings and payment of interest, commission, fees and other charges to banks as disclosed in Note 26.

20. INVESTMENT IN MONEY MARKET FUNDS, FIXED DEPOSITS, CASH AND BANK BALANCES (continued)

(b) Fixed deposits, cash and bank balances (continued)

Fixed deposits with licensed banks of the Group and of the Company earn interest at rates ranging from 1.01% to 2.85% and 1.80% to 2.60% (2023: 1.50% to 2.85% and 1.50% to 2.60%) per annum and have maturity periods ranging from 1 to 230 days and 1 to 40 days (2023: 1 to 109 days and 1 to 44 days), respectively.

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

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**47,855**	39,441	**1,036**	1,710
Chinese Renminbi	**27,090**	28,342	**-**	-
United States Dollar	**1,807**	1,602	**15**	15
	76,752	69,385	**1,051**	1,725

Fixed deposits, cash and bank balances denominated in Chinese Renminbi of a subsidiary company in the People's Republic of China ("PRC") are subject to the exchange control restrictions of the PRC. The said fixed deposits, cash and bank balances are available for use by the subsidiary company in the PRC and the exchange control restrictions are applicable only if the monies are remitted to countries outside the PRC.

21. SHARE CAPITAL

	The Group and The Company			
	2024		2023	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued share capital (no par value):				
Ordinary shares				
At beginning and end of year	**231,572**	**920,902**	231,572	920,902

22. RESERVES

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:				
Treasury shares	**(2,277)**	(2,277)	**(2,277)**	(2,277)
Translation adjustment reserve	**60,277**	67,053	**-**	-
Fair value reserve	**(19,921)**	(16,520)	**(19,880)**	(16,520)
	38,079	48,256	**(22,157)**	(18,797)
Accumulated losses	**(196,230)**	(207,029)	**(425,050)**	(442,470)
	(158,151)	(158,773)	**(447,207)**	(461,267)

Treasury shares

This amount relates to the acquisition cost of treasury shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and of its shareholders.

As at 31 December 2024, the Company held 3,745,000 (2023: 3,745,000) treasury shares at a carrying amount of RM2,276,747 (2023: RM2,276,747).

Translation adjustment reserve

Exchange differences arising from the translation of foreign controlled subsidiary companies and associated companies are taken to the translation adjustment reserve as described in the accounting policies.

Fair value reserve

Fair value reserve comprises fair value changes on revaluation of quoted and unquoted investments designated at fair value through other comprehensive income.

23. LEASE LIABILITIES

	The Group 2024 RM'000	The Group 2023 RM'000
At beginning of year	**8,518**	3,364
Addition	**297**	6,762
Expiry and termination of lease	**-**	(1)
Lease modification	**(449)**	-
Lease interest	**463**	341
Payment of lease rental	**(2,035)**	(1,948)
At end of year	**6,794**	8,518
Breakdown:		
Non-current	**5,181**	6,442
Current	**1,613**	2,076
	6,794	8,518

The minimum lease payments for the lease liabilities are payable as follows:

The Group	**Future minimum lease payments RM'000**	**Lease interest RM'000**	**Present value of minimum lease payments RM'000**
2024			
Less than one year	**1,986**	**(373)**	**1,613**
Within one to two years	**1,824**	**(286)**	**1,538**
Within two to five years	**3,946**	**(303)**	**3,643**
	7,756	**(962)**	**6,794**
2023			
Less than one year	2,536	(460)	2,076
Within one to two years	1,822	(363)	1,459
Within two to five years	5,560	(577)	4,983
	9,918	(1,400)	8,518

Total cash outflows for leases during the current financial year (including fixed, variable and short-term lease payments) of the Group amounted to RM2,489,000 (2023: RM2,359,000).

23. LEASE LIABILITIES (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from/(used in) financing activities.

The Group	As at 1 January 2024 RM'000	Non-cash item RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2024 RM'000
Lease liabilities	**8,518**	**(152)**	**(1,572)**	**(463)**	**463**	**6,794**

The Group	As at 1 January 2023 RM'000	Non-cash item RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
Lease liabilities	3,364	6,761	(1,607)	(341)	341	8,518

24. HIRE-PURCHASE PAYABLES

	The Group 2024 RM'000	The Group 2023 RM'000
Total outstanding	-	-
Less: Interest-in-suspense	-	-
Principal portion	-	-
Payable as follows:		
Within the next 12 months (shown under current liabilities)	-	-
After the next 12 months	-	-
	-	-

In the previous financial year, the interest rate implicit in these hire-purchase obligations was 4.28% per annum.

24. HIRE-PURCHASE PAYABLES (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from/(used in) financing activities.

The Group	As at 1 January 2023 RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
Hire-purchase payables	77	(77)	(3)	3	-

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES AND CONTRACT LIABILITIES

(a) Trade payables

Trade payables comprise amounts outstanding for trade purchases. The credit period ranges from 30 to 90 days (2023: 30 to 90 days).

The currency exposure profile of trade payables of the Group is as follows:

	The Group	
	2024 RM'000	2023 RM'000
Ringgit Malaysia	**40,470**	52,704
United States Dollar	**1,629**	1,568
	42,099	54,272

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES AND CONTRACT LIABILITIES (continued)

(b) Other payables and accrued expenses

Other payables and accrued expenses consist of:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Other payables	**26,861**	30,433	**108**	5,108
Accrued expenses	**19,056**	19,376	**4,910**	4,901
	45,917	49,809	**5,018**	10,009

The currency exposure profile of other payables and accrued expenses is as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**40,514**	44,250	**5,018**	10,009
Chinese Renminbi	**4,079**	4,297	**-**	-
United States Dollar	**1,324**	1,262	**-**	-
	45,917	49,809	**5,018**	10,009

(c) Contract liabilities

	The Group	
	2024	2023
	RM'000	RM'000
Customer loyalty programs	**30,544**	29,628

The contract liabilities primarily relate to the unredeemed customer loyalty credits awards.

A subsidiary company of the Group accounts for the customer loyalty award credits as a separate obligation of the sales transactions in which they are granted. The consideration received in sales transactions is allocated between the loyalty award credits and the other component of the sales. The amount allocated to the loyalty award credits is determined by reference to its fair value and is deferred until the awards are redeemed or liability is extinguished.

The following table shows the significant changes to contract liabilities during the year:

	The Group	
	2024	2023
	RM'000	RM'000
At beginning of year	**29,628**	28,794
Provision during the year	**13,118**	12,408
Utilised during the year	**(12,202)**	(11,574)
At end of year	**30,544**	29,628

26. BANK BORROWINGS

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Secured				
Term loan	**1,100**	-	-	-
Current				
Secured				
Revolving credit	**4,000**	4,000	**4,000**	4,000
Banker's acceptance, trust receipts and bills payable	**3,000**	9,000	-	-
Receivables financing	**12,113**	21,744	-	-
Term loan	**3,900**	-	-	-
	23,013	34,744	**4,000**	4,000
Unsecured				
Banker's acceptance, trust receipts and bills payable	**890**	536	-	-
	23,903	35,280	**4,000**	4,000
	25,003	35,280	**4,000**	4,000
Maturity of bank borrowings:				
Within one year	**23,903**	35,280	**4,000**	4,000
One to two years	**1,100**	-	-	-
	25,003	35,280	**4,000**	4,000

The secured revolving credit, banker's acceptance, trust receipts and bills payable of the Group and of the Company are secured by a charge on cash and bank balances of a subsidiary company.

The receivables financing of the Group is secured by trade receivables of a subsidiary company and the corporate guarantee by the Company.

The term loan pertaining to a subsidiary company is secured by the freehold land and investment in quoted shares of the Company.

The Company has given corporate guarantee of RM890,000 (2023: RM536,000) to a financial institution for the granting of the above unsecured credit facility to a subsidiary company.

The credit facilities of the Group and of the Company bore interest at rates ranging from 3.67% to 10.00% (2023: 3.46% to 5.20%) and 4.29% to 4.52% (2023: 3.87% to 4.52%) per annum, respectively.

26. BANK BORROWINGS (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the statements of cash flows as cash flows from/(used in) financing activities.

The Group	As at 1 January 2024 RM'000	Repayment RM'000	Drawdown RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2024 RM'000
Bank borrowings	35,280	(15,631)	5,354	(1,556)	1,556	25,003

The Group	As at 1 January 2023 RM'000	Repayment RM'000	Drawdown RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
Bank borrowings	18,634	(1,000)	17,646	(1,415)	1,415	35,280

The Company	As at 1 January 2024 RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2024 RM'000
Bank borrowings	4,000	-	(173)	173	4,000

The Company	As at 1 January 2023 RM'000	Financing cash flows RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2023 RM'000
Bank borrowings	3,500	500	(159)	159	4,000

27. FINANCIAL INSTRUMENTS

Capital Risk Management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since 2023.

The capital structure of the Group and of the Company consists of debt and equity of the Group and of the Company (comprising share capital and reserves).

The Group's management reviews the capital structure of the Group on a regular basis. As part of this review, the management considers the cost of capital and risk associated with each class of capital.

27. FINANCIAL INSTRUMENTS (continued)

Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Debt [(i)]	**25,003**	35,280	**4,000**	4,000
Equity [(ii)]	**762,751**	762,129	**473,695**	459,635
Debt to equity ratio	**3.3%**	4.6%	**0.8%**	0.9%

(i) Debt is defined as bank borrowings as disclosed in Note 26.

(ii) Equity includes share capital, reserves and non-controlling interests.

Material Accounting Policies

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

Categories of Financial Instruments

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Fair value through profit or loss:				
Investment in money market funds	**2,449**	2,362	-	-
Fair value through other comprehensive income:				
Quoted shares	**12,040**	15,400	**12,040**	15,400
Unquoted shares	**906**	906	**3**	3
Unquoted investments	**293**	380	-	-
Amortised cost:				
Trade receivables	**277,387**	285,898	-	-
Other receivables and refundable deposits	**89,196**	75,915	**145**	132
Amount owing by subsidiary companies	-	-	**6,898**	29,513
Amount owing by immediate holding company	**67,601**	70,648	-	-
Amount owing by other related companies	**164,464**	188,524	**87,951**	99,551
Fixed deposits, cash and bank balances	**76,752**	69,385	**1,051**	1,725
Financial liabilities at amortised cost				
Trade payables	**42,099**	54,272	-	-
Other payables and accrued expenses	**45,917**	49,809	**5,018**	10,009
Amount owing to other related companies	**2,213**	1,441	**1,485**	721
Amount owing to subsidiary companies	-	-	**2,600**	22,131
Lease liabilities	**6,794**	8,518	-	-
Bank borrowings	**25,003**	35,280	**4,000**	4,000

27. FINANCIAL INSTRUMENTS (continued)

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk, cash flow risk and liquidity risk. The Group's and the Company's financial risk management principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are formulated and approved by the Board of Directors for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuation arise.

The carrying amounts of the Group's and of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in the respective notes.

Foreign currency sensitivity analysis

The Group is mainly exposed to the foreign currency of Chinese Renminbi.

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates a gain in the other equity where the Ringgit Malaysia strengthens 10% against the relevant currency. For a 10% weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable impact on the other equity, the balances below would be negative.

	The Group		**The Company**	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other equity				
Chinese Renminbi	**(2,322)**	(2,425)	**-**	-

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

The management has performed sensitivity analysis on foreign currencies denominated monetary items and concluded the financial impact to the Group's and the Company's profit before tax is insignificant.

27. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 26. The interest rates of hire-purchase payables, which are fixed at the inception of the financing arrangements, are disclosed in Note 24.

Interest rate sensitivity analysis

The sensitivity analysis of the Group and of the Company have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and the Company's profit or loss before tax for the financial year ended 31 December 2024 would decrease or increase by RM125,000 and RM20,000 (2023: RM176,000 and RM20,000) respectively.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

Trade and other receivables and corporate guarantees

The Group is exposed to credit risk from trade and other receivables. The Group extends credit to its customers based upon careful evaluation on the customers' financial condition and credit history.

The Group and the Company are also exposed to credit risk from the amount owing by subsidiary companies, immediate holding company and other related companies. The Company is exposed to credit risk from corporate guarantee given to financial institution for the granting of credit facilities to the subsidiary companies. The Company's maximum exposure to credit risk resulting from the guarantee given to subsidiary companies, are disclosed in Note 31. The Group and the Company monitor on an ongoing basis the results of the subsidiary companies, immediate holding company, other related companies and related parties, and their repayments. As at the reporting date, there was no indication that these companies would default on repayment.

The Group's and the Company's exposure to credit risk in relation to their receivables, should all their customers fail to perform their obligations as at 31 December 2024, is the carrying amount of these receivables as disclosed in the statements of financial position. The concentration of credit risk is limited due to the fact that the customer base is large.

The Board of Directors of the Company reviews regularly the significant amounts owing by immediate holding company, other related companies and related parties which arose from sales transactions that have exceeded the credit period granted and actions have been carried out to recover the long outstanding amounts owing by immediate holding company, other related companies and related parties.

Fixed deposits, cash and bank balances

Exposure to credit risk arising from fixed deposits, cash and bank balances is managed by depositing or investing the Group's and the Company's funds with licensed financial institutions. The fixed deposits, cash and bank balances that denominated in Chinese Renminbi which are held with bank and financial institution in the People's Republic of China, are rated A2 and Baa2 (2023: A2 and Baa2) respectively based on Moody's Investors Service ratings.

Fixed deposits, cash and bank balances have been assessed on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their fixed deposits, cash and bank balances have low credit risk based on their external credit ratings.

27. FINANCIAL INSTRUMENTS (continued)

Cash flow risk

The Group and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's and of the Company's short-term, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The tables below summarise the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The tables include both interest and principal cash flows.

The Group 2024	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities						
Non-interest bearing:						
Trade payables	42,099	-	-	-	42,099	-
Other payables and accrued expenses	45,917	-	-	-	45,917	-
Amount owing to other related companies	2,213	-	-	-	2,213	-
	90,229	-	-	-	90,229	
Interest bearing:						
Lease liabilities	1,986	1,824	3,946	-	7,756	2.50 - 7.20
Bank borrowings	24,672	1,115	-	-	25,787	3.67 - 10.00
	26,658	2,939	3,946	-	33,543	
	116,887	2,939	3,946	-	123,772	

27. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Group 2023	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities						
Non-interest bearing:						
Trade payables	54,272	-	-	-	54,272	-
Other payables and accrued expenses	49,809	-	-	-	49,809	-
Amount owing to other related companies	1,441	-	-	-	1,441	-
	105,522	-	-	-	105,522	
Interest bearing:						
Lease liabilities	2,536	1,822	5,560	-	9,918	2.50 - 6.20
Bank borrowings	36,145	-	-	-	36,145	3.46 - 5.20
	38,681	1,822	5,560	-	46,063	
	144,203	1,822	5,560	-	151,585	

The Company 2024	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities						
Non-interest bearing:						
Other payables and accrued expenses	**5,018**	-	-	-	**5,018**	-
Amount owing to other related companies	**1,485**	-	-	-	**1,485**	-
Amount owing to subsidiary companies	**2,600**	-	-	-	**2,600**	-
Financial guarantee contracts	**18,003**	-	-	-	**18,003**	-
	27,106	-	-	-	**27,106**	
Interest bearing:						
Bank borrowings	**4,043**	-	-	-	**4,043**	**4.29 - 4.52**
	31,149	-	-	-	**31,149**	

27. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Company 2023	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities						
Non-interest bearing:						
Other payables and accrued expenses	10,009	-	-	-	10,009	-
Amount owing to other related companies	721	-	-	-	721	-
Amount owing to subsidiary companies	22,131	-	-	-	22,131	-
Financial guarantee contracts	22,280	-	-	-	22,280	-
	55,141	-	-	-	55,141	
Interest bearing:						
Bank borrowings	4,044	-	-	-	4,044	3.87 - 4.52
	59,185	-	-	-	59,185	

Fair Values of Financial Instruments

Except as detailed in the following table, the Directors consider that the carrying amounts of the financial assets and liabilities carried at amortised cost in the financial statements approximate their fair values.

	The Group		**The Company**	
	Carrying amount RM'000	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
2024				
Financial assets				
Quoted investments	**12,040**	**12,040** #	**12,040**	**12,040** #
Unquoted shares	**906**	**906** @	**3**	**3** @
Unquoted investments	**293**	**293** &	**-**	**-**
Investment in money market funds	**2,449**	**2,449** #	**-**	**-**
2023				
Financial assets				
Quoted investments	15,400	15,400 #	15,400	15,400 #
Unquoted shares	906	906 @	3	3 @
Unquoted investments	380	380 &	-	-
Investment in money market funds	2,362	2,362 #	-	-

The quoted market prices of investments as at the end of the reporting period are used to determine the fair values of these financial assets.

@ The fair value of unquoted shares is measured using generally acceptable valuation techniques.

& The fair values of unquoted investments are based on price quotes for similar instruments based on market observable inputs (Level 2) as quoted prices of identical instruments from an active market (Level 1) are not available.

27. FINANCIAL INSTRUMENTS (continued)

Fair Values of Financial Instruments (continued)

Fair value of financial instruments that are measured at fair value in the statements of financial position at the end of the reporting period are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2024				
Financial assets				
Quoted investments	**12,040**	-	-	**12,040**
Unquoted shares	-	-	**906**	**906**
Unquoted investments	-	**293**	-	**293**
Investment in money market funds	**2,449**	-	-	**2,449**
2023				
Financial assets				
Quoted investments	15,400	-	-	15,400
Unquoted shares	-	-	906	906
Unquoted investments	-	380	-	380
Investment in money market funds	2,362	-	-	2,362
The Company				
2024				
Financial assets				
Quoted investments	**12,040**	-	-	**12,040**
Unquoted shares	-	-	**3**	**3**
2023				
Financial assets				
Quoted investments	15,400	-	-	15,400
Unquoted shares	-	-	3	3

There were no transfer between Levels 1, 2 and 3 during the financial year.

28. CAPITAL COMMITMENTS

At the end of the reporting period, the Group has the following capital commitments:

	The Group	
	2024 RM'000	2023 RM'000
Approved and contracted for:		
Purchase of land	**2,600**	2,600
Purchase of property, plant and equipment	**8,438**	-
Approved but not contracted for:		
Land registration fee	**3,113**	3,197
	14,151	5,797

29. SEGMENT INFORMATION

Business Segments

The Group's activities are classified into three (3) major business segments:

- trading and distribution of building materials and steel products
- manufacturing of lubricants, trading and distribution of petroleum products and automotive products
- others include mainly investment holding, provision of training services, distributing and retailing of consumer products, none of which is of sufficient size to be reported separately

The inter-segment transactions are conducted at arm's length basis under terms, conditions, and prices not materially different from transactions with non-related parties.

The Group 2024	**Building materials and steel products RM'000**	**Lubricants, petroleum products and automotive products RM'000**	**Others RM'000**	**Elimination RM'000**	**Total RM'000**
Revenue					
External customers	**630,040**	**120,303**	**2,742**	**-**	**753,085**
Inter-segment sales	**-**	**-**	**58**	**(58)**	**-**
Total revenue	**630,040**	**120,303**	**2,800**	**(58)**	**753,085**
Results					
Segment profit/(loss)	**7,929**	**14,146**	**(5,846)**	**-**	**16,229**
Finance costs	**(1,375)**	**(445)**	**(762)**	**-**	**(2,582)**
Share of results of associated companies					**899**
Profit before tax					**14,546**
Tax expense					**(3,747)**
Profit for the year					**10,799**

29. SEGMENT INFORMATION (continued)

Business Segments (continued)

The Group 2024	**Building materials and steel products RM'000**	**Lubricants, petroleum products and automotive products RM'000**	**Others RM'000**	**Elimination RM'000**	**Total RM'000**
Statements of Financial Position					
Segment assets	514,638	98,521	174,809	-	787,968
Investment in associated companies					27,279
Unallocated corporate assets					100,421
Total Assets					915,668
Segment liabilities	55,967	53,619	40,771	-	150,357
Unallocated corporate liabilities					2,560
Total Liabilities					152,917
Other information					
Capital expenditure	49	2,533	11	-	2,593
Depreciation	614	2,827	610	-	4,051
Interest income	2,946	502	348	-	3,796
Impairment losses on:					
Trade and other receivables	6,923	595	-	-	7,518
Right-of-use assets	-	-	127	-	127
Reversal of impairment losses on:					
Trade receivables	(1,728)	(113)	-	-	(1,841)
Property, plant and equipment	-	(600)	(57)	-	(657)
Other investments in unquoted bonds	-	-	(26)	-	(26)
Fair value loss on financial assets measured at amortised cost	-	-	5,000	-	5,000
Other non-cash expenses/ (income)	64	235	(43)	-	256

29. SEGMENT INFORMATION (continued)

Business Segments (continued)

The Group 2023	Building materials and steel products RM'000	Lubricants, petroleum products and automotive products RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue					
External customers	635,434	117,488	2,215	-	755,137
Inter-segment sales	-	-	36	(36)	-
Total revenue	635,434	117,488	2,251	(36)	755,137
Results					
Segment profit/(loss)	4,050	12,243	(6,744)	-	9,549
Finance costs	(1,256)	(319)	(184)	-	(1,759)
Realisation of translation adjustment reserve upon dissolution of a subsidiary company	8,586	-	-	-	8,586
Share of results of associated companies					(91)
Profit before tax					16,285
Tax expense					(2,733)
Profit for the year					13,552
Statements of Financial Position					
Segment assets	535,008	88,157	176,028	-	799,193
Investment in associated companies					29,228
Unallocated corporate assets					113,017
Total Assets					941,438
Segment liabilities	83,658	53,886	39,963	-	177,507
Unallocated corporate liabilities					1,802
Total Liabilities					179,309
Other information					
Capital expenditure	103	1,094	-	-	1,197
Depreciation	560	2,931	1,111	-	4,602
Interest income	1,760	278	479	-	2,517
Impairment losses on trade and other receivables	5,885	555	76	-	6,516

29. SEGMENT INFORMATION (continued)

Business Segments (continued)

The Group 2023	**Building materials and steel products RM'000**	**Lubricants, petroleum products and automotive products RM'000**	**Others RM'000**	**Elimination RM'000**	**Total RM'000**
Other information (continued)					
Reversal of impairment losses on:					
Trade receivables	(253)	(142)	-	-	(395)
Property, plant and equipment	-	-	(168)	-	(168)
Other investments in unquoted bonds	-	-	(6)	-	(6)
Other non-cash expenses/ (income)	193	(21)	88	-	260

Geographical Segments

The Group's operations are mainly in Malaysia for the current financial year:

(i) Malaysia - trading and distribution of building materials and steel products, manufacturing of lubricants, trading and distribution of petroleum products and automotive products, provision of training services, distributing and retailing of consumer products and investment holding

(ii) Other countries - countries which are not sizable to be reported separately

The following is an analysis of the Group's revenue, carrying amount of total assets and capital expenditures by geographical areas:

	Revenue 2024 RM'000	**Revenue 2023 RM'000**
Malaysia	**752,928**	755,137
Other countries	**157**	-
	753,085	755,137

	Total assets 2024 RM'000	**Total assets 2023 RM'000**	**Capital expenditures 2024 RM'000**	**Capital expenditures 2023 RM'000**
Malaysia	**745,895**	764,837	**2,585**	1,197
Other countries	**169,773**	176,601	**8**	-
	915,668	941,438	**2,593**	1,197

In determining the geographical segments of the Group, revenue is determined based on the country in which customers are located. Total assets and capital expenditures are determined based on where the assets are located.

30. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed deposits with licensed banks (unrestricted) (Note 20)	**22,364**	16,629	**102**	852
Cash and bank balances (unrestricted) (Note 20)	**28,959**	26,320	**949**	873
	51,323	42,949	**1,051**	1,725

31. FINANCIAL GUARANTEE CONTRACTS

	The Company	
	2024	**2023**
	RM'000	**RM'000**
Corporate guarantees given to financial institutions for the granting of credit facilities to certain subsidiary companies (Note 26)	**18,003**	22,280

The corporate guarantees issued were not recognised in the financial statements as the Directors regard the value of the credit enhancement provided by these guarantees is minimal and the probability of default, based on historical track records of the parties receiving in the guarantees are remote.

32. SIGNIFICANT EVENT

Lion Waterfront Sdn Bhd, a wholly-owned subsidiary of the Company, had on 18 May 2022 entered into a conditional development agreement with Landasan Lumayan Sdn Bhd ("Landasan Lumayan"), a wholly-owned subsidiary of Menteri Besar Selangor (Pemerbadanan), to form an unincorporated joint venture to undertake a mixed residential and commercial development on a parcel of land to be alienated by the Selangor State Government to Landasan Lumayan measuring approximately 26.29 acres in Section 24, Shah Alam, Selangor ("Proposed Unincorporated Joint Venture").

In conjunction with the Proposed Unincorporated Joint Venture, the Company proposed to diversify the existing businesses of the Company and its subsidiary companies to include property development ("Proposed Diversification").

The Proposed Unincorporated Joint Venture and the Proposed Diversification shall collectively be referred to as the "Proposals".

The Shareholders of the Company had on 2 December 2022 approved the Proposals.

The Proposals are pending the approvals to be obtained from all relevant regulatory authorities.

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

We, Tan Sri Cheng Heng Jem and Cheng Hui Ya, Serena, being two of the Directors of Lion Posim Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of the financial performance and of the cash flows of the Group and of the Company for the financial year then ended.

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

TAN SRI CHENG HENG JEM

CHENG HUI YA, SERENA

Kuala Lumpur
7 April 2025

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ooi Kim Lai (MIA Membership number: 9454), the officer primarily responsible for the financial management of Lion Posim Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

OOI KIM LAI

Subscribed and solemnly declared by the abovenamed **OOI KIM LAI** at **KUALA LUMPUR** in the **FEDERAL TERRITORY** on this 7th day of April, 2025.

Before me,

PESURUHJAYA SUMPAH
W 729
MARDHIYYAH
ABDUL WAHAB
1 JAN 2024-31 DIS 2026
MALAYSIA

COMMISSIONER FOR OATHS

SUITE 9.03, TINGKAT 9
MENARA RAJA LAUT
NO. 288 JALAN RAJA LAUT
50350 KUALA LUMPUR