KIM HIN INDUSTRY BERHAD

Registration No.: 197301003569 (18203-V)

2022

ANNUAL REPORT

MISSION

We shall strive to be a leader in the ceramic industry by

- achieving responsible and balanced commercial success
- satisfying our customers' needs
- enhancing shareholders' values and to provide fair returns to shareholders
- providing rewarding careers to our employees
- having mutually beneficial relationship with our business associates
- participating and contributing effectively towards nation building

VISION

To be a world class ceramic tile producer and distributor by providing products and services of superior values and by sustaining consistent long term growth in volume and profitability.

CORPORATE VALUES

- A role model and a good corporate citizen.
- Provide the highest quality products and values to our customers.
- Commitment to our employees' welfare and well being.
- To instill a culture of discipline, intergrity, teamwork and proactivity amongst our people.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fiftieth Annual General Meeting ("50th AGM") of KIM HIN INDUSTRY BERHAD ("Kim Hin" or "the Company") will be held at Kim Hin Industry Berhad's Conference Room, 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia on Wednesday, 24 May 2023 at 2.30 p.m. for the following businesses:

AGENDA

<u>As Ordinary Business</u>:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of Directors and Auditors thereon. **[Please refer to Explanatory Note No. 1]**

2. The following Independent Non-Executive Directors who have served the Board as an Independent Non-Executive Director for more than 12 years, have expressed their intention not to seek for re-appointment. Hence, they will retire at the close of the 50th AGM of the Company. **[Please refer to Explanatory Note No. 2]**

(i) Mr. Fong Tshu Kwong; and
(ii) Mr. Ong Ah Ba.

3. To approve the payment of Directors' fees amounting to RM271,000 for the financial year ended 31 December 2022. **Resolution 1**

4. To re-elect the following Directors who shall retire by rotation pursuant to Clause 118 of the Constitution of the Company, and being eligible, offer themselves for re-election:

(i) Mr. Chua Seng Huat **Resolution 2**
(ii) Mr. Chua Seng Guan **Resolution 3**
(iii) Mdm. Chua Yew Lin **Resolution 4**

5. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. **Resolution 5**

<u>As Special Business</u>

To consider and if thought fit, with or without any modification, to pass the following Ordinary Resolutions:

6. Authority to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016 and approval for waiver of statutory pre-emptive rights of the shareholders of the Company **Resolution 6**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, subject always to the Companies Act 2016, the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issue.

AND THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 15 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of the new shares in the Company pursuant to Sections 75 and 76 of the Act."

7. Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Shareholders' Mandate") **Resolution 7**

"**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiaries ("Kim Hin Group") to enter into any of the categories of related party transactions which are recurrent, of a revenue or trading nature and are necessary for the day-to-day operations of Kim Hin Group as outlined in Section 3.2 of the Circular to Shareholders dated 26 April 2023 ("Circular"), with the specific related parties mentioned therein subject further to the followings:

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

THAT approval be and is hereby given to the Company and its subsidiaries to enter into any of the category of recurrent related party transactions of a revenue or trading nature as set out in the Circular to shareholders dated 26 April 2023 with the specific related parties mentioned therein which are necessary for Kim Hin Group's day-to-day operations subject further to the following :

(i) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders; and

(ii) disclosure is made in the annual report for the breakdown of the aggregate value of the transactions conducted pursuant to the Shareholders' Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based on the following information:-

- the type of the recurrent related parties transactions made; and
- the names of the related parties involved in each type of the recurrent related parties transactions made and their relationship with the Company.

AND THAT such approval shall continue to be in force until:

(i) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Board of Directors of the Company be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the specified Proposed Shareholders' Mandate.

AND THAT the estimated value given on the recurrent related party transactions specified in Appendix 1 of the Circular being provisional in nature, the Board of Directors of the Company be hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 3.5 of the Circular."

8. Proposed Retention of Independent Non-Executive Director pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") **Resolution 8**

"**THAT** Mr. Yong Lin Lin who has served the Board as Independent Non-Executive Director of the Company for more than Nine (9) years since 21 August 2013, be and is hereby retained as Independent Non-Executive Director of the Company through a two-tier voting process until the conclusion of the next AGM in accordance with MCCG 2021."

9. To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board of Directors,

Jong Oi Jen
MAICSA 7069482
SSM Practicing Certificate No. 202008002165
Company Secretary

Kuching, Sarawak
Dated: 26 April 2023

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes to Ordinary Business:

1) The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to Section 340(1) of the Companies Act 2016. Hence, this Agenda item will not be put forward for voting.

2) Mr. Fong Tshu Kwong and Mr. Ong Ah Ba who have served the Board as an Independent Non-Executive Director for more than 12 years, have expressed their intention not to seek for re-appointment in accordance with Bursa Malaysia Main Market Listing Requirements which limiting the tenure of an Independent Director ("ID") to not more than a cumulative period of 12 years from the date of such person's first appointment as an ID.

Explanatory Notes to Special Business:

3) Authority to allot shares pursuant to Section 75 and Section 76 of the Companies Act 2016 and waiver of statutory pre-emptive rights of the shareholders (Proposed Resolution 6)

The Proposed Resolution 6, if passed,

- will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares to such persons in their absolute discretion without convening a general meeting provided the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

- will approve the waiver of statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the exiting issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 49th Annual General Meeting and which will lapse at the conclusion of the 50th Annual General Meeting.

The General Mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares, for purposes of funding investment(s), repayment of borrowings, working capital and/or acquisition(s).

4) Shareholder Mandate for recurrent related party transactions (Proposed Resolution 7)

Paragraph 10.09 of the Main Market Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations ("RRPT"), a public listed company may seek a shareholder mandate.

The proposed Resolution 7, if passed, will authorise the Company and each of its subsidiaries to enter into RRPT with the mandated related parties as identified in Section 3.2 of the Circular dated 26 April 2023 ("Circular"), which are necessary for the Kim Hin Group's day-to-day operations, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

By obtaining the Shareholder Mandate, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such RRPT occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings without compromising on the corporate objectives of Kim Hin Group or adversely affecting the business opportunities available to Kim Hin Group.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes to Special Business:

5) Retention of Independent Non-Executive Director (Proposed Resolution 8)

The Nomination Committee had assessed the independence of Mr. Yong Lin Lin who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and the Board had recommended that the approval of the shareholders be sought to retain Mr. Yong Lin Lin as the Independent Non-Executive Director through a two-tier voting process, as he has possessed the following attributes necessary in discharging his roles and functions of an Independent Non-Executive Director.

(i) He fulfilled the criteria of an Independent Director as stipulated in the Bursa Malaysia Securities Berhad Main Market Listing Requirements;
(ii) He has served the Board for more than nine (9) years and therefore possess great knowledge on the strategies, operations of the Group;
(iii) He participates actively in Board and Board Committees deliberations and provides objective judgement and input to the Board;
(iv) He exercises his professional duties in the best interest of the Group; and
(v) In accordance to the MCCG 2021, the Company is not classified as a Large Company.

Notes

1. *Only Depositors whose names appear in the General Meeting Record of Depositors as at 17 May 2023 be regarded as Members and shall be entitled to attend, speak and vote at the 50th AGM.*

2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her place. A proxy need not be a member of the Company. Where a holder appoints two or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*

3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

4. *A corporation which is a member may by resolution of its directors authorise such person as it thinks fit to act as its representative at the meeting pursuant to Section 333 of the Companies Act 2016 and the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.*

5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney, and the person so appointed may attend and vote at the meeting at which the appointer is entitled to vote.*

6. *The instrument appointing a proxy or representative must be deposited at the registered office at 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia not less than forty-eight (48) hours before the time for holding the meeting.*

7. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

8. *Registration will start at 1:00 p.m. at Kim Hin Industry Berhad's Conference Room, 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia on Wednesday, 24 May 2023.*

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHUA SENG HUAT
- *(Executive Chairman)*

DATO' JOHN CHUA SENG CHAI
- *(Group Managing Director)*

CHUA SENG GUAN
- *(Group Executive Director)*

PAULINE GETRUDE CHUA HUI LIN
- *(Executive Director)*

CHUA YEW LIN
- *(Executive Director)*

FONG TSHU KWONG
- *(Senior Independent Non-Executive Director)*

ONG AH BA
- *(Independent Non-Executive Director)*

YONG LIN LIN
- *(Independent Non-Executive Director)*

Go paperless to help our environment.
This Annual Report is available at our website
https://www.kimhin.com.my/annual-reports

COMPANY SECRETARY

JONG OI JEN
MAICSA 7069482
SSM PC No. 202008002165

SHARE REGISTRARS

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.
Tel : 03-2783 9299
Fax : 03-2783 9222

REGISTERED OFFICE

4 ½ Mile, Kung Phin Road,
Off Penrissen Road,
93250 Kuching, Sarawak, Malaysia.
Tel : 082-451567
Fax : 082-452135

WEBSITE

www.kimhin.com.my

ADVOCATES & SOLICITORS

Wong Lu Peen and Tunku Alina
21-6, Block B, The Boulevard,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia.

AUDITORS

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
3rd Floor, Wisma Bukit Mata Kuching,
Jalan Tunku Abdul Rahman,
93100 Kuching, Sarawak, Malaysia.

PRINCIPAL BANKERS

CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Bhd
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK NAME	STOCK CODE
KIMHIN	5371

GROUP CORPORATE STRUCTURE

KIM HIN INDUSTRY BERHAD
REGISTRATION NO.: 197301003569 (18203-V)

- 100% CERAMICA INDAH SDN. BHD.
  - 100% KIMGRES AUSTRALIA PTY. LTD.
  - 100% AMBER FRANCHISING PTY. LTD.
  - 100% AUSTRALIAN TILES PTY. LTD.
    - 100% AMBER GROUP AUSTRALIA PROPERTIES PTY.LTD. Inactive
    - 100% OUTSET HOLDINGS PTY. LTD.
      - 100% AMBER GROUP AUSTRALIA PTY. LTD.
        - 100% NORCORP PTY. LTD.
- 100% KIM HIN CERAMIC (SEREMBAN) SDN. BHD.
- 100% TILEWORLD SDN. BHD.
  - 100% KIM HIN AUSTRALIA PTY. LTD.
    - 100% JOHNSON TILES PTY. LTD.
      - 100% CORAMIC AUSTRALIA PTY. LTD. Inactive
- 100% KIMGRES MARKETING SDN. BHD.
  - 70% KIMGRES VIETNAM TRADING CO. LTD.
- 100% KIM HIN PROPERTIES SDN. BHD.
- 100% JOHNSON TILES MALAYSIA SDN. BHD.
- 100% KIM HIN INVESTMENT PTY. LTD.
- 79.5% KIM HIN CERAMICS (SHANGHAI) CO. LTD.
  - 100% SHANGHAI KUCHING REALTY CO. LIMITED
- 100% REFINED KOALIN INDUSTRIES SDN. BHD. INACTIVE
- 100% UNICORN CERAMICS SDN. BHD. INACTIVE
- 100% WORLD CERAMICS INTERNATIONAL SDN. BHD.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of Kim Hin Industry Berhad (the "Company") and its subsidiary companies ("the Group") for the financial year ended 31 December 2022.

The year of 2022 had been a challenging year for the Group, marked by tumultuous change as the world continued to unwind itself from pandemic-imposed restrictions. Geopolitical tensions also continued unabated in Eastern Europe, disrupting global trade and exacerbating the shortage of material and labour, effectively adding even greater pressure on economic growth.

The Group faced immerse challenges including products market slowdown, supply chain disruptions and sustained rise in global inflationary pressure which had resulted in escalating materials, fuel and logistic costs. The global inflationary pressure had suppressed economic growth and substantially increased the cost of doing business. These challenges caused disruptions to our business operations and significantly affected the overall financial performance.

FINANCIAL PERFORMANCE

The Group's revenue for the financial year ended 31 December 2022 declined marginally to RM340 million from RM344 million recorded in the preceding financial year. The lower than expected group revenue was attributed to two of the geographical segments in which the Group operates, namely; Australia and People's Republic of China. Whilst Australia continued to be plagued by the softening property market conditions domestically, the Group's operations in Shanghai was affected by the two-month full lockdown in April and May 2022, and the slower pace of recovery of its construction sector.

The Group recorded a loss before tax of RM34.4 million for the financial year under review as compared to a loss before tax of RM29.8 million suffered in the previous financial year. The performance of the Group for the current financial year was affected by declining margins and stagnant sales revenue. In view thereof, the Group continued to review the weaker financial performance and under-utilisation of production capacity of its manufacturing subsidiaries in Malaysia, and accordingly, provided a total impairment charge of RM1.9 million on its property, plant and equipment, and right-of-use assets. The Group has written back the loss provision on its inventories amounting to RM3.9 million during the current financial year as a result of efforts made to reduced inventory holding level. The results of the previous financial year also included the recognition of gain on disposal of investment properties of RM7.9 million.

Further details on the financial results are discussed in the Management and Decision Analysis section.

DIVIDEND

The Board does not recommend any dividend for the financial year ended 31 December 2022, after taking into consideration the challenges ahead which will necessitate the need to preserve funds for the Group's future growth.

OUTLOOK

The Malaysian economy enjoyed a strong resurgence in domestic demand in year 2022 following resumption of business activities with the relaxation of COVID-19 containment measures and reopening of international borders. Malaysia recorded a strong GDP growth of 8.7% in year 2022, contributed by robust domestic and external demands as well as improved labour market. Inflation has also generally been kept in check. This is a positive sign for Malaysia, and there are indications that the Malaysian economy will continue to recover going forward.

The global economy has also started to recover slowly in year 2022. However, global construction industries, including the Malaysian construction industry, are still facing several issues.

Uncertainties remain high arising from strong global headwinds, ranging from labour shortage, supply chain disruptions to inflationary pressures, and changing consumer spending behavior. And, as a substantial part of our business is for the global markets, our economic prospects remain tied to the performance of the global economy.

As we have seen from the financial performance of the Group for the year under review, we are currently operating in challenging conditions which have made the return to pre-pandemic condition difficult. 2023 is expected to be another year filled with challenges.

Nevertheless, the Group will continue to manage these challenges and continue to improve its resilience through cost optimisation and operational efficiency.

CHAIRMAN'S STATEMENT (CONT'D)

SUSTAINABILITY AND GOVERNANCE PRACTICE

In recent years, ESG (Environmental, Social and Governance) has become the focal point of various stakeholder groups, such as investors, regulators, suppliers and customers. The Group is proud to report that it has always prioritised sustainability issues and is taking the necessary steps in integrating them as an essential part of our business operations. We also recognise the importance of continuity and reliability, and have focused our efforts on securing the sustainability of our business, as well as addressing the sustainability concerns of our customers.

APPRECIATION

The Board would like to express its appreciation to all stakeholders and shareholders for their continuous trust and support to the Group.

The Board would also like to express its gratitude to our customers which have remained loyal supporters of our Group all these years. The relationships that we have built over the years are invaluable, and we hope that you will continue to rely on us to meet your needs in the future.

Finally, I would like to express my gratitude to our fellow directors for their concerted effort, invaluable contribution, advice, insights and support in driving the Group forward.

I would also similarly like to acknowledge and thank our staff and management team for their dedicated services and unwavering commitments this past year. We are confident that we have the best people in place to navigate us through the challenges coming our way and we look forward to working together with you in the coming years.

CHUA SENG HUAT
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors and management of Kim Hin Industry Berhad ("Kim Hin" or "the Company") are pleased to present the Management Discussion & Analysis ("MD&A") containing management commentary to provide investors and shareholders with a better understanding of the Group's business and operation for the financial year ended 31 December 2022.

The MD&A should be read together with the Group's audited financial statements for the financial year ended 31 December 2022.

OVERVIEW OF BUSINESS AND OPERATIONS

PROFILE

Kim Hin is an investment holding company, which is engaged in the provision of management services whilst its subsidiaries are involved in production and distribution of ceramic floor, homogeneous and monoprosa tiles, trading in building materials, property and investment holding. The Company was founded in 1973 and is headquartered in Kuching, Malaysia. It has been listed on the Main Board of Bursa Malaysia Securities Berhad since year 1992.

The Group operates principally in the ceramic tiles industry and is organised into four operating segments according to geographical location, namely Malaysia, People's Republic of China, Australia and Vietnam. As one of the leading ceramic tiles manufacturers in Malaysia, Kim Hin designs, manufactures and markets tiles under the brands Kimgres, Durogres, Vitrogres, Johnson and Amber.

Kim Hin has three (3) manufacturing plants, of which, two (2) are located in Malaysia (Kuching, Sarawak and Senawang, Seremban) and the third located in Shanghai, People's Republic of China. The marketing network of Kim Hin Group comprises sales offices situated in major cities of Malaysia (Kuala Lumpur, Kuching, Petaling Jaya, Johor Bharu, Ipoh and Penang), Australia (Melbourne, Sydney, Brisbane and Hobart), People Republic of China (Shanghai) and Vietnam (Danang). In 2016, the Group strengthened its foothold and presence in Australia market by acquiring Outset Holdings Pty Ltd ("Outset Holdings"). Outset Holdings is the holding company of Amber Group Australia Pty Ltd ("Amber"), which operates a network of retail stores under the Amber brand. The Amber Store Network comprises of twenty-seven (27) stores located in New South Wales, the Australian Capital Territory and Queensland, Australia. Presently, Kim Hin Group employs approximately 1,345 employees worldwide.

The Group exports about 22% of its products from the Malaysia plants to overseas, mainly Australia, Middle East, Taiwan and Pakistan while its Shanghai plant exports about 48% of its products to the Australian and North American markets.

Vision

Our vision is to be a world class ceramic tiles producer and distributor by providing products and services of superior quality and value, and by sustaining consistent long term growth in volume and profitability. In line with our vision to provide our customers with products and services of superior value, the Group's manufacturing plants in Kuching and Seremban are both certified with the latest version of ISO 9001:2015 released by the International Organisation for Standardisation ("ISO"), in July 2016 and March 2017 respectively. Both plants have been re-certified in October 2022 and March 2023 respectively. In addition, our manufacturing operations in Shanghai, People Republic of China is under governance of compulsory product certification issued by China Quality Certification Centre.

The Group's Malaysian operations has a fully integrated Enterprise Resource Planning (ERP) system covering Sales and Distribution, Inventory Management, Production Planning and Financial and Controlling modules using SAP software. The Group is currently using an upgraded version ECC 6.0 to facilitate its business processes and operation efficiency for its Malaysian segment.

Kim Hin invested significantly over the past years in hardware and software assets to boost its IT infrastructure capabilities in line with our mission to progress through continuous advancement in technology.

The Group values its people and acknowledges the success and growth of the Group over the past decades are the result of the commitment, hard work and capability of our people. As such, Kim Hin is committed to the welfare and well-being of its employees. The children of our employees who excelled in government examinations were given incentive awards and the sports club assists in the balance of work and lifestyle. At the same time, the Group continues to focus on the competency development of our employees with training hours being one of the Group's key performance indicators. We promote and instill a culture of discipline, integrity, teamwork and proactivity among our people.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Highlights of Kim Hin Group's Financial and Share Performance for the Past 5 Financial Years

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Financial					
Revenue	402,726	378,588	336,662	344,088	339,988
Profit/(loss) before interest and tax	(53,851)	(27,242)	5,073	(27,849)	(32,060)
Finance costs	1,265	2,520	1,903	1,995	2,315
Net profit/(loss) after tax	(61,547)	(31,446)	(5,292)	(32,553)	(33,724)
Shareholders' equity	441,148	406,849	396,521	363,760	328,809
Total assets	564,500	553,646	557,972	533,974	484,257
Borrowings	22,981	22,915	21,960	23,652	22,839
Debt/Equity (%)	5.21	5.63	5.54	6.50	6.95
Earnings/(loss) per share (sen)	(44.42)	(23.14)	(7.42)	(23.60)	(24.05)
Net assets per share (RM)	3.15	2.90	2.83	2.60	2.34
Dividend per share (sen)	2.00	-	2.00	2.00	-
Share					
Year high (RM)	1.45	1.26	1.07	1.00	0.870
Year low (RM)	1.08	1.00	0.64	0.73	0.555
Year close (RM)	1.25	1.05	0.81	0.87	0.585
Market capitalisation as at year end (RM'000)	175,299	147,251	113,594	122,008	82,040

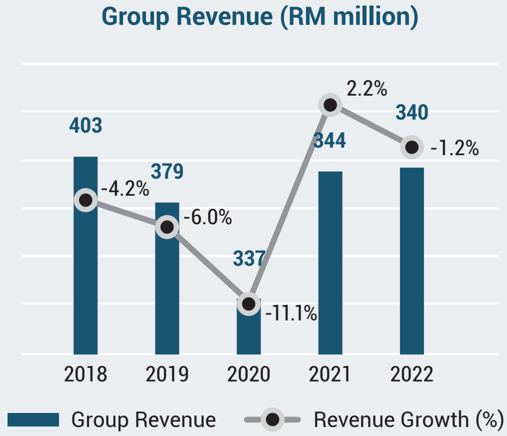
Review of Financial Results and Financial Conditions

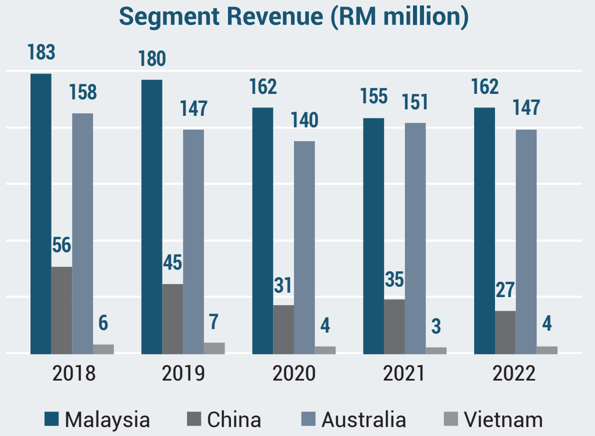
Revenue

The Group registered a marginal decline in revenue of RM 340 million for the current financial year compared to revenue of RM 344 million recorded in the preceding financial year. The decline in revenue was mainly due to the weaker performance of two of the Group's geographical segments, Australia and People Republic of China ("China'). In particularly, the revenue of the Group's China operations has fallen by RM 10 million as its manufacturing facilities in Shanghai was not operating for two-months in April and May 2022 when the authority imposed full lockdown to uphold the zero-Covid policy and to contain the most widespread Covid-19 outbreak caused by the Omicron variant, which emerged in February 2022. The outbreak, which ended in early August 2022, has caused substantial economic and social disruptions across Shanghai with consequences felt elsewhere.

The governments of the geographical segments in which Group operates had eased community and border restrictions gradually in year 2022. This has contributed to the normalization of the construction and property sectors as well as travel-related sectors, which in turn led to the recovery and growth of global and domestic economies. The revenue for the Group's Malaysia segment and Vietnam segment had improved by 5% and 22% respectively.

Overall, the Kim Hin's overseas operations contributed about 52% (2021: 55%) of the Group's revenue for the current financial year under review.





MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

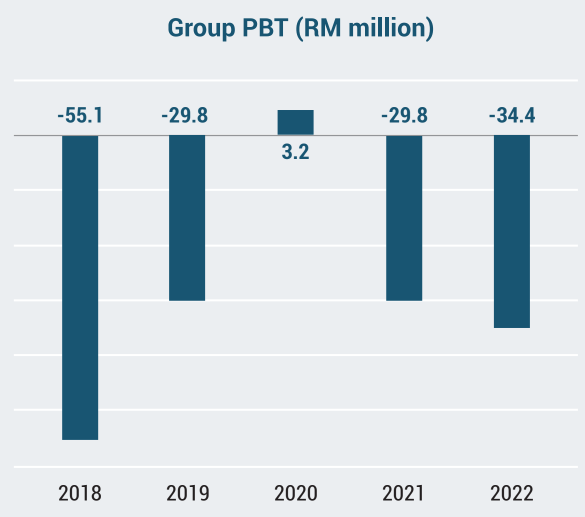
Profit Before Tax

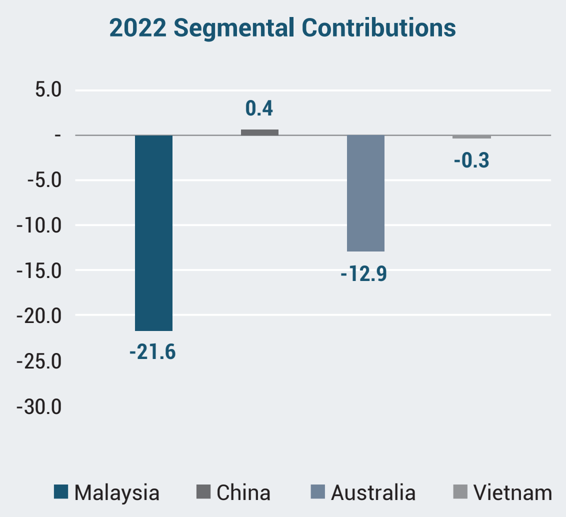
The Group recorded a loss before tax of RM 34.4 million for the current financial year, compared to a loss of RM29.8 million in the previous financial year. The performance of the Group for the current financial year was affected by declining margins and stagnant sales revenue. The declining margins was attributed to the high fuel cost and under-utilisation of production capacity of its manufacturing subsidiaries. The results of the previous financial year also included the recognition of gain on disposal of investment properties of RM7.9 million.

The Group continues to reassess the market conditions and its Malaysian operation performance, in light of the slow recovery and softening market conditions; and has made a further impairment on its inventories, property, plant and equipment, and right-of-use assets amounting to RM 1.9 million in the current financial year (2021: RM 6.6 million).

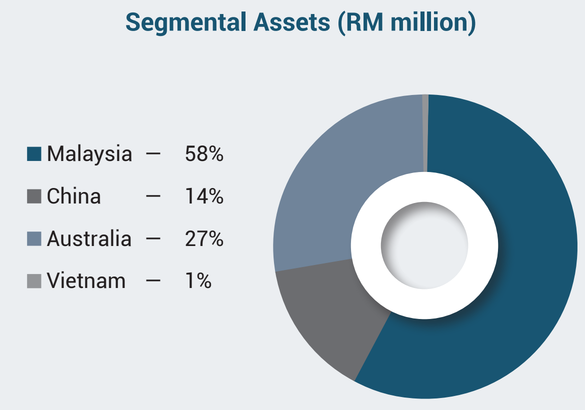
Operating expenses (excluding cost of sales and impairment loss on assets) of the Group reduced to RM 111.3 million during the financial year as compared to RM 115.4 million in the previous financial year. The reduction was mainly due to lower employee benefits expenses. Total finance costs, including interest on lease liabilities recognised in accordance with MFRS 16 Leases, increased to RM 2.3 million from RM 2.0 million.

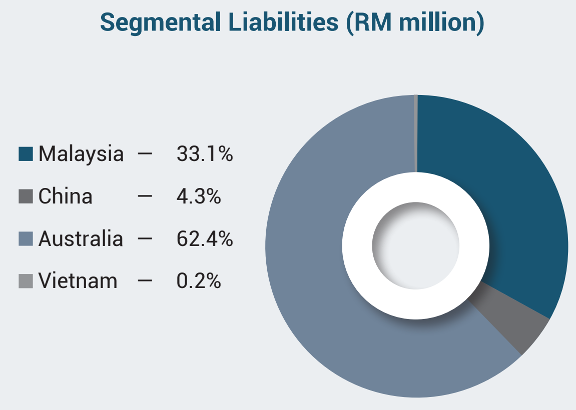
The Group recognised a recovery of tax expenses of RM 0.65 million during the current financial year as compared to a tax expense of RM2.7 million incurred for the previous financial year, due to recognition of certain deferred tax assets. The higher effective tax rate of the Group for the current financial year were due to unavailability of Group loss relief as well as non-deductible expenses.





Distribution of Segmental Assets and Liabilities of the Group as at 31 December 2022





MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Assets

Investment properties

The net carrying amount of its investment property stood at RM 29.6 million (31 December 2021: RM 30.3 million) as at current financial year end, mainly due to depreciation charge during the year.

Right-of-use assets

	2022 RM'000	2021 RM'000
Leasehold land	37,148	38,807
Others	33,003	38,538
	70,151	77,345

The right-of-use assets include the Group's short term and long term leasehold land of RM 37.1 million (31 December 2021: RM 38.8 million). The rest were tenancy agreements for buildings, machinery, motor vehicles and other equipment treated as right-of-use assets of the Group following the adoption of MFRS 16 Leases, amounting to RM 33.0 million (31 December 2021: RM 38.6 million).

Trade and Other Receivables

	2022 RM'000	2021 RM'000
Trade receivables	54,493	56,722
Other receivables	3,187	3,427
	57,680	60,149

Although the Group's revenue has declined marginally by 1.2%, the total collectible trade receivables as at the current financial year has reduced by 3.9% as compared to the previous financial year end following the Group's continual efforts made to improve working capital management. Consequently, the turnover period of the Group's trade receivables has shortened 58 days from 60 days recorded in the previous financial year.

The Group's expected credit losses on trade receivable (net) provided during the current financial year was RM 504,000 (2021: RM 994,000). Even though there was provisioning of credit losses, the Group's credit exposure is well manageable as evidenced by the relative shorter turnover period of trade receivables.

Inventories

	2022 RM'000	2021 RM'000
Finished goods	90,582	95,718
Raw materials, and work-in-progress	21,208	20,810
Packing materials, spare parts and stores	11,377	12,696
	123,167	129,224

The total finished goods stood at RM 90.6 million at the end of the current financial year under review. The Group recorded a net write back of RM 3.9 million (2021: a net write down of RM 2.1 million provide) on its inventories during the financial year under review.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Liabilities

Trade and other payables

	2022 RM'000	2021 RM'000
Trade payables	44,972	48,432
Other payables	27,229	30,174
	72,201	78,606

The Group's trade payables decreased by 7.1% (2021: reduction of 7.7%) to RM 45.0 million from RM 48.4 million in the previous financial year.

Lease liabilities

	2022 RM'000	2021 RM'000
Current	9,373	9,888
Non-current	27,252	33,014
	36,625	42,902

These represent the present value of lease payments to be made over the lease term of 3 to 5 years by the Group. They are mainly lease contracts for property rented for the Group's operation.

Loans and borrowings

	2022 RM'000	2021 RM'000
Bank overdraft	458	368
Trade facilities (unsecured)	10,599	9,326
RM loans (secured)	10,315	13,958
AUD loans (secured)	1,228	-
Hire purchase	239	-
	22,839	23,652

The RM term loans are secured by way of fixed charge over landed properties of a Malaysian subsidiary of the Group.

Capital structure and capital resources

As at the end of the current financial year, the Group's borrowings stood at RM 22.8 million (2021: RM 23.7 million). The gearing ratio (total borrowings over total equity) of the Group remains at the ranges between 0.05 times to 0.07 times, consistent with the past five years. The Group's continual significantly low gearing ratio is the testimony of its intention to maintain a sound financial position that enables the execution of its strategic objectives in creating value for the coming years.

Business outlook of post global Covid-19 pandemic era

The challenges posed by the unprecedented Covid-19 pandemic continued into year 2023, since its initial outbreak in the beginning of year 2020. During that period, the evolvement of new variants and the aftermath effects of global efforts in containing the pandemic, had impacted companies' earnings by disrupting supply chains, workforce sustainability, and lower demand due to various stages of containment measures imposed and shut down of international borders. Unquestionably a decline in demand is likely to have the most significant impact on most businesses. Together with the general loss of consumer confidence following the emergence of the virus, in some countries potential customers cannot buy tiles, due to the closure of all non-essential retail businesses. Until now, the global business and economies are still directly or indirectly suffering due to consequences and end results caused by the above impacts.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The business communities continue its path on economy recovery this year and are expecting the business prospects to improve alongside improving business conditions. Even though the gradual reopening of economic and social sectors, opening up of borders, adoption of easing, relaxing and targeted containment measures by more countries since year 2022 have aided in economic growth and recovery globally, risks remain. The Group continues to be affected by the global financial market volatility and supply chain disruptions, as well as the unfolding development of the prolonged Sino-USA trade wars and the Ukraine-Russia war, which led to higher energy cost.

Looking ahead and given the above risks, it is not possible at this this point to provide meaningful earning guidance for the financial year ending 31 December 2023. The Board, however, is clear that the situation does not present an existential threat to Kim Hin. Whilst short term trading could be affected, the long-term outlook for the Group remains positive.

The Executive Directors and certain senior management have been in the industry for more than 30 years and the value of their experience is enormous. Since its inception, the highly experienced and motivated management team had successfully navigating the Group through several economic downturns and financial recessions.

The Group operates in four geographical segments and its manufacturing operations are located in Malaysia and People Republic of China, hence the impact of Covid-19 pandemic on the Group's revenue and operations (and the subsequent recovery) actually varies. More and more countries (including Malaysia, Australia and Vietnam) started to treat the resurgence of positive Covid-19 cases and new variants as endemic, the governments of these countries gradually lifted travel restrictions, resumed the pre-Covid entry requirements, eased or removed all restrictive measures imposed in curbing Covid-19 outbreak in year 2022. However, the Group's manufacturing activities in Shanghai has been affected by a two-month lockdown (which ended on 1 June 2022) due to the resurgence of positive Covid-19 cases, as the results of the zero-tolerance policy practiced by the People Republic of China.

The Group continues to take actions in protecting its cash position, improve working capital management and to preserve the cashflow of the business. Cost-cutting measures include deferring and control of all discretionary operating expenditure such as restricting travels and spending only on essentials, re-prioritising of business activities and investments.

Kim Hin is in a strong financial position and has a low level of debts (low gearing ratio around 7% of its equity) to support its business. As at the end of the financial year ended 31 December 2022, the Group has total cash reserves and other investments (easily convertible to cash) of RM 54 million.

In ensuring it has sufficient short-term liquidity, the Group has utilising trade facilities offered by its bankers to ease immediate or short-term cash requirement and is actively chasing for payments from customers as evidenced by shortened collection period.

The Group has also not neglected the welfare of its employees. Whilst preserving employment the Group has continued its standard operating procedures implemented during the period of Covid-19 pandemic, which introduced new normalcy of works. These new normalcy of works include social distancing, continuous cleaning and disinfection, compulsory use and provision of personal protection equipment, using existing and newly available networking tools such as Microsoft Teams, Zoom for meetings among staff, with customers and suppliers, and etcetera.

The Group encounters challenging and difficult time amid the persistence of weak property market both domestically in Malaysia and globally, as evidenced by the negative growth in revenue recorded during the financial year under review for its geographical operations in China and Australia.

Kim Hin's efforts in strengthening and achieving revenue growth for its overseas operations continues. This year, the combined revenue (net of inter-segment sales) of its overseas operations has surpassed the Group's Malaysia segment revenue (net of inter-segment sales) for the sixth year in a row. The Group are concentrating its efforts and focus on securing export sales, to address the declining demand as well as the utilisation of production capacities for the manufacturing plants in Malaysia and China.

The Board is confident that Kim Hin is well placed to face and withstand present disruptions induced by the global Covid-19 pandemic and, the Group will remain focusing in executing its business plan and mission despite the current challenging business environment.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Dividend policy

The Board has not recommended any distribution of dividend for the financial year under review in view of the need to preserve the Group's cash reserves, as the Group continues to face the constraints and weak external demand environment post Covid-19 pandemic era. The Group remains committed and will endeavour to reward its shareholders a fair and equitable return on their investment.

Anticipated Business Risks

The Group is exposed to external risks such as adverse economic and market conditions and internal risks related to the Group's operations and financial management.

It has to be recognised that the Group has limitations in the actions that can be taken to manage or mitigate external economic risks. However, the Group has put in place a risk management framework to identify, manage and mitigate internal operational risks. Operational procedures are in place and are constantly being reviewed to ensure operational and cost efficiency.

The main risks affecting the Kim Hin Group are as follows:-

Competition Risk

The ceramic tile industry is highly competitive. Intense industry competition and aggressive pricing strategies amongst the manufacturers, distributors and dealers is common in the industry. This is further aggravated by the influx of tiles produced by manufacturers in countries such as Thailand, Indonesia, Vietnam, India and China.

Tiles are installed primarily on floors, walls, countertops and other areas requiring a highly aesthetic yet durable surface. Flooring applications make up the largest share of tile demand. The flooring industry comprises five (5) major product groups namely carpet, vinyl, decorative tiles, laminated and hardwood flooring. There is further product segmentation for decorative tiles into ceramic, porcelain and glass types, as well as tiles made from such specialty materials such as natural stone, concrete and metal.

The pricing pressures due to competition and the evolution in style preference as well as the cost and availability of competitive materials will affect consumer demand for the Group's products. To remain competitive, the Group will reinforce its positioning as one of the market leaders in the ceramic tile manufacturing and sale of ceramic and porcelain tiles. This will be supported by the Group's continued efforts in promoting and organising well-established training programs for its management and employees, improving customers' satisfaction and application of new technology for product improvements.

The Group expanded its operation in its traditional stronghold market, Australia by venturing into retails activities through its wholly owned subsidiary in Australia, Australian Tiles. Australian Tiles operates a renowned retail chain that further enhances the Group's distribution channels in Australia. The contributions from the Group's overseas operations act as the shield for the Group's market diversification strategy in facing the soft market conditions of its Malaysia operation and reducing its reliance on the Malaysia operations.

Foreign Exchange Risks

The Group imports certain raw materials, printing materials and machinery from abroad and also exports products to overseas markets, thus exposing itself to foreign exchange risks, mainly from the fluctuation of the United States Dollar ("USD"), Australian Dollar ("AUD") and Euro against the Malaysian Ringgit ("RM"). The fluctuation in the USD/RM affects both the operation costs and exports, while the fluctuation of AUD/RM affects only exports and the fluctuation of EURO/RM influences mainly operation costs. In addition, the Group has minimal exposure to Sterling Pound ("GBP"), Singaporean Dollar ("SGD") and Brunei Dollar ("BND").

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Rising operating costs

Disruption in the supply chain of raw materials and volatility in raw materials prices coupled with the weaker Malaysian Ringgit will result in higher operational and operating costs. The "uptick" in energy price caused by the on-going Ukraine-Russia war since the beginning of year 2022, continuous gradual hike in natural gas due to the Malaysian Government's subsidy rationalisation and the price of liquefied petroleum gas which is consumed by the Group's Kuching plant could affect future operational costs.

Others

Amongst other factors or concerns that may have an impact or effect on the Group's performance are:

Financial risks and cash flow risks but these are considered low due to the minimal borrowings of the Group (5% of the shareholders' equity) and is mitigated by substantial cash reserves and the flexibility of the Group in obtaining credit facilities from financial institutions thus ensuring the availability of working capital.

Interest rate risk for the Group's floating interest rates bearing borrowings is minimised due to its low gearing ratio, even though the Central Bank of Malaysia has come out from a low interest rate regime by increasing its key overnight policy rate from 1.75% at the beginning of year 2022 to 2.75% as at the end of year 2022. As the headline inflation in the coming year is projected to average higher, primarily due to higher energy price globally, it is expected the overnight policy rate will most likely remain unchanged until the second half of year 2023.

Credit risk where the Group adopts stringent procedures on approving credit terms to customers and closely monitoring the collection of the Group's receivables, as evidenced by the ageing analysis of its trade receivables and manageable allowance provided for expected credit losses during the financial year under review.

The Group's ability to attract and retain talent pool while managing labour costs, levy expenses and other issues impacting labour supply.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Kim Hin Industry Berhad ("Kim Hin" or "the Company") is committed to high standards of integrity, accountability and ethics in the conduct of its business and in all aspects of the Kim Hin Group's ("the Group") operations and undertakings. The Board recognised the important of implementing the corporate governance practices throughout the group while performing their duties and fiduciaries responsibilities for the interest of the Company. Good corporate governance is imperative to ensure sustainable long-term performance, creating long-term economic value and growth for the Group nevertheless, maximising the returns for the stakeholders.

The Board strives to implement the practices set out in the The Malaysian Code on Corporate Governance 2021 **("MCCG 2021")** within the group as this is a crucial process and structure for the Board to direct and manage the Company's businesses affairs towards the Company's vision and objectives.

Kim Hin is pleased to present its Corporate Governance Overview Statement pursuant to the requirements of Paragraph 15.25 (1) of the Main Market Listing Requirements **("MMLR")** of Bursa Malaysia Securities Berhad, in accordance with the guidance of Practice Note 9 of the **MMLR** and, the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Securities Berhad. The Corporate Governance Overview Statement is presented based on the following three key principles of good corporate governance:

1) Board leadership and effectiveness;
2) Effective audit and risk management; and
3) Integrity in corporate reporting and meaningful relationship with stakeholders.

The detailed application of each Practice as set out in the **MCCG 2021** is disclosed in the Corporate Governance Report which is available at the Company's Corporate website, www.kimhin.com.my.

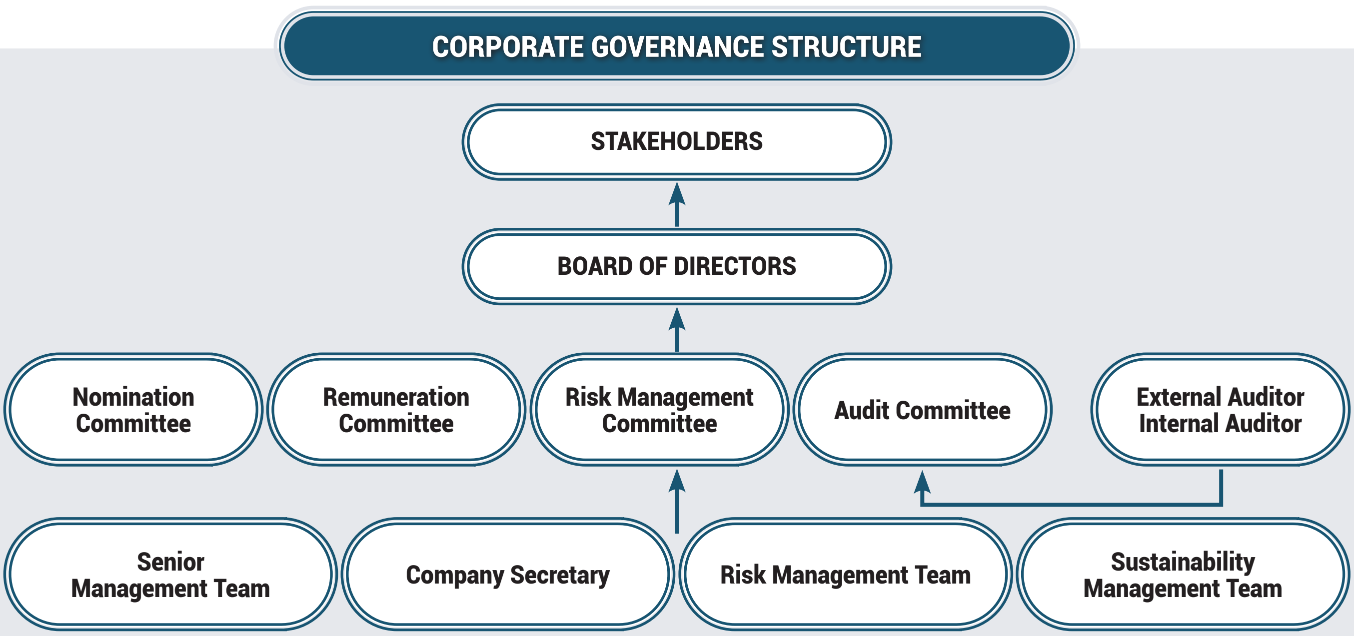
1) BOARD'S LEADERSHIP AND EFFECTIVENESS

The Board of Directors

The Board as the Group leader, is responsible for developing and overviewing the Group's strategic plans, business directions and performance. The Board instills good corporate governance culture within the group through formulation of policies and oversights the group investments operations. The Board always ensures that the Company is embraced with the ethical behavior, accountability, transparency and sustainability in achieving its goals.

The Board implements effective controls over the Group business operations, resources, standard of conduct and financial position. The Board is committed to its fiduciary duties and leadership function to achieve long-term success of the Company and to deliver sustainable value to its stakeholders.

The Board collaborated with the senior management in setting up a proper organisation structure and authority chart to ensure effective discharge of management responsibilities and capabilities of each functional departments and to provide effective flow of corporate governance information and communication within the Group.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Kim Hin Corporate Governance Structure is formed upon the following statutory provisions, best practices and guidelines:

1) Companies Act 2016;
2) Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and
3) The Malaysian Code on Corporate Governance 2021.

The key Board responsibilities and leaderships of the Board of Directors are as follows:

1) Establishing strategic plans, objective, mission for the long term success of the organisation;
2) Exercising the directors' core duties of fiduciary duty and duty to use reasonable care, skill & diligence;
3) Review, challenge and approve management's proposal on a strategic plan for the Group by bringing objectivity and breadth of judgment to the strategic planning process;
4) The Board is responsible to optimise the business development, performance and growth of the Companies and its subsidiaries;
5) Setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company;
6) Monitoring the implementation of strategic plans by management and the strategies plans on economic, environmental, safety & health, social and governance considerations underpinning sustainability of the Company;
7) Overseeing the performance of the Group's business, identifying principal risks of the business and conducting and ensuring a sound framework for internal controls and risk management;
8) Ensure that the senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
9) Ensure the integrity of the Company's financial and non-financial reporting;
10) Together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behavior; and
11) To foster a healthy corporate governance culture which is founded on the principles of transparency, objectivity and integrity set the "tone from the top" by formalising and committing to ethical values.

The Chairman

The Executive Chairman of the Group Mr. Chua Seng Huat provides leadership to the Board so that the Board can perform its responsibilities effectively. The Executive Chairman consistently monitors and overviews the Group's sales and production, financial position and the overall Group domestic and overseas businesses performance so as to achieve business goals in order to generate shareholder value. Mr. Chua emphasises on instilling good corporate governance practices within the management team of the Group and ensuring board members received complete and accurate information in a timely manner. He works closely with the Board of Directors in developing the Company's objectives, strategies, aims and business directions for the successful management of the Group.

Chairman and Group Managing Director

Dato' John Chua Seng Chai is the Group Managing Director of Kim Hin. There is always a clear division of responsibilities between the Executive Chairman and the Group Managing Director to ensure that there is balance of power and authority and no one individual has unfettered powers of decision. The Group Managing Director is responsible for the overall operations of the Group and the implementation of the Board's strategies and policies.

The role of the Group Managing Director includes the following:

- To plan, organise and control the operations of the group of companies;
- To review and analyse results of operations in relation to budgets and objectives and ensure proper steps are taken to correct unsatisfactory conditions;
- To be ultimately responsible for the effective implementation of the company's quality management system by chairing the management review meeting, providing support to implement quality improvements, reviewing and approving the issuance of Quality Manual; and
- To act on behalf of the Executive Chairman in his absence.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Qualified and competent Company Secretary

The Company Secretary of Kim Hin is Ms. Jong Oi Jen, who joined the Company in year 2018. She is a Fellowship Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), an affiliate body to the Chartered Governance Institute, United Kingdom. She holds a SSM Practicing Certificate and is qualified to act as a Company Secretary under Section 235 of the Companies Act 2016. She has more than 15 years of professional experience in corporate secretarial and accounting practices.

The Company Secretary plays an advisory role in supporting the Board to uphold high standards of corporate governance. As a counsel to the Board, she provides the Board with periodic updates and compliance requirements from the Main Market Listing Requirements, Companies Act 2016 and other regulatory requirements.

The Company Secretary also ensures that there is good information flow within the Board, Board Committees and Senior Management.

She also serves as a focal point for stakeholders' communication and engagement on corporate governance issues.

Meeting materials and minutes

The Board recognises the importance of sound and timely information flow to facilitate robust board discussions. The Chairman, together with the Company Secretary and the management, are responsible for ensuring the Directors are provided with sufficient and timely information to prepare for board meetings.

The deliberations and decisions of the Board are duly recorded in the Board's minutes. The draft minutes are circulated to the Executive Chairman for his review within a reasonable timeframe after the meeting. The minutes of meetings also capture the deliberations and decisions, rationale for decisions made, fundamental questions raised and key points of discussions, and any dissent views and abstentions made by the directors.

Board Charter

The Board Charter of the Company is a source of references and literature which guide the governance and conduct of the Board. Board Charter provides a strategic directions of business operations to the Board. The Board shall effectively conduct the delegation of authority among the directors and Senior Management in accordance with the role and responsibilities and the code of conduct and ethics for directors stated in the Board Charter. Board Charter defined the Company's policies and government regulations which the Board shall comply with while performing their duties, such as the implementation of government regulations pertaining to the Economic, Social and Environmental considerations.

The Board Charter also provides insights to the Board when discharging their fiduciary duties and leadership functions and to assist the Board in the assessment of the performance of the individual Directors and Board Committees.

Board Charter and the term of references of the committees shall be periodically reviewed and updated by the Board taking into consideration the needs of the Group as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibility.

The Board Charter is available at the Company's Corporate website, www.kimhin.com.my

Code of Conduct and Ethics

The Code of Conduct and Ethics outlines the principles, policies and government rules and regulations that govern the activities of the Group, such as the Section 17A of the MACC Act 2009 (Amendment 2018). Our employees are subject to a set of values and standards of conduct that is expected of them.

The Code of Conduct and Ethics shall shape the corporate culture and drive conduct within the Company. It serves as both an internal guideline and external statement of our corporate values and commitment. It could also act as a central point of reference for our employees to support their day-to-day decision-making.

The Board reviews and update the Code of Conduct and Ethics periodically or as and when the need arises to ensure it is kept contemporaneous.

The Code of Conduct and Ethics is available at the Company's Corporate website, www.kimhin.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Anti-Bribery and Anti-Corruption

The Company and its subsidiaries adopt zero tolerance policy against all form of bribery and corruption. Information pertaining to the government implementation of Section 17A of the MACC Act 2009 (Amendment 2018) was disseminated from the top management to the employees by distributing The Anti-Bribery and Anti-Corruption Handbook ("ABAC Handbook") to our employees. The ABAC Handbook was developed to serve as a useful practical tool to ensure compliance with the applicable anti-bribery and anti-corruption laws. The Board of Directors and the Senior Management are expressing a strong, explicit and visible support and commitment to the corporate compliance programme. Trainings and staff briefings were also conducted to ensure the flow of the information pertaining to Section 17A MACC Act. In year 2022, the internal auditors conducted an audit on the status of implementation actions pursuant to Section 17A MACC Act within the Group.

Whistle Blowing policy

The Group has in place the Whistle Blowing Policy in 2014 with the objective of promoting and maintaining high standard of transparency, accountability and ethics as well as good corporate governance practices in the workplace.

The Whistle Blowing Policy serves as the internal reporting framework for employees or other stakeholders to raise concerns about illegal or unethical conduct that they are aware of through their work, without fear of reprisals or retaliations. The Whistle Blowing Policy is accessible at the Company's Corporate website www.kimhin.com.my

Board Composition

The Board comprises of eight (8) members, three (3) of which are Independent Non-Executive Directors. They are the Executive Chairman, Group Managing Director, Group Executive Director, Administrative Director, Finance Director and three (3) Independent Non-Executive Directors.

The Company must ensure that at least two (2) directors or one-third (1/3) of the board of directors of the Company, whichever is the higher, are independent directors. In the event of any vacancy in the board of directors, resulting in non-compliance with the aforesaid, the Company must fill the vacancy within three (3) months.

The Independent Non-Executive Directors focus on board matters and not stray into 'executive direction', thus providing an independent view to the Board and they are appointed to the board to bring:

- Independence
- Impartiality
- Wide experience
- Special knowledge
- Personal qualities

The Independent Non-Executive Directors provide a creative and informed contribution to the strategic direction of the Company, the management operations and performance.

The appointment of Mr. Fong Tshu Kwong as the Senior Independent Non-Executive Director, provides an additional channel for the Independent Non-Executive Directors to voice any opinions or concerns that they believe have not been properly considered or addressed by the Board. Mr. Fong is the Committee Chairman for Audit Committee, Nomination Committee and, Remuneration Committee.

Tenure of Independent Non-Executive Director

During the last Annual General Meeting, annual shareholders' approval was obtained through a two-tier voting process for Mr. Fong Tshu Kwong and Mr. Ong Ah Ba, who have served as our Independent Non-Executive Directors for more than 12 years. They were appointed as an Independent Non-Executive Director on 21 May 2001 and 8 December 2009 respectively.

Mr. Fong Tshu Kwong and Mr. Ong Ah Ba have expressed their intention not to seek for re-appointment in accordance with Bursa Malaysia Main Market Listing Requirements which limiting the tenure of an Independent Director ("ID") to not more than a cumulative period of 12 years from the date of such ID first appointment as an ID. Hence, Mr. Fong and Mr. Ong will retire at the close of the 50th AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Mr. Yong Lin Lin who was appointed as an Independent Non-Executive Director of the Company on 21 August 2013, has served for a cumulative term of more than 9 years.

The Board of Directors and Nomination Committee have assessed the independence of Mr. Yong Lin Lin and the Company shall seek shareholders' approval through two-tier voting at the upcoming Annual General Meeting for the proposed retention of Mr. Yong Lin Lin as an Independent Non-Executive Director of the Company based on the following justifications:

(i) He fulfilled the criteria of an Independent Director as stipulated in the Main Market Listing Requirements and therefore he is able to offer impartial judgement and advice to the Board;

(ii) He has served the Board for more than nine (9) years and therefore possess great knowledge on the strategies, operations of the Group;

(iii) He participates actively in Board and Board Committees deliberations and provides objective judgement and input to the Board; and

(iv) He exercises his professional duties in the best interest of the Group.

Independent Non-Executive Director's Tenure Policy

The Board strongly believes that a director's independence cannot be determined arbitrarily with reference to a set period of time. The Company does not have a policy which limits the tenure of its Independent Non-Executive Directors to a maximum of 9 years. Shareholders' approval shall be obtained at the annual general meeting through a two tier voting process each year for the re-appointment of the Independent Non-Executive Directors who have served on the Board for more than 9 years, but less than 12 years.

Board and Senior Management

Appointment of Board and Senior Management are based on objective criteria, merit and besides diversity in skills, experience, age, cultural background and gender.

The Group is also committed to providing an inclusive workplace that embraces and promotes diversity.

Gender diversity

The Board adopted the Boardroom and Workforce Diversity Policy in 2015.

The Board recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage.

Currently, the Company has six (6) male Directors and two (2) female Directors.

Board's new candidate

The Nomination Committee is responsible for recommending suitable candidates for Directorship to the Board.

In searching for suitable candidate, the Nomination Committee may receive suggestions from existing Board Members, management, and major shareholders. The Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent executive search firms.

Nomination Committee

The Nomination Committee ("NC") is responsible for recommending the right candidate with the necessary skills, experience and competencies as new Board members as well as members of Board Committees. The Nomination Committee comprises two members, who are all Independent Directors.

The members of the Nomination Committee are as follows:

(i) Mr. Fong Tshu Kwong (Chairman); and
(ii) Mr. Ong Ah Ba (Member).

Each year, the Nomination Committee assesses the effectiveness of the Board and Board Committees, contributions and performance of each individual director, as well as the Group Managing Director and the Chief Financial Officer in accordance with paragraph 2.20A of the MMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The objective of the assessment is to improve the Board's effectiveness, identify gaps, maximise strengths and address weaknesses of the Board. Self-assessment on the performance of the directors is used, and issues put forth for assessment are presented in a customised questionnaire. The Board oversees the overall evaluation process and responses are analysed by the Nomination Committee, being tabled and communicated to the Board.

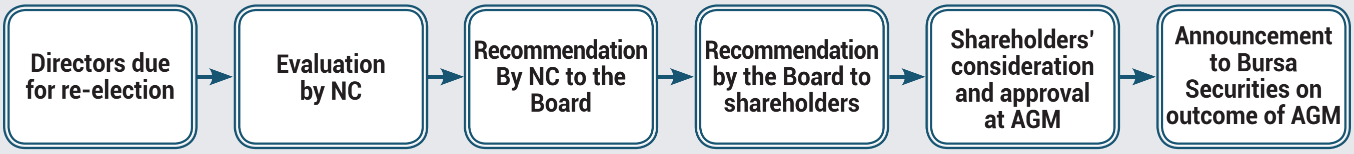
The criteria on which assessment of the Board's effectiveness is carried out is developed, maintained and reviewed by the Nomination Committee. They include, inter alia, Board's and Board Committees' composition, Board's roles and responsibilities, and Board's operations.

The Chairman of the Nomination Committee is the Senior Independent Non-Executive Director, Mr. Fong Tshu Kwong.

Given that the Senior Independent Non-Executive Director serves as a confidant to the other directors, he is well-placed to oversee the assessment of the Board's Chairman, taking into account a broad range of perspectives.

The Terms of Reference of the Nomination Committee is set out in the Board Charter an is available at the Company's Corporate website – www.kimhin.com.my.

Re-Election of Directors



The NC ensures that the retiring Directors are re-elected in accordance with the relevant laws and regulations in Malaysia and the Constitution of the Company. The NC considers the performance of Directors who are due to retire at the next AGM before making recommendations on their re-election to the Board.

The process for re-election of Directors are as follows:
Pursuant to Clause 118 of the Constitution of the Company, at least one-third (1/3) of the Board of Directors – currently three Directors will have to retire by rotation at the 50th AGM of the Company to be held on 24 May 2023. Base on the schedule of retirement by rotation, the Directors who are due for retirement at the 50th AGM are Mr. Chua Seng Huat, Mr. Chua Seng Guan and Mdm. Chua Yew Lin.

The annual evaluations performed by the Board for the year 2022 were as follows:

1) Board evaluation on the Mission and Strategic Direction, Governing Documents, Leadership, Succession and Transparency, Budgeting, Finance and Infrastructure;

2) Evaluation of Board and Board Committees on:
   (i) Board mix and composition;
   (ii) Quality of information and decision making;
   (iii) Boardroom activities;
   (iv) Board's relationship with the management;
   (v) Performance evaluation of Board Committee; and
   (vi) Board skills.

3) Directors' evaluations on the following assessment criteria:
   (i) Fit and Proper;
   (ii) Contribution and performance; and
   (iii) Calibre and personality.

4) Directors' Self Evaluation on Board Skills;

5) Evaluation of Group Managing Director and Chief Financial Officer on their contributions and performance as well as their calibre and personality;

6) Evaluation of Audit Committee ("AC") on Quality and Composition, Skills and Competencies, Meeting Administration and Conduct; and

7) Audit Committee Members' self and peer evaluation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The assessment process of the evaluations on the Board, Board Committees, Individual Director and Senior Management are as follows:

The Evaluation Forms of the Board, Individual Director, Group Managing Director and Chief Financial Officer are sent to all members of NC for their evaluation.

Completed Self-Evaluation Forms of Directors and AC are sent to NC for their perusal.

Members of NC reviewed all the Evaluation Forms and thereafter returned to the Company Secretary.

The result will be discussed at the NC meeting and the NC will make recommendations to the Board at the Board of Directors' Meeting.

Overall Board effectiveness

Objective annual evaluation

A detailed self-assessment is undertaken every year to review the effectiveness of the Board, Committees and individual Directors. The questionnaires are reviewed by the Nomination Committee and approved by the Board. This annual assessment provides the opportunity for the Directors to examine the effectiveness in discharging their roles and responsibilities, identify areas for improvement and to assess the overall effectiveness of the Board and Committees.

The Board meets on a quarterly basis and additional meetings are convened as and when necessary. The Board met for a total of five (5) times during the financial year ended 31 December 2022 and their attendance details are as follows:

Directors	Attendance	Percentage of attendance
Chua Seng Huat	5/5	100%
Chua Seng Guan	5/5	100%
Dato' John Chua Seng Chai	3/5	60%
Pauline Getrude Chua Hui Lin	5/5	100%
Chua Yew Lin	5/5	100%
Fong Tshu Kwong	5/5	100%
Ong Ah Ba	5/5	100%
Yong Lin Lin	5/5	100%

The Board is satisfied with the time commitment given by the Directors to the affairs of the Company. Director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

Directors' training

The Board is mindful of the importance for its members to undergo continuous training through its Nomination Committee, and continues to evaluate and determine the training needs of its members. This is to ensure continuing education is made available to the Directors in order for them to be equipped with the necessary skills and knowledge to meet the challenges of the Board. Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme within four months from the date of appointment.

All the Directors attended the training entitled "Understanding Joint Ventures' Legal Considerations" on 12 April 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Remuneration of Directors and Senior Management

Remuneration Policy

The objective of the Company's remuneration policy on directors' remuneration is to attract, retain and motivate the directors with the relevant experience and expertise to manage the Group successfully. Their remuneration reflects the level of experience and expertise they bring with them and the level of responsibility undertaken by them.

The Compensation Policy for the Board was approved by the Board on 25 February 2016, with the latest revision made on 26 February 2020.

The Board acknowledges the importance of formalisation of Compensation Policy and remuneration procedures in order to attract and retain Directors and Senior Management with the right talents and competencies.

Remuneration Committee

The Board has established the Remuneration Committee, comprises of the Independent Non-Executive Directors.

The members of the Remuneration Committee are as follows:
1) Mr. Fong Tshu Kwong (Chairman); and
2) Mr. Ong Ah Ba (Member).

The Remuneration Committee's responsibilities include the establishment of compensation strategy, compensation policies and programs, and management development plans.

Details of Directors' remuneration

The remuneration of the Directors of the Company (on a group basis) for year 2022 is as follows:

	Fees^ RM'000	Salaries RM'000	Bonus RM'000	Allowance RM'000	Benefits-in-kind RM'000	Other emoluments* RM'000	Total RM'000
Executive Director							
Chua Seng Huat	33	1,176	-	26	74	201	1,510
Dato' John Chua Seng Chai	33	1,152	-	26	26	203	1,440
Chua Seng Guan	33	1,176	-	26	17	201	1,453
Pauline Getrude Chua Hui Lin	33	384	-	-	17	80	514
Chua Yew Lin	33	384	-	-	20	80	517
Independent Director							
Fong Tshu Kwong	40	-	-	-	-	-	40
Ong Ah Ba	33	-	-	-	-	-	33
Yong Lin Lin	33	-	-	-	-	-	33
TOTAL	271	4,272	-	78	154	765	5,540

Note

^ Directors' fee shall be approved by shareholders at the forthcoming Annual General Meeting.
* Other emoluments consist of Employee Provident Fund and Social Security Fund.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Remuneration of the top five Senior Management

The ranges of remuneration for the top five Senior Management of the Group are as follows:

Range of remuneration (RM)	Top Five Senior Management
RM200,001 to RM250,000	1
RM250,001 to RM300,000	3
RM300,001 to RM350,000	-
Rm350,001 to RM400,000	1
Total	5

2) EFFECTIVE AUDIT AND RISK MANAGEMENT

Effective and independent Audit Committee

Chairman of the Audit Committee

The Board has established an Audit Committee which is chaired by the Senior Independent Non-Executive Director, Mr. Fong Tshu Kwong.

Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.

- **Policy on appointment of former key audit partner**

  In an effort to preserve the integrity and credibility of the audit process, the Audit Committee has incorporated a policy in its Terms of Reference which requires a former key audit partner to observe a cooling-off period of at least three years before appointment as a member of the Audit Committee.

- **Policies and procedures on external auditor**

  The Board has established Policies and Procedures in assessing the suitability, objectivity and independence of the external auditor.

- **Membership of Audit Committee**

  The members of the Audit Committee of the Company are all Independent Non-Executive Directors, they are the Audit Committee Chairman Mr. Fong Tshu Kwong and the two members are Mr. Ong Ah Ba and Mr. Yong Lin Lin.

- **Skills of Audit Committee members**

  The members of the Audit Committee have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Risk Management and Internal Control Framework

- **Effective Risk Management and Internal Control Framework**

  The Board acknowledges its overall responsibility and the importance of sound risk management and internal control, and for reviewing the adequacy and integrity of the system. The system of risk management and internal control is designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve business objectives of the Group. It can therefore only provide reasonable and not absolute assurance of effectiveness against material misstatement of management and financial information or against financial loss and fraud.

  The Corporate Risk Scorecard system helped management in methodically identifying and assessing any emerging new risks, updating the business risks profiles that were previously identified, and following up with the implementation of the control plans.

- **Effective governance, risk management and internal control framework**

  The Audit Committee is responsible for reviewing the adequacy of the internal audit scopes, competency and resources of the internal audit function and ensures that it has the necessary authority to carry out its work.

  The Board affirms that the internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

3) INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

- **Continuous communication between the Company and stakeholders**

  The Board endeavours to ensure that communication with stakeholders is conducted in a timely and effective manner.

  The Company utilises the Annual Reports, announcements to Bursa Malaysia Securities Berhad, Annual General Meetings, and the Company's Corporate website to disseminate information to stakeholders.

  Through the Company's Corporate website at www.kimhin.com.my, stakeholders are able to access information on the Group's background, products etc and it also acts as an avenue for them to raise any query by email or phone. Primary contact details are also set out in the website.

Conduct of Annual General Meeting

- **Shareholder participation at general meetings**

  The Board recognises the importance of being accountable to and communicating with its investors, and the need for shareholders to be informed of all material business matters affecting the Company.

  The Company's Annual General Meeting presents opportunities for the Board to meet individual shareholders, and provide a forum to discuss and debate key issues. All shareholders are encouraged to attend the Annual General Meetings and participate in the proceedings. The shareholders were given the opportunity to raise questions and seek clarification from the members of the Board, Management and the Auditors of the Company about the resolutions being proposed and the Group's performance and activities.

  Pursuant to Paragraph 8.29A of the MMLR, all resolutions set out in the notice of general meetings shall be voted by poll and an independent scrutineer shall be appointed for validation of the votes casted.

CORPORATE GOVERNANCE KEY FOCUS AREAS AND FUTURE PRIORITIES

<u>Key focus areas</u>

The key focus areas of the governance practices of the Group for 2023 are ensuring the strategic plans and the risk management and internal control of the Group support its long-term value creation which includes strategies on corporate governance, economic, environmental and social considerations underpinning sustainability, and succession planning for the Directors and Senior Management.

AUDIT COMMITTEE REPORT

The Board of Directors of Kim Hin Industry Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 December 2022.

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee during the financial year under review comprised of the following Directors:

Mr. Fong Tshu Kwong *(Chairman)*
(Senior Independent Non-Executive Director)

Mr. Ong Ah Ba *(Member)*
(Independent Non-Executive Director)

Mr. Yong Lin Lin *(Member)*
(Independent Non-Executive Director)

The Audit Committee met five (5) times during the year as follows:

1) 24 February 2022
2) 06 April 2022
3) 30 May 2022
4) 25 August 2022
5) 24 November 2022

Details of attendance at the Audit Committee Meetings are as follows:

Name of Audit Committee member	Attendance	Percentage of attendance
Fong Tshu Kwong	5/5	100%
Ong Ah Ba	5/5	100%
Yong Lin Lin	5/5	100%

The meetings of the Audit Committee were attended by all committee members and invitees. The invitees include the internal auditors, external auditors and the Chief Financial Officer. The Company Secretary acted as secretary at the meetings to record minutes of the proceedings of the meeting.

TERMS OF REFERENCE

In performing its duties and discharging its responsibilities, the Audit Committee is guided by its Terms of Reference.

MEMBERSHIP

The Audit Committee shall comprise of at least three non-executive directors, the majority of whom are independent directors. At least one member shall be a professional or qualified accountant. Any vacancy resulting in the non-compliance of the above, shall be filled within three months.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK

During the financial year ended 31 December 2022, the Audit Committee's work carried out in accordance with its terms of reference.

Financial Reporting

- Reviewed the quarterly and year-to-date unaudited financial results of the Company and the Group, before recommending them for approval by the Board of Directors.

- Reviewed the annual audited financial statements of the Company and the Group with the External Auditors prior to submission to the Board of Directors for approval.

The review was to ensure that the financial reporting and disclosures are in compliance with:

- the provisions of the Companies Act 2016;
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- applicable financial reporting standards in Malaysia; and
- other relevant legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with the management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements.

INTERNAL AUDIT

The Internal Audit Plan was drawn up in accordance with high risk areas identified as a result of the risk assessment carried out.

The audit scope of the Internal Auditors during the financial year covered the following processes:

Scope of review
Operational reviews of the Group and major subsidiaries in Malaysia: • Recurrent Related Party Transactions (RRPT). • Production Process • Inventory Management • Compliance with Section 17A of the Malaysian Anti-Corruption Commission Act (MACC) 2009 (Amendment 2018) • Human Resources (training) • Sales Performance Review and Analysis

The overall review of the internal control system for the above areas covered, reveals that controls and policies are generally adequate and functioning satisfactorily. On-going reviews are being carried out continuously to ensure the effectiveness of the system. Although the Group's internal control system has been evaluated as satisfactory, it can only provide reasonable but not absolute assurance in the event of material error or loss.

The Audit Committee reviewed the following:

- the adequacy of the scope, competency and resources of the internal audit function to carry out its work.

- the internal audit plan and internal audit reports for the Group on the effectiveness and adequacy of governance, risk management, operational and compliance processes.

- the adequacy and monitory of the status of implementation of action plans agreed by the management on the outstanding issues to ensure that all the key risks and control lapses have been addressed.

AUDIT COMMITTEE REPORT (CONT'D)

EXTERNAL AUDIT

a. Reviewed with the External Auditors:
   - their Audit Plan and scope of work for the year 2022; and
   - the results of the annual audit and their audit report and evaluate their findings and recommendations for actions to be taken.

b. The Audit Committee had two (2) independent meetings with the External Auditors on 6 April 2022 and 24 November 2022 respectively, without the presence of the Executive Directors, the management and Internal Auditors. The Audit Committee enquired about the management's cooperation with the External Auditors, their sharing of information and the proficiency and adequacy of resources in financial reporting functions.

c. On 24 February 2023 the Audit Committee undertook an annual evaluation of the quality of audit which encompassed the following areas:

   (i) The calibre of external audit firm;
   (ii) The quality of processes or performance;
   (iii) The audit team;
   (iv) The independence and objectivity;
   (v) The audit scope and planning;
   (vi) Audit Fee; and
   (vii) Audit Communications.

   The Audit Committee received written confirmation from the External Auditors regarding their independence to the Group.

   The Audit Committee also obtained input from the Company's personnel who has substantial contact with the External Auditors, in relation to the external auditors' performance. The Company's personnel were given a set of questionnaire to assess the quality of services provided, the independence and professional skepticism demonstrated by the External Auditors' team and the firm.

   The Audit Committee was satisfied with the suitability of the External Auditors based on the quality of services, technical competency and sufficiency of resources they provided to the Group.

   The Board at its meeting held on 12 April 2023 approved the Audit Committee's recommendation to re-appoint Ernst & Young PLT as the External Auditors of the Group for the financial year ending 31 December 2023, subject to the shareholders' approval to be sought at the forthcoming annual general meeting.

RELATED PARTY TRANSACTIONS

- Reviewed the quotely updates on the recurrent related party transactions entered into by the Group.
- Reviewed the Circular to Shareholders relating to Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature prior to recommending it for the Boards' approval.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
(PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

BACKGROUND

The Malaysian Code on Corporate Governance requires the Board of Directors to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets. The Board of Directors of Kim Hin Industry Berhad ("Board") is pleased to provide the following statement which outlines the main features and scope of the Group's risk management and internal control system during the financial year ended 31 December 2022.

This Statement is prepared in accordance with paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") and Practice Note 9 of Bursa Malaysia Securities Berhad ("Bursa Securities").

RESPONSIBILITY OF THE BOARD

The Board acknowledges the importance of maintaining a sound risk management and internal control system and affirms its overall responsibility for reviewing the adequacy and integrity of those systems. The system of risk management and internal control is designed to manage the Group's risks within an acceptable level, rather than to eliminate the risk of failure to achieve business objectives of the Group. It can therefore only provide reasonable and not absolute assurance of effectiveness against material misstatement of management and financial information or against financial loss and fraud.

The Group has an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the risk management practices and internal controls when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and accords with the MMLR of Bursa Securities and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control ("SRMICG").

RISK ASSESSMENT

The Board affirms that an important element for a sound system of internal control is to have in place a risk management and control system to identify and assess the significant risks to the existing business processes of the Group and implement appropriate controls to manage such risks. The Risk Management Committee ("RMC") was established in 2001 to achieve the following objectives:

(a) To be at the forefront of the Group Wide Risk Programme and ensure that a risk management structure is embedded in day-to-day operations throughout the Group;
(b) To ensure that the risk management structure is consistently adopted throughout the Group and is within the parameters established by the Board; and
(c) To ensure compliance with external requirements such as the SRMICG.

CONTROL ENVIRONMENT AND ACTIVITIES

The Corporate Risk Scorecard system helped management in methodically identify and assess any emerging new risks, update the business risks profiles that were previously identified, and follow up with the implementation of the control plans.

The Group reassessed and updated its Enterprise Risk Management ("ERM") periodically with the engagement of external consultants to facilitate the process. The Group's Malaysia operations had organised separate Enterprise Risk Assessment sessions in July 2022 and December 2022 for its operations in Kuching, Petaling Jaya and Seremban where the Group reviewed, identified and assessed existing and new key risks which would impact the Group's businesses and its ability to meet the Group's business objectives. In addition, the relevance of risk assessment criteria used in defining the level of significance as well as impact of risks affecting the business were also reviewed.

Revenue, Inventory, Trade Receivables, Production and Foreign Exchange were identified as major risks and are monitored as Key Risk Indicators on a monthly basis. Controls were also identified and evaluated to mitigate the risks with risk owners assigned to manage these risks.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)
(PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

In addition, the Group has other key control processes in place for its control environment to further enhance its evaluation and managing processes for risk management and internal control:

- A formalised Board Charter, Code of Conducts for Directors, Whistle Blowing Policy and Corporate Disclosure Policy;
- Establishment of Employee's Handbook and Code of Conduct and Ethics;
- Establishment of Anti-Bribery and Anti-Corruption Policy and Handbook;
- Well structured organisation chart with defined lines of responsibilities and duties as specified in the job terms of reference;
- Existence of Standard Operating Procedures under the governance of ISO 9001: 2015 Quality Management System for the Group's manufacturing operations in Malaysia (Kuching and Seremban), which adds further assurance to the Group's risk management for its operations as the latest version of ISO 9001 adopts a risk based approach;
- Existence of Standard Operating Procedures under the governance of compulsory product certification by China Quality Certification Centre for the Group's manufacturing operations in People Republic of China (Shanghai);
- Management Review Meetings and Management Meetings are held to address amongst others operational matters, updates and new requirements; and
- Continuous monthly monitoring of the Group's Corporate Key Performance Indicators ("KPI"), financial policy and use of Enterprise Resource Planning (ERP) by the Group's operations in Malaysia.

In addition, the Group's Seremban manufacturing facility is certified to use Eco-Label Marks on its products.

INTERNAL AUDIT ("IA")

The Group has an IA function which is outsourced to independent internal auditors. The Group's IA function reviews the effectiveness of the system of internal control in managing the key risks and reports to the Audit Committee.

In carrying out their work, the Group's Internal Auditors focus on areas of priority as determined by risk assessment and in accordance with the annual operational internal audit plan approved by the Audit Committee. Where any significant weaknesses are identified as a result of the reviews, improvement measures are recommended to strengthen controls and business processes, with follow-up audits by Internal Auditors to assess the status of implementation thereof by management.

During the financial year under review, the Group's Internal Auditors have performed audits covering the various business processes of the Group, which includes review of the Group's recurrent related party transactions, sales performance review and analysis, inventory management, production process, human resource (training) and status review of compliance with Section 17A of the Malaysian Anti-Corruption Commission Act (MACC) 2009 (amendment 2018) for its Malaysian operations.

The Audit Committee reviews the IA Reports from the Group's IA function and reports to the Board on key audit findings, recommendations of action plans and implementation status of corrective actions.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2022 was in the region of RM53,000.

BOARD REVIEW

The Board has taken continuous steps to assess and enhance the effectiveness of the system of risk management and internal control, and is not aware of any significant weaknesses or deficiencies in the risk management and internal control system of the Group.

In addition, written assurance were received from Group Managing Director and Chief Financial Officer by the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

Hence, the Board is pleased to report that there were no significant material internal control weaknesses noted during the year under review and up to the date of approval of the annual report and financial statements.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)
(PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

REVIEW BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2022, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

This statement is issued in accordance with the Board's approval on 12 April 2023.

SUSTAINABILITY STATEMENT

Kim Hin Group of Companies ("Kim Hin", "the Company") recognised that improving sustainable development is essential for business resilience and have adopted a sustainability process that governs all of the Group's activities and steers them towards sustainable ends, where possible. The sustainability process assumes the role as our central sustainability programme in line with regulatory requirements.

In 2022, the Company continues its sustainable development journey by addressing the challenges of slowing markets and disruptions from the Covid-19 pandemic-imposed restrictions. Geopolitical tensions also continued unabated in Eastern Europe, disrupting global trade and exacerbating the shortage of materials and labour, effectively adding even greater pressure on economic growth.

The Board of Directors ("the Board") responded to the challenges by laying a path of implementing a more defined strategic planning that would support the resilience of the business and deliver corporate growth whilst supporting social needs.

The Company's operations and revenues have been significantly affected by the escalating raw material, fuel and high logistics costs. The sales market for our products, especially in Malaysia, China and Australia, has been hard hit by global inflation and the economic downturn and the increasing customers' expectations on our products is seen as one of the key challenges for the Company.

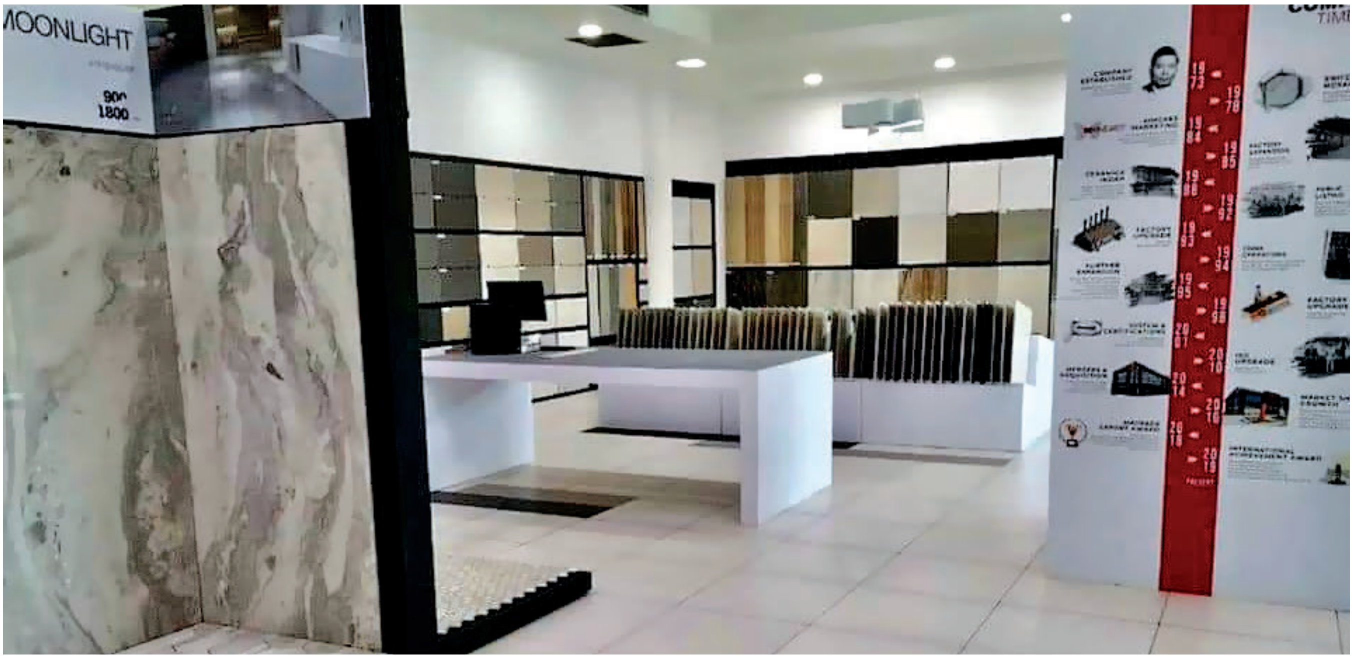
The Board strives to develop sustainable plans to identify and detect potential operational and financial risks arising from the disruption of business functions and processes. The Group has formulated its sustainability process to ensure that our activities and goals remain relevant with a quickly changing and dynamic operating environment. Risk assessments for the Group are conducted to identify the potential risks and impact of any disruptions.

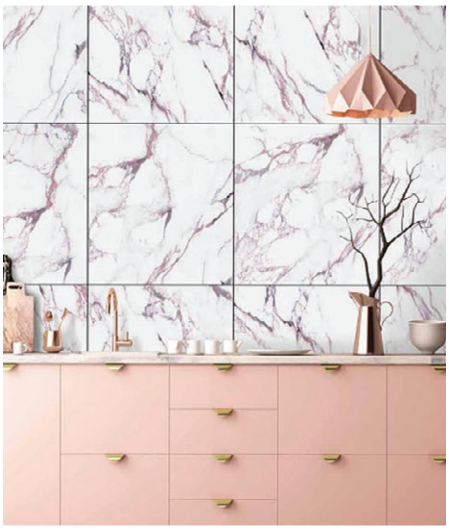
The Board is committed to corporate governance that contributes to building the environmental trust, transparency and accountability necessary to spur long-term investment, financial stability and business integrity. It strives to implement the practices set out in the Malaysian Code on Corporate Governance 2021 to ensure the effectiveness of the Board's leadership and control. The Board ensures the continuous development of the corporate governance culture within the Group.

THE EXPORT MARKETS OF KIM HIN INDUSTRY BERHAD GROUP

SUSTAINABILITY STATEMENT (CONT'D)

Our products





SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE

Sustainability Governance is a key factor that allows the business to create long-term value for stakeholders. The Board continues to pursue a business strategy with an emphasis on the ethical, environmental, social and economic dimensions of business.

Sustainability Governance Structure

Sustainability Management Team

Board of Directors	• Supervises and monitors the viability of the Group. • Establishes strategic sustainability plans and targets. • Establishes policies and standards such as Directors' Fit and Proper Policy, Anti-Bribery and Anti-Corruption Policy, Code of Conduct and Ethics, Safety and Health, and Environmental Policy. • Leads the Sustainability Working Committee according to business plans. • Drives the performance of the Kim Hin Group's business, identifies key business risks and establishes a solid internal control and risk management framework.
Sustainability Working Committee	• Includes Group Managing Director, Executive Directors, Chief Financial Officer, Company Secretary, Senior Management and Heads of Departments. • Performs assessment on risks and controls of the key risk areas. • Implements sustainability issues in accordance with Board's strategic business plans. • Consolidates the Group's overall sustainability performance against targets and goals.
Business Units	• Lead by Executive Directors and Senior Management. • Abide by corporate policies. • Address, communicate and coordinate the sustainability-related matters across the business units. • Maneuvering and monitoring of production performance, plant maintenance and technical inspection. • Developing products' designs and innovation. • Operating business in accordance with the Board's strategic business plans. • Performing Risk Assessment Analysis to identify the potential risks and opportunities. • Prepare price analysis for the products. • Internal Control execution. • Performing production planning, logistics handling and inventory control. • Provide good services to the distributors and customers. • Handling customers' complaints. • Report the business performance to top management. • Provide necessary support and data to Enterprise Risk Management and Sustainability Unit for sustainability reporting purposes.

SUSTAINABILITY STATEMENT (CONT'D)

RISK ASSESSMENT

The risk and opportunity assessments are performed annually by the management. The scope of risk assessment conducted in 2022 was as follows:

1) Compliance with Section 17A Malaysia Anti-Corruption Commission Act 2009 (Amendment 2018); 2) Fluctuations in foreign currencies' exchange rate; 3) Product pricing; 4) Market and trade cycle; 5) Economic growth and high inflation; 6) Production efficiency; 7) Staff turnover; 8) Inventory management; 9) Business processes that are environmental consciousness and friendly; 10) Climate Change; 11) Health and safety; 12) Product size, surface and faces;	13) Timely delivery to customers; 14) New product development; 15) Good sales services to customers and distributors (e.g. prompt reply to enquiries, effective monitoring of purchase orders) 16) Good business image; 17) Customers' satisfaction; 18) Credit limit management; 19) Products' quality and designs; 20) Logistics costs; 21) Quality of incoming raw material; 22) Suppliers' lead time on supply of goods; and 23) Overseas suppliers' delivery management during festive seasons.

We focus on reducing risks and seizing opportunities on the above issues centered on sustainable practices.

STAKEHOLDERS ENGAGEMENT

We are committed to effective engagement with our stakeholders, and gather feedback from them through a variety of approaches, as applicable.

Customers	Employees	Investors	Government	Business Partners/ Suppliers	Local Community
• Customer feedback and surveys • Customers' Complaints • Corporate website • Notices and announcements	• Departmental meeting • Performance evaluations • Staff Newsletter • Training and developments • Rewards and recognitions • Sport club activities	• Annual reports • Corporate website • Annual General Meeting • Corporate announcements	• Facility visits • Audits and inspections • Industry-related initiatives, dialogues and events	• Written communications • Suppliers' evaluations and registrations • Meetings and presentations	• Corporate website • Community engagement programmes • Donation and sponsorship • Charity events

Materiality

Materiality assessment is an important plank in our sustainability process which enables us to assess and determine issues that may have significant financial and non-financial impact on our organisation. These include matters that may directly affect our value creation activities or matters that may have indirect and knock-on impact.

High material		Material	
1)	Ethical and Business Compliance	9)	Diversity and anti-discrimination
2)	Governance and Transparency	10)	Labour practices and standards
3)	Financial Sustainability	11)	Climate and energy
4)	Anti-bribery and corruption	12)	Local Community
5)	Risk Management	13)	Waste management
6)	Products and Services	14)	Water efficiency
7)	Customers' satisfaction	15)	Training and Education
8)	Health & safety		

SUSTAINABILITY STATEMENT (CONT'D)

Materiality Matrix

ENVIRONMENTAL COMMITMENT

We are committed to the conservation of the environment as well as reducing the carbon footprint to the environment and to maintain a clean, safe and healthy environment.

OUR ENVIRONMENTAL POLICY

As a responsible ceramic tile manufacturer, we are well aware of the environmental impacts that our operations have on the environment; and we are committed to minimising the negative impacts and improve environmental conservation performance.

The top management and employees are committed to:-
- complying with the legal requirements;
- conserving energy, water and other natural resources;
- optimising the use of raw materials;
- practicing reduce/reuse/recycle approach throughout our operations;
- reducing waste through better waste management;
- preventing air pollution, and reducing carbon emission
- providing staff with environmental awareness training; and
- improving environmental performance continuously.

We have adopted environmentally friendly practices to lessen the damage to the environment that supports communities. We ensure that our people and manufacturing practices support this objective through personal awareness and the adoption of green technology and best practices by European or Asian innovations that maximise energy efficiency improvements. The main environmental factors associated with the production of ceramic tiles are gaseous emissions, production of heat, dust and waste.

SUSTAINABILITY STATEMENT (CONT'D)

OUR GREEN EFFORTS

CERTIFICATION

Our products are certified to have low chemical emissions, thus improving the quality of air in which the products are used. Our products are certified under the Gold Category of Greenguard. This gives peace of mind to homeowners, schools, public health organisations, offices etc.

We are conscious that being environmentally friendly will contribute to the preservation and protection of the environment. Our products are granted the Eco-Label as complying to SIRIM criteria 022: 2010.

ENERGY SAVING

Our rapid cycle roller kilns have installed highly efficient burners and a heat recovery system as part of our energy-saving efforts. Translucent panels are installed on the roofs of our manufacturing facilities to minimise our daytime energy usage and to foster company-wide utility-saving habits. Offices and industrial buildings use LED lightings widely, which are energy-saving and environmentally beneficial.

Installing solar panels, which take in sun rays and transform them into electricity or heat, is one of the options to promote green technology. In year 2022, Kim Hin Ceramic (Seremban) Sdn. Bhd. ("KHCS"), a wholly owned subsidiary of Kim Hin Group embarked on sustainable energy programmes at its two manufacturing plants situated in Seremban, Negeri Sembilan with the signing of a 20-year Corporate Solar Purchase Agreement. The main objective of this initiative is to reduce its Scope 2 GHG Emission via displacement of up to 20% of its annual electricity taken from the grid with renewable energy generated from the rooftop solar Photovoltaic (PV) systems.

The installed capacities of the solar PV systems being built and operated on the roofs of KHCS Plant 1 and Plant 2 are 1.15 MWp and 0.52 MWp respectively. Both solar PV systems are registered under the Net Energy Metering (NEM) 3.0 program of Net Offset Virtual Aggregation (NOVA) category.

The installed rooftop solar PV systems at Plant 1 and Plant 2 are expected to generate on average 1,440 MWhr and 652 MWhr of renewable energy every year respectively, avoiding approximately 1,224 tonnes of carbon emissions per year, which is equivalent to growing 20,239 tree seedlings for 10 years or removing 264 vehicles from the road .

Through this program, KHCS is expected to enjoy cost savings on electricity for the next 25 years from both rooftop solar PV systems without incurring any capital investment and operation cost, which both will be borne by the solar supplier. KHCS will be charged only for the solar energy generated as recorded by the energy meters on monthly basis by the solar supplier at a fixed tariff, which currently is lower than the prevailing effective TNB peak tariff.

Both rooftop solar PV systems were successfully awarded with public generating license from the Suruhanjaya Tenaga (ST) for energisation and exporting the excess power to the grid. The rooftop solar PV system at KHCS Plant 1 was energised on 5 January 2023 and commissioned on 22 February 2023. In contrast, the rooftop solar PV system at KHCS Plant 2 was energised on 15 February 2023 and commissioned on 23 March 2023.

Both rooftop solar PV systems are now in operation phase. Upon expiry of the SPPAs, the assets will be transferred to KHCS and all the savings will be fully enjoyed by the Company.

[1] *Based on 2017 Baseline CO2 for Peninsular Malaysia's grid carbon emission factor (source: MGTC)*
[2] *Based on US EPA's GHG Calculator at https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator#results*

SUSTAINABILITY STATEMENT (CONT'D)

Figure 1: Rooftop solar PV system installed at KHCS Plant 1

Figure 2: Meter and Breaker Panel, Inverter Station and Fault Current Limiting Reactor (FCLR) at KHCS Plant 1

Figure 3: Rooftop solar PV system installed at KHCS Plant 2

Figure 4: Meter and Breaker Panel, and Inverter Station at KHCS Plant 2

The carbon emission avoidance as tabulated below:

	Solar Generation		Carbon emission avoidance	
	MWhr/mth	MWhr/Year	Tonnes/mth	Tonnes/Year
Plant 1	120.0	1,440	70.2	842
Plant 2	54.3	652	31.8	382
Total	**174.3**	**2,092**	**102.0**	**1,224**

Note: Factor used for Malaysia is 0.585/kgCO2/kWh

AIR QUALITY

Air quality in our manufacturing facilities is very important in order to have a clean environment for our employees and community:

- Dust suction exhaust system are installed for dust dispersion.
- Whole production complex has cement or tarmac surfaces to minimise dust when raw materials are transferred from one area to the next.

To ensure minimum particulate matter and gaseous emissions - the pollutants of concern from the firing process, our products are fired using either liquified natural gas (LNG) or liquified petroleum gas (LPG), both of which are clean burning fuel with very little particulate matter. On top of that, the carefully selected materials help control and reduce the fluorine compound emission associated with the firing of clayey materials.

SUSTAINABILITY STATEMENT (CONT'D)

WATER CONSERVATION

With Mother Nature granting us with abundant rain, we harvest it to be used in our manufacturing processes. 100% of the water used in the cutting process are from harvested water.

Glazing and printing operations require frequent washing which in turn generates waste water. This is directed to a waste water treatment plant and water is recycled back to the production process. This in turn reduces our consumption of treated piped water.

RECYCLING

In the production of our tiles, we recycle a certain percentage of the raw materials. Crushing process is in place to enable reuse of reject tiles. Green tiles and powder of reject products manufactured are gathered and recycled in the manufacturing process.

We wrap our products with the thinnest plastic we can possible find as packing materials. With our return policy on pallets, we are able to use lesser wooden crates.

In order to achieve sustainable manufacturing, Kim Hin Group does everything within its capability to conserve energy and natural resources, to be commercially viable, and to give our employees a secure and healthy work environment. Our efforts include the following actions:

1. Ensure our firing operations use the cleanest fuel possible.
2. Recycle all the green and fired products that we have discarded.
3. Constant development to cut down on waste.
4. Protect the environment by honing technological abilities in making thinner tiles with faster firing cycles.
5. Repurpose thermal energy.
6. Harvest rainwater for production use, and maximise the recycling of the water used in the production process.
7. Strict raw material selection process to guarantee no toxic substances are used in our manufacturing environment and no pollutants are released over the life cycle of our finished products.

LABOUR PRACTICES AND STANDARDS

Human Rights and Practices

Kim Hin Group is committed to uphold good labour practices and ensure the rights of our employees are protected at all times, adhering to the relevant laws and regulations. We are against any form of child labour and modern slavery, including forced labour, debt bondage or human trafficking.

Diversity and Equal Opportunity

Kim Hin Group promotes diversity and equal opportunity at the workplace. We value a work environment where our employees' differences are valued and respected. We prohibit sexual or any other kind of discrimination, harassment, intimidation or defamation of character including discrimination towards race, religion, age, gender, disabilities or nationality.

Fairness and Diversity

We embrace fairness and diversity as equal employment opportunity regardless of race, gender, religion, disability, culture, nationality and family status. We believe that through fair employment practices, all employees can have a significant contribution based on their talent, expertise and experience. We treat all employees fairly with respect.

We encourage all employees with diverse backgrounds, experiences, skills, and perspectives to come together to add value to our business, and to integrate into a cohesive team. In doing so, it will help us to attract, develop, and retain the best talent for the greater good of our company.

Compliance with labour laws

We abide all labour laws relating to employment of all employees in respect of hiring, wages, hours of work, benefits and working conditions.

SUSTAINABILITY STATEMENT (CONT'D)

Malaysian New Minimum Wage Order 2022

Kim Hin Group is fully committed to comply with the Malaysian Government's new minimum wage policy, which was effective on 1 May 2022, to assist its employees to meet the increasing living standards. The Order increases the minimum monthly wage of employees to RM1,500.

Freedom of Association

We are committed to maintaining harmonious labour relations and promote positive working conditions. We respect the rights of employees and allow them to represent or join any trade unions for collective bargaining and to seek redress for any industrial disputes.

Non-discriminatory employment practices

We are committed to equal employment opportunity and fair employment practices without discrimination against race, ethnic group, gender, religion, sexual orientation, disability, age, marital status and pregnant status. Beyond legal compliance, we strive to create an environment that is considerate and respectful towards one another.

Child labour/Forced labour

We hire applicants who seek employment on a voluntary basis. We do not practice any form of employing child labour/forced labour or labour acquired through human trafficking or indentured labour, forced prison labour or slave labour.

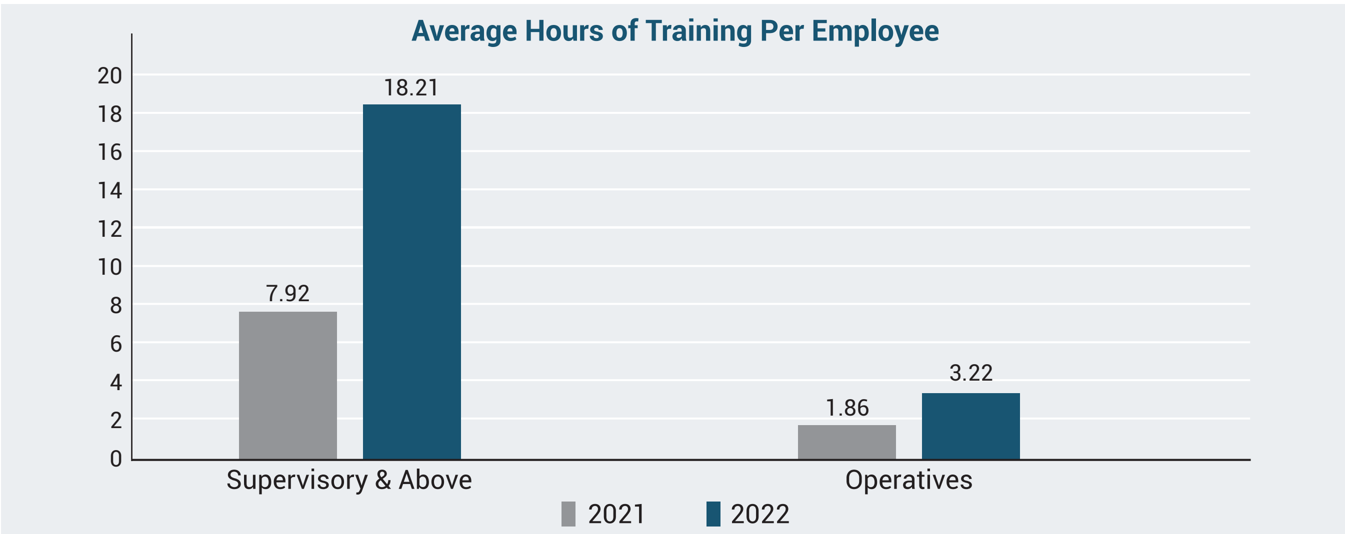
SOCIAL

The Group values the commitments, capabilities and hard work of the employees and is committed to the welfare and well-being of its employees, by giving incentive awards to the children of our employees who excel in national public examinations. Training is given to the employees to develop and enhance the employee's capability and competency development. Besides training, as the valued corporate partner of SEGi University and Colleges Group, our employees are encouraged to achieve lifelong and continuing education. In addition, our company accepts students for internship and consequently offer employment. It is our hope that with these activities, they would assist towards sustaining the workforce in particular, and the company as a whole.

HUMAN CAPITAL DEVELOPMENT

We are committed to encompass the fair treatment of employees in regards to the terms and conditions of employment and to develop the employees' skills and knowledge. We emphasise on employee development through on jobs training and learning via internal and external courses for the retention and maintenance of skilled labour. We believe continuous learning is the key for personal development and transformation. Keeping employees' skills and knowledge up-to-date will definitely help to increase the company's competitiveness in the industry.

Training and Development



Average hours of training per employee for Supervisory and above category and Operatives Category

SUSTAINABILITY STATEMENT (CONT'D)

Kim Hin Group is dedicated to develop a competent and skilled workforce through various ongoing strategic human capital development programmes. This initiative is undertaken to attract, develop and retain personnel to be suited for the company and future career development.

HEALTH AND SAFETY

Health Surveillance

Medical surveillance is necessary for the protection of our employees who are exposed or likely to be exposed to chemicals which are hazardous to health. We carry out the medical surveillance programme annually, so as to identify the changes in health status of the relevant employees due to occupational exposure. The medical surveillance is carried out by an occupational health doctor.

Fire Hydrant Testing and Training

Visit by DOSH officers

Courtesy call to Pejabat Kesihatan Kuching

Visitors from PERKESO Sarawak

SUSTAINABILITY STATEMENT (CONT'D)

Environmental, Health & Safety

Kim Hin Group places high priority on environmental, health and safety issues at the workplace. We articulate our commitment to minimise the environmental impact of our activities and to protect the safety and health of our employees. Related environmental, safety and health training and development programs are also conducted annually to keep abreast with current relevant regulatory requirements and to equip employees with competencies and skills necessary to execute their tasks.

The details of safety and health trainings in 2022:

Date	Types of trainings/courses	No. of participants
05.01.2022	Audiometric Testing	100
13.05.2022	Chemical Exposure Monitoring	10
06-07.07.2022	Safe Chemical Handling & Spillage Management	2
01-02.09.2022	Understanding of ISO:9001:2015 Training	20
30.09.2022	Security and Threat in Supply Chain (Based on CTPAT Program) Training	20
26-27.10.2022	Hazard Identification, Risk Assessment, and Risk Control Training	2
04.11.2022	Chemical Health Risk Assessment	10
10-11.11.2022	Risk & Opportunities Assessment Workshop	38
28.11.2022	Public Training Confirmation on Practical Environmental Aspect Determination (Based on ISO 14001:2015) Training	2
16.12.2022	Fire Hydrant Testing and Training	10
	Total	**214**

The details of safety and health trainings in 2021:

Date	Types of trainings/courses	No. of participants
22-23.2.2021	Scheduled Waste Management by FMM	2
3.3.2021	FMM Industrial Waste Management Webinar 2021	2
23.4.2021	Fire Drill Exercise	35
27-28.9.2021	Safe Chemical Handling & Spillage Management	2
17.11.2021	New OSH 2020-What Employer Should Know	15
25.11.2021	2022 Budget Seminar	2
2.12.2021	Electronic Scheduled Waste Information System (eSwiss) Training	2
3.12.2021	Medical Surveillance	40
	Total	**100**

The details of accident incidents and lost days:

Types	2022	2021
Fatalities	0 incident	0 incident
Injuries	3 incidents	5 incidents
Lost time injuries	38 days	75 days

SUSTAINABILITY STATEMENT (CONT'D)

DIVERSITY

The Board has formalised the Boardroom and Workforce Diversity Policy on 15 April 2015.

Principles of the Boardroom Diversity Policy.

The Group recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, age, race, gender and other qualities of Directorship. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective.

Principles of Workforce Diversity Policy

The Group is committed to providing an inclusive workplace that embraces and promotes diversity.

(i) The Group values, respects and leverages the unique contributions of people with diverse backgrounds, experiences and perspectives to provide exceptional service to an equally diverse community; and

(ii) The Group recognises the benefits arising from employee and board diversity, including a broader pool of good quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

Workforce diversity for 2022 and 2021 for Kuching Headquarters

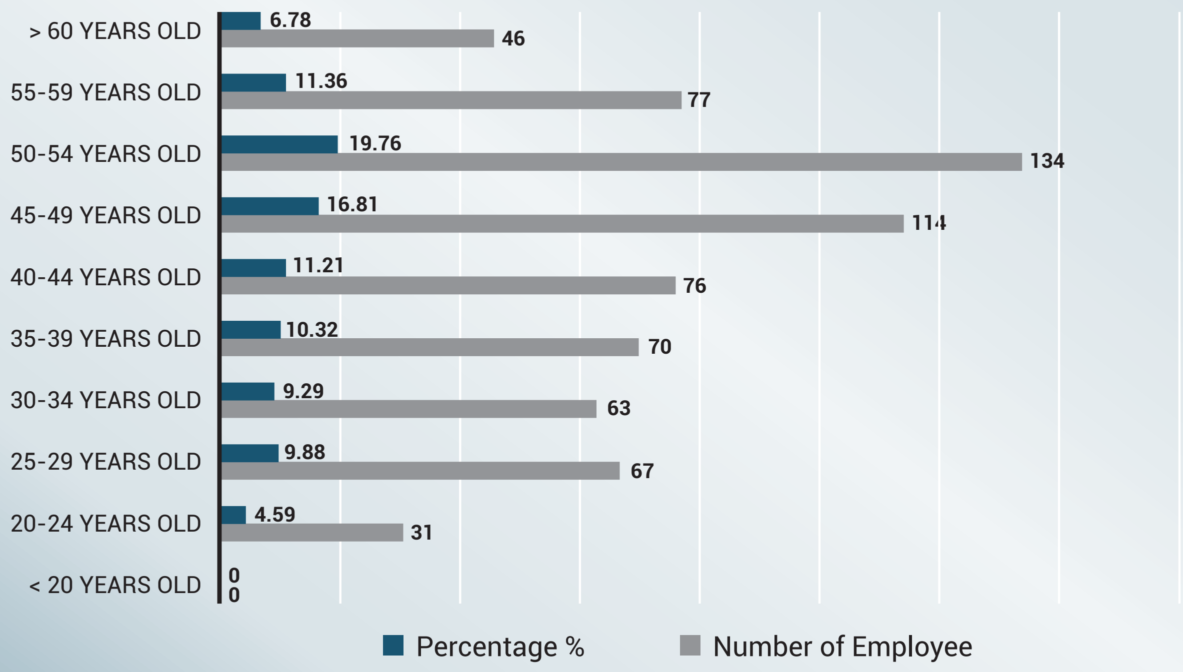
Ethnicity	Total Number of Employee		Management*		Non-Management		Ethnicity Percentage (%)	
	2022	2021	2022	2021	2022	2021	2022	2021
Bumiputera	522	676	14	11	508	665	76.99	79.46
Chinese	155	175	52	62	103	113	22.86	20.42
Indian	0	0	0	0	0	0	0	0
Non- Malaysian	1	1	1	1	0	0	0.15	0.12
Total	**678**	**852**	**67**	**74**	**611**	**778**	**100.00**	**100.00**

Gender	Total Number of Employee		Management*		Non-Management		Gender Percentage (%)	
	2022	2021	2022	2021	2022	2021	2022	2021
Male	438	572	33	39	405	533	64.60	67.14
Female	240	280	34	35	206	245	35.40	32.86
Total	**678**	**852**	**67**	**74**	**611**	**778**	**100.00**	**100.00**

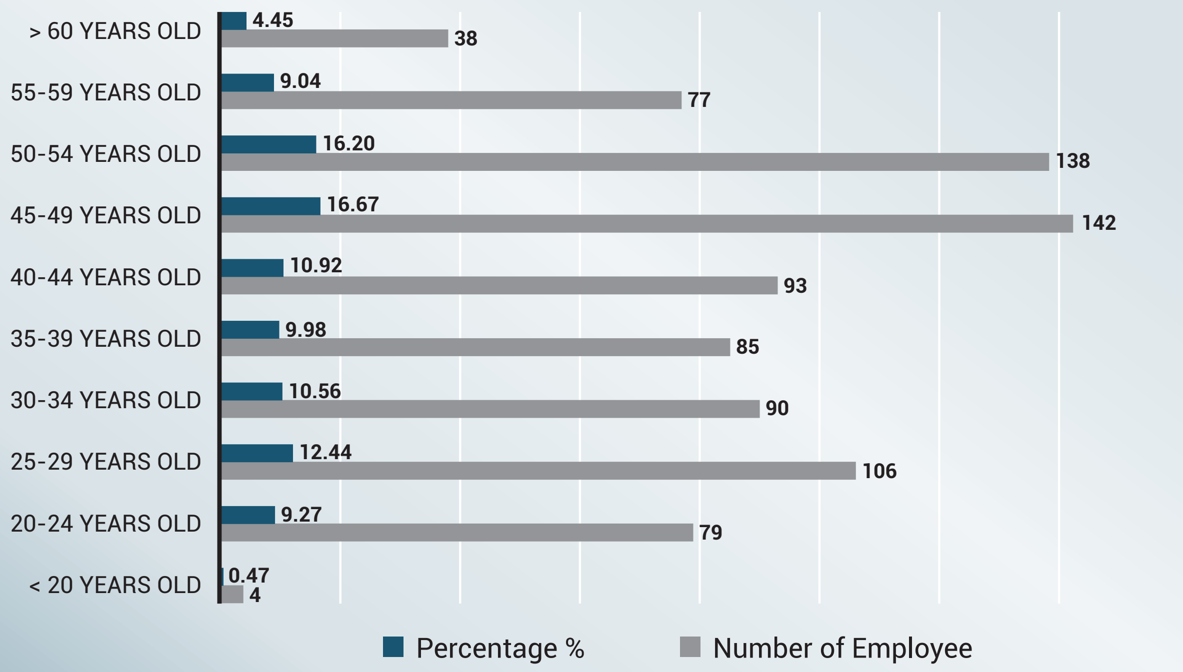
SUSTAINABILITY STATEMENT (CONT'D)

The diagram below shows the workforce diversity for 2022 and 2021 of our Kuching Headquarters.

WORKFORCE DIVERSITY FOR 2022



WORKFORCE DIVERSITY FOR 2021

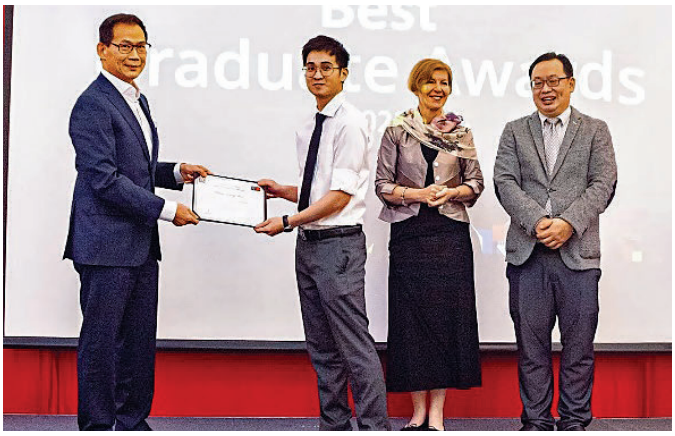


SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY AND SOCIETY

Our Commitment to The Society

Kim Hin Group's Corporate Social Responsibility (CSR) projects focused on supporting the needs of various community groups such as those less fortunates, educational institutions, health industry and our own staffs.



Our Group Managing Director, Dato' John Chua Seng Chai presented the award to Chan Liang Wen, the best chemical engineering student from Swinburne University of Technology Sarawak Campus.

Gold Sponsor for the health talk "What Do You Need If You Have A Heart Attack" on Friday, 16 September 2022.

Sponsor for SJK(C) Chung Hua Batu $4^{1}/_{2}$ 'Fund my School Run 2.0' fundraising programme.

Visitors from MATRADE Sarawak Office and KL Mid-Tier Unit.

Contributions of foods and cash aids to Hope Place Kuching by Kim Hin Social, Welfare and Recreation Club (Kimgres Club) to help the less-fortunate in our community.

Christmas celebration 2022.

PROFILE OF DIRECTORS

CHUA SENG HUAT

Executive Chairman

62 years of age
Malaysian
Male

Mr. Chua Seng Huat holds a Bachelor of Business Administration degree from the University of Hawaii, Honolulu, USA. He was first appointed to the Board of Kim Hin Industry Berhad on 2 October 1981 and was actively engaged in the operations of the Company and in the strategic business planning and was promoted to the post of Executive Chairman in 1998. He resigned as a Director in June 2001 and later was re-appointed to the Board and resumed the post of the Executive Chairman on 28 August 2006.

He attended all of the five (5) Board Meetings held during the financial year ended 31 December 2022.

Mr. Chua Seng Huat is the brother of Dato' John Chua Seng Chai, Mr. Chua Seng Guan, Mdm. Pauline Getrude Chua Hui Lin and Mdm. Chua Yew Lin who are also the Directors of the Company.

DATO' JOHN CHUA SENG CHAI

Group Managing Director

65 years of age
Malaysian
Male

Dato' John Chua Seng Chai holds a Bachelor of Arts (Economics) Honours degree from the University of Warwick, United Kingdom. He was appointed to the Board as the Production Director on 2 October 1981.

He attended three (3) out of the five (5) Board Meetings held during the financial year ended 31 December 2022.

Dato' John Chua Seng Chai is the brother of Mr. Chua Seng Huat, Mr. Chua Seng Guan, Mdm. Pauline Getrude Chua Hui Lin and Mdm. Chua Yew Lin who are also Directors of the Company.

CHUA SENG GUAN

Group Executive Director

65 years of age
Malaysian
Male

Mr. Chua Seng Guan graduated with a Bachelor of Arts, Honours degree in Business Law from the City of London Polytechnic, United Kingdom and was called to the Bar at Gray's Inn at the end of 1983. After he had chambered and worked at Gray's Inn and Inner Temple, he returned to Malaysia and joined the Company as the Marketing Director on 22 October 1985.

He attended all of the five (5) Board Meetings held during the financial year ended 31 December 2022.

Mr. Chua Seng Guan is the brother of Mr. Chua Seng Huat, Dato' John Chua Seng Chai, Mdm. Pauline Getrude Chua Hui Lin and Mdm. Chua Yew Lin who are also Directors of the Company.

PROFILE OF DIRECTORS (CONT'D)

PAULINE GETRUDE CHUA HUI LIN

Executive Director

61 years of age
Malaysian
Female

Madam Pauline Getrude Chua Hui Lin has completed her secondary education in Kuching and she joined the Company in 1980, initially serving in the Accounts Department and was appointed to the Board of Directors of Kim Hin Industry Berhad in 1981 and later as an Alternate Director to Mr. Chua Seng Guan in 1985. Madam Pauline Getrude Chua Hui Lin was later re-appointed as Director of Kim Hin Industry Berhad on 1 January 1992. She is primarily in-charge of the administration and operating procedures of the Group.

She attended all of the five (5) Board Meetings held during the financial year ended 31 December 2022.

Madam Pauline Getrude Chua Hui Lin is the sister of Mr. Chua Seng Huat, Mr. Chua Seng Guan, Dato' John Chua Seng Chai and Mdm. Chua Yew Lin who are also Directors of the Company.

CHUA YEW LIN

Executive Director

60 years of age
Malaysian
Female

Madam Chua Yew Lin has completed her secondary education in Kuching. She joined the Company in 1980 as Office Manager and was later promoted as a Director on 2 October 1981. She oversees the overall financial and treasury operations of the Group.

She attended all of the five (5) Board Meetings held during the financial year ended 31 December 2022.

Mdm. Chua Yew Lin is the sister of Mr. Chua Seng Huat, Mr. Chua Seng Guan, Dato' John Chua Seng Chai and Mdm. Pauline Getrude Chua Hui Lin who are also Directors of the Company.

FONG TSHU KWONG

Senior Independent Non-Executive Director

65 years of age
Malaysian
Male

Mr. Fong Tshu Kwong is a Chartered Accountant (Malaysia) and a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He is also a life-time member in Malaysian Institute of Corporate Governance.

He started his career in Ernst & Young, a leading global professional services firm, and had over 18 years of professional experience in accounting, secretarial, assurance and advisory business services, taxation, management consultancy and corporate advisory services in United Kingdom and Malaysia offices.

From April 1996 to June 2009, Mr. Fong was the Managing Director of OMG Electronic Chemicals (M) Sdn. Bhd., a wholly-owned subsidiary of OM Group Inc., USA, a NYSE listed company.

He was instrumental in setting up a new high-technology Chemical Manufacturing facility, which is a recognised global leader in the research, development and application of custom-formulated electroless nickel plating processes for the data storage, electronics and metal finishing industries.

Mr. Fong Tshu Kwong was appointed to the Board as an Independent Non-Executive Director on 21 May 2001. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

The Board has appointed Mr. Fong Tshu Kwong as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

He attended all of the five (5) Board Meetings held during the financial year ended 31 December 2022.

PROFILE OF DIRECTORS (CONT'D)

ONG AH BA

Independent Non-Executive Director

AGE 65 years of age

Malaysian

Male

Mr. Ong Ah Ba completed his Form 6 and Higher School Certificate in 1978.

He joined Khong Guan Group in early 1979 as a Management Trainee at Khong Guan Biscuit Factory (Singapore) Pte. Ltd. From 1980 to 1988, he served at Khong Guan Biscuit Factory (Borneo) Sdn. Bhd. and Sasinco Sdn. Bhd.

He was assigned to work at Borneo Biscuit Factory Sdn. Bhd. in 1988. Currently, Mr. Ong is the Executive Director of Borneo Biscuit Factory Sdn. Bhd. and its subsidiary, Sunshine Traders Sdn. Bhd. He is also a director of Chung Ying Confectionary & Food Products Sdn. Bhd, one of the biscuit factories of Khong Guan Group.

He was appointed as an Independent Non-Executive Director and a member of the Audit Committee on 8 December 2009. Additionally, he was also appointed by the Board as a member of the Nomination Committee, Remuneration Committee and Option Committee on 27 February 2012.

He attended all of the five (5) Board Meetings held during the financial year ended 31 December 2022.

YONG LIN LIN

Independent Non-Executive Director

AGE 63 years of age

Malaysian

Male

Mr. Yong Lin Lin obtained his Diploma in Electrical and Electronic Engineering, Full Technical Certificate in City & Guild, England in 1985.

He joined Weida Resources Sdn. Bhd. from 1985 to 2003. Weida Resources Sdn. Bhd. was later listed on the Bursa Malaysia Securities Berhad as Weida (M) Bhd. in 2000. He was an Executive Director of Weida (M) Bhd. until August 2003.

Mr. Yong later attached with Naim Utilities Sdn. Bhd. as an Executive Director from 2006 to 2008.

In 2008, he was appointed as a director of Tenaga Suria Hybrid Sdn. Bhd. and he retired in the year 2020.

He was appointed as an Independent Non-Executive Director and a member of the Audit Committee on 21 August 2013.

He attended all of the five (5) Board Meetings held during the financial year ended 31 December 2022.

Save as disclosed, none of the Directors has

(i) any family relationship with any Director and/or major shareholder of the Company;

(ii) any conflict of interest with the Company; and

(iii) any conviction of offences within the past 5 years other than traffic offences.

PARTICULARS OF KEY SENIOR MANAGEMENT

ANG PEK LAY

General Manager, Kimgres Marketing Sdn Bhd

Age **59** • Nationality **Malaysian** • Gender **Female** • Date of Appointment **1 October 2015**

Academic / professional qualification(s):	Master in International Business
Present Directorship:	Listed entity: Nil Other public companies: Nil
Working experience:	• Worked in H&R Johnson for 3 years (1989-1992) • Joined Kimgres Marketing Sdn Bhd since 1993

PETER CHIAM TAU MIEN

Chief Financial Officer, Kim Hin Industry Berhad

Age **51** • Nationality **Malaysian** • Gender **Male** • Date of Appointment **1 January 2014**

Academic / professional qualification(s):	• Chartered Accountant (Malaysia) • Fellow of Association of Chartered Certified Accountants ("ACCA") (UK)
Present Directorship:	Listed entity: Nil Other public companies: Nil
Working experience:	• He started his career with Ernst & Young, Kuching in 1995 and has about 10 years of professional experience in accounting, assurance and advisory business services, taxation and corporate advisory services. • Joined Kim Hin Industry Berhad as Group Finance Manager on 1 August 2005.

CHUA BAN CHOON @ CHUA CHUI KIM

Director & General Manager, Kim Hin Ceramics (Shanghai) Co. Ltd. Operation Manager, Kim Hin Industry Berhad

Age **69** • Nationality **Malaysian** • Gender **Male** • Date of Appointment **1995**

Family relationship with any director and/or major shareholder	• He is the uncle of the Executive Directors*
Present Directorship:	Listed entity: Nil Other public companies: Nil
Working experience:	• Has wide experience in the ceramic tiles industry and received his training with several large ceramic manufacturing companies in Taiwan. • Joined Kim Hin Industry Berhad in 1974.

WINNIE HO

Personal Assistant to Group Managing Director, Kim Hin Industry Berhad

Age **56** • Nationality **Malaysian** • Gender **Female** • Date of Appointment **1 October 2006**

Academic / professional qualification(s):	• Master of Business Administration
Present Directorship:	Listed entity: Nil Other public companies: Nil
Working experience:	• Started as a legal clerk in an advocate firm in 1986. Moved on to a management consultancy firm in 1992 as a secretary. • Joined Kim Hin Industry Berhad in April 2000.

PARTICULARS OF KEY SENIOR MANAGEMENT (CONT'D)

CAI CHUN HUI

Vice General Manager, Kim Hin Ceramics (Shanghai) Co. Ltd.

Age **54** ● Nationality **Chinese** ● Gender **Female** ● Date of Appointment **1995**

Academic / professional qualification(s):	• University graduate
Family relationship with any director and/ or major shareholder	• She is the cousin of the Executive Directors*
Present Directorship:	Listed entity: Nil Other public companies: Nil
Working experience:	• Has 29 years of experience in the ceramic tiles industry

CHARLINE PAN LING HWEN

Director and Chief Executive Officer, Johnson Tiles Pty Ltd

Age **33** ● Nationality **Malaysian** ● Gender **Female** ● Date of Appointment **2016**

Academic / professional qualification(s):	• Bachelor of Commerce (Accounting & Finance) • Certified Public Accountants (Australia)
Family relationship with any director and/ or major shareholder	• She is the daughter of Mdm. Pauline Getrude Chua Hui Lin
Present Directorship:	Listed entity: Nil Other public companies: Nil
Working experience:	• Has joined Kimgres Australia Pty Ltd ("KA") since 2012 • Appointed as CEO/General Manager of KA in 2013 and oversees the entire operations of KA. • Appointed as CEO of Johnson Tiles Pty Ltd in 2016

1. Save for Chua Ban Choon @ Chua Chui Kim, Cai Chun Hui and Charline Pan Ling Hwen, none of the other key senior management personnels has any family relationship with any Director and/or major shareholder of Kim Hin Industry Berhad.

2. None of the Key Senior Management personnel has:
   - any conflict of interest with Kim Hin Industry Berhad;
   - any conviction for offences within the past 5 years other than traffic offences; and
   - any imposition of penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

Note

* Executive Directors are Mr. Chua Seng Huat, Dato' John Chua Seng Chai, Mr. Chua Seng Guan, Mdm. Pauline Getrude Chua Hui Lin and Mdm. Chua Yew Lin.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN PREPARING ANNUAL AUDITED FINANCIAL STATEMENTS

In preparing the financial statements of the Group and of the Company, the Directors are collectively responsible:

1) for ensuring that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016, applicable Financial Reporting Standards in Malaysia and the Listing Requirements of Bursa Malaysia Securities Berhad.

2) for ensuring that the financial statements for each financial year, gives a true and fair view of the financial position of the Group and of the Company at the end of the financial year.

3) for ensuring the adoption of suitable and relevant accounting policies on a consistent basis supported by judgements and estimates that are prudent and reasonable.

4) for ensuring the Group and the Company maintain accounting records which disclose with reasonable accuracy of the financial position of the Group and of the Company.

5) for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with the Bursa Malaysia Securities Berhad Listing Requirements:

AUDIT AND NON-AUDIT FEES

The fees paid/payable to the external auditors for the financial year ended 31 December 2022 are set out below:

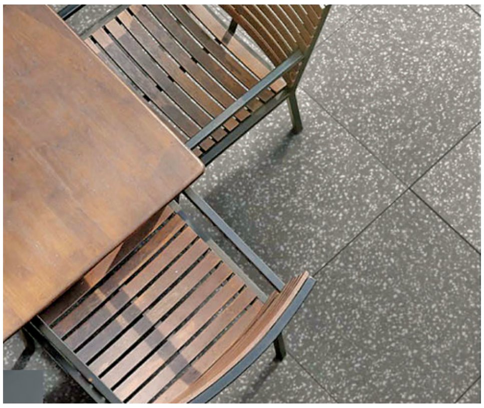
	Company RM'000	Group RM'000
Fees paid/payable to Messrs Ernst & Young PLT & its affiliates		
• Statutory Audit	89	483
• Non-audit services including tax services	83	135
Fees paid/payable to other auditors		
• Statutory Audit	-	274
• Non-audit services including tax services	-	18
Total	172	910

MATERIAL CONTRACTS

There was no material contract entered into by the Company and its subsidiary companies involving the directors and major shareholders' interest during the financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

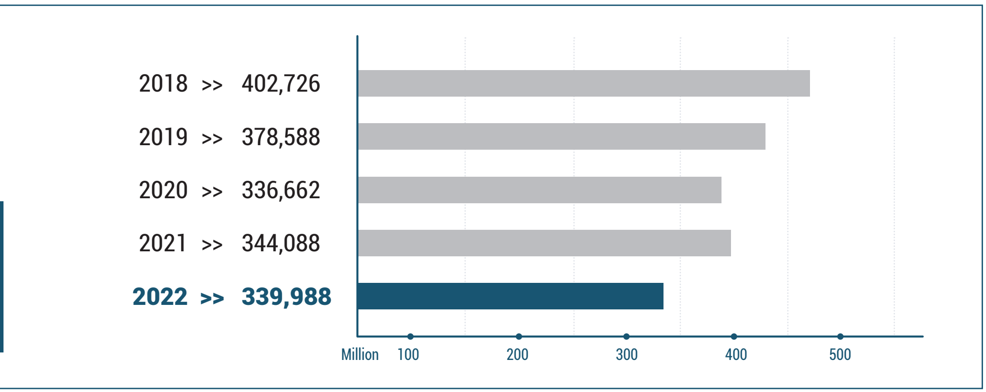
Please refer to Note 33 of the Audited Financial Statement on pages 129 and 130 for the breakdown of the aggregate value of Recurrent Related Party Transactions conducted during the financial year ended 31 December 2022 pursuant to the Shareholders' mandate.



FINANCIAL HIGHLIGHTS

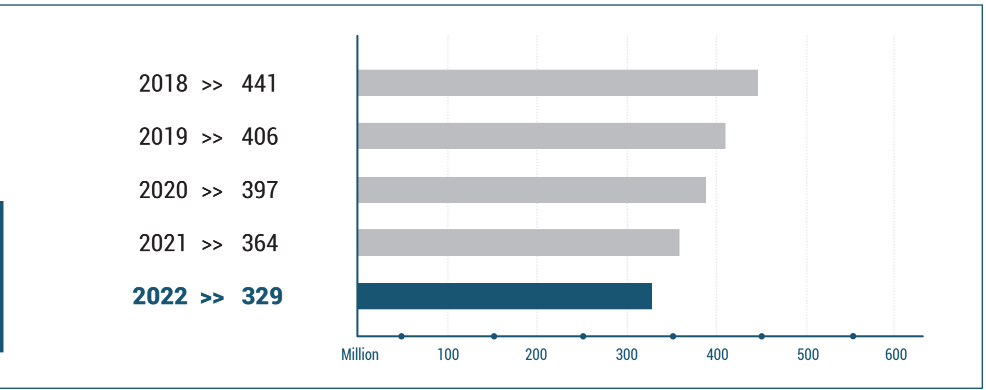
REVENUE
(RM'000)

339,988



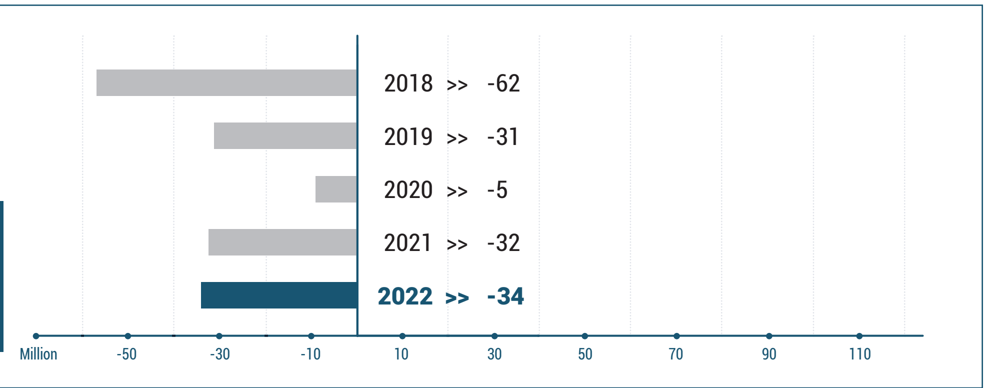
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT
(RM Million)

329



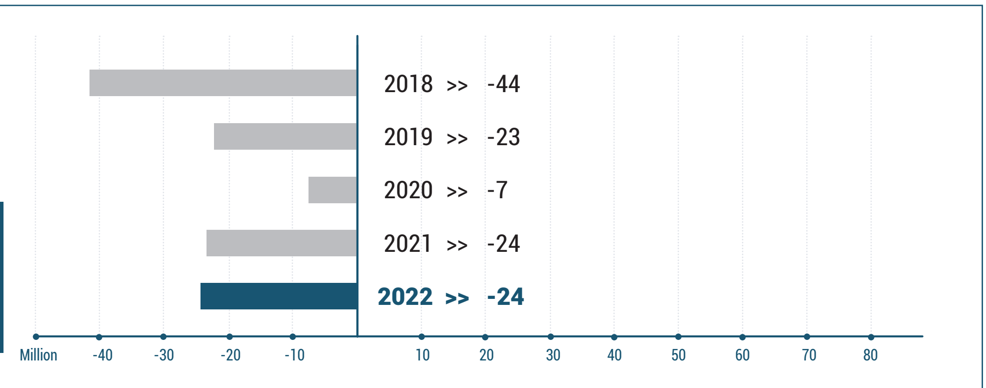
LOSS NET OF TAX
(RM Million)

-34



LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (SEN)

-24



FINANCIAL STATEMENTS

Directors' Report and
Audited Financial Statements
For the Financial Year Ended
31 December 2022

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

Principal activities

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Loss net of tax	(33,724)	(72,297)
(Loss)/profit attributable to:		
Owners of the parent	(33,727)	(72,297)
Non-controlling interests	3	-
	(33,724)	(72,297)

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

Reserves and provisions

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

Treasury shares

As at 31 December 2022, the number of treasury shares was 15,376,900 and the outstanding ordinary shares in issue after set-off of treasury shares was therefore 140,239,113.

Dividends

No dividends have been paid or declared since the end of the previous financial year.

The directors do not recommend the payment of any final dividend for the current financial year.

Directors

The directors of the Company in office since the beginning of the financial year and up to the date of this report are:

Chua Seng Huat **	(Executive Chairman)
Dato' John Chua Seng Chai **	(Group Managing Director)
Chua Seng Guan **	(Group Executive Director)
Chua Yew Lin **	
Pauline Getrude Chua Hui Lin **	
Fong Tshu Kwong @ Fong Tshun Kwong	
Ong Ah Ba	
Yong Lin Lin	

** These directors are also directors of the Company's subsidiaries.

DIRECTORS' REPORT (CONT'D)

Directors (contd.)

The directors of the Company's subsidiaries in office since the beginning of the financial year and up to the date of this report (not including those directors listed above) are:

Meera Sen Mei-Li
Chua Chui Kim
Cicy Cai Chun Hui
Wang Chin Chieh
Wang Chin Hsiang
Charline Pan Ling Hwen
Stephen James Purcell (resigned on 10 March 2023)
Ngui Sam Ted
David Chua Kee Yong

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

Details of directors' remuneration for the financial year are as follows:

	Group		Company	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Executive Directors' remuneration				
Fees	165	165	165	165
Other emoluments	5,115	7,162	3,376	4,110
	5,280	7,327	3,541	4,275
Non-Executive Directors' Remuneration				
Fees (Note 7)	106	106	106	106
Total directors' remuneration	5,386	7,433	3,647	4,381
Estimated monetary value of benefits-in-kind	154	212	41	93
Total directors' remuneration including benefits-in-kind (Note 9)	5,540	7,645	3,688	4,474

Indemnification of directors and officers

The Group maintains a liability insurance for the directors and officers of the Group. The amount of insurance premium effected for the directors and officers of the Group and the Company during the financial year was RM10,500 in relation to its Malaysian operations. The directors and officers shall not be indemnified by such insurance for any negligence, fraud, intentional breach of the law or breach of trust proven against them.

There were no payments of indemnification during the financial year and up to the date of this report.

DIRECTORS' REPORT (CONT'D)

Directors' interests

According to the register of directors' shareholdings, the interests of the directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

(a) Shareholdings in the Company registered in the names of directors:

	Number of ordinary shares At 1.1.2022 and 31.12.2022
Chua Seng Huat	1,113,225
Dato' John Chua Seng Chai	524,650
Chua Seng Guan	566,000
Chua Yew Lin	242,400
Pauline Getrude Chua Hui Lin	328,900
Fong Tshu Kwong @ Fong Tshun Kwong	20,000
Ong Ah Ba	10,000

(b) Shareholdings in which directors are deemed to have an interest:

Indirect interest via holding company	Number of ordinary shares At 1.1.2022 and 31.12.2022
Chua Seng Huat	86,189,825
Dato' John Chua Seng Chai	86,189,825
Chua Seng Guan	86,189,825
Chua Yew Lin	86,189,825
Pauline Getrude Chua Hui Lin	86,204,175

By virtue of their substantial indirect interest in shares in Kim Hin Industry Berhad, Chua Seng Huat, Dato' John Chua Seng Chai, Chua Seng Guan, Chua Yew Lin and Pauline Getrude Chua Hui Lin are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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 the financial year.

Other statutory information

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of an allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

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

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) if necessary to write off any bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT (CONT'D)

Other statutory information (contd.)

(c) At the date of this report, the directors are not aware of any circumstances 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.

(d) At the date of this report, the directors are not aware of any circumstances 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.

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

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

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

(f) In the opinion of the directors:

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

   (ii) 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 the operations of the Group or of the Company for the financial year in which this report is made.

Holding company

The holding company is Kim Hin (Malaysia) Sdn. Bhd., a company incorporated and domiciled in Malaysia, with its registered office located at 4½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration for the financial year for the Group and Company amounted to RM910,000 and RM172,000, respectively, as set out in Note 7 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount.) No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2022.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 April 2023.

Chua Seng Huat **Chua Seng Guan**

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

We, **Chua Seng Huat** and **Chua Seng Guan**, being two of the directors of **Kim Hin Industry Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 66 to 141 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and their cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 April 2023.

Chua Seng Huat

Chua Seng Guan

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

I, **Peter Chiam Tau Mien**, being the officer primarily responsible for the financial management of **Kim Hin Industry Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 66 to 141 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Peter Chiam Tau Mien**
at Kuching in the State of Sarawak
on 25 April 2023

Peter Chiam Tau Mien
(MIA 14085)

Before me,

Phang Dah Nan
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIM HIN INDUSTRY BERHAD (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Kim Hin Industry Berhad**, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 to 141.

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 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Impairment review of property, plant and equipment ("PPE") and right-of-use ("ROU") assets

As at 31 December 2022, the carrying amounts of the Group's PPE and ROU assets amounted to RM122.4 million and RM70.2 million, which accounted for 25% and 14% of the Group's total assets, respectively.

Management has performed impairment assessments to estimate the recoverable amounts of the respective cash-generating units ("CGUs") of these assets. The recoverable amounts of the CGUs were based on either value in use or fair value less costs to sell, whichever is higher. Arising from the impairment assessments carried out for the year ended 31 December 2022, the Group recognised impairment losses relating to PPE and ROU assets amounting to RM1.9 million.

The determination of the recoverable amounts of these PPE and ROU assets is significant to our audit due to their quantum and the significant judgements and estimates involved in determining their recoverable amounts. Accordingly, the impairment assessments of these PPE and ROU assets have been identified as a key audit matter.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIM HIN INDUSTRY BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Impairment review of property, plant and equipment ("PPE") and right-of-use ("ROU") assets (contd.)

Our procedures to address this area of focus included, amongst others, the following:
- Evaluated the appropriateness of the methodology and approach applied;
- For impairment assessment based on fair value less costs to sell, to the extent that management relied on valuation reports provided by independent professional valuers, we have:
  - Assessed the objectivity, independence, reputation, experience and expertise of the independent valuer;
  - Reviewed the methodology adopted by the independent valuer in estimating the fair value of the assets and assessed whether such methodology is consistent with those used in the industry; and
  - Evaluated the appropriateness of the data used by the independent valuer as input into the valuation. We interviewed the external valuer, discussed and challenged the significant estimates and assumptions applied in the valuation process.

The disclosures are provided in Notes 3.2 (b), 13 and 14 to the financial statements.

Net realisable value of inventories

The Group's inventories as at 31 December 2022 amounted to RM123.2 million which represented approximately 25% of the Group's total assets and during the current financial year, the Group recorded a net reversal on inventories of RM3.9 million as disclosed in Notes 5 and 7 to the financial statements. We focused on this area because of the quantum and significant judgement involved in determining the amount of write-down/(write-back) required.

Our audit procedures included attending and observing physical year-end inventory counts to verify the existence and condition of the inventories on a sampling basis, assessing the compliance of Group's inventory provisioning policy, evaluating analyses and assessments made by management with respect to slow moving inventories and reviewing management's assumptions and method used in calculating the write-down/(write-back). We have tested the net realisable value of the inventories on a sampling basis by comparing their carrying amounts to their selling prices based on actual sales made near or subsequent to the financial year. We have also assessed the reliability of the inventory aging reports provided by the management and considered the adequacy of the disclosures related to inventories as disclosed in Note 3.2 (c) and 19 to the financial statements.

Impairment assessment of investments in subsidiaries

The carrying amount of investment in subsidiaries stood at RM106.3 million as at 31 December 2022, net of accumulated impairment loss amounting to RM124.7 million. As a result of the continuing operational losses incurred by certain subsidiaries, management performed impairment assessments during the year to determine the recoverable amounts of the investment in subsidiaries. The recoverable amounts were based on value in use. Arising from the impairment assessments during the year ended 31 December 2022, the Company recognised impairment losses amounting to RM68.4 million for the current financial year.

The determination of the recoverable amount of the investment in subsidiaries is significant to our audit due to the quantum of the carrying amount to the financial statements of the Company, and the significant judgements and estimates involved in determining the recoverable amount. Accordingly, the impairment assessment of these investments has been identified as a key audit matter.

As part of the audit, we have assessed the basis and assumptions used by management in arriving at the recoverable amount of investment in subsidiaries, and assessed the adequacy of impairment losses made by management. We have assessed the reasonableness of the key assumptions used by management which include selling prices of the products, the operating costs and the discount rate used. We have also considered the disclosures in Note 2.11, 3.2 (d) and 16 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIM HIN INDUSTRY BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

Report on the audit of the financial statements (contd.)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIM HIN INDUSTRY BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

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

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

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

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

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

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

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 16 to the financial statements.

Other matters

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

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

AU YONG SWEE YIN
No. 03101/02/2024 J
Chartered Accountant

Kuching, Malaysia
Date: 25 April 2023

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022	Group 2021 (Restated)	Company 2022	Company 2021
		RM'000	RM'000	RM'000	RM'000
Revenue	4	339,988	344,088	3,816	18,469
Cost of sales		(273,496)	(265,269)	-	-
Gross profit		66,492	78,819	3,816	18,469
Other income	5	15,970	17,983	4,577	10,992
Selling and distribution costs		(36,574)	(37,876)	-	-
Administrative expenses		(68,330)	(81,957)	(7,092)	(7,709)
Other expenses		(9,618)	(4,818)	(73,256)	(52,684)
Operating loss		(32,060)	(27,849)	(71,955)	(30,932)
Finance costs	6	(2,315)	(1,995)	-	-
Loss before tax	7	(34,375)	(29,844)	(71,955)	(30,932)
Income tax expense	10	651	(2,709)	(342)	(647)
Loss net of tax		(33,724)	(32,553)	(72,297)	(31,579)
Other comprehensive (loss)/income:					
Other comprehensive (loss)/income that will be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange translation differences on foreign subsidiaries		(1,552)	4,034	-	-
Other comprehensive (loss)/income for the year, net of tax		(1,552)	4,034	-	-
Total comprehensive loss for the year		(35,276)	(28,519)	(72,297)	(31,579)
Loss attributable to:					
Owners of the parent		(33,727)	(33,094)	(72,297)	(31,579)
Non-controlling interests		3	541	-	-
		(33,724)	(32,553)	(72,297)	(31,579)
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(34,951)	(29,956)	(72,297)	(31,579)
Non-controlling interests		(325)	1,437	-	-
		(35,276)	(28,519)	(72,297)	(31,579)
Loss per share attributable to owners of the parent (sen):					
- Basic	11	(24.05)	(23.60)		

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group As at 31.12.2022 RM'000	As at 31.12.2021 (Restated) RM'000	As at 1.1.2021 (Restated) RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	13	122,383	126,172	125,389
Right-of-use assets	14	70,151	77,345	61,582
Investment properties	15	29,574	30,290	36,286
Other investments	17	23,719	31,821	36,330
Intangible assets	18	17,548	17,548	16,643
Deferred tax assets	26	5,888	4,680	4,716
		269,263	287,856	280,946
Current assets				
Inventories	19	123,167	129,224	128,334
Trade and other receivables	20	57,680	60,149	72,325
Other current assets	21	2,506	3,066	3,680
Tax recoverable		966	807	1,619
Derivative assets	27	-	86	769
Cash and bank balances	22	30,675	52,786	70,299
		214,994	246,118	277,026
TOTAL ASSETS		484,257	533,974	557,972

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (CONT'D)

	Note	Group As at 31.12.2022 RM'000	 As at 31.12.2021 (Restated) RM'000	 As at 1.1.2021 (Restated) RM'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	23	206,658	206,658	206,658
Treasury shares	23	(24,309)	(24,309)	(24,309)
Other reserves	24	17,366	18,507	15,247
Retained earnings		129,094	162,904	198,925
		328,809	363,760	396,521
Non-controlling interests		13,047	14,057	17,547
TOTAL EQUITY		341,856	377,817	414,068
Non-current liabilities				
Loans and borrowings	25	8,159	10,326	13,993
Deferred tax liabilities	26	4,774	4,786	4,787
Provisions	29	303	356	376
Lease liabilities	31	27,252	33,014	15,490
		40,488	48,482	34,646
Current liabilities				
Loans and borrowings	25	14,680	13,326	7,967
Derivative liabilities	27	5	-	-
Trade and other payables	28	72,201	78,606	79,013
Provisions	29	4,463	4,622	3,868
Deferred capital grant	30	-	-	-
Lease liabilities	31	9,373	9,888	9,013
Tax payable		1,191	1,233	9,397
		101,913	107,675	109,258
TOTAL LIABILITIES		142,401	156,157	143,904
TOTAL EQUITY AND LIABILITIES		484,257	533,974	557,972

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (CONT'D)

	Note	2022 RM'000	2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	5,149	6,274
Right-of-use assets	14	12,679	13,423
Investment properties	15	14,311	14,660
Investment in subsidiaries	16	106,316	138,277
Other investments	17	23,719	31,821
		162,174	204,455
Current assets			
Trade and other receivables	20	84,752	105,862
Other current assets	21	54	11
Tax recoverable		275	162
Cash and bank balances	22	1,325	11,852
		86,406	117,887
TOTAL ASSETS		248,580	322,342
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	23	206,658	206,658
Treasury shares	23	(24,309)	(24,309)
Retained earnings		65,452	137,749
TOTAL EQUITY		247,801	320,098
Non-current liability			
Deferred tax liability	26	50	61
Current liabilities			
Trade and other payables	28	647	2,095
Provisions	29	82	88
		729	2,183
TOTAL LIABILITIES		779	2,244
TOTAL EQUITY AND LIABILITIES		248,580	322,342

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Attributable to equity holders of the Company							
		Share capital (Note 23) RM'000	Treasury shares (Note 23) RM'000	Reserve and enterprise expansion funds (Note 24) RM'000	Translation adjustment account (Note 24) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2022		206,658	(24,309)	6,932	11,575	155,083	355,939	14,057	369,996
Prior year adjustment	41	-	-	-	-	7,821	7,821	-	7,821
At 1 January 2022, restated		206,658	(24,309)	6,932	11,575	162,904	363,760	14,057	377,817
Loss net of tax		-	-	-	-	(33,727)	(33,727)	3	(33,724)
Other comprehensive loss		-	-	-	(1,224)	-	(1,224)	(328)	(1,552)
Total comprehensive loss		-	-	-	(1,224)	(33,727)	(34,951)	(325)	(35,276)
Transactions with owners									
Capital repayment to minority interest		-	-	-	-	-	-	(460)	(460)
Dividend paid to non-controlling interests		-	-	-	-	-	-	(225)	(225)
Transfer between reserves		-	-	83	-	(83)	-	-	-
At 31 December 2022		206,658	(24,309)	7,015	10,351	129,094	328,809	13,047	341,856

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	Share capital (Note 23) RM'000	Treasury shares (Note 23) RM'000	Reserve and enterprise expansion funds (Note 24) RM'000	Translation adjustment account (Note 24) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to equity holders of the Company							
At 1 January 2021, as previously stated		206,658	(24,309)	6,810	8,437	194,969	392,565	17,547	410,112
Prior year adjustment	41	-	-	-	-	3,956	3,956	-	3,956
At 1 January 2021, restated		206,658	(24,309)	6,810	8,437	198,925	396,521	17,547	414,068
Loss net of tax, as previously stated		-	-	-	-	(36,959)	(36,959)	541	(36,418)
Prior year adjustments	41	-	-	-	-	3,865	3,865	-	3,865
Loss net of tax, restated		-	-	-	-	(33,094)	(33,094)	541	(32,553)
Other comprehensive income		-	-	-	3,138	-	3,138	896	4,034
Total comprehensive income/(loss)		-	-	-	3,138	(33,094)	(29,956)	1,437	(28,519)
Transactions with owners									
Dividends	12	-	-	-	-	(2,805)	(2,805)	-	(2,805)
Dividend paid to non-controlling interests		-	-	-	-	-	-	(4,927)	(4,927)
Transfer between reserves		-	-	122	-	(122)	-	-	-
At 31 December 2021, restated		206,658	(24,309)	6,932	11,575	162,904	363,760	14,057	377,817

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital (Note 23) RM'000	Treasury shares (Note 23) RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2022		206,658	(24,309)	137,749	320,098
Loss net of tax, representing total comprehensive loss for the year		-	-	(72,297)	(72,297)
At 31 December 2022		206,658	(24,309)	65,452	247,801
At 1 January 2021		206,658	(24,309)	172,133	354,482
Loss net of tax, representing total comprehensive loss for the year		-	-	(31,579)	(31,579)
Transaction with owners					
Dividends	12	-	-	(2,805)	(2,805)
At 31 December 2021		206,658	(24,309)	137,749	320,098

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021 (Restated)
		RM'000	RM'000
Operating activities			
Loss before tax		(34,375)	(29,844)
Adjustments for:			
Bad debts written off	7	-	47
Expected credit losses on trade receivables, net	7	504	994
Depreciation of property, plant and equipment	7	10,268	9,720
Depreciation of right-of-use assets	7	12,070	11,397
Depreciation of investment properties	7	349	349
Dividend income	4	(1,972)	(216)
Gain on disposal of other investments	5	(12)	(2)
Gain on disposal of investment property	5	-	(7,893)
Gain on disposal of property, plant and equipment	5,7	(1,227)	(446)
Gain on termination of right-of-use assets	5	(70)	-
Loss on fair value changes for derivatives	7	91	694
Loss on fair value changes on instruments at fair value through profit or loss	7	4,086	703
Impairment loss on property, plant and equipment	7	1,874	4,772
Impairment loss on investment properties	7	17	1,820
Impairment loss on right-of-use assets (reversed)/provided	5,7	(724)	42
Interest expense	6	2,315	1,995
Interest income	5	(171)	(176)
(Write-back)/write-down of inventories, net	5, 7	(3,885)	2,100
Inventories written off	7	192	137
Property, plant and equipment written off	7	145	430
Unrealised loss on foreign exchange, net	5,7	897	741
Operating cash flows before working capital changes		(9,628)	(2,636)
Changes in working capital:			
Inventories		9,750	(3,127)
Receivables		1,074	9,927
Other current assets		560	614
Payables		(6,619)	453
Cash (used in)/generated from operations		(4,863)	5,231
Interest paid		(2,315)	(1,995)
Taxes paid, net of refund		(778)	(9,980)
Net cash used in operating activities		(7,956)	(6,744)
Investing activities			
Acquisition of intangible assets		-	(905)
Acquisition of property, plant and equipment	13	(11,331)	(15,247)
Acquisition of other investments		-	(10,000)
Interest received		171	176
Proceeds from disposal of investment property		-	12,053
Proceeds from disposal of other investments		6,000	14,024
Proceeds from disposal of property, plant and equipment		2,777	1,327
Upliftment/(placement) of short-term deposits with maturity more than 3 months		2,625	(305)
Net cash generated from investing activities		242	1,123

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	2022 RM'000	2021 (Restated) RM'000
Financing activities			
Capital repayment to non-controlling interest		(460)	-
Dividend paid	12	-	(2,805)
Dividend paid to non-controlling interests		(225)	(4,927)
Drawdown of trade facilities		2,722	4,955
Payment of principal portion of lease liabilities		(10,548)	(9,299)
Payment of principal portion of hire purchase		(61)	-
Repayment of term loans		(3,642)	(3,511)
Net cash used in financing activities		(12,214)	(15,587)
Net decrease in cash and cash equivalents		(19,928)	(21,208)
Net foreign exchange difference		434	3,022
Cash and cash equivalents at the beginning of the year		47,047	65,233
Cash and cash equivalents at the end of the year	22	27,553	47,047

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	2022 RM'000	2021 RM'000
Operating activities			
Loss before tax		(71,955)	(30,932)
Adjustments for:			
Depreciation of property, plant and equipment	7	394	373
Depreciation of right-of-use assets	7	744	744
Depreciation of investment properties	7	349	347
Dividend income	4	(2,760)	(17,413)
Expected credit losses on amount due from subsidiaries	7	576	13,592
Gain on disposal of other investments	5	(12)	(2)
Gain on disposal of property, plant and equipment	5	(371)	-
Gain on disposal of investment properties	5	-	(7,893)
Loss on fair value changes on instruments at fair value through profit or loss	7	4,086	703
Impairment loss on investment in subsidiaries	7	68,428	38,390
Interest income	5	(3,484)	(2,780)
Unrealised loss/(gain) on foreign exchange, net	5,7	164	(85)
Operating cash flows before working capital changes		(3,841)	(4,956)
Changes in working capital:			
Other receivables		20,463	(17,353)
Other current assets		(43)	(1)
Other payables		(1,448)	677
Provisions		(6)	6
Cash generated from/(used in) operating activities		15,125	(21,627)
Taxes paid, net of refund		(466)	(447)
Net cash generated from/(used in) operating activities		14,659	(22,074)
Investing activities			
Acquisition of property, plant and equipment	13	(196)	(431)
Acquisition of other investments		-	(10,000)
Additional investment in subsidiaries		(36,467)	-
Dividends received		788	17,197
Interest received		3,484	2,780
Proceeds from disposal of investment property		-	12,053
Proceeds from disposal of other investments		6,000	14,024
Proceeds from disposal of property, plant and equipment		1,298	-
Net cash (used in)/generated from investing activities		(25,093)	35,623
Financing activity			
Dividend paid	12	-	(2,805)
Net cash used in financing activities		-	(2,805)
Net (decrease)/increase in cash and cash equivalents		(10,434)	10,744
Net foreign exchange difference		(93)	182
Cash and cash equivalents at the beginning of the year		11,852	926
Cash and cash equivalents at the end of the year	22	1,325	11,852

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 4½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia.

The holding company is Kim Hin (Malaysia) Sdn. Bhd., a company incorporated and domiciled in Malaysia, with its registered office located at 4½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except otherwise disclosed in the accounting policies below. The Group and the Company adhere to the same accounting policies below unless otherwise stated.

These financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that, in the current financial year, the Group and the Company adopted the amended MFRSs (collectively referred to as "pronouncements"), which are effective for annual financial periods as follows:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: COVID-19 - Related Rent Concessions before 30 June 2021	1 April 2021
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020 Cycle	1 January 2022

The adoption of these pronouncements did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Pronouncements issued but not yet effective

The standards and amended MFRSs (collectively referred to as "pronouncements") that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these pronouncements, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts (including amendments on Initial Application of MFRS 17 and MFRS 9 - Comparative Information)	1 January 2023
Amendments to MFRS 101 and Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The pronouncements are not expected to have any material impact to the financial statements of the Group and the Company.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.5 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Foreign currencies

The Group's consolidated financial statements are presented in RM, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.6 Foreign currencies (contd.)

(i) Transactions and balances (contd.)

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group and the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group and the Company determine the transaction date for each payment or receipt of advance consideration.

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.7 Property, plant and equipment

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over the residual lease period. Capital work-in-progress is not depreciated as these assets are not yet available for use.

Depreciation of other property, plant and equipment is provided on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Buildings, drainage and roads	2% to 10%
Plant, machinery and equipment	5% to 50%
Motor vehicles	20%
Furniture, fittings and office equipment	8% to 30%

A contract which involves the use of an item of property, plant and equipment that meets the definition of a lease is recognised as a right-of-use asset.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.8 Investment properties

Investment properties, which are properties that are held either to earn rental income or for capital appreciation or both, are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses (if any). Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the Group loses control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. MFRS 38.88 Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statements of profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.10 Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the separate financial statements of the Company, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

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

2.11 Impairment of non-financial assets

The Group and the Company assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the assets 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's and the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years or more. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statements of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the asset's or CGU's recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.12 Financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Initial recognition and measurement

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

Subsequent measurement

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

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

(a) Financial assets at amortised cost (debt instruments)

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

(b) Financial assets at fair value through OCI (debt instruments)

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

The Group has no debt instruments that are designated as financial assets at fair value through OCI.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.12 Financial assets (contd.)

Subsequent measurement (contd.)

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

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

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

The Group has no equity instruments that are designated as financial assets at fair value through OCI.

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

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

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statements of financial position) when:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.13 Impairment of financial assets

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

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

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

The Group and the Company consider a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 Fair value measurement

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.14 Fair value measurement (contd.)

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's and the Company's cash management.

2.16 Inventories and work-in-progress

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials, spare parts and sundry inventories: cost is determined on a weighted average basis, which approximates actual costs and includes cost of purchase and other directly attributable costs of acquisition.
- Finished goods and work-in-progress: cost is determined on standard cost basis and includes cost of direct materials and labour and appropriate proportion of manufacturing overheads.
- Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.17 Provisions

Provisions are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group or the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.18 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all conditions attached will be complied with. Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group or the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.19 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities include trade and other payables, loans and borrowings, derivative liabilities and lease liabilities.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

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

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statements of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied.

The Group has not designated any financial liability as at fair value through profit or loss.

(b) Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.19 Financial liabilities (contd.)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.20 Financial guarantee contracts

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

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

2.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and 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.

(b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. The Group's foreign subsidiaries also make contribution to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liabilities for leave is recognised for services rendered by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.23 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessee

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.

(i) Right-of-use assets

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

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

Leasehold land	5 to 91 years
Buildings	1 to 3 years
Plant and machinery	3 years
Motor vehicles	5 years
Other equipment	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.23 Leases (contd.)

(a) Group as a lessee (contd.)

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its 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 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.

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.24 Revenue and other income

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

Sale of goods

Revenue from sale of goods consists of a single performance obligation and is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods or collection by customers.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Volume rebates

One of the Group's foreign subsidiaries provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

The Group has determined that its refund liability is not contract liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.24 Revenue and other income (contd.)

(a) Revenue from contracts with customers (contd.)

Sale of goods (contd.)

(ii) Significant financing component

A foreign subsidiary of the Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(b) Assets and liabilities arising from right of return

(i) Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

(ii) Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of the financial year.

(c) Interest income

Interest income is recognised on effective interest rate basis unless collectability is in doubt.

(d) Dividend income

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

(e) Management fees

Management fees are recognised when services are rendered.

(f) Rental income

Rental income is accounted for a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.25 Taxes

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction when, affects neither the accounting profit nor taxable profit or loss; or

- in respect of deductible temporary differences associated with investment in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.25 Taxes (contd.)

(b) Deferred tax (contd.)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales and Service Tax ("SST")

Revenue is recognised net of the amount of SST as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

When SST is incurred, SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on geographical areas which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segments' managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

2.27 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.28 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share capital.

2.29 Contingencies

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant accounting judgements and estimates

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

3.1 Critical judgements made in applying accounting policies

The management makes critical judgment in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in these financial statements.

3.2 Key sources of estimation uncertainty

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

(a) Impairment of intangible assets

Intangible assets are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which intangible assets are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of intangible assets are disclosed in Note 18.

(b) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are tested for impairment when there is an indication that they may be impaired. The recoverable amounts of the property, plant and equipment and right-of-use assets are estimated based on the higher of value in use and fair value less costs of disposal.

The Group has identified the cash-generating units ("CGUs") for the purpose of impairment testing. The recoverable amount of the CGUs is determined based on the fair value less cost to sell method.

The recoverable amount of the CGU is estimated based on independent valuations carried out by a registered property valuer. The recoverable amounts of the land in the CGUs are estimated using the comparison method. This method made reference recent transactions of industrial land in the vicinity of the Group's plants. The recoverable amounts of the buildings in the CGUs are estimated using the depreciated replacement cost model.

The recoverable amount of the buildings is the current replacement cost of the asset, less accumulated depreciation calculated on the basis that such a cost reflects the already consumed or expired future economic benefits of the asset.

This method reflects the amount that would currently be required to replace the service capacity of an asset, adjusted for obsolescence which encompasses physical deterioration, functional obsolescence, and economic obsolescence.

The directors have determined that the depreciated replacement cost method represents the highest and best use of the buildings in their current use and that the exit market for the buildings is the same as the entry market.

An increase/(decrease) in the fair value by 10% will result in a reversal or further asset impairment of RM3.2 million.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(c) Net realisable value of inventories

The Group reviews the adequacy of write-down/(write-back) of inventories at each reporting date to ensure that the inventories are stated at lower of cost and net realisable value. In assessing the extent of write-down/(write-back) for slow moving inventories, all unsold inventories in excess of 3 years have been written down to Nil.

(d) Impairment assessment of investment in subsidiaries

In performing impairment review over certain of the Company's subsidiaries, the Company also carried out impairment tests on the carrying values of investment in those subsidiaries. The Company estimates the recoverable amounts of the investment based on value in use. Further details of the impairment losses are disclosed in Note 16.

4. Revenue

The significant categories of revenue during the year are analysed as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers - sales of goods	338,016	343,872	-	-
Other revenue				
Dividend income - unquoted securities in Malaysia	1,972	216	1,972	216
- subsidiaries	-	-	788	17,197
Management fees from subsidiaries	-	-	1,056	1,056
	339,988	344,088	3,816	18,469

All revenue from contracts with customers is recognised at a point in time. The performance obligation arising from sale of goods is satisfied upon delivery of goods and payment is generally due within 30 to 120 days from delivery. Returns from customers and refund liabilities arising from return rebates are not material. There is no material remaining performance obligations to be recognised within or more than one year, whether unsatisfied or partially unsatisfied.

5. Other income

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Fumigation charges received	348	527	-	-
Gain on disposal of other investments	12	2	12	2
Gain on disposal of property, plant and equipment	1,229	446	371	-
Gain on disposal of investment property	-	7,893	-	7,893
Gain on foreign exchange - realised	622	809	483	5
- unrealised	-	398	-	85
Gain on derecognition of right-of-use assets	70	-	-	-
Interest income - subsidiaries	-	-	3,449	2,765
- others	171	176	35	15
Rental income	4,990	3,571	227	227
Reversal of impairment of right-of-use assets upon termination of lease (Note 14)	730	-	-	-
Write-back on inventories	5,185	479	-	-
Miscellaneous	2,613	3,682	-	-
	15,970	17,983	4,577	10,992

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

6. Finance costs

	Group	
	2022	**2021**
	RM'000	RM'000
Interest expense on:		
Bank overdraft	40	4
Bankers' acceptances	125	100
Hire purchase interest	9	-
Lease liabilities (Note 31)	1,392	1,044
Term loan	459	588
Other interest	290	259
	2,315	1,995

7. Loss before tax

The following amounts have been included in arriving at loss before tax:

	Group		Company	
	2022	**2021 (Restated)**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
Statutory audit				
- current year	750	723	87	85
- under provision in prior years	7	-	2	-
Other services	153	102	83	12
Bad debts written off	-	47	-	-
Expense relating to short-term leases (Note 31)	2,061	100	-	-
Expense relating to leases of low-value assets (Note 31)	69	66	7	6
Expected credit losses on amount due from subsidiaries, net (Note 20)	-	-	576	13,592
Expected credit losses on trade receivables, net (Note 20)	504	994	-	-
Depreciation of investment properties (Note 15)	349	349	349	347
Depreciation of property, plant and equipment (Note 13)	10,268	9,720	394	373
Depreciation of right-of-use assets (Note 14)	12,070	11,397	744	744
Employee benefits expense (Note 8)	74,214	83,696	3,916	4,883
Impairment loss on investment in subsidiaries (Note 16)	-	-	68,428	38,390
Impairment loss on investment properties (Note 15)	17	1,820	-	-
Impairment loss on property, plant and equipment (Note 13)	1,874	4,772	-	-
Impairment of right-of-use assets (Note 14)	6	42	-	-
Inventories written-down	1,300	2,579	-	-
Inventories written off	192	137	-	-
Loss on fair value changes on instruments at fair value through profit or loss:				
- derivatives (Note 27)	91	694	-	-
- other investments	4,086	703	4,086	703
Loss on foreign exchange:				
- realised	136	438	23	-
- unrealised	897	1,139	164	-
Loss on disposal of property, plant and equipment	2	-	-	-
Non-executive directors' remuneration (Note 9)	106	106	106	106
Property, plant and equipment written off	145	430	-	-

8. Employee benefits expense

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration, excluding benefits-in-kind, amounting to RM5,280,000 (2021: RM7,327,000) and RM3,541,000 (2021: RM4,275,000), respectively, as further disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

8. Employee benefits expense (contd.)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	63,038	70,854	3,267	4,054
Defined contribution plan	6,404	6,908	621	749
Social security contributions	1,286	1,411	8	8
Other staff related costs	3,486	4,523	20	72
	74,214	83,696	3,916	4,883

9. Directors' remuneration

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Executive Directors' remuneration				
Fees	165	165	165	165
Other emoluments	5,115	7,162	3,376	4,110
	5,280	7,327	3,541	4,275
Non-Executive Directors' remunerations				
Fees (Note 7)	106	106	106	106
Total directors' remuneration	5,386	7,433	3,647	4,381
Estimated monetary value of benefits-in-kind	154	212	41	93
Total directors' remuneration including benefits-in-kind	5,540	7,645	3,688	4,474

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and bonuses	4,350	6,070	2,808	3,425
Defined contribution plan	760	1,088	565	682
Social security contributions	5	4	3	3
	5,115	7,162	3,376	4,110
Fees	165	165	165	165
	5,280	7,327	3,541	4,275
Estimated monetary value of benefits-in-kind	154	212	41	93
	5,434	7,539	3,582	4,368
Non-Executive (Note 7):				
Fees	106	106	106	106
	5,540	7,645	3,688	4,474

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

10. Income tax expense

The major components of income tax expense for the years ended 31 December 2022 and 2021 are as follows:

	Group		Company	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Statements of profit or loss and other comprehensive income:				
Current income tax:				
Malaysian income tax	485	658	340	658
Foreign tax	266	2,312	-	-
Under/(over) provision in previous years:				
Malaysian income tax	13	(11)	13	(10)
Foreign tax	(69)	(332)	-	-
	695	2,627	353	648
Deferred income tax (Note 26):				
Relating to origination and reversal of temporary differences	(1,378)	(47)	(3)	(1)
Under/(over) provision in previous years	32	129	(8)	-
	(1,346)	82	(11)	(1)
Income tax expense recognised in profit or loss	(651)	2,709	342	647

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

Income tax for other jurisdictions is calculated at the rate prevailing in the respective jurisdictions. The reconciliation below is prepared by aggregating separate reconciliations for each national jurisdiction.

The reconciliations between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate are as follows:

	Group	
	2022 RM'000	**2021** RM'000
Accounting loss before tax	(34,375)	(29,844)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(8,250)	(7,162)
Effect of different tax rates in other countries	(670)	1,421
Effect of non-deductible expenses for tax purpose	1,546	2,124
Effect of income not subject to tax	(681)	(2,059)
Deferred tax assets not recognised	7,428	8,599
Over provision of income tax in respect of previous years	(56)	(343)
Under provision of deferred tax in respect of previous years	32	129
Income tax expense recognised in profit or loss	(651)	2,709

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

10. Income tax expense (contd.)

The reconciliations between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate are as follows: (contd.)

	Company	
	2022	**2021**
	RM'000	RM'000
Accounting loss before tax	(71,955)	(30,932)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(17,269)	(7,424)
Effect of income not subject to tax	(870)	(6,132)
Effect of non-deductible expenses for tax purpose	18,476	14,213
Under/(over) provision of income tax in respect of previous year	13	(10)
Over provision of deferred tax in respect of previous years	(8)	-
Income tax expense recognised in profit or loss	342	647

The Group has the following tax losses and incentives which are available for offset against the future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation:

	Group	
	2022	**2021**
	RM'000	RM'000
Unutilised tax losses - Malaysian	71,010	53,905
Unutilised tax losses - Other countries	173,643	163,966
Unabsorbed capital allowances	44,643	34,280
Unutilised incentive allowances	2,992	2,992
Unabsorbed reinvestment allowances	32,823	32,823
Others	58,399	62,815
	383,510	350,781

Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised tax losses of the Group's subsidiaries in Malaysia can only be carried forward until the following years of assessment:

	Group	
	2022	**2021**
	RM'000	RM'000
Unutilised tax losses to be carried forward until:		
- Year of assessment 2027	-	782
- Year of assessment 2028	4,885	4,897
- Year of assessment 2029	14,510	14,510
- Year of assessment 2030	15,012	15,012
- Year of assessment 2031	18,704	18,704
- Year of assessment 2032	17,899	-
	71,010	53,905

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

11. Loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

The following table reflects the loss and share data used in the computation of basic loss per share:

	Group	
	2022	**2021 (Restated)**
Loss net of tax attributable to owners of the parent (RM'000)	(33,727)	(33,094)
Number of ordinary shares in issue ('000)	155,616	155,616
Number of treasury shares ('000)	(15,377)	(15,377)
Weighted average number of ordinary shares for basic earnings per share computation ('000)	140,239	140,239
Basic loss per share (sen)	24.05	23.60

The diluted loss per share is the same as the basic loss per share as there are no dilutive potential ordinary shares outstanding.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

12. Dividends

	Group and Company	
	2022 RM'000	**2021** RM'000
Declared and paid:		
Dividends on ordinary shares:		
Interim dividend for 2021: 2 sen per ordinary share, tax exempt	-	2,805
	-	2,805

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

13. Property, plant and equipment

	Freehold land, buildings, drainage and roads RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Group						
At 31 December 2022						
Cost						
At 1 January 2022	191,073	374,913	18,118	41,733	12,184	638,021
Additions	488	6,067	252	3,378	1,446	11,631
Disposals	(1,517)	(2,870)	(1,054)	(1,024)	-	(6,465)
Write-off	(1,018)	(650)	(194)	(493)	-	(2,355)
Reclassification	3,597	10,442	-	-	(14,039)	-
Translation differences	(1,427)	(1,700)	(97)	(250)	496	(2,978)
At 31 December 2022	191,196	386,202	17,025	43,344	87	637,854
Accumulated depreciation and impairment						
At 1 January 2022, as previously stated	114,969	353,331	16,448	33,986	1,008	519,742
Prior year adjustment (Note 41)	(4,852)	(6,208)	(4)	(4)	3,175	(7,893)
At 1 January 2022, restated	110,117	347,123	16,444	33,982	4,183	511,849
Depreciation charge for the year (Note 7)	2,948	5,055	516	1,749	-	10,268
Impairment during the year (Note 7)	-	1,846	-	28	-	1,874
Disposals	(358)	(2,762)	(925)	(870)	-	(4,915)
Write-off	(1,018)	(585)	(194)	(413)	-	(2,210)
Reclassification	-	4,175	-	8	(4,183)	-
Translation differences	(813)	(682)	(68)	168	-	(1,395)
At 31 December 2022	110,876	354,170	15,773	34,652	-	515,471
Net carrying amount						
At 31 December 2022	80,320	32,032	1,252	8,692	87	122,383

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

13. Property, plant and equipment (contd.)

Group (contd.)	Freehold land, buildings, drainage and roads RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2021						
Cost						
At 1 January 2021	188,011	370,139	18,677	39,887	6,130	622,844
Additions	1,096	4,875	243	2,939	6,094	15,247
Disposals/write-off	(332)	(2,351)	(971)	(1,429)	-	(5,083)
Reclassification	810	87	-	-	(897)	-
Translation differences	1,488	2,163	169	336	857	5,013
At 31 December 2021	191,073	374,913	18,118	41,733	12,184	638,021
Accumulated depreciation and impairment						
At 1 January 2021, as previously stared	105,802	346,387	16,583	32,719	-	501,491
Prior year adjustment (Note 41)	-	(5,394)	-	36	1,322	(4,036)
At 1 January 2021, restated	105,802	340,993	16,583	32,755	1,322	497,455
Depreciation charge for the year, as previously stated	2,861	4,039	683	2,178	-	9,761
Prior year adjustment (Note 41)	-	(20)	-	(21)	-	(41)
Depreciation charge for the year, restated (Note 7)	2,861	4,019	683	2,157	-	9,720
Impairment during the year, as previously stated	5,032	2,530	4	14	1,008	8,588
Prior year adjustments	(4,852)	(794)	(4)	(19)	1,853	(3,816)
Impairment during the year, restated (Note 7)	180	1,736	-	(5)	2,861	4,772
Disposals/write-off	(332)	(1,913)	(951)	(1,005)	-	(4,201)
Translation differences	1,606	2,288	129	80	-	4,103
At 31 December 2021, restated	110,117	347,123	16,444	33,982	4,183	511,849
Net carrying amount						
At 31 December 2021, restated	80,956	27,790	1,674	7,751	8,001	126,172

13. Property, plant and equipment (contd.)

Company	Buildings, drainage and roads RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
31 December 2022						
Cost						
At 1 January 2022	15,491	1,078	1,257	6,640	379	24,845
Additions	162	-	-	34	-	196
Disposal	(1,208)	-	-	(2)	-	(1,210)
Reclassification	365	-	-	-	(365)	-
At 31 December 2022	14,810	1,078	1,257	6,672	14	23,831
Accumulated depreciation						
At 1 January 2022	10,010	1,078	1,255	6,228	-	18,571
Depreciation charge for the year (Note 7)	290	-	-	104	-	394
Disposal	(281)	-	-	(2)	-	(283)
At 31 December 2022	10,019	1,078	1,255	6,330	-	18,682
Net carrying amount						
At 31 December 2022	4,791	-	2	342	14	5,149

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

13. Property, plant and equipment (contd.)

Company (contd.)	Buildings, drainage and roads RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
31 December 2021						
Cost						
At 1 January 2021	15,491	1,078	1,257	6,578	13	24,417
Additions	-	-	-	65	366	431
Write off	-	-	-	(3)	-	(3)
At 31 December 2021	15,491	1,078	1,257	6,640	379	24,845
Accumulated depreciation						
At 1 January 2021	9,762	1,078	1,228	6,133	-	18,201
Depreciation charge for the year (Note 7)	248	-	27	98	-	373
Write off	-	-	-	(3)	-	(3)
At 31 December 2021	10,010	1,078	1,255	6,228	-	18,571
Net carrying amount						
At 31 December 2021	5,481	-	2	412	379	6,274

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

13. Property, plant and equipment (contd.)

(a) Included in buildings of the Group are assets with a net carrying amount of RM25,035,987 (2021: RM29,847,502) which are pledged as security for the Group's loans and borrowings as disclosed in Note 25.

(b) During the financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment because certain of its subsidiaries had been incurring continued losses. An impairment loss of RM1,880,220 (2021: RM4,813,788) representing the write-down of property, plant and equipment and right-of-use ("ROU") assets (Note 14) in certain of its subsidiaries to their recoverable amounts was recognised in "Other expenses" line item of the statement of profit or loss and other comprehensive income for the financial year ended 31 December 2022. The recoverable amounts of the property, plant and equipment and ROU assets were based on their fair value less cost to sell at the level of the CGU.

(c) Reconciliation to the statement of cash flows

The acquisition of property, plant and equipment during the financial year by the following means were:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Cash	11,331	15,247	196	431
Hire purchase	300	-	-	-
	11,631	15,247	196	431

(d) Assets held under finance lease

Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	2022	**2021**
	RM	RM
Motor vehicle	150	-
Plant and machinery	150	-
	300	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

14. Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other equipment RM'000	Total RM'000
Group							
Cost							
As at 1 January 2022	49,210	19,501	56,625	2,054	186	8,336	135,912
Additions	-	-	6,783	-	-	1,109	7,892
Derecognition upon expiry	-	-	-	(59)	-	(528)	(587)
Derecognition upon termination	-	-	(8,418)	(2)	-	-	(8,420)
Translation differences	(431)	-	(638)	(15)	(2)	(107)	(1,193)
As at 31 December 2022	48,779	19,501	54,352	1,978	184	8,810	133,604
Accumulated depreciation							
As at 1 January 2022, as previously stated	22,803	7,101	21,671	1,112	123	5,685	58,495
Prior year adjustment (Note 41)	-	-	-	72	-	-	72
As at 1 January 2022, restated	22,803	7,101	21,671	1,184	123	5,685	58,567
Depreciation charge for the year (Note 7)	1,081	312	8,553	335	47	1,742	12,070
Derecognition upon expiry	-	-	-	(59)	-	(528)	(587)
Derecognition upon termination	-	-	(5,296)	-	-	-	(5,296)
Reversal of impairment upon termination of lease (Note 5)	-	-	(730)	-	-	-	(730)
Impairment during the year (Note 7)	-	-	-	6	-	-	6
Translation differences	(165)	-	(289)	(13)	(2)	(108)	(577)
As at 31 December 2022	23,719	7,413	23,909	1,453	168	6,791	63,453
Net carrying amount							
As at 31 December 2022	25,060	12,088	30,443	525	16	2,019	70,151

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

14. Right-of-use assets (contd.)

Group (contd.)	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other equipment RM'000	Total RM'000
Cost							
As at 1 January 2021	48,379	19,501	33,861	2,080	190	8,276	112,287
Additions	3	-	26,964	-	-	788	27,755
Derecognition upon expiry	-	-	(3,399)	-	-	(705)	(4,104)
Modification of lease terms	-	-	(396)	(1)	-	126	(271)
Translation differences	828	-	(405)	(25)	(4)	(149)	245
As at 31 December 2021	49,210	19,501	56,625	2,054	186	8,336	135,912
Accumulated depreciation							
As at 1 January 2021	21,445	6,885	17,345	679	77	4,194	50,625
Prior year adjustment (Note 41)	-	-	-	80	-	-	80
As at 1 January 2022, restated	21,445	6,885	17,345	759	77	4,194	50,705
Depreciation charge for the year, as previously stated	1,062	216	7,698	415	44	1,995	11,430
Prior year adjustment (Note 41)	-	-	-	(33)	-	-	(33)
Depreciation charge for the year, restated (Note 7)	1,062	216	7,698	382	44	1,995	11,397
Impairment during the year, as previously stated	-	-	-	17	-	-	17
Prior year adjustments (Note 41)	-	-	-	25	-	-	25
Impairment during the year, restated (Note 7)	-	-	-	42	-	-	42
Modification of lease terms	-	-	(3,399)	-	-	(399)	(3,798)
Translation differences	296	-	27	1	2	(105)	221
As at 31 December 2021, restated	22,803	7,101	21,671	1,184	123	5,685	58,567
Net carrying amount							
As at 31 December 2021, restated	26,407	12,400	34,954	870	63	2,651	77,345

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

14. Right-of-use assets (contd.)

Included in right-of-use assets of the Group are assets with a net carrying amount of RM12,228,905 (2021: RM12,475,754) which are pledged as security for the Group's loans and borrowings as disclosed in Note 25.

	Short-term leasehold land RM'000	Long-term leasehold land RM'000	Total RM'000
Company			
Cost			
As at 1 January and 31 December 2022	27,808	115	27,923
Accumulated depreciation			
As at 1 January 2021	13,642	114	13,756
Depreciation charge for the year (Note 7)	744	-	744
As at 31 December 2021	14,386	114	14,500
Depreciation charge for the year (Note 7)	744	-	744
As at 31 December 2022	15,130	114	15,244
Net carrying amount			
As at 31 December 2021	13,422	1	13,423
As at 31 December 2022	12,678	1	12,679

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

15. Investment properties

	Freehold land RM'000	Buildings RM'000	Total RM'000
Group			
At 31 December 2022			
Cost			
At 1 January	-	34,889	34,889
Translation differences	-	(375)	(375)
31 December	-	34,514	34,514
Accumulated depreciation			
At 1 January	-	4,599	4,599
Depreciation charge for the year (Note 7)	-	349	349
Impairment during the year (Note 7)	-	17	17
Translation difference	-	(25)	(25)
At 31 December	-	4,940	4,940
Net carrying amount	-	29,574	29,574
Estimated fair value of investment properties			31,378
At 31 December 2021			
Cost			
At 1 January	4,160	34,556	38,716
Disposal	(4,160)	-	(4,160)
Translation differences	-	333	333
31 December	-	34,889	34,889
Accumulated depreciation			
At 1 January	-	2,430	2,430
Depreciation charge for the year (Note 7)	-	349	349
Impairment during the year (Note 7)	-	1,820	1,820
At 31 December	-	4,599	4,599
Net carrying amount	-	30,290	30,290
Estimated fair value of investment properties			32,132

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

15. Investment properties (contd.)

	Freehold land RM'000	Buildings RM'000	Total RM'000
Company			
31 December 2022			
Cost			
At 1 January and 31 December	-	17,437	17,437
Accumulated depreciation			
At 1 January	-	2,777	2,777
Depreciation charge for the year (Note 7)	-	349	349
At 31 December	-	3,126	3,126
Net carrying amount	-	14,311	14,311
Estimated fair value of investment properties			20,417
31 December 2021			
Cost			
At 1 January	4,160	17,437	21,597
Disposal	(4,160)	-	(4,160)
At 31 December	-	17,437	17,437
Accumulated depreciation			
At 1 January	-	2,430	2,430
Depreciation charge for the year (Note 7)	-	347	347
At 31 December	-	2,777	2,777
Net carrying amount	-	14,660	14,660
Estimated fair value of investment properties			21,312

The estimated fair value of the properties is based on directors' valuation derived using recent transacted dealings of comparable properties within the vicinity of the properties.

	Group		Company	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Direct operating expenses that did not generate rental income	(399)	(398)	(399)	(398)

The Group and the Company have no restriction on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties are disclosed in Note 35.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

16. Investment in subsidiaries

	Company 2022 RM'000	Company 2021 RM'000
Unquoted shares, at cost	231,034	194,567
Less: Accumulated impairment losses	(124,718)	(56,290)
	106,316	138,277

During the financial year, the Company conducted impairment reviews of the recoverable amount of its investment in subsidiaries, which have been incurring continued losses. The review gave rise to the recognition of an impairment loss on investment in subsidiaries of RM68,428,000 (2021: RM38,390,000) as disclosed in Note 7. The recoverable amount of these subsidiaries is estimated at RM26,795,000 (2021: RM56,930,214) derived using value in use.

Details of the subsidiaries are as follows:

Names of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest 2022	Proportion of ownership interest 2021
Held by the Company:				
Ceramica Indah Sdn. Bhd.*	Manufacture and sale of ceramic floor, homogeneous and monoporosa tiles	Malaysia	100%	100%
Kimgres Marketing Sdn. Bhd.*	Trading in building materials	Malaysia	100%	100%
Kim Hin Ceramic (Seremban) Sdn. Bhd.*	Manufacture and sale of ceramic tiles	Malaysia	100%	100%
Kim Hin Ceramics (Shanghai) Co. Ltd.***	Manufacture and sale of ceramic tiles	People's Republic of China	79.5%	79.5%
Kim Hin Properties Sdn. Bhd.*	Property and investment holding	Malaysia	100%	100%
Kim Hin Investment Pty. Ltd.***	Property letting	Australia	100%	100%
Tileworld Sdn. Bhd.*	Investment holding	Malaysia	100%	100%
Refined Koalin Industries Sdn. Bhd.*	Inactive	Malaysia	100%	100%
Unicorn Ceramics Sdn. Bhd.*	Inactive	Malaysia	100%	100%
World Ceramics International Sdn. Bhd.*	Property letting	Malaysia	100%	100%
Johnson Tiles Malaysia Sdn. Bhd.*	Trading in building materials	Malaysia	100%	100%
Held through Ceramica Indah Sdn. Bhd.:				
Amber Franchising Pty. Ltd.**	Inactive	Australia	100%	100%
Australian Tiles Pty. Ltd.**	Inactive	Australia	100%	100%
Kimgres Australia Pty. Ltd.***	Wholesaler and retailer of ceramic tiles	Australia	100%	100%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

16. Investment in subsidiaries (contd.)

Details of the subsidiaries are as follows: (contd.)

Names of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest 2022	2021
Held through Australian Tiles Pty. Ltd.:				
Amber Group Australian Properties Pty. Ltd.**	Inactive	Australia	100%	100%
Outset Holdings Pty. Ltd.**	Investment holding	Australia	100%	100%
Held through Outset Holdings Pty. Ltd.:				
Amber Group Australia Pty. Ltd.**	Wholesaler and retailer of pavers, tiles, natural stone and retaining walls	Australia	100%	100%
Held through Amber Group Australia Pty. Ltd.:				
Norcorp Pty. Ltd.**	Retailer of pavers, tiles, natural stone and retaining walls	Australia	100%	100%
Held through Kimgres Marketing Sdn. Bhd.:				
Kimgres Vietnam Trading Co. Ltd.***	Trading in building materials	Vietnam	70%	70%
Held through Kim Hin Ceramics (Shanghai) Co. Ltd.:				
Shanghai Kuching Realty Co. Ltd.***	Investment holding	People's Republic of China	100%	100%
Held through Tileworld Sdn. Bhd.:				
Kim Hin Australia Pty. Ltd.***	Investment holding	Australia	100%	100%
Held through Kim Hin Australia Pty. Ltd.:				
Johnson Tiles Pty. Ltd.***	Importing and distributing of ceramic wall and floor tiles	Australia	100%	100%
Held through Johnson Tiles Pty. Ltd.:				
Coramic Australia Pty. Ltd.***	Inactive	Australia	100%	100%

* Audited by Ernst & Young PLT, Malaysia
** Audited by member firms of Ernst & Young Global in the respective countries
*** Audited by firms other than Ernst & Young PLT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

16. Investment in subsidiaries (contd.)

Summarised financial information of Kim Hin Ceramics (Shanghai) Co. Ltd. and Kimgres Vietnam Trading Co. Ltd.

The Group's material non-controlling interests relate to its subsidiaries, Kim Hin Ceramics (Shanghai) Co. Ltd. and Kimgres Vietnam Trading Co. Ltd.. Hence, the summarised financial information of the two companies, before elimination of any intra-group transactions, are presented below:

(i) Summarised statements of financial position

	Kim Hin Ceramics (Shanghai) Co. Ltd.		Kimgres Vietnam Trading Co. Ltd.		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	34,356	37,223	36	59	34,392	37,282
Current assets	33,962	38,488	3,307	3,230	37,269	41,718
Total assets	68,318	75,711	3,343	3,289	71,661	79,000
Current liabilities	(6,114)	(8,980)	(2,362)	(2,031)	(8,476)	(11,011)
Net assets	62,204	66,731	981	1,258	63,185	67,989
Equity attributable to owners of the Company	49,452	53,051	686	881	50,138	53,932
Non-controlling interests	12,752	13,680	295	377	13,047	14,057
	62,204	66,731	981	1,258	63,185	67,989

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

16. Investment in subsidiaries (contd.)

Summarised financial information of Kim Hin Ceramics (Shanghai) Co. Ltd. and Kimgres Vietnam Trading Co. Ltd. (contd.)

(ii) Summarised statements of profit or loss and other comprehensive income

	Kim Hin Ceramics (Shanghai) Co. Ltd.		Kimgres Vietnam Trading Co. Ltd.		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	27,140	35,128	3,947	3,227	31,087	38,355
Profit/(loss) for the year	452	3,032	(301)	(268)	151	2,764
Other comprehensive (loss)/income for the year	(1,635)	4,281	23	81	(1,612)	4,362
Total comprehensive (loss)/income for the year	(1,183)	7,313	(278)	(187)	(1,461)	7,126
Total comprehensive (loss)/income attributable to:						
Owners of the Company	(941)	5,815	(195)	(131)	(1,136)	5,684
Non-controlling interests	(242)	1,498	(83)	(56)	(325)	1,442
	(1,183)	7,313	(278)	(187)	(1,461)	7,126
Profit/(loss) for the year attributable to non-controlling interests	93	621	(90)	(80)	3	541
Dividend paid to non-controlling interests	225	4,927	-	-	225	4,927

16. Investment in subsidiaries (contd.)

Summarised financial information of Kim Hin Ceramics (Shanghai) Co. Ltd. and Kimgres Vietnam Trading Co. Ltd. (contd.)

(iii) Summarised statements of cash flows

	Kim Hin Ceramics (Shanghai) Co. Ltd.		Kimgres Vietnam Trading Co. Ltd.		Total	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash generated from/(used in) operating activities	879	(439)	101	(43)	980	(482)
Net cash used in investing activities	(506)	(989)	-	-	(506)	(989)
Net cash used in financing activities	(3,345)	(24,035)	-	-	(3,345)	(24,035)
Net (decrease)/increase in cash and cash equivalents	(2,972)	(25,463)	101	(43)	(2,871)	(25,506)
Effect of foreign exchange rate changes	(224)	2,271	(3)	7	(227)	2,278
Cash and cash equivalents at beginning of the year	23,397	46,589	136	172	23,533	46,761
Cash and cash equivalents at end of the year	20,201	23,397	234	136	20,435	23,533

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

17. Other investments

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value through profit or loss				
Investment in unit trusts				
- In Malaysia	17,114	25,757	17,114	25,757
- Outside Malaysia	6,605	6,064	6,605	6,064
Total other investments	23,719	31,821	23,719	31,821
Fair value as at 31 December	23,719	31,821	23,719	31,821

18. Intangible assets

	Goodwill	Arrangements with franchisee	Brand	Total
	RM'000	RM'000	RM'000	RM'000
Group				
Cost				
At 1 January 2022 and 31 December 2022	9,838	12,691	4,857	27,386
Accumulated impairment				
At 1 January 2022 and 31 December 2022	9,838	-	-	9,838
Net carrying amount				
At 31 December 2022 and 31 December 2021	-	12,691	4,857	17,548

Impairment testing of intangible assets

For impairment testing, arrangements with franchisee and brand acquired through business combinations with indefinite useful lives are allocated to a CGU, Outset Holdings Pty. Ltd..

Outset Holdings Pty. Ltd. ("OHPL") is primarily involved in wholesale and retail of tiles, pavers, natural stone and retaining walls in Australia.

	OHPL	
	2022	2021
	RM'000	RM'000
Arrangements with franchisee	12,691	12,691
Brand	4,857	4,857

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

18. Intangible assets (contd.)

The following assumptions were used in the determination of the recoverable amounts:

(a) Budgeted gross margin

The budgeted gross margin is based on actual historical trends for the past 5 years. The gross margin used was 42% (2021: 38%).

(b) Growth rate

The forecasted growth rate is 2.5% (2021: 3%) based on the Group's estimates and do not exceed the long-term average growth rate for the industry relevant to the CGU.

(c) Discount rate

The discount rates used range between 11.5% to 12% (2021: 11%). The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity.

As the recoverable amount derived using their estimated value in use is higher than the carrying amount of the intangible assets allocated to this CGU, no impairment loss was recognised during the year.

19. Inventories

	Group	
	2022	**2021**
	RM'000	RM'000
At cost		
Raw materials	18,746	17,572
Work-in-progress	2,462	3,238
Finished goods	88,688	95,563
Packing materials	1,771	2,353
Spare parts and stores	9,606	10,343
	121,273	129,069
At net realisable value		
Finished goods	1,894	155
	123,167	129,224

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM227,104,000 (2021: RM194,225,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

20. Trade and other receivables

	Group		Company	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Current				
Trade receivables				
Third parties	59,715	61,625	-	-
Less: Allowances for credit losses	(5,222)	(4,903)	-	-
	54,493	56,722	-	-
Other receivables				
Amounts due from subsidiaries:				
- Interest bearing	-	-	84,290	103,898
- Non-interest bearing	-	-	16,220	17,112
	-	-	100,510	121,010
Less: Allowances for credit losses	-	-	(16,005)	(15,429)
	-	-	84,505	105,581
Sundry receivables	1,925	2,059	125	151
Deposits	1,262	1,368	122	130
	3,187	3,427	84,752	105,862
Total trade and other receivables	57,680	60,149	84,752	105,862

(a) Trade receivables

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except as disclosed in Note 38(a).

The Group's normal trade credit term ranges from 30 to 90 days (2021: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix 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 debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

20. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	Group	
	2022	**2021**
	RM'000	RM'000
Neither past due nor impaired	38,767	39,070
1 to 30 days past due not impaired	9,840	10,679
31 to 60 days past due not impaired	1,827	3,351
61 to 90 days past due not impaired	696	406
91 to 120 days past due not impaired	626	183
More than 121 days past due but not impaired	2,737	3,033
	15,726	17,652
Impaired	5,222	4,903
	59,715	61,625

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM15,726,000 (2021: RM17,652,000) that are past due at the reporting date but not impaired.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record credit losses are as follows:

	Group Individually impaired	
	2022	**2021**
	RM'000	RM'000
Trade receivables - nominal amounts	5,222	4,903
Less: Allowance for expected credit losses	(5,222)	(4,903)
	-	-

Movement in allowance for expected credit losses:

	2022	2021
At 1 January	4,903	3,970
Provided for the year (Note 7)	1,005	1,189
Reversal of expected credit losses (Note 7)	(501)	(195)
Written off	-	(47)
Translation differences	(185)	(14)
At 31 December	5,222	4,903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

20. Trade and other receivables (contd.)

(b) Amounts due from subsidiaries

The amounts due from subsidiaries that are impaired at the reporting date and the movement of the allowance accounts used to record credit losses are as follows:

	Company Individually impaired	
	2022	**2021**
	RM'000	RM'000
Amount due from subsidiaries - nominal amounts	16,005	15,429
Less: Allowance for expected credit losses	(16,005)	(15,429)
	-	-
Movement in allowance for expected credit losses:		
At 1 January	15,429	1,837
Provided for the year (Note 7)	576	13,592
At 31 December	16,005	15,429

These amounts are unsecured and repayable on demand. The interest-bearing portion bore interest at rates ranging 3% to 4% (2021: 3%) per annum during the financial year.

21. Other current assets

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Prepayments	2,506	3,066	54	11

22. Cash and bank balances

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	28,011	47,415	1,325	11,852
Deposits with financial institutions	2,664	5,371	-	-
Total cash and bank balances	30,675	52,786	1,325	11,852

Deposits with financial institutions at the reporting date earned interest at rates ranging from 0.30% to 1.75% (2021: 0.50% to 3.80%) per annum. The tenure of the deposits at the reporting date are between 6 months to 1 year (2021: 30 days to 1 year).

For the purpose of cash flow statement, cash and cash equivalents comprise the following at reporting date:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	30,675	52,786	1,325	11,852
Less: Bank overdraft (Note 25)	(458)	(368)	-	-
Less: Short-term deposits with maturity more than 3 months	(2,664)	(5,371)	-	-
Cash and cash equivalents	27,553	47,047	1,325	11,852

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

23. Share capital and treasury shares

	Number of ordinary shares		Amount	
	Share capital (Issued and fully paid) '000	Treasury shares '000	Share capital (Issued and fully paid) RM'000	Treasury shares RM'000
Group and Company				
At 1 January 2022 and 31 December 2022	155,616	(15,377)	206,658	(24,309)

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance. During the financial year, the Company has not purchased any of its own shares. Of the total 155,616,013 (2021: 155,616,013) issued and fully paid ordinary shares as at 31 December 2022, 15,376,900 (2021: 15,376,900) are held as treasury shares by the Company. As at 31 December 2022, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (2021: 140,239,113) ordinary shares.

24. Other reserves

	Group	
	2022 RM'000	**2021** RM'000
Reserve and Enterprise Expansion Funds		
At 1 January	6,932	6,810
Transfer from retained earnings	83	122
At 31 December	7,015	6,932
Translation adjustment account		
At 1 January	11,575	8,437
Translation difference in subsidiaries	(1,224)	3,138
At 31 December	10,351	11,575
Total other reserves	17,366	18,507

The nature and purpose of each category of reserve are as follows:

(a) Reserve and Enterprise Expansion Funds

The Reserve and Enterprise Expansion Funds are maintained in compliance with the regulation issued by the governing authority of the People's Republic of China ("PRC") for a subsidiary incorporated in the PRC.

(b) Translation adjustment account

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

25. Loans and borrowings

	Maturity	Group 2022 RM'000	Group 2021 RM'000
Current			
Unsecured:			
Bank overdraft	On demand	458	368
Trade facilities	On demand	10,047	9,326
Hire purchase		80	-
Secured:			
Term loans:			
RM loan at BLR - 2.2% p.a.	2023	1,268	1,469
RM loan at BLR - 1.75% p.a.	2023	2,168	2,163
AUD loan at 7.18% p.a.	2023	659	-
		14,680	13,326
Non-current			
Unsecured:			
Trade facilities		552	-
Hire purchase		159	-
Secured:			
Term loans:			
RM loan at BLR - 2.2% p.a.	2024	-	1,272
RM loan at BLR - 1.75% p.a.	2024 - 2026	6,879	9,054
AUD loan at 7.18% p.a.	2024 - 2026	569	-
		8,159	10,326
Total loans and borrowings		22,839	23,652

The remaining maturities of the loans and borrowings are as follows:

	Group 2022 RM'000	Group 2021 RM'000
On demand or not later than 1 year	14,680	13,326
Later than 1 year and not later than 2 years	3,485	3,520
Later than 2 years and not later than 5 years	4,674	4,764
Later than 5 years	-	2,042
	22,839	23,652

Term loans

The loans are secured by way of fixed charges over certain assets of the Group as disclosed in Note 13 and Note 14 and corporate guarantees from the Company. The effective interst rates of the loans range from 3.29% to 7.18% (2021:3.29% to 3.85%) per annum.

Trade facilities

The Group has bankers' acceptances facilities with terms ranging from 85 days to 118 days (2021: 38 days to 118 days). The facility effective interest rates range from 1.95% to 4.61% per annum (2021: 1.90% to 3.42%) per annum.

Hire purchase arrangements

The Group has hire purchase arrangements with interest rates ranging from 2.13% to 3.30% per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

26. Deferred tax (assets)/liabilities

	Group		Company	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
At 1 January	106	71	61	62
Recognised in profit or loss (Note 10)	(1,346)	82	(11)	(1)
Translation differences	126	(47)	-	-
At 31 December	(1,114)	106	50	61

Presented after appropriate offsetting as follows:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Deferred tax assets	(5,888)	(4,680)	-	-
Deferred tax liabilities	4,774	4,786	50	61
	(1,114)	106	50	61

26. Deferred tax (assets)/liabilities (contd.)

The components and movements of deferred tax (assets)/liabilities during the financial year are as follows:

Deferred tax (assets)/liabilities of the Group:

	Unutilised reinvestment and capital allowances RM'000	**Unutilised business losses** RM'000	**Provisions** RM'000	**Property, plant and equipment** RM'000	**Intangible assets** RM'000	**Total** RM'000
At 1 January 2021	3,975	(193)	690	(9,126)	4,725	71
Recognised in profit or loss	(327)	3	431	(25)	-	82
Translation differences	-	-	(32)	(15)	-	(47)
At 31 December 2021	3,648	(190)	1,089	(9,166)	4,725	106
Recognised in profit or loss	(281)	1,232	(55)	(2,242)	-	(1,346)
Translation differences	-	-	15	111	-	126
At 31 December 2022	3,367	1,042	1,049	(11,297)	4,725	(1,114)

Presented after appropriate offsetting as follows:

2021						
Deferred tax assets	3,648	(190)	1,089	(9,227)	-	(4,680)
Deferred tax liabilities	-	-	-	61	4,725	4,786
	3,648	(190)	1,089	(9,166)	4,725	106
2022						
Deferred tax assets	3,367	1,042	1,049	(11,346)	-	(5,888)
Deferred tax liabilities	-	-	-	49	4,725	4,774
	3,367	1,042	1,049	(11,297)	4,725	(1,114)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

26. Deferred tax (assets)/liabilities (contd.)

Deferred tax liability of the Company

	Property, plant and equipment RM'000
At 1 January 2021	62
Recognised in profit or loss (Note 10)	(1)
At 31 December 2021	61
Recognised in profit or loss (Note 10)	(11)
At 31 December 2022	50

At the reporting date, deferred tax assets were not recognised in respect of the following as it is not probable that future taxable profits will be available against which the following benefits can be utilised:

	Group	
	2022 RM'000	**2021** RM'000
Unutilised tax losses	240,311	217,079
Unabsorbed capital allowances	32,733	29,988
Unabsorbed incentive allowances	2,992	2,992
Unabsorbed reinvestment allowances	30,703	21,228
Others	58,316	62,815
	365,055	334,102

27. Derivative (liabilities)/assets

	Group			
	2022		**2021**	
	Contract/ notional amount RM'000	**Liabilities** RM'000	**Contract/ notional amount** RM'000	**Assets** RM'000
Non-hedging derivatives:				
Current				
Forward currency contracts	1,291	(5)	10,375	86

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

At 31 December 2022, forward currency contracts were used to hedge the Group's sales commitments denominated in USD and AUD (Note 38(d)).

As at 31 December 2022, the Group recognised a net loss of RM91,000 (2021: net loss of RM694,000) arising from fair value changes of derivative instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

28. Trade and other payables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	44,972	48,432	-	-
Other payables				
Sundry payables	20,267	19,177	166	146
Payroll expenses	2,046	4,614	411	1,888
Other accruals	4,916	6,383	70	61
	27,229	30,174	647	2,095
Total trade and other payables	72,201	78,606	647	2,095

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 120 days (2021: 30 to 120 days) terms.

(b) Sundry payables

Sundry payables are normally settled on an average term of 30 days (2021: 30 days) and are generally non-interest bearing. An amount of RM3,817,061 (2021: RM3,570,634) included in the sundry payables represents Marketing Fund of Amber Group Australia Pty. Ltd. ("the Fund"). The Fund receives contributions from franchisees based on a percentage of store sales and is used for the advertising and marketing of products under Amber brand.

29. Provisions

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Long service leave and annual leave				
At 1 January	4,978	4,244	88	82
Provided during the year	1,758	1,548	28	39
Utilised during the year	(1,439)	(729)	(34)	(33)
Unused amounts forfeited	(56)	(33)	-	-
Translation differences	(475)	(52)	-	-
At 31 December	4,766	4,978	82	88
Analysed as:				
Current	4,463	4,622	82	88
Non-current	303	356	-	-
At 31 December	4,766	4,978	82	88

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

30. Deferred capital grant

	Group	
	2022 RM'000	**2021** RM'000
Cost		
At 1 January and 31 December	1,085	1,085
Accumulated amortisation		
At 1 January and 31 December	1,085	1,085
Net carrying amount		
At 31 December	-	-

Deferred capital grant relates to the foreign government grant received by the Group's subsidiary in the People Republic of China for undertaking and implementing environmentally friendly plant and machineries. There are no unfulfilled conditions or contingencies attached to these grants.

31. Lease liabilities

Group as a lessee

The Group has lease contracts for various items of property, plant, machinery and other equipment used in its operations. Leases of property generally have lease terms between 4 and 7 years, while plant and machinery and other equipment generally have lease terms of 5 and 8 years respectively. The Group's obligations under these leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Buildings RM'000	**Plant and machinery** RM'000	**Motor vehicles** RM'000	**Other equipment** RM'000	**Total** RM'000
Group					
As at 1 January 2021	18,553	1,452	117	4,381	24,503
Additions	26,964	-	-	788	27,752
Accretion of interest	794	61	16	173	1,044
Modification of lease terms	498	(1)	-	(340)	157
Payment	(7,651)	(464)	(49)	(2,179)	(10,343)
Translation differences	(245)	(31)	(15)	80	(211)
As at 31 December 2021	38,913	1,017	69	2,903	42,902
Additions	6,783	-	-	1,109	7,892
Accretion of interest	1,265	31	2	94	1,392
Modification of lease terms	(3,297)	4	-	-	(3,293)
Payment	(9,506)	(437)	(51)	(1,946)	(11,940)
Translation differences	(322)	(6)	-	-	(328)
As at 31 December 2022	33,836	609	20	2,160	36,625

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. Lease liabilities (contd.)

Group as a lessee (contd.)

Set out below are the carrying amounts of lease liabilities and the movements during the year: (contd.)

	Group	
	2022	**2021**
	RM'000	RM'000
Current	9,373	9,888
Non-current	27,252	33,014
	36,625	42,902

The maturity analysis of lease liabilities is disclosed in Note 38(b).

The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognised on the statements of financial position:

	2022	**2021**
No. of right-of-use assets leased	31	37
No. of leases with extension options	22	26

The following are the amounts recognised in profit or loss:

	Group		Company	
	2022	**2021 (Restated)**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Depreciation expense of right-of-use assets (Note 14)	12,070	11,397	744	744
Interest expense on lease liabilities (Note 6)	1,392	1,044	-	-
Expense relating to short-term leases (included in cost of sales and administrative expenses) (Note 7)	2,061	100	-	-
Expense relating to leases of low-value assets (included in administrative expenses) (Note 7)	69	66	7	6

The Group had total cash outflows for leases of RM14,070,000 in 2022 (2021: RM10,509,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of RM7,892,000 in 2022 (2021: RM27,752,000).

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The Group has exercised the termination options for three of its lease contracts during the financial year.

The discounted potential future lease payments arising from termination and extension options in certain lease contracts are not included in the lease liabilities due to uncertainties as to whether the options will or will not be exercised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. Lease liabilities (contd.)

Group as a lessor

The Group has entered into operating leases on its buildings consisting of showroom, factory and two residential properties. These leases are negotiated for terms ranging from one to ten years. All leases include a clause to enable upward revision of the rental charge on an annual basis or renewal/extension according to prevailing market conditions.

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Not later than one year	4,619	3,571	227	227
Later than one year and not later than five years	18,277	14,282	907	907
Later than five years	4,569	3,571	227	227
	27,465	21,424	1,361	1,361

32. Capital commitments

	Group	
	2022	**2021**
	RM'000	RM'000
Property, plant and equipment:		
Authorised and contracted for	-	1,860
Authorised but not contracted for	431	5,384

33. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions entered into between the Group and related parties took place at terms agreed between the parties during the financial year:

(a) Transactions with directors and/or companies in which certain directors and their close family members have substantial financial interest:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Income:				
Sale of ceramic tiles:				
Pan Chyi Construction & Development Sdn. Bhd.	6	55	-	-
Trend Homes Sdn. Bhd.	17	-	-	-
Expenditure:				
Purchases of sanitaryware for resale:				
Kam Kam Sanitaryware Sdn. Bhd.	868	680	-	-
Renovation and maintenance costs:				
Pan Chyi Construction and Development Sdn. Bhd.	91	198	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

33. Related party disclosures (contd.)

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions entered into between the Group and related parties took place at terms agreed between the parties during the financial year: (contd.)

(b) Transactions with holding company, Kim Hin (Malaysia) Sdn. Bhd.:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Expenditure:				
Rental of office and warehouses	1,996	1,996	-	-
Insurance commission earned as insurance agent	102	103	7	7

(c) Transactions with subsidiaries:

	Company	
	2022	**2021**
	RM'000	RM'000
Dividend income	788	17,197
Management fees	1,056	1,056
Rental income	227	227
Interest income	3,449	2,765

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	15,765	16,965	3,188	3,911
Social security costs	39	37	6	5
Defined contribution plan	2,014	2,061	611	734
Benefits-in-kind	221	252	41	93
	18,039	19,315	3,846	4,743
Included in the total remuneration of key management personnel are:				
Executive directors' remuneration (Note 9)	5,434	7,539	3,582	4,368

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

34. Fair value of financial instruments

Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	Note
Trade and other receivables	20
Cash and bank balances	22
Loans and borrowings	25
Derivatives	27
Trade and other payables	28
Lease liabilities	31

(i) Cash and bank balances, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature.

(ii) Trade receivables and trade payables

The carrying amounts of these trade receivables and trade payables approximate their fair value because they are subject to normal trade credit terms.

(iii) Loans and borrowings

The carrying value of bank borrowings and term loans approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(iv) Derivatives

The fair values of forward currency contracts are the amounts that would be payable or receivable on termination of the outstanding position arising and are determined by reference to the contracted rate and forward exchange rates at the reporting date.

(v) Lease liabilities

The fair values of leases are estimated by discounting expected future cash flows at market incremental lending rate of similar types of lending, borrowings or leasing arrangements at the reporting date.

(vi) Financial guarantee contracts

Fair value is determined based on the probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

35. Fair value measurement

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2022

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
Assets measured at fair value					
Investment in unit trusts	17	-	23,719	-	23,719
Assets for which fair values are disclosed					
Investment properties	15	-	-	31,378	31,378
Liabilities measured at fair value					
Derivatives liabilities	27	-	5	-	5
Company					
Assets measured at fair value					
Investment in unit trusts	17	-	23,719	-	23,719
Assets for which fair values are disclosed					
Investment properties	15	-	-	20,417	20,417

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2021

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
Assets measured at fair value					
Investment in unit trusts	17	-	31,821	-	31,821
Derivative assets	27	-	86	-	86
Assets for which fair values are disclosed					
Investment properties	15	-	-	32,132	32,132
Company					
Assets measured at fair value					
Investment in unit trusts	17	-	31,821	-	31,821
Assets for which fair values are disclosed					
Investment properties	15	-	-	21,312	21,312

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

36. Categories of financial instruments

The table below provides an analysis of the Group's financial instruments as at 31 December 2022 and 2021, categorised as follows:

(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL")

	Group		Company	
	AC	**FVTPL**	**AC**	**FVTPL**
	RM'000	RM'000	RM'000	RM'000
31 December 2022				
Financial assets				
Trade and other receivables	57,680	-	84,752	-
Other investments	-	23,719	-	23,719
Cash and bank balances	30,675	-	1,325	-
	88,355	23,719	86,077	23,719
Financial liabilities				
Loans and borrowings	22,839	-	-	-
Trade and other payables	72,201	-	647	-
Lease liabilities	36,625	-	-	-
Derivative liabilities	-	5	-	-
	131,665	5	647	-
31 December 2021				
Financial assets				
Trade and other receivables	60,149	-	105,862	-
Other investments	-	31,821	-	31,821
Cash and bank balances	52,786	-	11,852	-
Derivative assets	-	86	-	-
	112,935	31,907	117,714	31,821
Financial liabilities				
Loans and borrowings	23,652	-	-	-
Trade and other payables	78,606	-	2,095	-
Lease liabilities	42,902	-	-	-
	145,160	-	2,095	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

37. Changes in liabilities arising from financing activities

	Group	
	2022 RM'000	**2021** RM'000
Group's borrowings and lease liabilities		
At 1 January	66,186	46,463
Acquisition of right-of-use assets	7,892	27,752
Acquisition of hire purchase	300	-
Repayment of borrowings	(3,642)	(3,511)
Repayment of principal portion of lease liabilities	(10,548)	(9,299)
Repayment of principal portion of hire purchase	(61)	-
Drawdown of trade facilities	2,722	4,955
Modification of lease terms	(3,293)	157
Translation differences	(550)	(331)
At 31 December	59,006	66,186

The Group's borrowings as shown above exclude bank overdraft.

38. Financial risk management objectives and policies

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group has not undertaken any derivatives throughout the current and previous financial year except for the use of forward currency contracts. The Group does not apply hedge accounting.

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

(a) Credit risk

Customer credit risk is managed by each entity in the Group and is subject to establish policy, procedures and control. Outstanding customer receivables are regularly monitored and major shipments are generally covered by letters of credit or other forms of collaterals. As at 31 December 2022, the Group had 23 customers (2021: 24) that owed more than RM500,000 each and accounted for approximately 49% (2021: 50%) of receivables outstanding. There were one (2021: two) customers with balances greater than RM3,000,000 accounting for about 10% (2021: 12%) of total trade receivables.

Impairment reviews are performed regularly and at the reporting date using the simplified approach. Generally, trade receivables are provided for expected credit loss when past due for more than one year. The letters of credits and other forms of collaterals are integral part of trade receivables and considered in the calculation of impairment.

Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM22,839,000 (2021: RM23,652,000) relating to corporate guarantees provided by the Company to banks for bank borrowings granted to certain subsidiaries of the Company.

Credit risk concentration profile

The Group does not have any significant or concentration of credit risk that may arise from exposures to a single debtor or to groups of related debtors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

38. Financial risk management objectives and policies (contd.)

(b) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
2022				
Trade and other payables	72,201	-	-	72,201
Loans and borrowings	15,146	8,894	-	24,040
Lease liabilities	10,444	25,597	3,446	39,487
Total undiscounted financial liabilities	97,791	34,491	3,446	135,728
2021				
Trade and other payables	78,606	-	-	78,606
Loans and borrowings	13,792	8,963	2,078	24,833
Lease liabilities	10,654	28,189	12,504	51,347
Total undiscounted financial liabilities	103,052	37,152	14,582	154,786
Company				
2022				
Other payables	647	-	-	647
Financial guarantees*	22,839	-	-	22,839
Total undiscounted financial liabilities	23,486	-	-	23,486
2021				
Other payables	2,095	-	-	2,095
Financial guarantees*	23,652	-	-	23,652
Total undiscounted financial liabilities	25,747	-	-	25,747

* Based on the maximum that can be called for under the financial guarantee contracts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

38. Financial risk management objectives and policies (contd.)

(c) Interest rate risk

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

The Group's exposure to market risk for changes in interest rates arises primarily from its long-term debt obligations with floating interest rates. Interest rate exposure is managed by maintaining a balanced mix of fixed and floating rate borrowings and regular reviews of its debt portfolio.

Information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

At the reporting date, it is estimated that a ten (10) basis points increase in interest rate, with all other variables held constant, would increase the Group's loss net of tax by approximately RM22,142 (2021: RM1,995), arising mainly as a result of higher interest expense on net floating borrowing position. A decrease in interest rate would have had equal but opposite effect on the aforesaid amount, on the basis that all other variables remained constant.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Ringgit Malaysia ("RM"), Australian Dollar ("AUD") and Renminbi ("RMB"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD"), AUD and EURO ("EUR").

The Group uses forward currency contracts to eliminate the currency exposures after it has entered into a firm commitment for a sale. The forward currency contracts must be in the same currency as the hedged item.

At 31 December 2022, the Group hedged 74% (2021: 83%) of its foreign currency denominated sales, for which firm commitments extended to March 2023.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, the Group's foreign currency balances denominated in AUD, EURO and USD amounted to RM3,172 (2021: RM10.6 million) for its Malaysian operations.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including People's Republic of China, Australia and Vietnam.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

38. Financial risk management objectives and policies (contd.)

(d) Foreign currency risk (contd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's loss net of tax to a reasonably possible strengthening/weakening of the USD, AUD and EUR exchange rates against the functional currency of the Group and of the Company, with all other variables held constant.

		Group Loss net of tax		Company Loss net of tax	
		2022	**2021**	**2022**	**2021**
		RM'000	RM'000	RM'000	RM'000
USD	- Strengthen 12% (2021: 10%)	1,104	352	-	147
	- Weaken 8% (2021: 4%)	(559)	(519)	-	(299)
AUD	- Strengthen 8% (2021: 11%)	790	874	390	313
	- Weaken 6% (2021: 3%)	(518)	(245)	(92)	(82)
EUR	- Strengthen 2% (2021: 11%)	(15)	(48)	-	-
	- Weaken 9% (2021:19%)	38	-	-	-

39. Capital management

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and enhance its shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions, risk inherent in its business operations or expansion plan of the Group. The initiatives in maintaining the Group's capital structure include issuance of shares, adjusting dividend payment to shareholders, or returning capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021.

As disclosed in Note 24(a), a subsidiary of the Group is required by the Foreign Enterprise Law of the People's Republic of China to contribute to and maintain a non-distributable reserve fund whose utilisation is subject to the approval by the relevant foreign authority. This externally imposed capital requirement has been complied with by the subsidiary for the financial years ended 31 December 2022 and 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, loans and borrowings and lease liabilities, less cash and bank balances. Capital includes equity attributable to the owners of the parent less translation adjustment account and the above-mentioned restricted reserve fund.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

39. Capital management (contd.)

	Note	Group 2022 RM'000	Group 2021 (Restated) RM'000	Company 2022 RM'000	Company 2021 RM'000
Trade and other payables	28	72,201	78,606	647	2,095
Loans and borrowings	25	22,839	23,652	-	-
Lease liabilities	31	36,625	42,902	-	-
Less: Cash and cash balances	22	(30,675)	(52,786)	(1,325)	(11,852)
Net debt/(cash)		100,990	92,374	(678)	(9,757)
Equity attributable to equity holder of the Company		328,809	363,760	247,801	320,098
Less: Other reserves	24	(17,366)	(18,507)	-	-
Capital		311,443	345,253	247,801	320,098
Net debt/(cash)		100,990	92,374	(678)	(9,757)
Capital		311,443	345,253	247,801	320,098
Total capital plus net debt		412,433	437,627	247,123	310,341
Gearing ratio		24%	21%	N/A*	N/A*

* Not applicable as the Company was in a net cash position.

40. Segmental reporting

The Group operates principally in one industry and is organised into four operating segments according to geographical locations based on information reported internally.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on profit or loss net of tax and non-controlling interests.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between business segments are set on mutually agreed terms. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

40. Segmental reporting (contd.)

31 December 2022	Malaysia operation RM'000	China operation RM'000	Australia operation RM'000	Vietnam operation RM'000	Total RM'000
Revenue					
Total sales	180,424	29,607	146,744	3,947	360,722
Less: Inter-segment sales	(18,267)	(2,467)	-	-	(20,734)
	162,157	27,140	146,744	3,947	339,988
Results					
Segment operating (loss)/profit	(20,711)	407	(11,455)	(301)	(32,060)
Finance costs	(869)	-	(1,446)	-	(2,315)
(Loss)/profit before tax	(21,580)	407	(12,901)	(301)	(34,375)
Income tax expense	(933)	45	1,539	-	651
(Loss)/profit for the year	(22,513)	452	(11,362)	(301)	(33,724)
Non-controlling interests	-	(93)	-	90	(3)
(Loss)/profit attributable to owners of the parent	(22,513)	359	(11,362)	(211)	(33,727)
Assets					
Segment assets	255,058	66,095	111,640	3,343	436,136
Other investments	23,719	-	-	-	23,719
Intangible assets	-	-	17,548	-	17,548
Tax recoverable	966	-	-	-	966
Deferred tax assets	573	647	4,668	-	5,888
Total assets	280,316	66,742	133,856	3,343	484,257
Liabilities					
Segment liabilities	28,294	4,923	43,504	251	76,972
Loans and borrowings	15,220	-	7,619	-	22,839
Lease liabilities	3,639	-	32,986	-	36,625
Tax payable	-	1,191	-	-	1,191
Deferred tax liabilities	50	-	4,724	-	4,774
Total liabilities	47,203	6,114	88,833	251	142,401
Other information					
Depreciation	9,593	2,397	10,671	26	22,687
Impairment loss on property, plant and equipment and right-of-use assets	1,150	-	-	-	1,150
Impairment loss on investment properties	-	-	17	-	17
Inventories written down/(write back)	(5,185)	613	687	-	(3,885)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

40. Segmental reporting (contd.)

	Malaysia operation RM'000	China operation RM'000	Australia operation RM'000	Vietnam operation RM'000	Total RM'000
31 December 2021					
Revenue					
Total sales	177,047	39,635	150,780	3,227	370,689
Less: Inter-segment sales	(22,094)	(4,507)	-	-	(26,601)
	154,953	35,128	150,780	3,227	344,088
Results					
Segment operating (loss)/profit	(22,804)	3,107	(7,884)	(268)	(27,849)
Finance costs	(904)	-	(1,091)	-	(1,995)
(Loss)/profit before tax	(23,708)	3,107	(8,975)	(268)	(29,844)
Income tax expense	(2,712)	(75)	78	-	(2,709)
(Loss)/profit for the year	(26,420)	3,032	(8,897)	(268)	(32,553)
Non-controlling interests	-	(621)	-	80	(541)
(Loss)/profit attributable to owners of the parent	(26,420)	2,411	(8,897)	(188)	(33,094)
Assets					
Segment assets	276,962	73,091	125,777	3,288	479,118
Other investments	31,821	-	-	-	31,821
Intangible assets	-	-	17,548	-	17,548
Tax recoverable	878	-	(71)	-	807
Deferred tax assets	930	508	3,242	-	4,680
Total assets	310,591	73,599	146,496	3,288	533,974
Liabilities					
Segment liabilities	34,815	7,748	40,810	211	83,584
Loans and borrowings	19,363	-	4,289	-	23,652
Lease liabilities	2,573	-	40,329	-	42,902
Tax payable	-	1,233	-	-	1,233
Deferred tax liabilities	61	-	4,725	-	4,786
Total liabilities	56,812	8,981	90,153	211	156,157
Other information					
Bad debts written off	47	-	-	-	47
Depreciation	9,532	9,268	2,641	25	21,466
Impairment loss on property, plant and equipment and right-of-use assets	4,814	-	-	-	4,814
Impairment loss on investment properties	-	-	1,820	-	1,820
Inventories written down	2,272	(172)	-	-	2,100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

41. Prior year adjustments

During the financial year, the Group reassessed the recoverable amount of its property, plant and equipment and right-of-use assets as part of its impairment assessment. The Group obtained valuation on the land and buildings from an independent valuer for the prior years. Based on the re-assessment, the Group had over impaired its property, plant and equipment and right-of-use assets with consequential effect on the depreciation charges in the prior years.

The effects arising from the abovementioned prior year adjustments are as follows:

	As previously reported RM'000	**Correction of errors** RM'000	**As restated** RM'000
	As at 31.12.2021	**Prior year adjustments**	**As at 31.12.2021**
Statement of Profit or Loss and Other Comprehensive Income			
Cost of sales	(265,343)	74	(265,269)
Depreciation charge on property, plant and equipment (Note 13)	*(9,761)*	*41*	*(9,720)*
Depreciation charge on right-of-use assets (Note 14)	*(11,430)*	*33*	*(11,397)*
Other expenses	(8,609)	3,791	(4,818)
Impairment loss on property, plant and equipment (Note 13)	*(8,588)*	*3,816*	*(4,772)*
Impairment loss on right-of-use assets (Note 14)	*(17)*	*(25)*	*(42)*
Loss before tax	(33,709)	3,865	(29,844)
Total comprehensive loss for the year	(32,384)	3,865	(28,519)
Statement of Financial Position			
Non-current assets			
Property, plant and equipment (Note 13)	118,279	7,893	126,172
Right-of-use assets (Note 14)	77,417	(72)	77,345
Equity attributable to owners of the parents			
Retained earnings	155,083	7,821	162,904

	As at 1.1.2021	**Prior year adjustments**	**As at 1.1.2021**
Statement of Financial Position			
Non-current assets			
Property, plant and equipment	121,353	4,036	125,389
Right-of-use assets	61,662	(80)	61,582
Equity attributable to owners of the parents			
Retained earnings	194,969	3,956	198,925

42. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2022 were authorised for issue by the Board in accordance with a resolution of the directors on 25 April 2023.

STATISTICS ON SHAREHOLDINGS
AS AT 31 MARCH 2023

Analysis by Size of Shareholdings as at 31 March 2023

Total number of issued shares	:	155,616,013
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

Category	No. of Shareholders	% of Shareholders	No. of Shares ♦	% of Shares ♦
1 to 99	87	3.231	3,366	0.002
100 to 1,000	603	22.400	427,115	0.304
1,001 to 10,000	1,533	56.947	6,098,481	4.349
10,001 to 100,000	405	15.045	12,642,101	9.015
100,001 to less than 5% issued shares	62	2.303	34,878,225	24.871
5% and above of issued shares	2	0.074	86,189,825	61.459
TOTAL	**2,692**	**100.000**	**140,239,113**	**100.000**

List of Thirty (30) Largest Shareholders as at 31 March 2023

No.	Name	No. of Shares ♦	% ♦
1.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB For Kim Hin (Malaysia) Sdn. Bhd. (PB)	62,254,025	44.391
2.	Kim Hin (Malaysia) Sdn. Bhd.	23,935,800	17.067
3.	Lim Pei Tiam @ Liam Ahat Kiat	5,783,000	4.123
4.	Galister International Ltd.	3,900,000	2.780
5	UOBM Nominees (Asing) Sdn. Bhd. United Overseas Bank Nominees (Pte) Ltd For China Cruise Company Ltd.	2,582,400	1.841
6.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Deutsche Bank AG Singapore For Yeoman 3-Rights Value Asia Fund (PTSL)	2,137,200	1.523
7.	CitiGroup Nominees (Asing) Sdn. Bhd. Exempt An For Bank of Singapore Limited (Foreign)	2,000,000	1.426
8.	Chua Seng Huat	1,113,225	0.793
9.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Pay Kaon	800,000	0.570
10.	CGS-CIMB Nominees (Asing) Sdn. Bhd. Exempt An For CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	757,000	0.539
11.	Kenanga Nominees (Asing) Sdn. Bhd. Exempt An For Phillip Securities Pte. Ltd. (Client Account)	701,500	0.500
12.	Goh Thong Beng	667,000	0.475
13.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For the Hongkong And Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	650,000	0.463
14.	Gan Kho @ Gan Hong Leong	617,100	0.440
15.	Maybank Nominees (Tempatan) Sdn. Bhd. Chua Eng Ho Wa'a @ Chua Eng Wah	613,400	0.437
16.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers SECS (S) Pte. Ltd. for Lim Mee Hwa	600,000	0.427
17.	Tan Aik Choon	548,700	0.391
18.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd. (SFS)	530,600	0.378
19.	John Chua Seng Chai	524,650	0.374
20.	Asia Selatan (M) Sdn. Bhd.	490,000	0.349

STATISTICS ON SHAREHOLDINGS (CONT'D)
AS AT 31 MARCH 2023

21.	Taman Bunga Merlimau Sdn. Bhd.	486,000	0.346
22.	Liau Keen Yee	400,000	0.285
23.	Choo Kok Heng	388,800	0.277
24.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ho Kok Kiang	350,000	0.249
25.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wong Kie Yung	330,000	0.235
26.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Sim Leck Seng (E-SS2)	316,900	0.225
27.	Cheng Kok Sang	298,000	0.212
28.	Chua Seng Guan	296,000	0.211
29.	Ong Liang Teck	295,300	0.210
30.	Pauline Getrude Chua Hui Lin	295,000	0.210

List of Directors' Shareholdings as at 31 March 2023

No.	Name	Direct	Indirect
1.	Chua Seng Huat	1,113,225	86,189,825*
2.	John Chua Seng Chai	524,650	86,189,825*
3.	Chua Seng Guan	566,000	86,189,825*
4.	Pauline Getrude Chua Hui Lin	328,900	86,204,175*[∆]
5.	Chua Yew Lin	242,400	86,189,825*
6.	Fong Tshu Kwong	20,000	-
7.	Ong Ah Ba	10,000[@]	-
8.	Yong Lin Lin	-	-

List of Substantial Shareholders as at 31 March 2023

		No. of shares			
No.	Name of Substantial Shareholders	Direct	% ♦	Indirect	% ♦
1.	Kim Hin (Malaysia) Sdn. Bhd.	86,189,825^	61.459	-	-
2.	Chua Seng Guan	566,000	0.403	86,189,825*	61.459
3.	John Chua Seng Chai	524,650	0.374	86,189,825*	61.459
4.	Chua Seng Huat	1,113,225	0.793	86,189,825*	61.459
5.	Pauline Getrude Chua Hui Lin	328,900	0.234	86,204,175*[∆]	61.459
6.	Chua Yew Lin	242,400	0.172	86,189,825*	61.459
7.	Chua Seng Khoon	-	-	86,189,825*	61.459

Notes:

♦ Exclude treasury shares of 15,376,900 as at 31 March 2023.

* Deemed interest by virtue of shareholdings in Kim Hin (Malaysia) Sdn. Bhd.

∆ Deemed interested by virtue of 14,350 shares held by her spouse, Mr. Charles Pan Chyi.

^ Shares of 62,254,025 held through CIMSEC Nominees (Tempatan) Sdn. Bhd. <CIMB for Kim Hin (Malaysia) Sdn. Bhd (PB)>

@ Shares held through BHLB Trustee Berhad Exempted – Trust Account for EPF Investment for Member Savings Scheme

PARTICULARS OF THE GROUP'S PROPERTIES

Details of the top 10 properties of the Group as at 31 December 2022, all of which are leasehold or freehold properties, set out below:

No	Location	Description / Existing Use	Year of Revaluation/ Acquisition	Approximate Age Of Building (Year)	Land/Area M2	Leasehold Expiry Date	NBV '000 (RM)
	SARAWAK						
1	Lot 2124 Block 226 Kuching North Land District	Country Land/ Mixed Zone Land, 3 Storeys Old Office Block	1992	38	60,187	13/07/2057	9,977
	Lot 96, 929 & 930, Block 226 Kuching North Land District	Factory Building, Worker Quarters, Warehouse, 3 Storeys New Office	1992	31 31 31 27	66,330	31/12/2038	
	JOHOR						
2	PTD No 135903-135906 GM Lot 1284, Batu 8, Jalan Skudai Mukim Pulai, Daerah Johore Bharu	Warehouse/Office/ Showroom	2007	16	3,554	freehold	3,978
	FEDERAL TERRITORY						
3	B-31-05, Pavillion Residences 2, No.77, Jalan Raja Chulan, 50200 Kuala Lumpur	Service Residences	2009	16	223	31/12/2099	1,702
	NEGERI SEMBILAN						
4	HS(D) 43950 to HS(D) 43963 Lot 10807 to Lot 10820 Mukim Rentau, Daerah Seremban	Industrial Land, Factory and Office Building	1989	- 33, 12 25	61,500	freehold	24,569
5	Lot 10806, GRN 116899 Tuanku Jaafar Industrial Estate Sungai Gadut, Daerah Seremban	Industrial Land, Warehouse	2013	27	44,456	freehold	15,235
6	Hakmilik PN22920, Lot 1780, Pekan Senawang Daerah Seremban	Industrial Land	2016	-	12,173	20/7/2052	
	Hakmilik H.S.(D) 128462, P.T. 1329 (Plot 75B), Mukim Ampangan Daerah Seremban	Industrial Land, Factory and Office Building	2016	35	16,187	8/7/2080	25,177
	Hakmilik PN 48805, Lot 61215, Pekan Senawang Daerah Seremban	Industrial Land, Factory and Office Building	2016	43	40,000	11/12/2074	
	SINGAPORE						
7	#08-10 Goodwood Residence 263, Bukit Timah Road 259704 Singapore	Condominium	2010	9	233	freehold	12,609
	THE PEOPLE REPUBLIC OF CHINA						
8	No. 655, Xian Ju Road Zhujing Industrial Development Area, Jinshan District 201500 Shanghai	Industrial Land, Factory/Office Building	1992	- 28	199,350	05/11/2042	18,038
9	Unit 610, 5th Floor, No. 108 Qibao Wan Xin International Center Lane 1333, Xinlong Road, Shanghai	Office Unit	2018	4	250.79	2069	8,093
	AUSTRALIA						
10	Unit 5102 11 Bale Circuit Southbank VIC 3026	Condominium	2020	3	190	freehold	7,171

KIM HIN INDUSTRY BERHAD

Registration No.: 197301003569 (18203-V)
(Incorporated in Malaysia)

Shareholding Represented by Proxy	

FORM OF PROXY

I/We .... (Name in full) .... (IC/Company No.)

of .... (Address) being a member/

members of KIM HIN INDUSTRY BERHAD ("the Company"), hereby appoint ....

(Name in full) .... (IC No.) of ....

.... (Address) or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fiftieth Annual General Meeting ("50th AGM") of the Company to be held at Kim Hin Industry Berhad's Conference Room, 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia on Wednesday, 24 May 2023, at 2.30 p.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

NO.	RESOLUTION	FOR	AGAINST
1.	To approve the payment of Directors' fees amounting to RM271,000 for the financial year ended 31 December 2022.		
2.	To re-elect Mr. Chua Seng Huat as Director of the Company.		
3.	To re-elect Mr. Chua Seng Guan as Director of the Company.		
4.	To re-elect Mdm. Chua Yew Lin as Director of the Company.		
5.	To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.		
6.	To authorise the Directors to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016 and to approve the waiver of statutory pre-emptive rights of the shareholders of the Company.		
7.	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Shareholders' Mandate").		
8.	To approve the retention of Mr. Yong Lin Lin as Independent Non-Executive Director of the Company.		

Please indicate "X" in the appropriate box against each resolution how you wish your vote to be casted. If no specific direction as to voting is indicated, the proxy will vote or abstain at his/her direction.

....
Signature of shareholder(s)/common seal

Dated this .... day of May 2023.

Notes

1. *Only Depositors whose names appear in the General Meeting Record of Depositors as at 17 May 2023 be regarded as Members and shall be entitled to attend, speak and vote at the 50th AGM.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her place. A proxy need not be a member of the Company. Where a holder appoints two or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *A corporation which is a member may by resolution of its directors authorise such person as it thinks fit to act as its representative at the meeting pursuant to Section 333 of the Companies Act 2016 and the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney, and the person so appointed may attend and vote at the meeting at which the appointer is entitled to vote.*
6. *The instrument appointing a proxy or representative must be deposited at the registered office at 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia not less than forty-eight (48) hours before the time for holding the meeting.*
7. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*
8. *Registration will start at 1:00 p.m. at Kim Hin Industry Berhad's Conference Room, 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia on Wednesday, 24 May 2023.*

Affix Stamp

The Company Secretary
Kim Hin Industry Berhad
Registration No.: 197301003569 (18203-V)
4 1/2 Mile, Kung Phin Road,
Off Penrissen Road,
93250 Kuching, Sarawak, Malaysia.

KIM HIN INDUSTRY BERHAD
Registration No.: 197301003569 (18203-V)

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