



ANNUAL REPORT 2015

**Essence Through Traditionalism
Splendor Through Ordinary**



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Corporate Information

BOARD OF DIRECTORS

MD NAZIR BIN MD KASSIM
Independent Non-Executive
Chairman

CHEN SHIEN YEE
Managing Director

HSIAO TUNG MIN
Executive Director

NG SHWU CHING
Executive Director

DATIN IDA SUZAINI BINTI ABDULLAH
Executive Director

DATUK TAN CHOON HWA
Non-Independent Non-Executive Director

LEOW CHAN KHIANG
Independent Non-Executive Director

RIZVI BIN ABDUL HALIM
Independent Non-Executive Director



COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Chan Su San (MAICSA 6000622)

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 03 – 7720 1188
Fax : 03 – 7720 1111

BUSINESS ADDRESS

45, Jalan Taming Dua
Taman Taming Jaya
43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia
Tel : 03 – 8961 6815
Fax : 03 – 8961 3941
Email: info@ni-hsin.com
Website: www.ni-hsin.com

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd (11324-H)
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

AUDITORS

KPMG (AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

SOLICITORS

Soo Thien Ming & Nashrah
Wisma Selangor Dredging
10th Floor, South Block
142-A, Jalan Ampang
50450 Kuala Lumpur
Malaysia

PRINCIPAL BANKERS

CIMB Bank Berhad (13491-P)
2468, Jalan Mutiara Timur Satu
Taman Mutiara Cheras
56100 Kuala Lumpur, Malaysia

United Overseas Bank (Malaysia) Berhad
(271809-K)
Bangunan UOB Medan Pasar
10-12 Medan Pasar
P.O. Box 11378
50744 Kuala Lumpur, Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : NIHSIN
Stock Code : 7215

Corporate Structure

as at 31 December 2015



Ni Hsin Resources Berhad ("NHR")
(Company No. 653353-W)
Incorporated in Malaysia

Investment Holding Company

Ni Hsin Corporation Sdn Bhd ("NHC")
(Company No. 185578-V)
Incorporated in Malaysia

100%

Cookware Division

Design, manufacture and sale of stainless steel kitchenware and cookware

Ever-Grow Advanced Materials Sdn Bhd ("EGAM")
(Company No. 545564-A)
Incorporated in Malaysia

100%

Convex Mirror & Clad Metal Division

Research, development and manufacture of clad metals and stainless steel convex mirrors

Inoco Resources Sdn Bhd ("INOCO")
(Company No. 1117556-H)
Incorporated in Malaysia

100%

Oil and gas exploration and production

Steel Crafts Europa S.R.L. ("SCE")
(Company No. BS-513499)
Incorporated in Italy

100%

Trading and assembly of kitchenware, cookware, clad metals and stainless steel convex mirrors

Kit-Zen S.R.L. ("KZ")
(Company No. BS-542138)
Incorporated in Italy

100%

Retail sales of kitchenware, tableware and cookware, water filter and related products and accessories

Five-Year Group Financial Highlights



Group Income Statements

The table below sets out a summary of consolidated results of the Ni Hsin Resources ("NHR") Group for the financial year ended 31 December 2011 to 31 December 2015:-

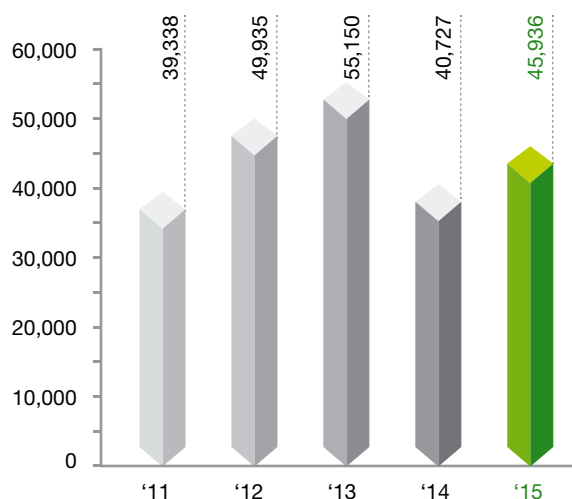
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Revenue	39,338	49,935	55,150	40,727	45,936
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	3,894	4,459	6,581	3,373	5,813
Depreciation	(3,068)	(2,786)	(2,656)	(2,595)	(2,642)
Interest expense	(135)	(216)	(311)	(213)	(80)
Interest income	37	31	24	7	8
Profit Before Taxation ("PBT")	728	1,488	3,638	572	3,099
Taxation	(894)	(583)	(1,359)	(515)	(883)
Profit/(loss) after tax ("PAT/(LAT)")	(166)	905	2,279	57	2,216
PBT Margin (%)	1.85	2.98	6.60	1.40	6.75
PAT/(LAT) after NCI Margin (%)	(0.42)	1.81	4.13	0.14	4.82
No. of ordinary shares in issue ('000)	230,958	230,958	230,958	230,958	221,649
Gross Earnings Per Share ("EPS") (sen) ¹	0.315	0.644	1.575	0.248	1.353
Net EPS (sen) ¹	(0.07)	0.39	0.99	0.02	0.97
Tax-exempt Dividends Per Share (sen)	1.00	0.50	0.50	0.50	-
Gross Taxable Dividends Per Share (sen)	-	-	-	-	-

1 The gross and net EPS have been calculated by dividing PBT and PAT/(LAT) respectively for the financial years by the number of weighted average ordinary shares assumed in issue for the financial year.

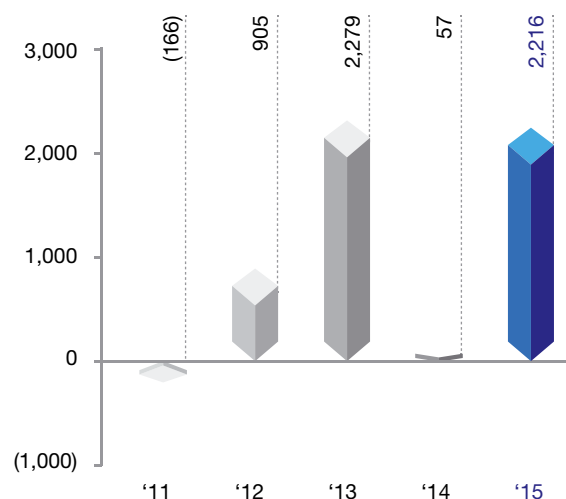
2 There were no extraordinary or exceptional items for the financial years under review.

Five-Year Group Financial Highlights (continued)

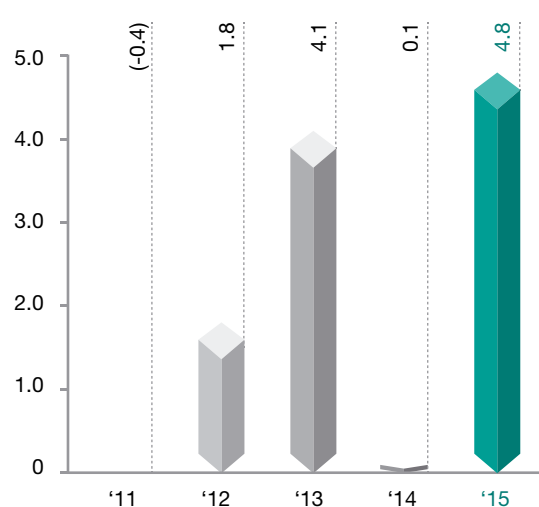
Revenue (RM'000)



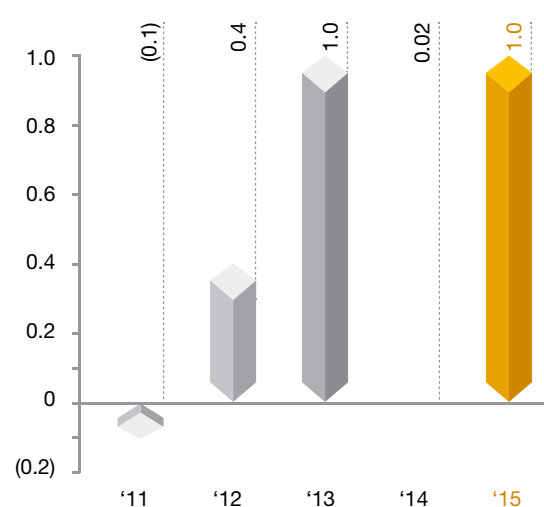
Profit/(Loss) After Tax (RM'000)



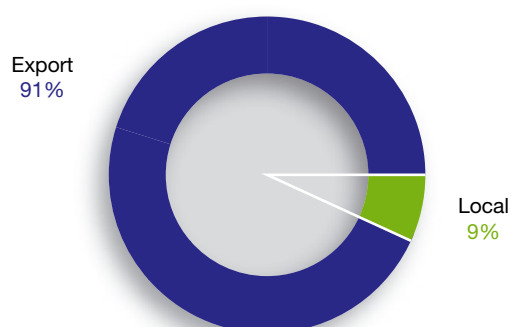
Profit/(Loss) After Tax Margin (%)



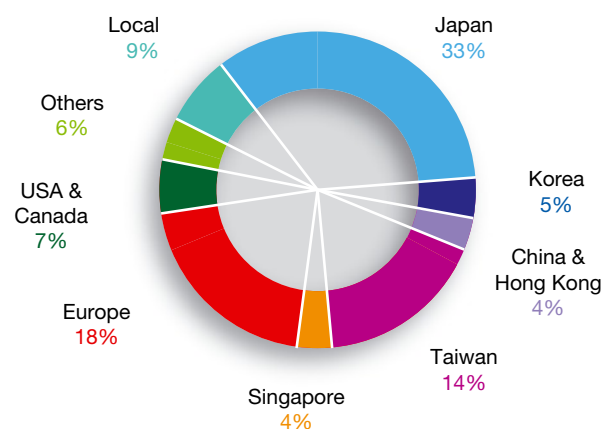
Net Earnings Per Share (Sen)



Local vs Export Sales 2015



Group Revenue by Country 2015



Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present you the annual report of Ni Hsin Resources Berhad ("Ni Hsin" or "the Group") for the financial year ended 31 December 2015 ("FY2015").

OPERATING ENVIRONMENT

The global environment remains challenging during FY2015 with global trade growing at its slowest pace since 2009 in the first half of the year. The pace of recovery in high-income economies was uneven. The impact of lower oil prices on economies continued to be felt.

FINANCIAL PERFORMANCE

Though the global economic environment was weak, the Group achieved an improved revenue as a result of diligent marketing efforts and strategies and the introduction of new cookware products such as commercial pressure cookers in Japan. The Group's revenue for FY2015 increased by RM5.2 million or 13%, from RM40.7 million to RM45.9 million compared with the financial year ended 31 December 2014 ("FY2014"). The improvement in revenue was attributed to higher sales volume achieved in all product segments.

Profit Before Taxation ("PBT") improved from RM0.6 million to RM3.1 million in FY2015 due to the higher revenue, cost efficiency and realised gain on foreign exchange resulting from the weakened Ringgit Malaysia. Profit After Taxation ("PAT") was higher at RM2.22 million compared to RM0.06 million in FY2014.

GROUP'S PROSPECTS AND BUSINESS DEVELOPMENT PLANS

The Group will continue to operate under challenging business environments in the current financial year due to fragile global economic conditions and a weaker consumer spending environment in our local market with the implementation of the Goods and Services Tax from 1 April 2015. The premium cookware market in the Group's key markets is expected to be soft this year. Notwithstanding the weak premium cookware market, we anticipate that the Group's Clad Metals and Convex Mirror divisions' outlook to be brighter this year.

Chairman's Statement (continued)

For this current financial year, our management team will continue to implement strategies to improve our Group's financial performance as follows:

(i) Business development

The introduction of new cookware products such as commercial pressure cookers targeting restaurants and hotels have proven successful in Japan. The Group will continue its efforts to further develop and expand the market there as well as other existing markets. We will also intensify our marketing efforts in the distribution of our Clad Metals and Convex Mirrors in Europe, South Korea and Japan. For 2016 we are targeting new markets in Latin America. We are also formulating new strategic measures to tap into new areas in existing markets both locally as well as overseas for the stainless steel Convex Mirrors.

As part of the new business strategies Ni Hsin has, in conjunction with the launching of the new brand PENTOLI, entered into a shareholders agreement with MyAngkasa Holdings Sdn Bhd ("MHSB") to form a new company called MyAngkasa Ni Hsin Sdn Bhd to spearhead the sales and marketing of the PENTOLI brand of premium multi-ply stainless steel cookware in Malaysia as well as overseas. MHSB is a wholly-owned subsidiary of National Cooperative Berhad ("Angkasa"), the APEX cooperative in Malaysia which represents about 12,000 cooperatives nationwide.

The co-operation with MHSB will provide Ni Hsin with the opportunity to leverage on Angkasa's vast network of members to build and expand our cookware market.

For the stainless steel convex mirrors division, the Group will work closely with distributors and business associates to penetrate the market covering public roads and highways, schools, factories and residential areas especially the car parks in apartments and condominiums which is an untapped market with huge potential. The convex mirrors market is a niche market worldwide, especially the stainless steel type manufactured by Ni Hsin. As road safety and security are gaining awareness especially in emerging economies, government authorities are giving emphasis to quality convex mirrors like stainless steel types to replace the conventional acrylic or glass convex mirrors. These convex mirrors are used to reflect blind spots on roads, highways, car parks, factories and others.

Beyond the domestic market, Angkasa Cooperative, being a board member of the International Co-operative Alliance (Asia-Pacific region), is also coordinating with their counterparts in Brunei, China, Indonesia & Japan with the intention of selling both PENTOLI cookware and stainless steel Convex Mirrors to these targeted international markets.

(ii) Brand Development

As part of our long term strategy to reduce reliance on the ODM/OEM market, we have launched our own new brand of premium cookware, the PENTOLI brand on 23 November 2015. The new PENTOLI brand will be targeted on the local market as well as overseas market.

CORPORATE DEVELOPMENTS

The Board of Directors intends to enhance the value of the Company and diversify its revenue and earnings base via potential cooperation with suitable partners.

On 23 November 2015 Ni Hsin penned a Shareholders Agreement ("SA") with MyAngkasa Holdings Sdn Bhd with the intention of venturing into marketing and distribution of multiply stainless steel cookware under a new brand named "PENTOLI". The cooperation will be carried out through a new company known as MyAngkasa Ni Hsin Sdn Bhd, in which Ni Hsin had subscribed for 70,000 new shares (70%) at the subscription price of RM1 per share while MHSB had subscribed for 30,000 new shares (30%) at the subscription price of RM1 per share respectively, which was completed on 15 February 2016.



Chairman's Statement (continued)

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I wish to extend my appreciation to the Management and Staff of our Group for their contribution, dedication and commitment. I would like to take this opportunity to express my heartiest gratitude to our previous Director, Mr. Chong Yew Kiang, for his excellent contribution to the Group and also to extend a warm welcome to Mr. Leow Chan Khiang to the Board. To all shareholders, I am sincerely grateful for your confidence in the Group. Our gratitude and sincere thanks is also extended to our valued customers, bankers, business associates, suppliers and regulatory bodies for their invaluable support, assistance and confidence as we move forward together again in the coming year. Lastly, I would also like to thank my fellow Board members for their assistance, advice and guidance.

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE BY DIVISION

The Group's performance by each Division for the financial year ended 31 December 2015 is as follows:

(i) Cookware Division

The Cookware Division's revenue for FY2015 improved by RM4.3 million or 20% compared to FY2014 to RM25.9 million as sales to the Group's key export markets as well as the local market performed better during the year. Sales to Japan, USA, Canada, Singapore and Malaysia showed significant improvement. The cookware revenue by geographical market for the period is as follows:



	12 MONTHS ENDED		
	31.12.2015 RM'000	31.12.2014 RM'000	Increase/(Decrease) RM'000
Japan	9,113	6,902	2,211
Asia Pacific (exclude Japan)	14,247	13,130	1,117
USA & Canada	1,978	1,019	959
Europe	577	556	21
	25,915	21,607	4,308

(ii) Convex Mirror Division

The Convex Mirror Division achieved a revenue of RM9.5 million for FY2015, which is an increase of RM0.6 million compared to the revenue of RM8.9 million achieved in FY2014. The revenue improved mainly due to higher export sales to Japan and South Korea, but was partially offset by a decline in sales to Europe, Thailand and Malaysia.

(iii) Clad Metal Division

Clad Metal Division's revenue increased slightly in FY2015 by RM0.8 million to RM10.5 million compared to the revenue achieved in FY2014 of RM9.7 million. Clad Metal sales improved in FY2015 mainly due to increased orders from our customers Taiwan, Europe and Japan and a breakthrough in the markets in USA and Canada but were offset by declines in demand in Thailand and Indonesia.

Chairman's Statement (continued)



GROUP PERFORMANCE REVIEW

Despite the weaker global economy in FY2015, the Group achieved better revenue and profitability compared to FY2014. The Group's revenue for FY2015 improved by RM5.2 million or 12.8%, from RM40.7 million to RM45.9 million compared with financial year ended 31 December 2014 ("FY2014"). The better revenue was attributed to an improved overall sales achieved by the Group. Cookware revenues saw significant improvements of 20% from previous year mainly from our Japanese, USA and Canada customers while local and Singapore customers also contribute positively. Clad Metal sales experience a breakthrough in USA and Canada with a maiden sales volume of RM1.0 million besides an improvement in Taiwan, Europe and Japan markets. Meanwhile, Convex Mirror revenue also improved by 7% or RM0.6 million during the year with strong contributions from Taiwan and Japan offsetting declines in sales to Europe, Thailand and the local markets.

The Group's Gross Profit ("GP") margin achieved during FY2015 was 27.9% an improvement to the GP margin achieved for FY2014 of 26.8%. The Profit Before Taxation ("PBT") improved significantly from RM0.6 million in FY2014 to RM3.1 million in FY2015 due to higher revenue, cost efficiency and realised gain in foreign exchange on the weakened Ringgit Malaysia. Consequently, Profit After Taxation ("PAT") improved to RM2.2 million for FY2015, compared to RM0.05 million achieved in FY2014.

The Group's net assets per share as at 31 December 2015 remained at RM0.26. The Group's non-current assets increased to RM37.8 million from RM37.6 million resulting from the acquisition of property, plant and equipment and investment property. Inventory was at RM17.3 million as at 31 December 2015 after disposal of slow moving stocks. Receivables, deposits and prepayments increased slightly to RM5.3 million due to higher trade receivables as a result of the improved revenue achieved in the year. The Group's total current assets were RM29.1 million as at 31 December 2015. The Group was in net cash position as at 31 December 2015 with a cash and cash equivalent of RM5.6 million after deducting all borrowings of the Group. Current Liabilities of the Group also declined to RM6.1 million from RM8.8 million mainly due to reduction in borrowings and also Trade and Other Payables.

The Group's net operating cash flow for FY2015 was an inflow of RM8.0 million. The net cash outflow from investing activities was RM2.8 million mainly due to purchases of property, plant and equipment and investment property. Net cash outflow from financing activities was RM4.9 million mainly due to repayment of bankers' acceptances. The net resultant impact to the Group's cash flow was an increase in cash of RM0.2 million during FY2015. Net cash and cash equivalents amounted to RM5.8 million as at 31 December 2015.

Board of Directors' Profile



MD NAZIR BIN MD KASSIM

Independent Non-Executive Chairman

Md Nazir Bin Md Kassim, a Malaysian, aged 59, male, was appointed as our Independent Non-Executive Director on 31 October 2014 and subsequently was redesignated as our Chairman on 17 November 2014. He obtained his Bachelor of Science (Hons) in Mechanical Engineering at City University, London, in 1979. He was registered as Professional Engineer (PE) in Mechanical Engineering by the Board of Engineers Malaysia (BEM) in 1989. He is currently the Managing Director and shareholder of Cekap Technical Services SB (CTSSB). He established CTSSB as a niche integrated project management player in the Malaysian oil & gas industry.

Md Nazir has more than 30 years' experience in the upstream and downstream oil and gas industry at various levels: project Director, project manager, construction manager, joint venture manager and engineer. He has unique and extensive experience that covers all phases of the industry and field development including assets acquisition, exploration, reservoir engineering, project management, major construction and production sharing contract management. He has worked on projects and assets in Malaysia and internationally including Sudan, Turkmenistan, Indonesia, Pakistan, Myanmar, Vietnam, Thailand and Brunei.

Md Nazir was previously the Chief Operating Officer of M3nergy Berhad. Prior to joining M3nergy Berhad, he has held various senior positions in other oil and gas industry players such as PETRONAS, Petronas Carigali Sdn Bhd, OGP Technical Services Sdn Bhd and Ranhill Engineers and Constructors Sdn Bhd.

Md Nazir was chairman of CORAL, an industry initiative to drive cost reduction across the oil and gas industry. His role was to manage the various CORAL Implementation initiatives.

Md Nazir is a member of the Audit Committee, Nomination and Remuneration Committees of our Company. He has attended all five Board meetings held in the financial year. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past ten (10) years.

Board of Directors' Profile (continued)

CHEN SHIEN YEE

Managing Director

Chen Shien Yee, a Malaysian, aged 50, male, was appointed as our Executive Director on 4 November 2014 and subsequently was redesignated as our Managing Director on 19 December 2014. He is a Fellow Member of the Association of Chartered Certified Accountants and a Chartered Accountant with the Malaysian Institution of Accountants. He has extensive experience in finance and accounting, auditing, and corporate restructuring and had held various senior positions in several public and private companies, namely, L&M Corporation Bhd, Dataprep Holdings Bhd, Rhythm Consolidated Bhd, PPSC Industrial Holdings Sdn Bhd (a subsidiary of Wah Seong Corporation Bhd) and Medilink Global UK Limited. He is currently an Executive Director of Ideal Jacobs (Malaysia) Corporation Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Bhd.

He has attended all five Board meetings held in the financial year. Except for the Directorship as disclosed above, Mr Chen does not hold any other Directorship in any other public company in Malaysia. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past ten (10) years.

HSIAO TUNG MIN

Executive Director

Hsiao Tung Min, a Taiwanese and permanent resident of Malaysia, aged 42, male, was appointed as our Executive Director on 17 August 2009. He holds a Master of Business Administration from University of Southern California, United States of America.

He started his career in NHC in 1997 as R&D Executive. While carrying his duties in the R&D division, he gained valuable knowledge in production and new manufacturing technologies. He was promoted to General Manager of EGAM when EGAM was set up in 2001. EGAM has achieved steady growth under his leadership since its establishment. He was further promoted to Technical Director of NHC and EGAM in 2009.

He is currently responsible for the strategic product and manufacturing technology development, and leading the technical team for the continuous improvement of our Group's products and manufacturing processes.

He has attended three out of five Board meetings held in the financial year. He does not have any family relationship with any Director and/or major shareholder of the Company. He is deemed interested in the recurring related party transactions entered into by our Group. Details of the transactions are disclosed in Note 26 of the financial statements on pages 86 to 87 of this Annual Report. He has no convictions for any offences within the past ten (10) years.

NG SHWU CHING

Executive Director

Ng Shwu Ching, a Malaysian, aged 48, female, was appointed as our Executive Director on 19 March 2005. She graduated from Cheng Chi University in Taiwan with a Bachelor of Finance. She also holds a Diploma in Taxation from Help Institute and Master in Finance from RMIT University obtained in 2002.

She joined NHC as a Costing Assistant in 1992 after completing her training in KPMG Taiwan as an Accounts Services Executive. She was promoted to Finance Manager in 1996 to oversee the Finance and Accounting department. She was also responsible for the Management Information System function of our Group and helped to set up an Enterprise Resources Planning system. She was redesignated as Finance & Administration Manager in 2003 where she also oversees the human resource functions of our Group.

She is currently responsible for the overall day-to-day operations which include business development and marketing operations, finance, accounting, secretarial, administrative, production and human resource functions of our Group.

Ng Shwu Ching has attended all five Board meetings held in the financial year. She does not have any family relationship with any Director and/or major shareholder of the Company, nor does she have any conflict of interest with the Company. She has no convictions for any offences within the past ten (10) years.



Board of Directors' Profile (continued)



DATUK TAN CHOON HWA

Non-Independent Non-Executive Director

Datuk Tan Choon Hwa, a Malaysian, aged 58, male, was appointed as our Non-Independent Non-Executive Director on 21 January 2015. He is a Director of ML Global Berhad, Metronic Global Berhad and Len Cheong Holding Berhad, companies listed on the main market of Bursa Securities.

He is a businessman with twenty (20) years of experience in various industries such as timber, mining, hotel resort, housing, land development and finance investment holding. He is the executive chairman of TCH Group. He also holds directorships in Wazlian Group. He also holds other chairmanship in several associations, President Malaysia – China Chamber of Commerce (Kelantan Branch) and Centre Committee, Vice President Malaysia Volleyball Association, Advisor Malaysia Chinese Business Association and Deputy Treasure of Kelantan Amateur Football Association (KAFA).

Except for the Directorship as disclosed above, Datuk Tan does not hold any other Directorship in any other public company in Malaysia. Datuk Tan has attended all five Board meetings held in the financial year. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for any offences within the past ten (10) years.

DATIN IDA SUZAINI BINTI ABDULLAH

Executive Director

Datin Ida Suzaini Binti Abdullah, a Malaysian, aged 55, female, was appointed as our Executive Director on 10 October 2014.

She holds a Master of Business Admin Certificate of Achievement from University of Heriot Watt, United Kingdom and Bachelor of Science (Hons) Geology from University of Malaya.

She has experience in Oil and Gas ("O&G") sector. She was an advisor for Persada Nuri Sdn Bhd from 2006 to 2008. From 1995 to 2005, she was a dealer representative for US Desk Stockbroker in Rashid Hussain Securities. From 1994 to 1995, she was one of the top 5 stockbrokers in Sarawak Securities Sdn Bhd. She joined Sarawak Shell Berhad from 1984 to 1994 as seismic interpreter, exploration geologist and wellsite geologist. She was the Head of Research in copper and gold open pit mine for Overseas Mineral Resources Development.

Datin Ida has attended all five Board meetings held in the financial year. She does not have any family relationship with any Director and/or major shareholder of the Company, nor does she have any conflict of interest with the Company. She has no convictions for any offences within the past ten (10) years.



Board of Directors' Profile (continued)

LEOW CHAN KHIANG

Independent Non-Executive Director

Leow Chan Kiang, a Malaysian aged 49, male, was appointed as our Independent Non-Executive Director on 26 October 2015. He is a Chartered Accountant of the MIA and a Fellow member of the ACCA. He obtained a Bachelor degree in Economics from the University of Malaya in 1990 and a Master's degree in Business Administration from Universiti Utara Malaysia in 1999. He is also an approved GST Tax Agent by the Royal Malaysian Customs.

He began his career in 1991 as an executive in Hong Leong Bank Berhad and was promoted to assistant manager in 1994. In 1996, he left Hong Leong Bank Berhad and joined Malaysian International Merchant Bankers Berhad as an assistant manager where he was responsible for various corporate fund raising exercises as well as general advisory work until 2001. Subsequently, he joined Ayza Industries Sdn Bhd as a senior manager until 2002. In 2002, he joined CAB Cakaran Corporation Berhad ("CAB") as a director of corporate finance, and subsequently, was appointed as an executive director in 2003 where he was responsible for corporate planning, accounting and tax as well as joint-venture matters. He resigned from his position as an executive director of CAB in 2007 and appointed to the board of SLP Resources Berhad as non-independent non-executive director in the same year.

Presently, he is a non-independent non-executive director in SLP Resources Berhad and an independent non-executive director of Salutica Berhad, all of which are companies listed on Bursa Securities. He is also a major shareholder and executive director of Trinity Avenue Sdn Bhd, a company specialising in GST consulting and its related services.

Leow Chan Kiang is the Chairman of the Audit Committee of our Company. He is also a member of the Nomination and Remuneration Committees. He has attended all Board Meetings held since his date of appointment. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has no convictions for any offences within the past ten (10) years.

RIZVI BIN ABDUL HALIM

Independent Non-Executive Director

Rizvi Bin Abdul Halim, a Malaysian, aged 46, male, was appointed as our Independent Non-Executive Director on 10 October 2014. He is currently an Independent non-Executive Director of Ideal Jacobs (Malaysia) Corporation Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad. He is also the shareholder and Director of Cascade Crest Sdn Bhd, a company involved in construction and engineering work. He is primarily responsible on the project initiation and management functions of the company.

He holds a Master of Business Administration from Ohio University USA and a Bachelor of Science Degree in Business Administration from Indiana State University USA. He also holds a Diploma in Hotel Management from Universiti Teknologi MARA (UiTM). Whilst in UiTM, Rizvi underwent the Reserve Officer Training Unit (ROTU) programme and was commissioned as a second lieutenant army officer.

He has vast experience in corporate banking, corporate finance, capital market and syndication and capital market regulations. He held the position of Account Manager in the Corporate Banking Department of Bank Bumiputra Malaysia Berhad (now known as CIMB Bank Berhad) from 1995 to 1996. From 1997 to 2000, he was the Assistant Manager in the Capital Markets & Syndications Department of Malaysian International Merchant Bankers Berhad (now known as MIMB Investment Bank Berhad). He joined Securities Commission Malaysia in 2000 and held the position of Senior Manager in the Equities-Corporate Finance Department until 2012.

Rizvi is a member of the Audit Committee, Nomination and Remuneration Committees of our Company. He has attended all five Board meetings held in the financial year. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has no convictions for any offences within the past ten (10) years.



Statement on Corporate Governance



The Board of Directors (“the Board”) of NHR is committed to the principles and the recommendations in corporate governance as set out in the Malaysian Code on Corporate Governance 2012 (“the Code”), in order to meet the highest standard of corporate governance as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and financial performance; and safeguard the interest of other stakeholders.

The Board is pleased to provide the following statement which demonstrates the Board’s commitment in cultivating a responsible organisation by instilling excellence in corporate governance standards at all times. Unless otherwise stated, the Group has complied with the principles and recommendations of the Code during the financial year ended 31 December 2015.

1.0 CLEAR ROLES AND RESPONSIBILITIES

1.1 Functions of the Board

The Group is led by an effective and experienced Board with members from different backgrounds possessing a wide range of expertise. Together they bring a broad range of skills, experience and knowledge which gives added strength to the leadership in managing and directing the Group’s operations.

The Board assumes overall responsibility for strategic direction, future expansion, corporate governance, risk management, human resource planning and development, investments made by the Company and overseeing the proper conduct of business of the Group. The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities. The respective Committees report to the Board on matters discussed and deliberated and makes recommendations to the Board for final decision. The Board Committees include the Audit Committee, Nomination Committee and Remuneration Committee. The composition of the Board Committees is set out in section 2.

Key matters reserved for the Board’s approval include the annual business plan and budget, dividend policy, business continuity plan, issuance of new securities, business restructuring, expenditure above a certain limit, disposals of significant fixed assets and the acquisition or disposal of companies within the Group.

1.2 Roles and Responsibilities of the Board

The principal responsibilities of the Board include the following:

(a) Strategy and Planning

- (i) Establish overall business objectives and consider whether they continue to be appropriate in the context of business opportunities being pursued.

Statement on Corporate Governance (continued)

1.0 CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

1.2 Roles and Responsibilities of the Board (continued)

(a) Strategy and Planning (continued)

- (ii) Review and approve management strategies and plans designed to pursue business objectives and ensure they continue to remain prudent in the context of the objectives of the business, the economic environment, available resources and reasonable achievability of results.
- (iii) Approve and monitor the progress of major capital expenditure and acquisitions/divestitures.
- (iv) Establish procedures for the approval of all significant acquisitions and major contracts and approve all significant acquisitions and major contracts outside the ordinary course of business.
- (v) Approve 12 months' operational budgets and evaluate results against budgets in the context of business objectives, strategies and operation plans being pursued. Consider and approve any action/remedial plans to be implemented.
- (vi) Approve all major changes to the structure of the organisation.

(b) Human Resource

- (i) Define required board competencies, number and profile of board members.
- (ii) Appoint board members.
- (iii) Approve induction program for new board members and on-going training programs.
- (iv) Ensure easy access to internal and external sources of information and advice.
- (v) Manage performance of the board as a whole and of the individual members.
- (vi) Evaluate performance of senior management.
- (vii) Approve appointment and removal of the Company Secretary.
- (viii) Approve executive succession plans.

(c) Remuneration

- (i) Determine remuneration of Directors to ensure that they are consistent with sustainable achievement of business objectives, prudent management of operations and prompt on-going assessments on the risks to which the Company is exposed.
- (ii) Approve employees' share option schemes for submission to shareholders for approval at General Meeting and any other executive incentive schemes.

(d) Capital Management and Financial Reporting

- (i) Monitor and review the capital and solvency positions of the Group.
- (ii) Approve quarterly reports, audited financial statements and Annual Report.
- (iii) Approve dividend policy and dividend payments.
- (iv) Approve major financing arrangements.

(e) Risk Management, Audit and Compliance

- (i) Review major risks that the Group is likely to be exposed to.
- (ii) Review risk management resources, structures and processes and consider and approve changes.
- (iii) Approve risk management strategies.
- (iv) Monitor compliance with all legal, tax and regulatory obligations.
- (v) Review and ratify systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies annually.
- (vi) Review the effectiveness of NHR's implementation of its risk management system.

(f) Board Processes and Policies

- (i) Decide the role and composition of board committees.
- (ii) Approve delegated authorities.
- (iii) Define and execute a policy dealing with conflicts of interest.
- (iv) Define codes of conduct governing related party transactions, dealings in securities by Directors and principal officers, and insider trading policy.
- (v) Approve policies dealing with Director's liabilities, indemnities and insurance.

Statement on Corporate Governance (continued)

1.0 CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

1.3 Code of Ethics and Code of Conduct

The Company's Code of Ethics for Directors and employees govern the standards of ethics and good conduct expected of Directors and employees, respectively. The Code of Ethics serves as a road map to guide actions and behaviours while working for and/or dealing with the Company to maintain high standards of corporate governance and corporate behaviour with the intention of achieving the following:-

- To establish a standard of ethical behaviour for Directors, Senior Management and employees of the Group based on trustworthiness and values that can be accepted, are held or upheld by any one person; and
- To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering a company.

All employees are required to read, understand, accept and abide by the terms of this code and all new staff are briefed on the requirements of the code and provided with a copy of the Code of Conduct on the commencement of their employment in the course of new employees' induction programme.

The Code of Ethics for Directors includes principles relating to their duties, confidentiality of information, conflict of interest (COI) and dealings in securities. For employees, the Code of Conduct covers all aspects of the Group's business operations, such as confidentiality of information, dealings in securities, protecting the Group's assets and intellectual properties, COI, gifts, gratuities or bribes, dishonest conduct and sexual harassment.

1.4 Strategies Promoting Sustainability

The Board promotes the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance. A report on sustainability activities, demonstrating the Group's commitment to the environment, community, marketplace and workplace, appears in the Corporate Sustainability Statement of this Annual Report.

1.5 Supply and Access to Information

The Board has unrestricted access to timely and accurate information, necessary in the furtherance of their duties, which is not only quantitative but also such information deemed necessary for instance, customers' satisfaction, products and services qualities, market share, market reaction and environmental performance.

To ensure effective functioning of the Board, the Directors are given access to information through the following means:-

- Management may be invited to the Board and Board Committees' meetings to report or present areas within their responsibilities to ensure the Board is able to effectively discharge its responsibilities.
- Information provided to the Board and Board Committees are compiled into reports via the Board and Board Committee papers circulated to Directors and Committee members prior to the respective Board and Board Committee meetings, to enable the Board and Committee members to make informed decisions and to deal with matters arising from such meetings.
- Directors have ready and unrestricted access to the advice and services of the Company Secretaries, who are experienced and capable of carrying out the duties to which the post entails.
- Directors may obtain independent professional advice at the Company's expense, where necessary after consultation with the Chairman and other Board members, in furtherance of their duties.
- The Directors may also access to the advice and updates of the external auditors on any new Malaysian Financial Reporting Standards that would affect the Group's financial statements during the year.

1.6 Qualified and Competent Company Secretaries

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, the Code and legislations.

The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required and has attended training seminars conducted by The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and other bodies to be updated on the changes to regulations and requirements.

Statement on Corporate Governance (continued)

1.0 CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

1.6 Qualified and Competent Company Secretaries (continued)

The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time for the Directors' reference and briefed the Board members on these updates at Board meetings. The Company Secretaries also notified the Directors and Principal Officers on the closed period for trading in the Company's securities, in accordance with Chapter 14 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Company Secretaries also ensure that deliberations at the Board and Board Committee meetings are well captured, minuted and documented.

1.7 Board Charter

The Board Charter of the Company is available on the corporate website. The document clearly sets out the roles and responsibilities of the Board and Board Committees and the processes and procedures for convening their meetings. It serves as a reference to provide prospective and existing Board members and Management insight into the fiduciary and leadership functions of the Directors of NHR. The Board reviews its charter regularly, to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives.

2.0 COMPOSITION OF THE BOARD

2.1 Board Balance

The Board currently has eight (8) members, comprising three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director, three (3) Executive Directors and one (1) Managing Director. This complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors. In the event of any vacancy in the Board resulting in non-compliance with the requirements on Independent Directors, the vacancy must be filled within three (3) months of that event.

The Board is led by an experienced Independent Non-Executive Chairman. The Board is well balanced, comprising experienced businessmen and qualified professionals. The Directors with their differing backgrounds, collectively bring with them extensive experience and expertise in areas such as business development, finance, corporate affairs, marketing and operations. The profiles of the Directors are presented on pages 10 to 13 of the Annual Report.

The presence of Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability. Although all the Directors have equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important, as they provide an unbiased and independent view, advice and judgement taking into account the interest, not only of the Group but also of shareholders, employees and communities in which the Group conducts its business. The Board is of the view that its current composition fairly reflects the representation of the minority shareholders of the Company.



Statement on Corporate Governance (continued)

2.0 COMPOSITION OF THE BOARD (CONTINUED)

2.1 Board Balance (continued)

The Board does not consider it necessary to nominate a Senior Independent Non-Executive Director to whom concerns may be conveyed. All members of the Board have demonstrated that they are always available to the other members and stakeholders. All issues can be openly discussed during Board meetings.

2.2 Re-election of Directors

In accordance with the Articles of Association of the Company, at least one-third (1/3) of the Directors for the time being or if the number is not three (3) or a multiple of three (3), then the nearest one-third (1/3) shall retire from office at each Annual General Meeting ("AGM"). All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been the longest in office since their last election. This provides an opportunity for the shareholders to review and approve their tenure in office.

2.3 Nomination Committee and Annual Assessment of Directors, Committees and the Board

The Nomination Committee ("NC") was established on 1 August 2005. The NC comprises wholly of the following Independent Non-Executive Directors:-

Name	Position
Rizvi Bin Abdul Halim	Chairman (Independent Non-Executive Director)
Leow Chan Khiang [^]	Member (Independent Non-Executive Director)
Md Nazir Bin Md Kassim	Member (Independent Non-Executive Director)

[^] Appointed as a member of NC on 26 October 2015

Note: Chong Yew Kiang ceased as a member of NC on 26 October 2015.



The duties and responsibilities of the NC include the following:-

- recommend to the Board, candidates for all directorships. The NC will review candidates to ensure a good mix of skill, experience and strength in the qualities necessary for the Board to discharge its responsibilities in an effective and competent manner. The NC also considers the diversity of the Board's composition such as experience, skills, competence, race, gender and nationality to facilitate optimal decision-making by harnessing different insights and perspectives. In making the recommendations the Committee should also consider candidates proposed by the Managing Director, and within the bounds of practicability, by any other senior executive, director or shareholder;
- recommend to the Board, directors to fill the seats on the board committees;
- review annually the required mix of skills and experience of the Board, including core competencies which non-executive directors should bring to the Board; and
- assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director.

The evaluation process is led by the Chairman of the NC and supported by the Company Secretary annually. The Directors complete the relevant questionnaires regarding the effectiveness of the Board and its Board committees. The assessment by all Directors are summarised and disclosed at the NC's meeting and reported at a Board meeting by the Chairman of the NC.

Statement on Corporate Governance (continued)

2.0 COMPOSITION OF THE BOARD (CONTINUED)

2.3 Nomination Committee and Annual Assessment of Directors, Committees and the Board (continued)

Meeting of the NC shall be held at least once in a financial year. During the financial year ended 31 December 2015, one (1) NC meeting was held which was attended by all the members.

The NC has reviewed and assessed the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, contribution of each director and effectiveness of the Board and Board Committees and also evaluated the level of independence of the Directors. Based on the assessment, the NC was satisfied with the existing Board composition in terms of gender, ethnicity and age, and was of the view that all the Directors and Board Committees of the Company have discharged their responsibilities in a commendable manner and have performed competently and effectively. The NC has concluded that, based on the annual assessment, the independent Directors have demonstrated conduct and behaviour that is independent.

Assessment was also carried out on the character, experience, integrity, competency and time commitment of each Director, including the Director responsible for the financial management of the Company.

2.4 Gender, Age and Ethnic Diversity

The Board is supportive of gender, age and ethnic diversity in the composition of the Board. Based on the profiles of our current Directors, the Board has a wide spectrum of skills, experiences and diversity in terms of gender, ethnicity and age. This has given an added strength in terms of leadership and management to the Group. In terms of gender diversity, the Board currently has 2 female Directors out of a total of 8 Directors.

2.5 Remuneration Committee and Directors' Remuneration Policies

The Remuneration Committee ("RC") was established on 1 August 2005. The RC comprises wholly of the following Independent Non-Executive Directors:-

Name	Position
Rizvi Bin Abdul Halim	Chairman (<i>Independent Non-Executive Director</i>)
Leow Chan Khiang [^]	Member (<i>Independent Non-Executive Director</i>)
Md Nazir Bin Md Kassim	Member (<i>Independent Non-Executive Director</i>)

[^] Appointed as a member of RC on 26 October 2015

Note: Chong Yew Kiang ceased as a member of RC on 26 October 2015.

RC carries out the annual review of the overall remuneration policy for Directors whereupon recommendations are submitted to the Board for approval. The RC and the Board ensure that the Group's remuneration policy remains supportive of the corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Directors are sufficiently attractive to attract and to retain persons of high calibre. The RC is authorised by the Board to seek appropriate professional advice within and outside the Group as and when necessary.

Meeting of the RC shall be held at least once in a financial year. During the financial year ended 31 December 2015, one (1) RC meeting was held which was attended by all the members.

The RC had reviewed the remuneration package for the Managing Director and Executive Directors of the Company. The remuneration/fees of the Non-Executive Directors shall be determined by the Board as a whole where each individual Director abstains from discussion on their own remuneration/fees. The directors' fees will be subject to the shareholders' approval at the Company's forthcoming AGM.

Statement on Corporate Governance (continued)

2.0 COMPOSITION OF THE BOARD (CONTINUED)

2.5 Remuneration Committee and Directors' Remuneration Policies (continued)

The remuneration package for Executive Directors is structured on the basis of linking rewards to corporate and individual performance. Performance is measured against the results achieved by the Group and individual achievement against targets set at the beginning of each year. Executive Directors are remunerated via:

- (i) **Basic salary**
The basic salary (inclusive of statutory employer's contributions to the Employees Provident Fund) for each Executive Director is recommended by the Remuneration Committee, taking into account the individual responsibility, contribution, performance, and additional responsibilities of the Directors, as well as the market-rate for similar positions in comparable companies.
- (ii) **Fees**
Directors' fees is recommended by the Remuneration Committee, taking into account the individual experience, responsibility, contribution and performance of the Directors.
- (iii) **Bonus**
The Group operates a bonus scheme for all employees, including the Executive Directors. The criteria for the scheme include the level of profit achieved by the Group from its business activities against targets, together with an assessment of each individual's performance during the period. Bonuses payable to the Executive Directors are reviewed by the Remuneration Committee and approved by the Board.
- (iv) **Benefits-in-kind**
Other benefits (such as company car, security services and travelling allowance) are made available as appropriate.

Non-Executive Directors are remunerated by way of Directors' Fees based on the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. Fees payable to Non-Executive Directors are subject to shareholders' approval at the Annual General Meeting.

Details of the aggregate remuneration of the Directors for the financial year ended 31 December 2015, categorised into appropriate components are as follows:-

Remuneration	Executive Directors RM	Non-Executive Directors RM
Salaries	728,000	-
Fees & Allowances	269,800	109,000
Benefits-in-kind	50,350	-
EPF	43,824	-
Total	1,091,974	109,000

The number of Directors whose remuneration falls within the following bands for financial year ended 31 December 2015 is as follows:-

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	5
RM50,001 – RM100,000	1	-
RM200,001 – RM250,000	1	-
RM250,001 – RM300,000	-	-
RM350,001 – RM400,000	1	-
RM400,001 – RM450,000	1	-

The Board has chosen to disclose the remuneration in bands pursuant to the Main Market Listing Requirements as separate and detailed disclosure of individual director's remuneration will not add significantly to the understanding and evaluation of the Company's governance.

Statement on Corporate Governance (continued)

3.0 REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence of Non-Executive Directors

The Board, through the Nomination Committee, assesses the independence of Non-Executive Directors annually using the Directors' independence declaration form, which takes into account the individual Director's ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board. Based on the assessment in 2015, the Board is generally satisfied with the level of independence demonstrated by all the Non-Executive Directors, and their ability to act in the best interest of the Company.

3.2 Tenure of Independent Directors

The Board has adopted a cumulative nine-year policy for Independent Non-Executive Directors, which is implemented on a gradual basis to ensure the continued effective functioning of the Board as well as to enable the progressive refreshing thereof, in line with the Code. The Board will justify and seek shareholders' approval in the event it retains an independent director who has served in that capacity for a cumulative period of more than nine years.

3.3 Shareholders' Approval for Independent Directors of More Than 9 Years

The Chairman and all Non-Executive Directors have served the Board for less than nine years where their tenures of service are set out in the Board of Directors' Profiles of this Annual Report.

4.0 FOSTERING COMMITMENT

4.1 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of NHR. This is evidenced by the attendance record of the Directors at Board meetings, as set out in the table.

During the financial year ended 31 December 2015, the Board held a total of five (5) meetings and the details of Directors' attendances are as follows:-

Name	Position	Attendance
Md Nazir Bin Md Kassim	Independent Non-Executive Chairman	5/5
Chen Shien Yee	Managing Director	5/5
Ng Shwu Ching	Executive Director	5/5
Hsiao Tung Min	Executive Director	3/5
Datin Ida Suzaini Binti Abdullah	Executive Director	5/5
Datuk Tan Choon Hwa*	Non-Independent Non-Executive Director	5/5
Rizvi Bin Abdul Halim	Independent Non-Executive Director	5/5
Leow Chan Kiang^	Independent Non-Executive Director	1/1

* Appointed on 21 January 2015

^ Appointed on 26 October 2015

Note:

1. Mr Chong Yew Kiang resigned as an Independent Non-Executive Director on 26 October 2015. He attended all the Board meetings during his tenure of office.

The Board endeavours to meet at least four (4) times a year, at quarterly intervals, with additional meetings to be convened when necessary. Board meetings for each year are scheduled before the end of the previous financial year in order for the Directors to plan according to their schedules. All meetings will be preceded by an agenda with due notice issued. The relevant reports and Board papers will be distributed to all Directors prior to the Board meetings to allow the Directors sufficient time to peruse for effective discussions and decision making during meetings. To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance to a structured agenda. All pertinent issues discussed at the meetings in arriving at the decisions and conclusions are properly recorded to assist the Board in discharging its duties and responsibilities.

Statement on Corporate Governance (continued)

4.0 FOSTERING COMMITMENT (CONTINUED)

4.2 Directors' Training

All Directors have successfully completed the Mandatory Accreditation Programme. The Directors will continue to identify and attend appropriate seminars, conferences and courses to keep abreast of changes in legislation and regulations affecting the Group. The Directors are also committed to continue to undergo other relevant training programmes and seminars whether in-house or external to keep abreast with the developments of the business environment and further enhance their skills and knowledge.

During the financial year ended 31 December 2015, the training programmes, seminars, forums and discussions relating to business, corporate governance, law, accounting, finance, taxation, economy, safety and quality audit attended by the Directors were on the following topics:-

- GST Advanced: Planning on Registration, Transitional Period implementation, Group Structures and Related Risk
- Budget 2016: Income Tax, RPGT, GST Latest Update and Tax Planning
- KPMG Tax Summit 2015
- MFRS/FRS Update 2015/2016
- Building Information Modeling Kepada Kontraktor Ensuring Climate Resilience of Buildings and Infrastructure – Towards Sustainable Infrastructure

5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board aims to present a balanced and clear assessment of the Group's financial performance and prospects in presenting the annual financial statements and quarterly reports as well as announcements to Bursa Securities. The Board is assisted by the Audit Committee in reviewing the Group's financial reporting processes and accuracy of its financial results, and scrutinising information for disclosure to ensure compliance with accounting standards, accuracy, adequacy and completeness. Timely release of announcement on quarterly financial statements reflects the Board's commitment to provide transparent and up-to-date disclosure of the performance of the Group.

As part of the governance process in reviewing the quarterly and yearly financial statements by the Audit Committee, the Finance Director provided assurance to the Audit Committee that adequate processes and controls are in place for an effective and efficient financial statements close process, that appropriate accounting policies had been adopted and applied consistently and that the relevant financial statements gave a true and fair view of the state of affairs of the Group in compliance with the Malaysian Financial Reporting Standards.

5.2 Assessment of Suitability and Independence of External Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring compliance with the provisions of the Companies Act, 1965 (the "Act") and applicable Accounting Standards approved by the Malaysian Accounting Standards Board ("MASB") in Malaysia. The Audit Committee is committed to meet with the external auditors twice a year to discuss their audit plan, audit findings and the financial statements. The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors. Having satisfied itself with their performance and level of independence, the Audit Committee will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM. In this regard, the Audit Committee had in February 2015, reviewed the declaration of independence of Messrs KPMG as external auditors of the Company as well as reviewed the level of non-audit services to be rendered by KPMG to the Company for FY2015. The Audit Committee was satisfied with KPMG's technical competency and audit independence.

Statement on Corporate Governance (continued)

6.0 RECOGNISE AND MANAGE RISKS

6.1 Risk Management Framework

The first line of defence of risk management activities were carried out by the Group's Risk Management Committee ("RMC") which comprises Executive Directors. The RMC is chaired by Mr Chen Shien Yee, the Managing Director. Significant risks affecting the Group's strategic and business plans are then escalated to the Board and discussed at their scheduled meetings. The RMC was tasked to assist the Board of Directors in establishing and maintaining effective policies and guidelines to ensure proper management of risks to which the Group is exposed and to take appropriate and timely action to manage such risks.

6.2 Internal Audit Function

The Group recognises that an internal audit function is essential in ensuring the effectiveness of the Group's system of internal control and is an integral part of the risk management process.

The Company has outsourced its internal audit function to a professional service firm whose primary responsibility is to independently assess and report to the Board, through the Audit Committee, the systems of internal control of the Group.

Details of the Company's internal control system and risk framework are set out in the Statement on Risk Management and Internal Control and Audit Committee Report of this Annual Report respectively.

7.0 TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure

The Company has put in place a code of conduct on confidentiality to ensure that confidential information is handled properly by Directors, employees and relevant parties to avoid leakage and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.

The Board is guided by the Listing Requirements of Bursa Securities in terms of continuing disclosure requirements of any material transaction or events that warrant public disclosure. Persons responsible for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the efficient disclosure of material information to the investing public.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Company's website, www.ni-hsin.com is a tool of communication that provide easy access to the latest corporate information of the Group. Under the Company's corporate website is a comprehensive investor relations ("IR") section. The IR section contains relevant information for investors and shareholders such as corporate information, share price and volume history, technical charting, price ticker, historical financial summary and ratios, dividend history, annual reports, analyst reports, announcements and media articles. Board Charter, Code of Ethics and Whistle Blowing policies are also available in the corporate website.

To enhance access and to effectively address any issues and concerns, the Group has also set up a dedicated email address (ir@ni-hsin.com), to which its stakeholders can direct their queries.

Members of senior management are directly involved in investor relations through investor briefings with financial analysts, institutional shareholders and fund managers. The Company has also participated in Bursa Securities' CMDP-Bursa Research Scheme and analyst reports of the Group can be downloaded at Bursa Securities' website.



Statement on Corporate Governance (continued)

8.0 STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

8.1 Shareholder Participation at General Meetings and Communication and Proactive Engagement with Shareholders

A number of formal communication channels are used to inform shareholders about the performance of the Group. These include the Annual Report and Financial Statements and announcements made through Bursa Securities, as well as through the AGM.

Notice of the AGM and Annual Report are sent out to shareholders at least 21 days before the date of the AGM. Hence, sufficient time is given to shareholders to allow them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

The AGM will be the principal forum for dialogue with individual shareholders, as it provides shareholders the opportunity to ask questions about the resolutions being proposed or about the Group's operations in general. The Share Registrar is available to attend to matters relating to shareholders' interests.

Extraordinary General Meetings ("EGM") are held as and when required. When an EGM is held to obtain shareholders' approval on certain business or corporate proposals, comprehensive circulars to shareholders will be sent within prescribed deadlines in accordance with regulatory and statutory provisions.

At the 11th AGM, all Directors were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company. The proceedings of the 11th AGM included the presentation of the external auditors' unqualified report to the shareholders, and a question and answer session during which the Chairman invited shareholders to raise questions pertaining to the Company's audited financial statements, before putting the resolution to vote. The Directors and external auditors were in attendance to respond to the shareholders' queries.

8.2 Encourage Poll Voting

The Board will put substantive resolutions such as related party transactions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution. The Chairman also informs shareholders of their right to demand a poll vote at the commencement of the general meeting.



Statement on Corporate Governance (continued)

9.0 ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Listing Requirements of Bursa Securities.

9.1 Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2015.

9.2 Share Buy-Back

At the Annual General Meeting of the Company held on 21 May 2015, the shareholders of the Company had renewed a mandate for the Company to purchase and/or hold up to maximum of 10% of the issued and paid-up capital of the ordinary shares of the Company as may be determined by the Directors of the Company. The mandate will expire upon the conclusion of the next Annual General Meeting.

For the financial year ended 31 December 2015, the Company repurchased 10,308,200 units of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.30 per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Details of the share buy-back during the financial year were as follows:

	Average repurchased price RM/Share	Highest repurchased price RM/Share	Lowest repurchased price RM/Share	Number of treasury shares repurchased	Total consideration paid RM
2015					
August	0.235	0.235	0.235	1,000,000	236,022.03
October	0.271	0.275	0.245	2,799,100	759,622.31
November	0.320	0.343	0.280	6,009,100	1,923,992.34
December	0.270	0.270	0.270	500,000	135,607.23

During the financial year, the Company resold 1,000,000 units treasury shares in the open market. The average resale price of the treasury shares was RM0.24 per share. The proceeds from the resale will be utilised as working capital during the financial year. Details of the resale of treasury shares were as follows:

	Average resale price RM/Share	Highest resale price RM/Share	Lowest resale price RM/Share	Number of treasury shares resold	Total consideration received RM
2015					
September	0.243	0.243	0.243	1,000,000	241,451.73

None of the treasury shares were cancelled during the financial year under review.

9.3 Options, Warrants or Convertible Securities

Save as disclosed below, the Company did not have any options, warrants or convertible securities in issue for the financial year ended 31 December 2015.

On 22 January 2015, the Company undertook a bonus issue of up to 115,478,803 free warrants on the basis of one (1) warrant for every two (2) existing ordinary shares of RM0.20 each in the Company.

9.4 Depository Receipt ("DR") Programme

The Company did not sponsor any DR programme for the financial year ended 31 December 2015.

Statement on Corporate Governance (continued)

9.0 ADDITIONAL COMPLIANCE INFORMATION (CONTINUED)

9.5 Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by relevant regulatory bodies during the financial year ended 31 December 2015.

9.6 Non-audit Fees

During the financial year ended 31 December 2015, the non-audit fees paid to the external auditors and a company affiliated to the external auditors' firm were approximately RM51,000.

9.7 Profit Estimate, Forecast, Projection, and Variation in Results

There was no material variance between the results for the financial year ended 31 December 2015 and the unaudited results previously announced by the Company.

There was no profit estimate, forecast or projection that has been previously announced by the Company during the financial year ended 31 December 2015.

9.8 Profit Guarantee

During the financial year ended 31 December 2015, there was no profit guarantee issued by the Group and Company.

9.9 Material Contracts or Loans

There were no material contracts or loans entered into by the Group involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2015 or entered into since the end of the previous financial year.

9.10 Revaluation Policy on Landed Properties

Under Financial Reporting Standards, the Group measured its land and buildings at valuation. The last valuation was carried out on 1 January 2011. Upon transition to the Malaysian Financial Reporting Standards ("MFRS"), the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRS.

There was no revaluation of landed properties during the financial year ended 31 December 2015.

9.11 Recurrent Related Party Transactions

At the Eleventh AGM held on 21 May 2015, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

All recurrent related party transactions entered into by the Group during the financial year ended 31 December 2015 are disclosed in Note 26 of the financial statements on pages 86 to 87 of this Annual Report.

9.12 Share Options offered to Non-Executive Directors

During the financial year, the Company issued bonus issue of warrants to the Non-Executive Directors as disclosed below:-

Name	Date of allotment	No of warrants
Chong Yew Kiang	23 February 2015	50,000
Datuk Tan Choon Hwa	23 February 2015	594,000

There was no option exercised by the Non-Executive Directors in the financial year ended 31 December 2015.

10.0 COMPLIANCE STATEMENT

The Board is satisfied that in 2015, the Company complied with the principles and recommendations of the Code.

This Statement is made in accordance with the resolution of the Board dated 23 March 2016.

Audit Committee Report



1. MEMBERS

The Audit Committee was established on 21 March 2005 and its term of reference is consistent with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance 2012 ("the Code"). During the financial year ended 31 December 2015, the Audit Committee held a total of five (5) meetings. The members of the Audit Committee together with their attendance are set out below:-

Name	Position	Attendance
Leow Chan Kiang*	Chairman (Independent Non-Executive Director)	1/1
Rizvi Bin Abdul Halim	Member (Independent Non-Executive Director)	5/5
Md Nazir Bin Md Kassim	Member (Independent Non-Executive Director)	5/5

* Appointed as Chairman of the Audit Committee on 26 October 2015

Note: Chong Yew Kiang ceased as chairman of Audit Committee on 26 October 2015.

2. TERMS OF REFERENCE OF AUDIT COMMITTEE

COMPOSITION

The Audit Committee shall be appointed by the Directors from amongst their number (pursuant to a resolution of the Board of Directors ("the Board")) which fulfils the following requirements:-

- a) comprise no fewer than three (3) members;
- b) all members of the Audit Committee should be non-executive directors with a majority being independent directors;
- c) all members of the Audit Committee should be financially literate and at least one member of the Audit Committee:-
 - (i) must be a member of Malaysian Institute of Accountants ("MIA"); or
 - (ii) if he is not a member of the MIA, he must have at least three (3) years working experience and;
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - (iii) he must be a person who fulfils such other requirements as may be prescribed by or approved by the Exchange and/or such other relevant authorities from time to time.
- d) no alternate director is appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of items (a) to (d) above, the vacancy must be filled within 3 months of that event.

Audit Committee Report (continued)

2. TERMS OF REFERENCE OF AUDIT COMMITTEE (CONTINUED)

FUNCTIONS

The functions of the Audit Committee are as follows:-

- a) to review the following and report the same to the Board:-
 - (i) with the external auditors, the audit plan, evaluation of the system of internal control and audit report;
 - (ii) the assistance given by the Group's employees to the external auditors; and
 - (iii) any related party transactions and conflict of interest situation that may arise with the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- b) to consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal and the letter of resignation from the external auditors, if applicable;
- c) to discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d) to review the quarterly and year-end financial statements of the Group, focusing particularly on:-
 - Any changes in accounting policies and practices;
 - Significant adjustments arising from the audit;
 - The going concern assumption;
 - Compliance with accounting standards and other legal requirements.
- e) to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management, where necessary);
- f) to review the external auditors' management letter and management's response;
- g) to do the following in relation to the internal audit function:-
 - Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - Review any appraisal or assessment of the performance of members of the internal audit function;
 - Approve any appointments or termination of members of the internal audit function;
 - Take cognisance of resignations of internal audit staff members (for in-house internal audit function) or change in internal audit function service provider (for outsourced internal audit function) and provide the resigning staff member/ service provider an opportunity to submit his/their reasons for resigning.
- h) to consider the major findings of internal investigations and management's response;
- i) to consider any related party transactions that may arise within the Group;
- j) to ensure the internal audit function established is independent of the activities it audits and is responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Group;
- k) to consider all areas of significant financial risks and arrangements in place to contain those risks to acceptable levels;
- l) to consider any other areas as defined by the Board.



Audit Committee Report (continued)

2. TERMS OF REFERENCE OF AUDIT COMMITTEE (CONTINUED)

RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee shall, wherever necessary and reasonable for the Company to perform its duties, in accordance with a procedure to be determined by the Board and at the cost of the Company:-

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Group;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

The Chairman of the Audit Committee shall engage on a continuous basis with Senior Management, such as the Chairman/ Managing Director, finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Group.

MEETINGS

The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. However, at least twice a year the Audit Committee shall meet with the external auditors without the executive Board members present. The Audit Committee would also meet with the internal auditors without the presence of executive Board members.

In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any committee member, the Managing Director or the internal or external auditors.

The Company Secretary or other appropriate senior official shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to committee members and to the other members of the Board of Directors.

A quorum shall consist of a majority of independent directors.

By invitation of the Audit Committee, the Company must ensure that other directors and employees attend any particular Audit Committee meeting, specific to the relevant meeting.

Audit Committee Report (continued)

3. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2015 in line with the terms of reference, the Committee carried out the following activities in discharging of its function and duties:-

- a) reviewed the unaudited quarterly reports of the Group prior to submission to the Board for consideration and approval;
- b) reported and recommended to the Board to approve the unaudited quarterly reports of the Group;
- c) reviewed the related party transactions on a quarterly basis and also the internal audit reports to ascertain that the review procedures established to monitor the related party transactions have been complied with;
- d) met with the external auditors during the year to review the external auditors' independence, scope of work and the audit plan, their audit fees, the results of their examination in the external audit reports and management's responses, as well as weaknesses in the internal control;
- e) met with the external auditors on the updates of new Malaysian Financial Reporting Standards ("MFRS") and how they will impact the Group as well as new developments on regulatory requirements;
- f) met with the internal auditors to review and approve the Group's internal audit plan, scope of work and audit fees;
- g) met with the internal auditors to review the internal audit reports and findings on the effectiveness of the system of internal control, adequacy of risk management and other compliance and governance processes;
- h) met with the external auditors and internal auditors twice during the financial year (without the presence of the Management staff or any Executive Directors);
- i) reviewed the terms of reference of the Audit Committee and recommend any amendments, where necessary to the Board for approval;
- j) monitored the compliance requirements in line with the new updates of Bursa Securities, Securities Commission, MASB and other legal and regulatory bodies;
- k) reviewed the Annual Report (except for the Chairman's Statement) before submission to the Board for approval; and
- l) reviewed the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.

4. TRAINING

During the financial year ended 31 December 2015, the Audit Committee members attended the following training programmes, seminars, forums and discussions relating to business, corporate governance, law, accounting, finance, taxation and economy to enhance their knowledge to enable them to discharge their duties more effectively:-

- KPMG Tax Summit 2015
- MFRS/FRS Update 2015/2016
- Building Information Modeling Kepada Kontraktor
- Ensuring Climate Resilience of Buildings and Infrastructure – Towards Sustainable Infrastructure

Audit Committee Report (continued)

5. INTERNAL AUDIT FUNCTION

The Group recognises that an internal audit function is essential in ensuring the effectiveness of the Group's system of internal control and is an integral part of the risk management process.

The Company has outsourced its internal audit function to a professional service firm whose primary responsibility is to independently assess and report to the Board, through the Audit Committee, the systems of internal control of the Group. The internal audit functions are as set out in the Statement on Risk Management and Internal Control on pages 32 to 35 of the Annual Report.

During the financial year, the Internal Auditors carried out internal audit reviews to assess the adequacy and integrity of the system of internal control as established by the Management, so as to provide reasonable assurance that:-

- the system of internal control continues to operate satisfactorily and effectively,
- assets and resources are safeguarded,
- integrity of records and information is protected,
- internal policies, procedures and standards are adhered to, and
- applicable rules and regulations are complied with.

The scope of work, as approved by the Audit Committee, was essentially based on the risk profiles of companies in the Group, where areas of higher risk were included for internal audit. The internal audit covered key operational, financial and compliance controls, including the risk management process deployed by Management. Audit findings and areas of concern that need improvements were highlighted in the internal audit reports and reviewed at the Audit Committee meetings. During the Board meetings, the Chairman of the Audit Committee briefed the Board on audit matters and the minutes of the Audit Committee meetings were duly noted by the Board.

The cost incurred in outsourcing of the internal audit function to an independent professional firm during the financial year amounted to approximately RM64,000 which included expenses.



Statement on Risk Management and Internal Control



INTRODUCTION

The Board of Directors is pleased to present the following Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2015 in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”.

RESPONSIBILITY

The Board acknowledges the importance of maintaining a sound system of risk management and internal control to safeguard the shareholders’ investments and the Group’s assets. Accordingly, the Board affirms its responsibility for the Group’s system of risk management and internal control and its commitment to review its effectiveness, adequacy and integrity. The Group’s existing system of internal control includes financial, operational and compliance controls and risk management procedures. Due to the limitations that are inherent in any system of risk management and internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The Board also recognises that a sound system of risk management and internal control can only reduce but not eliminate the possibility of poor judgement in decision making, human error, control process being deliberately circumvented by employees, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, the system provides only reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has received assurance from the Managing Director and the Executive Director (who is in charge of Financial and Corporate Affairs) that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies is further elaborated in the following paragraphs.

RISK MANAGEMENT

The Board and Management are mindful of measures required to identify risks residing in any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment.

The Group operates a risk management framework in which the Board assumes overall responsibility with established and clear functional responsibilities and accountabilities under two lines of defence for the management of risk.

Statement on Risk Management and Internal Control (continued)

RISK MANAGEMENT (CONTINUED)

The first line of defence of risk management activities were carried out by the Group's Risk Management Committee ("RMC") which comprises of Executive Directors. The RMC is currently chaired by Mr Chen Shien Yee (Managing Director). As part of the Risk Management process, a Registry of Risk and a risk management policy was maintained during the period to identify principal business risks and updated for on-going changes in the risk profile. The risk management policy summarises risk management methodology, approach and processes, roles and responsibilities, and various risk management concept. The respective heads of departments are entrusted to identify risks and to ensure that adequate control systems are implemented to mitigate significant risks faced by the Group. Significant risk factors identified are reported to the Board for further elaboration and strategic decision making.

Key management staff and Heads of Department are delegated with the responsibility to manage risks of their respective areas of responsibilities. They are also responsible for creating a risk-awareness culture within the organisation to ensure greater understanding of the importance of risk management and that its principles are embedded in key operational processes. In the periodic management meetings, key risks and mitigating controls are deliberated. Significant risks affecting the Group's strategic and business plans are then escalated to the Board and discussed at their scheduled meetings.

The second line of defence is the Group's Internal Audit function, which is currently outsourced to an independent firm of professional internal auditors that reports directly to the Audit Committee. The Audit Committee provides independent assurance of the adequacy and reliability of the risk management processes and system of internal controls.

INTERNAL AUDIT FUNCTION

The internal audit function has the primary objective of carrying out reviews of the internal control system to determine if the internal control procedures have been complied with as well as to make recommendations to strengthen the internal control system so as to foster a strong management control environment.

The Board is fully aware of the importance of the internal audit function and has outsourced this function to an independent professional service firm to provide an independent assurance the Board requires on the effectiveness and efficiency of the Group's system of internal control.

The internal audit adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles from the comprehensive risk assessment of the specific business units of the Group. Scheduled internal audits are carried out by the internal auditors based on the annual internal audit plan presented to and approved by the Audit Committee. On a quarterly basis, the internal auditors present to the Audit Committee the internal audit reports which summarise the audit approach, scope, key risks, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations. The cost of internal audit function for the financial year ended 31 December 2015 was approximately RM64,000, which included expenses.

The review of the adequacy and effectiveness of the risk management and internal control process has been undertaken by the internal audit function, and necessary actions have been taken to remedy significant failing or weaknesses identified for the financial year 2015.

THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The system is designed to manage the principal risks attributed to the Group's operations and due to the limitations that are inherent in any system, the Board takes cognizance that the system can only provide reasonable but not absolute assurance against material loss or misstatement.

The key elements of the Group's internal control system are as follows:-

- An organisational structure with defined responsibilities and delegation of authorities for Committees of the Board and Operational Committees;
- Company's Policies and Procedures, which set out guidelines and the expected standards for the Group's operations, are under regular review and update so as to maintain its effectiveness at all times;
- A strategic planning and an annual budgeting process has been established, whereby all key operating subsidiaries of the Group are required to prepare budgets and business plans for the coming year;

Statement on Risk Management and Internal Control (continued)

THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

- Operational review meetings are held and attended by the Executive Directors and the department heads to assess the performance of the Group's operations;
- Monthly financial reporting by the subsidiaries to the holding company. Actual performance compared with budget is reviewed monthly with major variances being followed up and management action taken where necessary;
- Each department measures its performance against its business objectives and monitors the identified risks associated with the achievability of its objectives;
- The public releases of quarterly financial reports are made after the review by the Audit Committee and the approval of the Board;
- There are guidelines within the Group for hiring and termination of staff. Appointment of staff is based on the required level of qualification, experience and competency to fulfil their responsibilities. Training and development are provided for selected employees to enhance their competency in carrying out their responsibilities;
- A formal employee appraisal to evaluate and measure employee's performance and their competency is performed at least once a year;
- A centralised accounting and disbursement function ensures compliance with the procedures and approval authority;
- A co-ordinated procurement function for major purchases and maintenance expenditures that ensures adherence to approval procedures as well as to leverage on economies of scale;
- Regular production meetings, which involve the senior production management and related units to promptly address any production problems faced;
- ISO 9001:2008 Quality Management System has been implemented for a subsidiary, Ni Hsin Corporation Sdn. Bhd. documented internal procedures and standard operating procedures have been put in place and internal quality audits are carried out by the management and annual surveillance audits are conducted by a certification body to provide assurance of compliance with the procedures.

The key aspects of the risk management process are:

- The RMC coordinates and oversees risk management activities across the Group;
- The RMC will report to the Board significant risks that require the Board's attention;
- An enterprise risk assessment will be performed with inputs from Executive Directors and Heads of Departments;
- The RMC maintains a Registry of Risk which is the identification and analysis of risks to the achievement of business objectives. A scoring of the risks is then performed based on the likelihood of the risks occurring and the evaluation of the consequence of the occurrence. This forms a basis for determining how risks should be managed. The Registry of Risk is updated on a half yearly basis, and when any material changes in risks are identified.
- The RMC then deliberates and decides the risk response to the identified risks. The risk response could be to transfer, reduce, accept or avoid the risks. The residual risks are then tabled to determine whether it should be reported as a key issue or a supplemental issue where internal controls could be used to mitigate the risks.
- Heads of Departments will then monitor and review the key risks and report to the RMC from time to time. Any significant change in existing risks with significant impact or the emergence on new risks will warrant an immediate reporting to the RMC.
- Key risks will be highlighted to the internal audit function to review and monitor proper controls are implemented and carried out to mitigate those risks.

Statement on Risk Management and Internal Control (continued)

MONITORING AND REVIEW OF THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The existing system of risk management and internal control has operated effectively in the year under review and up to the date of issuance of this statement. Although control lapses were identified for certain business processes within the Group, there were no significant failures or weaknesses that has resulted in material loss that requires disclosure in the Group's annual report for the financial period under review. The Board is committed towards operating a sound system of risk management and internal control and will strive for continuous improvement where necessary, to further enhance the Group's system of risk management and internal control. The Board has reviewed the risk management and internal control system in accordance with the guidelines for directors on risk management and internal control, the *Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies*.

The Board is of the view that the system of risk management and internal control being instituted throughout the Ni Hsin Group is adequate and effective.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2015, 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:

- (a) 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
- (b) is factually inaccurate.

RPG 5 (Revised) 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 Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.





Corporate Sustainability Statement

NI HSIN GROUP RECOGNISES CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITMENTS BASED ON ETHICAL VALUES AND RESPECT FOR THE COMMUNITY, EMPLOYEES, THE ENVIRONMENT, SHAREHOLDERS AND OTHER STAKEHOLDERS. AT NI HSIN GROUP, WE ARE COMMITTED TO CREATE VALUE FOR ALL OUR STAKEHOLDERS BY GIVING ATTENTION TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") ASPECTS OF BUSINESS WHICH UNDERPIN SUSTAINABILITY.

The CSR initiatives undertaken by our Group are as follows:

MARKETPLACE

We develop ethical and responsible business policies and practices for our business operations. We also recognise that our success relies on our ability to deliver quality products and to build stakeholders and customer satisfaction. We pay close attention to our consumers' evolving preferences, lifestyles and concerns and conduct continuous research and development on the design and manufacture of our products to provide exquisite innovative products to our customers whilst giving emphasis to efficiency, energy conservation, convenience and healthy lifestyle.

We are committed to ensure that the interests of all our important stakeholders – our shareholders, suppliers and customers are being taken care of. Our Group emphasises on good corporate governance practices to meet shareholders' expectations. For our suppliers, we practise transparent and fair procurement policies. As for our customers, all the facilities within our Group are accredited with ISO 9001:2008 Quality Management System.

ENVIRONMENT

Our Group is committed to achieve excellence in manufacturing and managing our operations in an environmentally sustainable way. Our Group undertakes to:

- Recycle raw material wastages for re-use.
- Ensure compliance to all relevant environmental, legal and other requirements and raise the environmental awareness among employees.
- Prevent air, water, land and noise pollution in the workplace and surrounding.
- Integrate the environmental and quality management system together to strive for continual improvement.

Our product development involves a more efficient use of materials, minimisation of the production of waste and the reuse and recycling of materials wherever feasible. Our product development emphasises on caring for the environment by minimising material wastage in our designs and using high technology multi-ply stainless steel clad metals, so that our customers benefit from reduced energy costs whilst cooking. Our cookware is developed to be efficient in heat distribution through the usage of our own proprietary multi-ply stainless steel clad metals, so that less energy is used for cooking and our unique multi-stacking feature allows for different foods to be cooked simultaneously thus saving time and energy.

Our employees are also trained to employ recycling and energy conservation practices at work. Reusing and recycling of office stationery and paper, switching off the lights and air conditioners when they are not in use are among some of the other conservation measures taken by our Group. We also send such items to a social welfare organisation which collects them for recycling or charity purposes.

COMMUNITY

Our Group is committed to being a responsible corporate citizen. Our products are environment and community friendly as they are designed with energy efficient features that reduce costs due to their efficient heat transfer and distribution. As we advocate a healthy and caring lifestyle, we educate our distributors and end customers on the many ways that our cookware could be used to reduce energy usage whilst cooking. Our Group makes donations to charitable organisations from time to time.

Corporate Sustainability Statement (continued)

WORKPLACE

At Ni Hsin our employees are our greatest asset. We believe that the commitment and efforts of our employees are fundamental to our continued growth and hence, the economic sustainability of our business via increased productivity and innovation. To attract and retain talent, we aim to be a preferred employer, offering a challenging and exciting environment along with avenues for personal development.

We treat our employees fairly and with dignity. We care for their welfare dearly and place considerable emphasis on their goals and aspirations while ensuring that diversity in the workplace is embraced. We have in place various reward schemes to recognise employees loyalty, dedication and excellent performance, via long service award schemes whereby monetary and gifts rewards and overseas trips are provided for employees with long employment service records, full attendance record, i.e. non utilisation of medical leave, and also outstanding performance award. Recognising the importance of strong family bonding, our employees and family members come together for a time of fun and togetherness in our annual dinner where employees are recognised for their performance and services. In addition, sports activities were held to encourage employees to enjoy a healthy lifestyle.

Continuous internal and external training for the employees are provided, including on-the-job training in areas of technical and management skills, as well as organising teambuilding activities. In addition, we engage external professional trainers to conduct specific process training and skills enhancement training to our employees to ensure that our employees are well equipped with the necessary skills for their jobs.

Creating a safe working environment and ensuring safe practices in all aspects is the paramount duty of our Group. As part of our commitment to provide a safe workplace, we have initiated health and safety programmes such as fire drills, safety system checks on equipment, first aid training, plant evacuation exercise as well as health talks.

Our Group's Occupational Safety and Health Policy is actively and effectively implemented to ensure that the occupational safety and health of all employees are not compromised. Our Group's safety programmes go beyond the minimum statutory requirements. Constant education, training and safety workshops ensure a high level of awareness of safety requirements at all levels.

In terms of workforce diversity, our Group is committed towards promoting diversity and equality among our workforce. Our Group sees this element as an asset to the organisation as building a diverse and inclusive workforce will result in improved service to our customers and returns for our shareholders.

Our workforce consists of 42% Malaysians while the remaining 58% are made up of employees of various nationalities, including Bangladeshis, Nepalese, Burmese, Vietnamese, Italian and Taiwanese. Our employees are made up of 82% male and 18% female. Our Group has maintained a balanced representation of women in management positions. Currently, women comprise more than 25% of management at middle and top management levels.





Directors' Responsibility Statement

The Board of Directors is required under Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Securities to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Board is responsible for ensuring that the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Malaysian Financial Reporting Standards ("MFRS") approved by the Malaysian Accounting Standards Board ("MASB") in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and of the results and cash flows of the Group and the Company for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2015, the Group and the Company have adopted suitable accounting policies in accordance with applicable MFRSs approved by the MASB in Malaysia and applied them consistently and reasonably.

The Statement is made in accordance with a resolution of the Board of Directors dated 23 March 2016.



FINANCIAL STATEMENTS



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Directors' report for the year ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	2,216	4,908

Reserves and provisions

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

Dividends

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

The Directors do not recommend any final dividend for the financial year ended 31 December 2015.

Directors of the Company

Directors who served since the date of the last report are:

Hsiao Tung Min
Ng Shwu Ching
Datin Ida Suzaini Binti Abdullah
Rizvi Bin Abdul Halim
Md Nazir Bin Md Kassim
Chen Shien Yee
Datuk Tan Choon Hwa
Leow Chan Khiang (Appointed on 26 October 2015)
Chong Yew Kiang (Resigned on 26 October 2015)

Directors' interests

The interests and deemed interests in the ordinary shares and warrants over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Shareholdings in which Directors have interests in the Company	Number of ordinary shares of RM0.20 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
<i>Direct interests</i>				
Hsiao Tung Min	2,273,000	-	-	2,273,000
Ng Shwu Ching	720,000	-	-	720,000
Chong Yew Kiang	100,000	-	(100,000)	-
Md Nazir Md Kassim	300,000	-	(300,000)	-
Datuk Tan Choon Hwa	231,000	2,145,000	(1,188,000)	1,188,000
<i>Deemed interests</i>				
Hsiao Tung Min	300,000	-	-	300,000

Directors' report for the year ended 31 December 2015 (continued)

Directors' interests (Continued)

Warrant holdings in which Directors have interests in the Company

	Number of warrants over ordinary shares of RM0.20 each			
	At 1.1.2015	Granted	Disposed	At 31.12.2015
<i>Direct interests</i>				
Hsiao Tung Min	-	1,136,500	(1,136,500)	-
Ng Shwu Ching	-	360,000	(360,000)	-
Chong Yew Kiang	-	50,000	(50,000)	-
Datuk Tan Choon Hwa	-	594,000	(594,000)	-
<i>Deemed interests</i>				
Hsiao Tung Min	-	150,000	(150,000)	-

By virtue of their interests in the Company, the above Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2015 had any interest in the ordinary shares and warrants over shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by certain Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and rental receivable from a company in which certain Directors have substantial financial interests as disclosed in Note 26 to the financial statements.

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

Issue of shares and debentures

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

Treasury shares

The repurchased shares are held as treasury shares and carried at cost. The number of outstanding shares in issue after deducting treasury shares held at the financial year end is 221,649,410 (2014: 230,957,610) ordinary shares of RM0.20 each. Treasury shares have no rights to voting, dividends and participation in other distribution.

The details of shares repurchased during the financial year is disclosed in Note 10 to the financial statements.

Options granted over unissued shares

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

In February 2015, the Company issued 115,478,803 free warrants on the basis of one (1) free Warrant for every two (2) ordinary shares of RM0.20 each of the Company. The Warrant is constituted by a Deed Poll dated 12 February 2015 and were listed on Bursa Malaysia Securities Berhad on 23 February 2015.

The main features of the Warrant are as follows:

- Each Warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, which has been fixed at RM0.20 per share subject to adjustments in accordance with the provisions of the Deed Poll dated 12 February 2015 constituting the Warrant;
- The tenure of Warrant is for a period of three (3) years and may be exercised at any time on or after 12 February 2015. Warrant not exercised during the exercise period shall thereafter lapse and cease to be valid for any purpose; and
- The new ordinary shares of RM0.20 each to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary share of RM0.20 each of the Company, save and except that the new ordinary shares of RM0.20 each will not be entitled to any dividends, rights, allotments and/or other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new ordinary shares of RM0.20 each arising from the exercise of the Warrants.

There were no warrants exercised during the financial year.

Directors' report for the year ended 31 December 2015 (continued)

Other statutory information

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

- i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent event

The details of such event is disclosed in Note 27 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

.....
Chen Shien Yee

.....
Ng Shwu Ching

Selangor Darul Ehsan
Date: 23 March 2016

Statements of financial position as at 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Property, plant and equipment	3	31,377	32,536	208	-
Investment property	6	1,333	-	1,333	-
Goodwill	4	5,105	5,105	-	-
Investments in subsidiaries	5	-	-	59,455	59,455
Total non-current assets		<u>37,815</u>	<u>37,641</u>	<u>60,996</u>	<u>59,455</u>
Inventories	7	17,339	21,216	-	-
Current tax assets		760	557	-	4
Trade and other receivables	8	5,280	4,900	415	23
Cash and cash equivalents	9	5,761	5,851	635	386
Total current assets		<u>29,140</u>	<u>32,524</u>	<u>1,050</u>	<u>413</u>
Total assets		<u>66,955</u>	<u>70,165</u>	<u>62,046</u>	<u>59,868</u>
Equity					
Share capital		47,320	47,320	47,320	47,320
Reserves		11,333	11,941	14,565	12,470
Total equity	10	<u>58,653</u>	<u>59,261</u>	<u>61,885</u>	<u>59,790</u>
Liabilities					
Deferred tax liabilities	11	2,149	1,967	-	-
Loans and borrowings	12	87	171	-	-
Total non-current liabilities		<u>2,236</u>	<u>2,138</u>	<u>-</u>	<u>-</u>
Trade and other payables	13	5,961	6,352	150	78
Loans and borrowings	12	83	2,414	-	-
Current tax liabilities		11	-	11	-
Derivative financial liabilities	14	11	-	-	-
Total current liabilities		<u>6,066</u>	<u>8,766</u>	<u>161</u>	<u>78</u>
Total liabilities		<u>8,302</u>	<u>10,904</u>	<u>161</u>	<u>78</u>
Total equity and liabilities		<u>66,955</u>	<u>70,165</u>	<u>62,046</u>	<u>59,868</u>

The notes on pages 49 to 88 are an integral part of these financial statements.

Statements of profit or loss and other comprehensive income for the year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	15	45,936	40,727	6,260	1,740
Cost of sales		(33,098)	(29,791)	-	-
Gross profit		12,838	10,936	6,260	1,740
Other income		2,143	1,496	-	-
Distribution expenses		(781)	(791)	-	-
Administrative expenses		(11,029)	(10,863)	(1,192)	(918)
Results from operating activities		3,171	778	5,068	822
Finance costs	16	(80)	(213)	-	-
Finance income		8	7	5	5
Profit before tax		3,099	572	5,073	827
Tax expense	17	(883)	(515)	(165)	(97)
Profit for the year	18	2,216	57	4,908	730
Other comprehensive (expense)/ income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(11)	283	-	-
Other comprehensive (expense)/ income for the year, net of tax	19	(11)	283	-	-
Total comprehensive income for the year		2,205	340	4,908	730
Total comprehensive income attributable to:					
Owners of the Company		2,205	340	4,908	730
Earnings per ordinary share (sen)					
Basic	20	0.97	0.02		
Diluted	20	0.82	-		

The notes on pages 49 to 88 are an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2015

Group	Note	Attributable to owners of the Company					Distributable		
		Non-distributable							
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Fair value reserve RM'000	Translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2014		47,320	(1,676)	1,820	202	(223)	9,206	3,427	60,076
Foreign currency translation differences for foreign operations		-	-	-	-	283	-	-	283
Other comprehensive income for the year		-	-	-	-	283	-	-	283
Profit for the year		-	-	-	-	-	-	57	57
Total comprehensive income for the year		-	-	-	-	283	-	57	340
Dividends to owners of the Company	21	-	-	-	-	-	-	(1,155)	(1,155)
At 31 December 2014/1 January 2015		47,320	(1,676)	1,820	202	60	9,206	2,329	59,261
Foreign currency translation differences for foreign operations		-	-	-	-	(11)	-	-	(11)
Other comprehensive expense for the year		-	-	-	-	(11)	-	-	(11)
Profit for the year		-	-	-	-	-	-	2,216	2,216
Total comprehensive income for the year		-	-	-	-	(11)	-	2,216	2,205
Own shares acquired		-	(3,055)	-	-	-	-	-	(3,055)
Own shares sold		-	288	-	-	-	-	(46)	242
At 31 December 2015		47,320	(4,443)	1,820	202	49	9,206	4,499	58,653
		Note 10.1	Note 10.2		Note 10.3	Note 10.4	Note 10.5		

Statement of changes in equity for the year ended 31 December 2015

		Attributable to owners of the Company				
		Non-distributable		Distributable		
Company	Note	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2014						
Profit and comprehensive income for the year		47,320	(1,676)	1,820	12,751	60,215
Dividends to owners of the Company	21	-	-	-	730	730
		-	-	-	(1,155)	(1,155)
At 31 December 2014/1 January 2015						
Profit and comprehensive income for the year		47,320	(1,676)	1,820	12,326	59,790
Own shares acquired		-	-	-	4,908	4,908
Own shares sold		-	(3,055)	-	-	(3,055)
		-	288	-	(46)	242
At 31 December 2015						
		47,320	(4,443)	1,820	17,188	61,885
		Note 10.1	Note 10.2			

The notes on pages 49 to 88 are an integral part of these financial statements.

Statements of cash flows

for the year ended 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from operating activities					
Profit before tax		3,099	572	5,073	827
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	3	2,642	2,595	24	-
Dividend income		-	-	(5,540)	(1,500)
Finance costs	16	80	213	-	-
Finance income		(8)	(7)	(5)	(5)
Loss on unrealised foreign exchange	18	210	115	-	235
Gain on disposal of property, plant and equipment	18	(31)	(127)	-	-
Property, plant and equipment written off	18	33	284	-	-
Net loss in fair value of financial instruments measured at fair value	18	11	-	-	-
Operating profit/(loss) before changes in working capital		6,036	3,645	(448)	(443)
Change in inventories		3,877	(968)	-	-
Change in trade and other receivables		(647)	3,091	(391)	2,260
Change in trade and other payables		(351)	(1,864)	72	60
Cash generated from/(used in) operations		8,915	3,904	(767)	1,877
Interest paid		(80)	(213)	-	-
Interest received		8	7	5	5
Income tax paid		(969)	(1,137)	(150)	(60)
Income tax refund		76	-	-	-
Net cash generated from/(used in) operating activities		7,950	2,561	(912)	1,822
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(1,596)	(1,210)	(232)	-
Proceeds from disposal of property, plant and equipment		111	260	-	-
Acquisition of investment property		(1,333)	-	(1,333)	-
Acquisition of subsidiary		-	-	-	*
Capitalisation of amounts owing from a subsidiary		-	-	-	(2,501)
Net cash used in investing activities		(2,818)	(950)	(1,565)	(2,501)

Statements of cash flows

for the year ended 31 December 2015 (continued)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from financing activities					
Repayment of bankers' acceptances		(1,956)	(2,374)	-	-
Payment of finance lease liability		(124)	(103)	-	-
Proceeds from sale of treasury shares		241	-	241	-
Repurchase of treasury shares		(3,055)	-	(3,055)	-
Dividend received		-	-	5,540	1,500
Dividends paid to owners of the Company	21	-	(1,155)	-	(1,155)
Net cash (used in)/generated from financing activities		(4,894)	(3,632)	2,726	345
Net increase/(decrease) in cash and cash equivalents		238	(2,021)	249	(334)
Effect of exchange rate fluctuations on cash held		7	(42)	-	-
Cash and cash equivalents at 1 January		5,516	7,579	386	720
Cash and cash equivalents at 31 December	(ii)	5,761	5,516	635	386

*Denotes RM2

(i) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,596,000 (2014: RM1,460,000) of which RM Nil (2014: RM250,000) were acquired by means of finance lease.

(ii) Cash and cash equivalents

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks	183	178	165	160
Cash and bank balances	5,578	5,673	470	226
Bank overdrafts	-	(335)	-	-
	5,761	5,516	635	386

The notes on pages 49 to 88 are an integral part of these financial statements.

Notes to the financial statements

Ni Hsin Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

No. 45, Jalan Taming Dua
Taman Taming Jaya
43300 Seri Kembangan
Selangor Darul Ehsan

Registered office

Lot 6.05, Level 6, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2015 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 23 March 2016.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

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

Notes to the financial statements (continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14, Amendments to MFRS 116 and MFRS 141, and Amendments to MFRS 127 which are not applicable to the Group.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combination

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

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

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

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

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

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

(iii) Loss of control

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

(iv) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise and measure financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), or financial assets that are specifically designated into this category upon initial recognition.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(c) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) 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 in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Derecognition (continued)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

• Factory buildings	3%
• Hostels	2%
• Building	2%
• Plant and machinery	7%
• Moulds	7%
• Factory equipment	10%
• Office equipment, furniture, fixtures and fittings	10% - 20%
• Motor vehicles	20%
• Renovation	10%

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(g) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

The Directors estimate fair value of the Group's investment property without involvement of independent valuers. Fair value is arrived at by reference to market evidence of sales listing prices for similar properties within the same/adjacent location.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) Inventories

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

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories), are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(k) Equity instruments (continued)

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of share premium account or distributable reserves, or both.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(m) Provisions

A provision is recognised, if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales arrangement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(n) Revenue and other income (continued)

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

(p) Income tax (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants over ordinary shares.

(r) Operating segments

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

(s) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Fair value measurement

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input in the valuation technique as follows:

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the financial statements (continued)

3. Property, plant and equipment

Group	Freehold land RM'000	Factory buildings RM'000	Hostels RM'000	Plant and machinery RM'000	Moulds RM'000	Factory equipment RM'000	Office equipment, furniture, fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Cost										
At 1 January 2014	11,445	9,540	102	35,566	8,645	1,167	3,433	1,855	1,131	72,884
Additions	-	-	-	274	255	49	177	705	-	1,460
Disposals	-	-	-	(157)	-	-	(245)	(309)	-	(711)
Written off	-	-	-	(22)	-	(4)	(265)	-	(355)	(646)
At 31 December 2014/1 January 2015	11,445	9,540	102	35,661	8,900	1,212	3,100	2,251	776	72,987
Additions	-	-	-	690	238	161	71	436	-	1,596
Disposals	-	-	-	-	-	-	(99)	(276)	-	(375)
Written off	-	-	-	(168)	-	(15)	(67)	-	-	(250)
At 31 December 2015	11,445	9,540	102	36,183	9,138	1,358	3,005	2,411	776	73,958
Accumulated depreciation										
At 1 January 2014	-	855	43	27,255	6,029	1,096	2,094	662	762	38,796
Depreciation for the year	-	285	2	1,250	330	59	337	283	49	2,595
Disposals	-	-	-	(157)	-	-	(126)	(295)	-	(578)
Written off	-	-	-	(22)	-	(2)	(196)	-	(142)	(362)
At 31 December 2014/1 January 2015	-	1,140	45	28,326	6,359	1,153	2,109	650	669	40,451
Depreciation for the year	-	285	2	1,254	337	55	303	383	23	2,642
Disposals	-	-	-	-	-	-	(75)	(220)	-	(295)
Written off	-	-	-	(138)	-	(14)	(65)	-	-	(217)
At 31 December 2015	-	1,425	47	29,442	6,696	1,194	2,272	813	692	42,581
Carrying amounts										
At 1 January 2014	11,445	8,685	59	8,311	2,616	71	1,339	1,193	369	34,088
At 31 December 2014/1 January 2015	11,445	8,400	57	7,335	2,541	59	991	1,601	107	32,536
At 31 December 2015	11,445	8,115	55	6,741	2,442	164	733	1,598	84	31,377

Notes to the financial statements (continued)

3. Property, plant and equipment (continued)

Company	Motor vehicle RM'000	Total RM'000
Cost		
At 1 January 2015	-	-
Additions	232	232
At 31 December 2015	232	232
Accumulated depreciation		
At 1 January 2015	-	-
Depreciation for the year	24	24
At 31 December 2015	24	24
Carrying amounts		
At 1 January 2015	-	-
At 31 December 2015	208	208

3.1 Assets under finance lease

Included in property, plant and equipment of the Group are motor vehicles under finance leases with carrying amount of RM233,000 (2014: RM491,000).

4. Goodwill

	2015 RM'000	Group 2014 RM'000
Cost	5,105	5,105
Carrying amounts	5,105	5,105

4.1 Impairment testing for cash-generating unit containing goodwill

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

The recoverable amount of the cash-generating unit was based on its value-in-use. The carrying amount of the unit was determined to be approximately its recoverable amount and no impairment loss was recognised.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Revenue growth rate ranging from 7% to 7.45% per annum (2014: 5% to 7% per annum)
- Gross profit margin of 21% (2014: 24%)
- A pre-tax discount rate of 9.35% (2014: 8.70%)

The values assigned to the key assumptions represent management's assessment of future trends in the clad metals and convex mirrors industry and are based on both external sources and internal sources (historical data).

Notes to the financial statements (continued)

5. Investments in subsidiaries

		Company	
	Note	2015 RM'000	2014 RM'000
Unquoted shares, at cost		56,584	56,584
Amount due from a subsidiary	5.1	2,871	2,871
		<u>59,455</u>	<u>59,455</u>

5.1 The amount due from a subsidiary is non-trade in nature, unsecured and interest free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is a part of the Company's net investment in the subsidiary in substance, it was stated at cost less accumulated impairment.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective ownership interest	
			2015 %	2014 %
Ni Hsin Corporation Sdn. Bhd. ("NHC")#	Design, manufacture and sale of stainless steel kitchenware and cookware	Malaysia	100	100
Ever-Grow Advanced Materials Sdn. Bhd. ("EGAM")#	Research, development and manufacturing of clad metals and stainless steel convex mirrors	Malaysia	100	100
Steel Crafts Europa S.R.L. ("SCE")*	Trading and assembly of kitchenware, cookware, clad metals and stainless steel convex mirrors	Italy	100	100
and its subsidiary: Kit-Zen S.R.L. ("KZ")*	Retail sales of kitchenware, tableware and cookware, water filter and related products and accessories	Italy	100	100
Inoco Resources Sdn. Bhd. ("Inoco")@	Oil and gas exploration and production activities	Malaysia	100	100

* Subsidiaries incorporated in Italy have not been audited as they are exempted from statutory audit under Italian Company Laws. They are consolidated based on unaudited management accounts for the year ended 31 December 2015.

Audited by KPMG

@ Not audited by KPMG

6. Investment property

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost and carrying amount				
At 1 January	-	-	-	-
Additions	1,333	-	1,333	-
At 31 December	<u>1,333</u>	<u>-</u>	<u>1,333</u>	<u>-</u>

No depreciation was charged because the investment property was acquired in December 2015.

Notes to the financial statements (continued)

6. Investment property (continued)

Included in the above are:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At cost				
Building	1,333	-	1,333	-

The following are recognised in profit or loss in respect of investment property:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Direct operating expenses:				
- non-income generating investment property	6	-	6	-

6.1 Fair value information

Fair value of investment properties are categorised as follows:

	2015 Level 3 RM'000	2014 Level 3 RM'000
Group and Company		
Building	1,893	-

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method: The valuation method considers the sales and listing of comparable properties recorded in the area and adjustments are made between the subject properties and those similar properties. The adjustments are made in relation to location and accessibility, size of the lot, legal and legislation constraints, supply and demand. The most significant input into this valuation approach is price per square foot.	Price per square foot (RM451 – RM656)	The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

Notes to the financial statements (continued)

7. Inventories

	Group	
	2015 RM'000	2014 RM'000
Raw materials and component parts	7,880	10,113
Indirect materials	976	1,077
Work-in-progress	848	687
Manufactured inventories	7,635	9,339
	<u>17,339</u>	<u>21,216</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	<u>33,098</u>	<u>29,791</u>

8. Trade and other receivables

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current					
Trade					
Trade receivables	8.1	<u>3,449</u>	<u>2,610</u>	-	-
Non-trade					
Subsidiary		-	-	334	14
Other receivables	8.2	1,456	1,692	66	-
Deposits		161	230	7	1
Prepayments		<u>214</u>	<u>368</u>	<u>8</u>	<u>8</u>
		<u>1,831</u>	<u>2,290</u>	<u>415</u>	<u>23</u>
		<u>5,280</u>	<u>4,900</u>	<u>415</u>	<u>23</u>

Group

8.1 Included in trade receivables are amounts due from corporations in which certain Directors have substantial financial interests amounting to RM1,315,000 (2014: RM1,482,000) and are subject to normal trade terms.

8.2 Included in other receivables are club memberships in the Klang Valley. The memberships are valued at their fair value of RM320,000 (2014: RM320,000).

Company

The amount due from a subsidiary is non-trade related, unsecured, interest free and is repayable on demand.

9. Cash and cash equivalents

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks	183	178	165	160
Cash and bank balances	<u>5,578</u>	<u>5,673</u>	<u>470</u>	<u>226</u>
	<u>5,761</u>	<u>5,851</u>	<u>635</u>	<u>386</u>

Notes to the financial statements (continued)

10. Share capital and reserves

10.1 Share capital

	Group and Company			
	Amount 2015 RM'000	Number of shares 2015 '000	Amount 2014 RM'000	Number of shares 2014 '000
Authorised:				
Ordinary shares of RM0.20 each	100,000	500,000	100,000	500,000
Issued and fully paid:				
Ordinary shares of RM0.20 each	47,320	236,600	47,320	236,600

10.2 Treasury shares

The shareholders of the Company, by a special resolution passed in a general meeting held on 21 May 2015, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

For the financial year ended 31 December 2015, the Company repurchased 10,308,200 units of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.30 per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

Details of the share buy-back during the financial year were as follows:

	Average repurchased price RM	Highest repurchased price RM	Lowest repurchased price RM	Number of treasury shares repurchased	Total consideration paid RM
2015					
August	0.24	0.24	0.24	1,000,000	236,000
October	0.27	0.28	0.25	2,799,100	759,000
November	0.32	0.34	0.28	6,009,100	1,924,000
December	0.27	0.27	0.27	500,000	136,000

During the financial year, the Company resold 1,000,000 units treasury shares in the open market. The average resale price of the treasury shares was RM0.24 per share. The proceeds from the resale will be utilised as working capital during the financial year.

Details of the resale of treasury shares were as follows:

	Average resale price RM	Highest resale price RM	Lowest resale price RM	Number of treasury shares resold	Total consideration received RM
2015					
September	0.24	0.24	0.24	1,000,000	241,000

The number of outstanding shares in issue after deducting treasury shares held at the financial year end is 221,649,410 (2014: 230,957,610) ordinary shares of RM0.20 each. Treasury shares have no rights to voting, dividends and participation in other distribution.

Notes to the financial statements (continued)

10. Share capital and reserves (continued)

10.3 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired. The financial assets are the club memberships (Note 8.2).

10.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM, as well as from the translation of liabilities that hedge the Company's net investment in foreign operations.

10.5 Other reserve

Other reserve comprises the reclassification of revaluation reserve and foreign currency translation reserve at the date of transition to MFRSs.

10.6 Warrants

There were no warrants exercised since its issuance. The number of warrants unexercised at the end of the reporting period was 115,478,803. (2014: Nil)

11. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment	-	-	(2,238)	(2,565)	(2,238)	(2,565)
Provisions	94	249	-	-	94	249
Unabsorbed capital allowances carried forward	-	338	-	-	-	338
Unabsorbed reinvestment allowances carried forward	106	111	-	-	106	111
Tax losses carried forward	133	211	-	-	133	211
Others	-	-	(244)	(311)	(244)	(311)
Net tax assets/ (liabilities)	333	909	(2,482)	(2,876)	(2,149)	(1,967)

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax asset against current tax liability and where the deferred taxes relate to the same taxation authority.

Notes to the financial statements (continued)

11. Deferred tax liabilities (continued)

Movement in temporary differences during the year

	At 1.1.2014 RM'000	Recognised in profit or loss (Note 17) RM'000	At 31.12.2014/ 1.1.2015 RM'000	Recognised in profit or loss (Note 17) RM'000	At 31.12.2015 RM'000
Property, plant and equipment	(2,761)	196	(2,565)	327	(2,238)
Provisions	222	27	249	(155)	94
Unabsorbed capital allowances carried forward	385	(47)	338	(338)	-
Unabsorbed reinvestment allowances carried forward	111	-	111	(5)	106
Tax losses carried forward	211	-	211	(78)	133
Other items	(322)	11	(311)	67	(244)
	(2,154)	187	(1,967)	(182)	(2,149)

12. Loans and borrowings

	2015 RM'000	Group 2014 RM'000
Non-current		
Finance lease liability	87	171
Current		
Bank overdrafts - unsecured	-	335
Bankers' acceptances - unsecured	-	1,956
Finance lease liability	83	123
	83	2,414
	170	2,585

Bank overdrafts

The Group's bank overdrafts in the prior year are supported by negative pledge over the Group's assets and corporate guarantee from the Company.

Bankers' acceptances

The Group's bankers' acceptances in the prior year are supported by negative pledge over the Group's assets and corporate guarantee from the Company.

Notes to the financial statements (continued)

12. Loans and borrowings (continued)

Finance lease liability

Finance lease liability is payable as follows:

Group	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	2015	2015	2015	2014	2014	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	90	7	83	134	11	123
Between one and three years	90	3	87	179	8	171
	180	10	170	313	19	294

Included in the Group's finance lease liability is lease of motor vehicles amounting to RM250,000 (2014: RM550,000) under the finance lease expiring within two years.

13. Trade and other payables

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current					
Trade					
Trade payables	13.1	985	1,439	-	-
Non-trade					
Other payables		4,224	3,992	150	78
Accrued expenses		752	921	-	-
		4,976	4,913	150	78
		5,961	6,352	150	78

13.1 Included in Group's trade payables are amounts due from corporations in which certain Directors have substantial financial interests amounting to RM Nil (2014: RM44,000) and are subject to normal trade terms.

14. Derivative financial liabilities

	Nominal value RM'000	2015		Nominal value RM'000	2014	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Group						
Derivatives held for trading at fair value through profit or loss						
- Forward exchange contracts	1,890	-	11	-	-	-

Notes to the financial statements (continued)

14. Derivative financial liabilities (continued)

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of Group entities. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

15. Revenue

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sales of goods	45,936	40,727	-	-
Dividend income	-	-	5,540	1,500
Management fees	-	-	720	240
	<u>45,936</u>	<u>40,727</u>	<u>6,260</u>	<u>1,740</u>

16. Finance costs

	Group	
	2015 RM'000	2014 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
Bank overdrafts	8	61
Bankers' acceptances	62	148
Finance lease liability	10	4
	<u>80</u>	<u>213</u>

17. Tax expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense				
- current	727	669	165	50
- (over)/under provision in prior years	(26)	33	-	47
Total current tax recognised in profit or loss	<u>701</u>	<u>702</u>	<u>165</u>	<u>97</u>
Deferred tax expense				
- origination and reversal of temporary differences	283	(248)	-	-
- (over)/ under provision in prior years	(24)	61	-	-
- effect of changes in tax rate	(77)	-	-	-
Total deferred tax recognised in profit or loss (Note 11)	<u>182</u>	<u>(187)</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>883</u>	<u>515</u>	<u>165</u>	<u>97</u>
Reconciliation of effective tax expense				
Profit for the year	2,216	57	4,908	730
Tax expense	<u>883</u>	<u>515</u>	<u>165</u>	<u>97</u>
Profit excluding tax	<u>3,099</u>	<u>572</u>	<u>5,073</u>	<u>827</u>

Notes to the financial statements (continued)

17. Tax expense (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Reconciliation of effective tax expense (continued)				
Income tax calculated using Malaysian tax rate of 25% (2014: 25%)	775	143	1,268	207
Non-deductible expenses	312	365	282	218
Tax exempt income	-	-	(1,385)	(375)
Tax incentives	(77)	(87)	-	-
	1,010	421	165	50
(Over)/Under provision in prior years	(50)	94	-	47
Effect of changes in tax rate	(77)	-	-	-
Tax expense	883	515	165	97

The corporate tax rate is 25% for year of assessment 2014 and 2015. Subsequently, it will be 24% for year of assessment 2016 and thereafter. Consequently, deferred tax assets and liabilities are measured using these tax rates.

18. Profit for the year

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the year is arrived at after charging:				
Auditors' remuneration				
- Audit fees KPMG	139	128	69	59
- Non-audit fees KPMG	51	53	23	25
Depreciation of property, plant and equipment	2,642	2,595	24	-
Net loss on foreign exchange				
- unrealised	210	115	-	235
Property, plant and equipment written off	33	284	-	-
Net change in fair value of financial instruments measured at fair value	11	-	-	-
Personnel expenses (including key management personnel)				
- Contributions to state plans	683	550	-	-
- Wages, salaries and others	10,500	10,133	404	192
Rental expense	163	172	-	-
Profit for the year is arrived at after crediting:				
Gain on disposal of property, plant and equipment	31	127	-	-
Dividend income from subsidiaries	-	-	5,540	1,500
Net gain on foreign exchange				
- realised	2,090	791	-	-
Rental income from land and buildings	162	162	-	-

Notes to the financial statements (continued)

19. Other comprehensive (expense)/income

Group	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
2015			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	(11)	-	(11)
2014			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	283	-	283

20. Earnings per ordinary share

Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shareholders of RM2,216,000 (2014: RM57,000) and the number of weighted average ordinary shares outstanding during the year of 229,000,683 (2014: 230,958,000) after accounting for share buy-backs and reissue of treasury shares.

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2015 was based on profit attributable to ordinary shareholders of RM2,216,000 and the number of weighted average diluted ordinary shares outstanding during the year of 268,945,453 after accounting for share buy-backs, reissue of treasury shares, and adjustment for the effects of all dilutive potential ordinary shares of 39,944,770 shares arising from the share warrants on issue.

The average market value of the Company's shares for purpose of calculating the dilutive effect of share warrants was based on quoted market prices for the period during which the warrants were outstanding.

No diluted EPS is disclosed for 31 December 2014 as there were no potential dilutive ordinary shares in the previous financial year.

21. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2014			
Interim 2014 ordinary	0.5	1,155	13 November 2014

22. Operating segments

The Group has three main reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Managing Director) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's main reportable segments:

- (i) Cookware Design, manufacture and sale of stainless steel kitchenware and cookware
- (ii) Convex mirrors Manufacture and sale of stainless steel convex mirrors
- (iii) Clad metals Research, development and manufacture of clad metals

Notes to the financial statements (continued)

22. Operating segments (continued)

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total assets is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Cookware RM'000	Convex mirrors RM'000	Clad metals RM'000	Others RM'000	Elimi- nations RM'000	Total RM'000
2015						
Business segments						
Revenue	25,915	9,510	10,511	-	-	45,936
Inter-segment revenue	2	1,011	9,754	-	(10,767)	-
Total revenue	25,917	10,521	20,265	-	(10,767)	45,936
2014						
Business segments						
Revenue	21,607	8,880	9,651	589	-	40,727
Inter-segment revenue	7	1,003	8,202	-	(9,212)	-
Total revenue	21,614	9,883	17,853	589	(9,212)	40,727
2015						
Results						
Segment results	2,095	2,846	(534)	(13)	(31)	4,363
Unallocated corporate expenses						(1,192)
Interest expense						(80)
Interest income						8
Profit before tax						3,099
Tax expense						(883)
Profit for the year						2,216

Notes to the financial statements (continued)

22. Operating segments (continued)

	Cookware RM'000	Convex mirrors RM'000	Clad metals RM'000	Others RM'000	Elimi- nations RM'000	Total RM'000
2015						
Assets						
Segment assets	43,138	5,485	14,314	-	(2,503)	60,434
Unallocated corporate assets						6,521
Total assets						66,955
Liabilities						
Segment liabilities	4,862	629	2,492	29	(1,859)	6,153
Unallocated corporate liabilities						2,149
Total liabilities						8,302
Other information						
Capital expenditure	919	509	168	-	-	1,596
Depreciation	1,655	217	770	-	-	2,642
Others	(29)	12	19	-	-	2
						Revenue RM'000
Geographical segments						
Japan and Korea						17,465
Malaysia and Singapore						5,883
China, Taiwan and Hong Kong						8,457
Thailand and Indonesia						932
Europe						8,066
USA and Canada						3,157
Australia						1,468
Others						508
						45,936

Notes to the financial statements (continued)

22. Operating segments (continued)

	Cookware RM'000	Convex mirrors RM'000	Clad metals RM'000	Others RM'000	Elimi- nations RM'000	Total RM'000
2014						
Results						
Segment results	(71)	2,066	(164)	(285)	150	1,696
Unallocated corporate expenses						(918)
Interest expense						(213)
Interest income						7
Profit before tax						572
Tax expense						(515)
Profit for the year						57
Assets						
Segment assets	43,722	5,935	19,109	-	(5,009)	63,757
Unallocated corporate assets						6,408
Total assets						70,165
Liabilities						
Segment liabilities	6,680	1,571	5,066	15	(4,395)	8,937
Unallocated corporate liabilities						1,967
Total liabilities						10,904
Other information						
Capital expenditure	630	25	805	-	-	1,460
Depreciation	1,703	207	685	-	-	2,595
Others	255	(37)	(60)	-	-	158
Geographical segments						Revenue RM'000
Japan and Korea						14,057
Malaysia and Singapore						5,806
China, Taiwan and Hong Kong						7,961
Thailand and Indonesia						1,914
Europe						7,901
USA and Canada						1,156
Australia						1,201
Others						731
						40,727

The carrying amount of segment assets and cost to acquire property, plant and equipment by location of assets are not provided. The assets of the Group are located and capital expenditure incurred for these assets, are principally in Malaysia.

Notes to the financial statements (continued)

23. Financial instruments

23.1 Categories of financial instruments

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

- (a) Loans and receivables ("L&R");
- (b) Available-for-sale financial assets ("AFS");
- (c) Financial liabilities measured at amortised cost ("FL");
- (d) Fair value through profit or loss ("FVTPL").

	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000	FVTPL RM'000
2015				
Financial assets				
Group				
Receivables and deposits	5,066	4,746	320	-
Cash and cash equivalents	5,761	5,761	-	-
	10,827	10,507	320	-
Company				
Receivables and deposits	407	407	-	-
Cash and cash equivalents	635	635	-	-
	1,042	1,042	-	-
Financial liabilities				
Group				
Bank overdrafts	-	-	-	-
Bankers' acceptances	-	-	-	-
Finance lease liability	(170)	(170)	-	-
Trade and other payables	(5,961)	(5,961)	-	-
Derivative financial liabilities	(11)	-	-	(11)
	(6,142)	(6,131)	-	(11)
Company				
Trade and other payables	(150)	(150)	-	-

Notes to the financial statements (continued)

23. Financial instruments (continued)

23.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
2014			
Financial assets			
Group			
Receivables and deposits	4,532	4,212	320
Cash and cash equivalents	5,851	5,851	-
	10,383	10,063	320
Company			
Receivables and deposits	15	15	-
Cash and cash equivalents	386	386	-
	401	401	-
Financial liabilities			
Group			
Bank overdrafts	(335)	(335)	-
Bankers' acceptances	(1,956)	(1,956)	-
Finance lease liability	(294)	(294)	-
Trade and other payables	(6,352)	(6,352)	-
	(8,937)	(8,937)	-
Company			
Trade and other payables	(78)	(78)	-

23.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net gains/(losses) on:				
Loans and receivables	1,442	396	5	(230)
Financial liabilities measured at amortised cost	367	74	-	-
Fair value through profit or loss	(11)	-	-	-
	1,798	470	5	(230)

23.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Notes to the financial statements (continued)

23. Financial instruments (continued)

23.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from receivables. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has no significant exposure to any individual receivable other than the amounts due from corporations in which certain Directors have substantial financial interests as stated in Note 26 to the financial statements, which form 38% (2014: 57%) of the total trade receivables of the Group as at year end. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial asset.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for receivables as at the end of the reporting period by geographic region was:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Domestic	2,312	1,795	407	15
Others	2,754	2,737	-	-
	<u>5,066</u>	<u>4,532</u>	<u>407</u>	<u>15</u>

Notes to the financial statements (continued)

23. Financial instruments (continued)

23.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The ageing of receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2015			
Not past due	2,920	-	2,920
Past due 1 - 30 days	1,161	-	1,161
Past due 31 - 60 days	454	-	454
Past due 61 - 90 days	399	-	399
Past due over 90 days	132	-	132
	5,066	-	5,066
2014			
Not past due	2,543	-	2,543
Past due 1 - 30 days	914	-	914
Past due 31 - 60 days	558	-	558
Past due 61 - 90 days	222	-	222
Past due over 90 days	295	-	295
	4,532	-	4,532
Company			
2015			
Not past due	407	-	407
2014			
Not past due	15	-	15

As at the end of the reporting period, there was no indication that the receivables are not recoverable.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

As at the end of the reporting period, the Company provided total corporate guarantees amounting to RM26,140,000 (2014: RM26,140,000).

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM170,000 (2014: RM2,585,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was immaterial.

Notes to the financial statements (continued)

23. Financial instruments (continued)

23.4 Credit risk (continued)

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries as these are repayable on demand.

23.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the financial statements (continued)

23. Financial instruments (continued)

23.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2015						
Group						
<i>Non-derivative financial liabilities</i>						
Finance lease liability	170	2.48	170	83	87	-
Payables and accruals	5,961	-	5,961	5,961	-	-
<i>Derivative financial liabilities</i>						
Forward exchange contract (gross settled):						
Outflow	11	-	1,901	1,901	-	-
Inflow	-	-	(1,890)	(1,890)	-	-
Company						
<i>Non-derivative financial liabilities</i>						
Payables and accruals	150	-	150	150	-	-
Financial guarantee	-	-	26,140	26,140	-	-
2014						
Group						
<i>Non-derivative financial liabilities</i>						
Bankers' acceptances	1,956	4.75 - 5.44	1,956	1,956	-	-
Bank overdrafts	335	7.85	335	335	-	-
Finance lease liability	294	2.48 - 4.57	294	123	83	88
Payables and accruals	6,352	-	6,352	6,352	-	-
Company						
<i>Non-derivative financial liabilities</i>						
Payables and accruals	78	-	78	78	-	-
Financial guarantee	-	-	26,140	26,140	-	-

Notes to the financial statements (continued)

23. Financial instruments (continued)

23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

23.6.1 Currency risk

The Group is exposed to foreign currency risk arising from transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Japanese Yen ("JPY"), Euro ("EUR"), Singapore Dollar ("SGD") and Chinese Renminbi ("RMB").

Risk management objectives, policies and processes for managing the risk

The Group does not have a fixed policy to hedge its sales and purchases via forward contracts. However, the exposure to foreign currency risk is monitored from time to time by management.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD	EUR	Denominated in		
	RM'000	RM'000	SGD	JPY	RMB
			RM'000	RM'000	RM'000
Group					
2015					
Trade and other receivables	1,525	172	457	600	-
Trade payables	(168)	(36)	-	-	-
Foreign exchange contracts	(11)	-	-	-	-
Net exposure	1,346	136	457	600	-
2014					
Trade and other receivables	2,202	529	-	6	-
Trade payables	(194)	(200)	-	-	(3)
Net exposure	2,008	329	-	6	(3)

Company

The Company does not have any exposure to foreign currency risk at the end of the reporting period.

Notes to the financial statements (continued)

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.1 Currency risk (continued)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% (2014: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2015 RM'000	2014 RM'000
Group		
USD	(101)	(151)
SGD	(34)	-
JPY	(45)	(1)
EUR	(10)	(25)

A 10% (2014: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

23.6.2 Interest rate risk

The Group's investments in fixed deposits are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group has an informal policy in place and the exposure to interest rate risk is monitored on an ongoing basis.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed rate instruments				
Financial assets	183	178	165	160
Financial liabilities	(170)	(2,250)	-	-
Floating rate instruments				
Financial liabilities	-	(335)	-	-

Notes to the financial statements (continued)

23. Financial instruments (continued)

23.6 Market risk (continued)

23.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	2015		2014	
	Profit or loss		Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Group				
Floating rate instruments	-	-	(3)	3

23.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2015		2014	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Investments in club memberships	320	320	320	320
Forward exchange contracts	11	11	-	-

The fair value of investments in club memberships is based on their latest published membership price.

The fair value of forward exchange contracts are based on banker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Notes to the financial statements (continued)

23. Financial instruments (continued)

23.7 Fair value of financial instruments (continued)

23.7.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities, that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2015				
Financial assets				
Investments in club memberships	-	320	-	320
Financial liabilities				
Forward exchange contracts	-	11	-	11
2014				
Financial assets				
Investments in club memberships	-	320	-	320

24. Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor adequacy of capital on an ongoing basis.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

25. Capital and other commitments

	Group	
	2015 RM'000	2014 RM'000
Property, plant and equipment		
Contracted but not provided for	1,368	233

Notes to the financial statements (continued)

26. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with significant investors, subsidiaries, Directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are as follows:

	Transaction value for year ended 31 December		Balance outstanding as at 31 December	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Company				
Dividend income from subsidiaries	(5,540)	(1,500)	-	-
Management fees from subsidiaries	(720)	(240)	-	-
Loans to a subsidiary	-	226	-	-
Administration fee paid on behalf of subsidiary	321	15	336	15
Group				
Related parties:				
Standardworld Holding Ltd.				
Royalty fees payable	213	138	(213)	(817)
Sun New Stainless Steel Industry Ltd.				
Sales	(5,150)	(5,101)	-	283
Purchases	542	67	(5)	(1)
Ni Hsin International Trade Shanghai Co. Ltd.				
Sales	(108)	(172)	-	43
Purchases	134	-	-	-
Everpro Sdn. Bhd.				
Sales	(2,191)	(1,926)	1,161	1,067
Purchases	35	101	(2)	(16)
Rental income receivable	(162)	(162)	-	14
I.D.M. Creative Development Co. Ltd.				
Sales	(431)	(276)	154	68
Purchases	657	935	(2)	(26)

Notes to the financial statements (continued)

26. Related parties (continued)

The key management personnel compensations are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors:				
- Fees	373	188	373	188
- Remuneration	1,068	1,596	2	4
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	50	29	9	-
	<u>1,491</u>	<u>1,813</u>	<u>384</u>	<u>192</u>

27. Subsequent event

On 22 January 2016, the Group acquired 7 ordinary shares of RM1.00 each, representing 70% of the issued and paid-up share capital of MyAngkasa Ni Hsin Sdn. Bhd. ("MNHSB") from Mr Chen Shien Yee, for a total cash consideration of Ringgit Malaysia Seven (RM7.00) only ("the Acquisition"). Subsequent to the Acquisition, MNHSB became a 70%-owned subsidiary of the Group.

The Acquisition is a result of the Group entering into a Shareholders Agreement on 23 November 2015 with MyAngkasa Holdings Sdn. Bhd. with the intention of venturing into marketing and distribution of multi-ply stainless steel cookware under a new brand named "Pentoli" through a new company to be set up.

On 15 February 2016, the Group subscribed additional 69,993 ordinary shares of RM1.00 each in MNHSB. The Group remains to hold 70% of the issued and paid-up ordinary share capital of MNHSB.

The authorised share capital of MNHSB is RM400,000 comprising of 400,000 ordinary shares of RM1.00 each, and the issued and paid-up ordinary share capital of MNHSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

The intended principal activity of MNHSB is marketing and distribution of cookware and related products.

Notes to the financial statements (continued)

28. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	40,279	37,690	17,272	12,410
- unrealised	(2,625)	(2,230)	(84)	(84)
	37,654	35,460	17,188	12,326
Less: Consolidation adjustments	(33,155)	(33,131)	-	-
Total retained earnings	4,499	2,329	17,188	12,326

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 43 to 87 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 28 on page 88 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

.....
Chen Shien Yee

.....
Ng Shwu Ching

Date: 23 March 2016

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Ng Shwu Ching**, the Director primarily responsible for the financial management of Ni Hsin Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 88 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 23 March 2016.

.....
Ng Shwu Ching

Before me:

Commissioner of Oaths
Kuala Lumpur

Independent auditors' report to the members of Ni Hsin Resources Berhad

Report on the Financial Statements

We have audited the financial statements of Ni Hsin Resources Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 87.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements 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, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts of the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent auditors' report to the members of Ni Hsin Resources Berhad (continued)

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 28 on page 88 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number: AF 0758
Chartered Accountants

Lee Yee Keng

Approval Number: 2880/04/17(J)
Chartered Accountant

Petaling Jaya,

Date: 23 March 2016

Statement of shareholdings

As at 31 March 2016

Authorised share capital	RM100,000,000
Paid-up share capital	RM47,497,822 comprising 237,489,110 ordinary shares of RM0.20 each
Class of shares	Ordinary Share of RM0.20 each
Voting rights	One vote per ordinary share

SIZE OF SHAREHOLDINGS AS AT 31 MARCH 2016

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of shares held	% of issued capital [*]
1 - 99	14	0.65	476	0.00
100 - 1,000	359	16.54	169,554	0.08
1,001 - 10,000	705	32.49	4,819,456	2.19
10,001 - 100,000	898	41.38	34,789,350	15.80
100,001 to less than 5% of issued shares	193	8.89	167,889,686	76.26
5% and above of issued shares	1	0.05	12,474,988	5.67
Total	2,170	100.00	220,143,510*	100.00

Note:

* Excluding a total of 17,345,600 NHR shares bought-back by NHR and retained as treasury shares as at 31 March 2016.

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2016

Name of Directors	Direct Interest		Deemed Interest	
	No. of shares held	% of issued capital [*]	No. of shares held	% of issued capital [*]
1 Md Nazir Bin Md Kassim	-	-	-	-
2 Chen Shien Yee	-	-	-	-
3 Hsiao Tung Min	2,273,000	1.03	300,000 ^	0.14
4 Ng Shwu Ching	-	-	-	-
5 Datin Ida Suzaini Binti Abdullah	-	-	-	-
6 Datuk Tan Choon Hwa	1,188,000	0.54	-	-
7 Leow Chan Khiang	-	-	-	-
8 Rizvi Bin Abdul Halim	-	-	-	-

Note:

* Excluding a total of 17,345,600 NHR shares bought-back by NHR and retained as treasury shares as at 31 March 2016.

^ Deemed interested in shares held by his wife, Hii Sing Hee, by virtue of Section 134(12)(c) of the Companies Act, 1965.

Statement of shareholdings

As at 31 March 2016 (continued)

30 LARGEST SHAREHOLDERS AS AT 31 MARCH 2016

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

Name of Shareholders	No. of shares held	% of shares held *
1 Hsiao, Chih-Che	12,474,988	5.67
2 TA Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Aw Sen Loi</i>	10,975,300	4.99
3 TA Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Ng Kim Hwa</i>	10,950,100	4.97
4 Hsiao Chih Chien	9,975,193	4.53
5 Hsiao Chih Jen	8,475,193	3.85
6 Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Chia Kee Siong</i>	6,807,500	3.09
7 Pelaburan Mara Berhad	6,500,000	2.95
8 Wong Kok Hoong	6,342,300	2.88
9 M & A Nominee (Tempatan) Sdn Bhd <i>Pledged securities account for Khoo Chee Kong</i>	5,960,000	2.71
10 CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Koh Kin Lip</i>	5,700,000	2.59
11 Khoo Chee Kong	5,000,000	2.27
12 Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Shahfina Binti Bahador Shah</i>	4,496,000	2.04
13 M & A Nominee (Tempatan) Sdn Bhd <i>Pledged securities account for Meng Bin</i>	3,640,100	1.65
14 Wichford Group Limited	3,503,000	1.59
15 Chia Kee Siong	3,300,000	1.50
16 Mak Hon Leong	2,865,800	1.30
17 Hsiao Tung Wei	2,500,000	1.14
18 Sofiyan Bin Yahya	2,500,000	1.14
19 Zhang Yang	2,144,600	0.98
20 Hsiao Tung Min	2,000,000	0.91
21 Hsiao, Tung-Hsin	2,000,000	0.91
22 Kenanga Nominees (Asing) Sdn Bhd <i>Pledged securities account for Zhang Yang</i>	1,743,900	0.79
23 CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Rickoh Corporation Sdn Bhd</i>	1,500,000	0.68
24 Teoh Hin Heng	1,432,000	0.65
25 Maybank Securities Nominees (Asing) Sdn Bhd <i>Pledged securities account for International Resourcehouse Limited</i>	1,399,400	0.64
26 Hoh Tze Kah	1,260,000	0.57
27 AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Choon Hwa</i>	1,188,000	0.54
28 Chen Chee Seang	1,188,000	0.54
29 Mohd Radzuan Bin Ab Halim	1,188,000	0.54
30 Cheong Ming Suan	1,153,000	0.52
Total	130,162,374	59.13

Note:

* Excluding a total of 17,345,600 NHR shares bought-back by NHR and retained as treasury shares as at 31 March 2016.

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2016

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of shares held	% of issued capital *	No. of shares held	% of issued capital *
1 Hsiao Chih Jen	8,475,193	3.85	4,273,000 ^{^1}	1.94
2 Hsiao Chih Chien	9,975,193	4.53	2,500,000 ^{^2}	1.14
3 Hsiao, Chih-Che	12,474,988	5.67	-	-

Note:

^{^1} Deemed interest in the shares held by his sons, Hsiao Tung Hsin and Hsiao Tung Min.

^{^2} Deemed interest in the shares held by his son, Hsiao Tung Wei.

* Excluding a total of 17,345,600 NHR shares bought-back by NHR and retained as treasury shares as at 31 March 2016.

Statement of warrant holdings

As at 31 March 2016

No. of warrants in issue	115,478,803
Exercise of warrants	889,100
Expiry date of the warrants	11 February 2018
Exercise price of the warrants	RM0.20

SIZE OF WARRANTHOLDINGS AS AT 31 MARCH 2016

Size of Warrantholdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrant Held	% of Issued Warrants
1 - 99	219	12.32	10,525	0.01
100 - 1,000	206	11.59	119,048	0.10
1,001 - 10,000	516	29.02	2,835,030	2.48
10,001 - 100,000	636	35.77	28,062,200	24.49
100,001 to less than 5% of issued warrants	201	11.30	83,562,900	72.92
5% and above of issued warrants	-	-	-	-
Total	1,778	100.00	114,589,703	100.00

DIRECTORS' WARRANTHOLDINGS AS AT 31 MARCH 2016

Name of Directors	Direct Interest		Deemed Interest	
	No. of Warrant held	% of Issued Warrants	No. of Warrant held	% of Issued Warrants
1 Md Nazir Bin Md Kassim	-	-	-	-
2 Chen Shien Yee	-	-	-	-
3 Hsiao Tung Min	-	-	-	-
4 Ng Shwu Ching	-	-	-	-
5 Datin Ida Suzaini Binti Abdullah	-	-	-	-
6 Datuk Tan Choon Hwa	-	-	-	-
7 Leow Chan Khiang	-	-	-	-
8 Rizvi Bin Abdul Halim	-	-	-	-

Statement of warrant holdings

As at 31 March 2016 (continued)

30 LARGEST WARRANT HOLDERS AS AT 31 MARCH 2016

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name of Warrant holders	No. of warrants held	% of warrants held
1	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>DBS Vickers Secs (S) Pte Ltd for Goh Ten Fook</i>	3,000,000	2.62
2	Wong Kok Hoong	2,500,000	2.18
3	Dato Ng Kuak Ping	2,342,000	2.04
4	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Chia Kee Siong</i>	2,000,050	1.75
5	Alliance Group Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Khor Jan Yeow</i>	1,750,000	1.53
6	Tan Lye Peng	1,594,000	1.39
7	Yong Ee Chuan	1,518,000	1.32
8	M & A Nominee (Tempatan) Sdn Bhd <i>Pledged securities account for Khoo Chee Kong</i>	1,365,000	1.19
9	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Ch'ng Bee Jiuan</i>	1,360,000	1.19
10	Chin Bak Kim @ Ch'ng Bak Kim	1,350,000	1.18
11	HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Soo See Lim</i>	1,335,000	1.17
12	Maybank Nominees (Tempatan) Sdn Bhd <i>Chua Eng Ho Wa'a @ Chua Eng Wah</i>	1,128,000	0.98
13	Lee Yeh Meng	1,097,450	0.96
14	Luwe Teck Huat	1,000,000	0.87
15	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Yee Kong Fatt</i>	1,000,000	0.87
16	Yap Ngan Choy	969,000	0.85
17	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Low Kien Khuan</i>	900,000	0.78
18	Ooi Chin Keat	900,000	0.78
19	Teo Tee Lee	806,500	0.70
20	Lau Mei Chin	802,100	0.70
21	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Boon Pock</i>	800,000	0.70
22	Lee Pui Kiut	800,000	0.70
23	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Teo Ker-Wei</i>	800,000	0.70
24	Wong Choon Tuck	800,000	0.70
25	Pakirisamy Baskaran A/L P Thangavelu	714,300	0.62
26	Freddy Lim Yong Cheng	710,800	0.62
27	Chiew Chee Long	699,700	0.61
28	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Yoong Sin Kuen</i>	698,000	0.61
29	Kong Siew Jean	667,200	0.58
30	Gan Seong Keat	660,000	0.58
Total		36,067,100	31.47

List of properties

As at 31 December 2015

No	Location	Description	Existing use	Tenure	Age of buildings (Years) #	Land Area (sq meters)	Built-up Area (sq meters)	Net Book Value RM'000	Year of Last Revaluation/ Acquisition
1	HS (D) 140097, PT No, 71214								
*	(formerly HS(D) 38402, PT No. 20620) Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	Industrial Land with 2 Storey Office Building and 1 Storey Factory Building	Office Building and Factory	Freehold	25	9,854	6,320	19,560	2011 (revaluation)
*	(formerly HS(D) 23491, PT No. 20621) Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	Industrial Land with 3 Storey Office Building and 1 Storey Factory Building	Office Building, Factory and Warehouse	Freehold	18	7,865	7,682	-	
2	Unit No. 06, Block BB, 3rd Floor, Taman Taming Jaya held under Strata Title Geran 34049/ M2/4/102, Lot 19716 for Parcel No. 102, Level No. 4, Building No. M2 Mukim of Kajang District of Hulu Langat Selangor Darul Ehsan	1 unit flat housing	Staff accommodation	Freehold	23	—	62	18	1990
3	Unit No. 07, Block BB, 3rd Floor, Taman Taming Jaya held under Strata Title Geran 34049/ M2/4/103, Lot 19716 for Parcel No. 103, Level No. 4, Building No. M2 Mukim of Kajang District of Hulu Langat Selangor Darul Ehsan	1 unit flat housing	Staff accommodation	Freehold	23	—	62	18	1990
4	Unit No. 08, Block BB, 3rd Floor, Taman Taming Jaya forming part of the land held under Master Title HS(D) 16865, PT No. 17962 Mukim of Kajang District of Hulu Langat Selangor Darul Ehsan	1 unit flat housing	Staff accommodation	Freehold	23	—	62	18	1990
5	Unit No. 368-4-1, 4th Floor, Bellisa Row, Jalan Burma, Pulau Pinang held under Strata Title Geran 58485/M1/4/49, Parcel No. 49, Storey No. 4, Building No. M1, Parent Lot No. 2626 Town of Georgetown Section 1 District of North East Pulau Pinang	1 unit shop office	Rental	Freehold	15	—	268	1,333	2015

Note:

Age of buildings starts from the date of certificate of fitness issued.

* On 16 April 2009, the respective pieces of land have been amalgamated pursuant to the condition imposed by the Securities Commission during the initial public offering.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of the Company will be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Malaysia on Wednesday, 18 May 2016 at 9.30 a.m. to transact the following businesses:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon. **Note 7**
2. To approve the payment of Directors' Fees in respect of the financial year ended 31 December 2015. **Ordinary Resolution 1**
3. To re-elect the following Directors retiring under Article 90.1 of the Articles of Association of the Company:-
 - i) En Rizvi Bin Abdul Halim **Ordinary Resolution 2**
 - ii) Mr Hsiao Tung Min **Ordinary Resolution 3**
4. To re-elect Mr Leow Chan Khiang who retires pursuant to Article 97 of the Articles of Association of the Company. **Ordinary Resolution 4**
5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

As Special Business

To consider and, if thought fit, to pass the following resolutions:-

6. **Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and from time to time until the conclusion of the next Annual General Meeting 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 per centum (10%) of the issued share capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue."

Ordinary Resolution 6
7. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

"THAT, subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries ("NHR Group") to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.4 of the Circular to Shareholders dated 26 April 2016 ("Circular") with the related parties mentioned therein which are necessary for the NHR Group's day-to-day operations.

THAT the NHR Group be and is hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that:-

 - a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
 - b) the disclosure of the aggregate value of the transactions concluded during a financial year will be disclosed in the Annual Report for the said financial year.



Notice of Annual General Meeting (continued)

7. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") (continued)**

THAT authority conferred by such renewed mandate 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 a resolution passed at a general meeting, the authority is again renewed;
- ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are 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 this resolution."

Ordinary Resolution 7

8. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares**

"THAT, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits and/or share premium of the Company to purchase such amount of ordinary shares of RM0.20 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company;

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them;

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

- i) the conclusion of the next Annual General Meeting ("AGM") of the Company (being the Thirteenth ("13th") AGM of the Company), at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- ii) the expiration of the period within which the 13th AGM of the Company is required by law to be held; or
- iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, 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 Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authority."

Ordinary Resolution 8

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)

CHAN SU SAN (MAICSA 6000622)

Company Secretaries

Selangor Darul Ehsan

Date: 26 April 2016

Notice of Annual General Meeting (continued)

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy may, but need not, be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
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.

An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. If the appointor is a corporation, the instrument appointing a 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 or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 11 May 2016 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.
7. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this agenda is not put forward for voting by shareholders of the Company.

8. EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) **Ordinary Resolution No. 6 - Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares**

The Company had, during its Eleventh Annual General Meeting ("AGM") held on 21 May 2015, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). The Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 6 proposed under item 6 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for purpose of funding the working capital or future investments of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

(ii) **Ordinary Resolution No. 7 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Please refer to the Circular to Shareholders dated 26 April 2016 for further information.

(iii) **Ordinary Resolution No. 8 - Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares**

Please refer to the Circular to Shareholders dated 26 April 2016 for further information.

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**NI HSIN RESOURCES
BERHAD**

(Company No. 653353-W)
(Incorporated in Malaysia)

CDS account no. of authorised nominee

No. of shares held

I/We*, _____ (name of shareholder as per NRIC, in capital letters)
IC No./ID No./Company No.* _____ (new) _____ (old)
of _____ (full address)
being a member/members* of NI HSIN RESOURCES BERHAD, hereby appoint _____
(name of proxy as per NRIC, in capital letters) IC No. _____ (new) _____ (old)
of _____ (full
address) or failing him/her* _____ (name of proxy as per NRIC,
in capital letters) IC No. _____ (new) _____ (old) of
_____ (full address) or
failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Twelfth Annual General Meeting
of the Company to be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Malaysia
on Wednesday, 18 May 2016 at 9.30 a.m. or at any adjournment thereof in respect of my/our shareholding in the manner indicated below:

No.	Ordinary Resolution	For	Against
Resolution 1	Approval of Directors' fees for the financial year ended 31 December 2015		
Resolution 2	Re-election of En Rizvi bin Abdul Halim as Director		
Resolution 3	Re-election of Mr Hsiao Tung Min as Director		
Resolution 4	Re-election of Mr Leow Chan Khiang as Director		
Resolution 5	Re-appointment of Messrs KPMG as Auditors and authority to the Directors to fix the Auditors' remuneration		
Resolution 6	Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares		
Resolution 7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Resolution 8	Proposed Renewal of Authority for the Company to Purchase its Own Ordinary Shares		

**Strike out whichever is not desired.*

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Signature/Common Seal of Member/(s)

Number of shares held:

Date:

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

NOTES:

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy may, but need not, be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 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.
An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 11 May 2016 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

Fold this flap for sealing

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Affix
stamp

The Company Secretary
Ni Hsin Resources Berhad (Company No. 653353-W)
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

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傳統中陳出經典
平實中綻放光彩



NI HSIN

Ni Hsin Resources Berhad (653353-W)

45, Jalan Taming Dua, Taman Taming Jaya,
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

Tel: (603) 8961 6815 Fax: (603) 8961 3941

Email: info@ni-hsin.com

www.ni-hsin.com