# CHIN HIN GROUP BERHAD

201401021421 (1097507-W)


# ANNUAL REPORT 2022

*Maximizing Opportunities,*
***Delivering Success***

# CHIN HIN™

GROUP BERHAD

CHIN HIN GROUP is a builder conglomerate that provides end-to-end solutions from upstream; building materials manufacturing, construction engineering to downstream; property development and home & living solutions.

We began our journey nearly 50 years ago as a small hardware shop in Alor Setar. With perseverance and a passion for excellence, the company has grown into an integrated builder conglomerate.

Our years of hard work, vision, commitment and customer focus enabled us to widen our offerings in the building materials industry and recently we have tapped into the home and living market segment to offer more comprehensive solutions for customers across multiple segments.

CHIN HIN GROUP today has expanded its business to cover trading, manufacturing, property development, construction engineering as well as home & living solutions.

CHIN HIN GROUP today has expanded its business to cover not only trading but also manufacturing and services across:

1. Investment Holding and Management Services
2. Building Material Divisions
   - Fire-Rated and Wooden Doors
   - High Quality Door Locks
   - Steel Door Frames
   - Concrete Drymix
   - Wire Mesh Products
   - Ready-Mixed Concrete
   - Provision of Logistics
   - Modular Building Solutions
   - Precast Concrete Products
   - Polymer Concrete Pipes
   - Autoclaved Aerated Concrete ("AAC")
   - Ultra-High Performance Concrete ("UHPC")
   - Sanitaryware and Fittings Solutions
3. Vehicle Division
   - Manufacturing and Trading of Commercial Vehicles and Bodyworks
   - Rental and Fleet Management Services
4. Property Development
5. Construction
6. Other business undertake by Our Associates
   - Home and Living Solutions
   - High Value - Added Safety Glass Products, Metal Roofing, Metal Door, Window Frames, Floor Decks and Metal Ceiling Products
   - Distribution of Electrical Home Appliances

## OUR TAGLINE

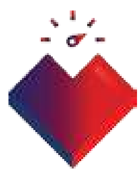
**"Malaysia's Preferred Solutions Partner in Building Materials, Construction Engineering, Property Development, and Home and Living"**

captures the spirit of who we are and what we seek to be as a brand.

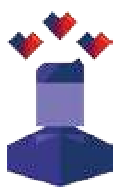
# "WE ARE DIFFERENT"

We are building materials experts

We are a high performance team culture

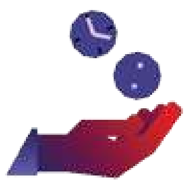


We are passionate about what we do

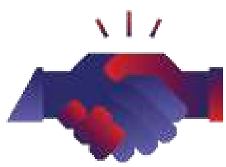


We are committed to the health, well-being and growth of our people

We constantly seek breakthrough innovation and ideas



We deliver fast and cost-effective solutions



We offer outstanding & memorable customer experience every time

# OUR VISION

TO BE THE MOST RESPECTED, PROFESSIONAL AND INNOVATIVE NATION BUILDER THROUGH CONSTRUCTION ENGINEERING, PROPERTY DEVELOPMENT AND HOME & LIVING SOLUTIONS.

# OUR MISSION

**WE DEFINE, DESIGN AND DEVELOP ENVIRONMENT & SPACES OF THE FUTURE MALAYSIA.**

- We offer a total solutions platform to meet all the needs of the construction engineering, property development and home & living industries
- We embrace and offer the latest technologies, innovations and smart solutions
- We offer consistency, stability, affordability, reliability and accessibility to our stakeholders and customers
- We define the ideal work, home and living standards, design beautiful environments & spaces and develop cost & energy efficient solutions
- We are a magnet for outstanding talent as we offer a stimulating, professional, high growth, healthy, happy, innovative environment that rewards, recognises and celebrates our people
- We are a leader and role model to the entire industry in terms of talent, product quality, service, innovation, work environment, customer experience and business growth
- We work as one team and as one family both inside and outside. We consistently seek to exceed the expectations and satisfactions of our customers, suppliers, employees and investors

# CONTENTS

# CORPORATE VALUES


• Do the right things • Fulfilled balanced life • Exceed expectation
• Influence & inspire others • Treat everyone like family
• Be open & willing to share • Embrace Change & Innovation

# CORPORATE MILESTONE

## FOUNDATION

### 1974
Started as a hardware shop Chop Chin Hin

### 1995
- Syarikat Perniagaan dan Pengangkutan Chin Hin Sdn Bhd ("SPPCH") being established
- SPPCH began operations as a cement transportation company

### 2008
- SPPCH ventured into the readymixed concrete and subsequently changed its name to PP Chin Hin Sdn Bhd ("PPCH")
- PPCH transformed into one-stop building materials distributor

## EXPANSION

### 2011
- Achieved RM1.0 billion revenue
- Commenced factory construction of Starken AAC Sdn Bhd, G-Cast Concrete Sdn Bhd and Metex Steel Sdn Bhd

### 2014
- Commenced operations of Starken AAC factory at Serendah, Selangor
- The largest AAC producer in Malaysia

### 2015
Obtained SC approval for IPO

# CORPORATE MILESTONE (CONT'D)

## 2021

**Mergers and Acquisitions**
- Signature International Berhad (30.9%)
- Chin Hin Group Property Berhad (55.02%), further acquisition to (58.4%)
- Addington Sdn Bhd
- Kayangan Kemas Sdn Bhd (65%, acquisition through Chin Hin Group Property Berhad)

**Organic Growth**
- Green Integrated Base Stabiliser Sdn Bhd (55%)

**Subscription of Shares**
- Starken Philippines, Inc (30%)

## 2022

**Mergers and Acquisitions**
- Ajiya Berhad (24.8%)
- Makna Setia Sdn Bhd (60%, acquisition through Chin Hin Group Property Berhad)

## 2020

**Organic Growth**
- Starken Paint Sdn Bhd

## 2018

**Organic Growth**
- Green Cement Sdn Bhd
- Metex Modular Sdn Bhd (70%)

**Mergers and Acquisitions**
- Saujana Vision Sdn Bhd (70%)

## 2016

Listed on Main Market of Bursa Malaysia Securities Berhad on 8th March 2016


ACCELERATION

## 2017

**Mergers and Acquisitions**
- MI Polymer Concrete Pipes Sdn Bhd

# BUSINESS OVERVIEW



## MANUFACTURING

### Concrete Solutions

Lightweight AAC, Ultra High Performance Concrete, Drymix, Infrastructural Pipes, Polymer Concrete & Ready-mixed Concrete


### Civil Structural Solutions

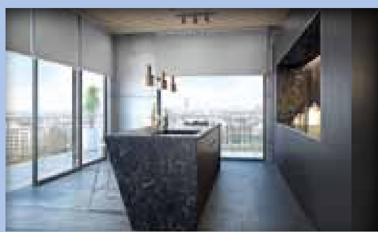
Prefabricated Modular Building System ("PMBS") and Cut-to-Size Wire Mesh

## DISTRIBUTION

Building Materials Trading & Logistic Solutions


## PROPERTY DEVELOPMENT AND CONSTRUCTION

- Property developer
- General building contractor, civil works and structure




## HOME AND LIVING SOLUTIONS

- Quality Kitchen Systems
- Façade Architectural Works

## HIGH VALUE - ADDED SAFETY GLASS PRODUCT & METAL ROOFING SOLUTION

- Ajiya Light Weight Metal Wall Frames
- Ajiya Metal Roofing Products
- ARIT Truss System/ Components
- AriteQ Ceiling Products
- AriteQ Sunshade/Louvre Products
- Ajiya Safety Glass & Sash
- Ajiya Metal Door & Window Frame Products
- Ajiya Composite Floor Decking Products
- Ajiya High Value-Added Safety Glass Products

# CORPORATE INFORMATION

## Board of Directors

**Datuk Seri Chiau Beng Teik, JP**
Executive Chairman

**Chiau Haw Choon**
Group Managing Director

**Shelly Chiau Yee Wern**
Executive Director

**Yeoh Chin Hoe**
Senior Independent Non-Executive Director

**Datuk Cheng Lai Hock**
Independent Non-Executive Director

**Datuk Hj Mohd Yusri Bin Md Yusof**
Independent Non-Executive Director

### AUDIT COMMITTEE

Chairman
**Yeoh Chin Hoe**

Members
**Datuk Cheng Lai Hock**
**Datuk Hj Mohd Yusri Bin Md Yusof**

### REMUNERATION COMMITTEE

Chairman
**Chiau Haw Choon**

Members
**Datuk Cheng Lai Hock**
**Yeoh Chin Hoe**

### NOMINATION COMMITTEE

Chairman
**Datuk Hj Mohd Yusri Bin Md Yusof**

Members
**Datuk Cheng Lai Hock**
**Yeoh Chin Hoe**

### RISK MANAGEMENT COMMITTEE

Chairman
**Datuk Cheng Lai Hock**

Members
**Yeoh Chin Hoe**
**Datuk Hj Mohd Yusri Bin Md Yusof**

### COMPANY SECRETARIES

**Tan Tong Lang**
(MAICSA 7045482/SSM
PC No. 202208000250)

**Chong Voon Wah**
(MAICSA 7055003/SSM
PC No. 202008001343)

### REGISTERED OFFICE

22-09, Menara 1 MK
No. 1, Jalan Kiara, Mont Kiara
50480 Kuala Lumpur
Tel : (603) 2856 7333

### HEAD OFFICE

A-1-9, Pusat Perdagangan Kuchai
No. 2, Jalan 1/127
Off Jalan Kuchai Lama
58200 Kuala Lumpur
Tel : (603) 7981 7878
Fax : (603) 7981 7575
Email : info@chinhingroup.com
Website : www.chinhingroup.com

### AUDITORS

Messrs UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : (603) 2279 3088
Fax : (603) 2279 3099

### SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7890 4700
Fax : (603) 7890 4670

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
(Syariah Compliant Stocks)

### STOCK NAME/CODE

CHINHIN/5273

# CORPORATE STRUCTURE

CHIN HIN

CHIN HIN GROUP BERHAD

- 100% **PP Chin Hin Sdn Bhd**
  - PP Chin Hin Pte Ltd
  - C&H Transport Sdn Bhd
- 100% **Chin Hin Concrete Holdings Sdn Bhd**
  - Chin Hin Concrete (KL) Sdn Bhd
  - Chin Hin Concrete (North) Sdn Bhd
- 100% **Starken AAC Sdn Bhd**
  - G-Cast Concrete Sdn Bhd
  - Starken Drymix Solutions Sdn Bhd
  - 95% G-Cast UHPC Sdn Bhd
    - 19% Cubex Industries Ltd
  - Starken AAC 2 Sdn Bhd
  - Green Cement Sdn Bhd
    - 55% Green Integrated Base Stabiliser Sdn Bhd
  - MI Polymer Concrete Pipes Sdn Bhd
    - MI Polymer Concrete Pipes (S) Pte Ltd
    - 51% MI Pipes International Indonesia Sdn Bhd
  - Starken Paint Sdn Bhd
  - Addington Sdn Bhd
  - 30% Starken Philippines, Inc
- 100% **Metex Steel Sdn Bhd**
  - Metex Asia Sdn Bhd
  - 70% Metex Modular Sdn Bhd
    - 70% Saujana Vision Sdn Bhd
- 100% **StradaVerse Sdn Bhd**

# CORPORATE STRUCTURE (CONT'D)

- 58.4% **Chin Hin Group Property Berhad**
  - Boon Koon Vehicles Industries Sdn Bhd
    - BKGM Industries Sdn Bhd
    - 62.5% BK Sepadu Sdn Bhd
  - Boon Koon Motors Sdn Bhd
  - BKCV Sdn Bhd
  - Boon Koon Fleet Management Sdn Bhd
  - BK Fleet Management Sdn Bhd
  - Chin Hin Construction Engineering Sdn Bhd *(Fka Chin Hin Construction Sdn Bhd )*
    - 60% Makna Setia Sdn Bhd
  - 65% Kayangan Kemas Sdn Bhd
    - 5TH Capital Sdn Bhd
    - 49% Weida Kayangan Sdn Bhd
    - 33% R Synergy Sdn Bhd
  - BKG Development Sdn Bhd
    - BKHS Capital Sdn Bhd
    - Stellar Trinity Sdn Bhd
    - 70% Boon Koon Commercial Sdn Bhd
    - BKSP Autoworld Sdn Bhd
    - 51% BK Alliance Sdn Bhd
    - Boon Koon Capital Sdn Bhd
    - Stellar Platinum Sdn Bhd
    - Quaver Sdn Bhd
- 30.9% **Signature International Berhad**
- 24.8% **Ajiya Berhad**

# DIRECTORS' PROFILE

## DATUK SERI CHIAU BENG TEIK, JP

Executive Chairman

| | |
|---|---|
| **Nationality** | Malaysian |
| **Gender** | Male |
| **Age** | 61 |

Datuk Seri Chiau Beng Teik, JP was appointed to our Board on 23 January 2015 as Deputy Group Executive Chairman and redesignated as Executive Chairman on 1 October 2020. He is responsible for the overall strategy and business direction of our Group where he reviews all major investments and major capital expenditure as well as financing proposals of the Group and recommends it to the Board. He is not actively involved in the daily operational matters of our Group. He finished his primary education at SJK(C) Pei Min, Padang Setar in Alor Setar, Kedah in December 1974. As our founder, he has forty-seven (47) years of working and managing experiences in Chin Hin.

Datuk Seri Chiau started working at his father's hardware shop at the young age of 13 in January 1975. After many years of experience gained from working with his father, he took over the business and ventured into the business of trading building materials and cement transportation under the name of Chop Chin Hin in March 1994. In February 1995, he started a cement distributor trading company named Syarikat Perniagaan dan Pengangkutan Chin Hin Sdn Bhd which is now known as PP Chin Hin Sdn Bhd. Over the years, he has played an instrumental role in the growth of our Group, expanding our business from a single office in Alor Setar, Kedah to a group of companies with an expansive network of branch offices and factories throughout Peninsular Malaysia. He currently serves as Director for a number of subsidiaries within our Group and also has directorships in various other businesses.

Datuk Seri Chiau is the father of Mr Chiau Haw Choon, the Group Managing Director and major shareholder of the Company and Ms Shelly Chiau Yee Wern, the Executive Director of the Company. He also sits on the Board of Chin Hin Group Property Berhad, Signature International Berhad, Ajiya Berhad and Fiamma Holdings Berhad. He has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 28 April 2023 and has not committed any offences within the past five (5) years other than traffic offences, if any.

# DIRECTORS' PROFILE (CONT'D)

## CHIAU HAW CHOON

Group Managing Director

| | |
|---|---|
| Nationality | Malaysian |
| Gender | Male |
| Age | 39 |

Mr Chiau Haw Choon was appointed to our Board on 23 January 2015. He reports to our Executive Chairman as well as the Board. As our Group Managing Director, his responsibilities are ensuring Board decisions and directions are implemented, providing strong leadership, communicating the vision, management, philosophy and business strategies to our employees, keeping our Board fully informed of all important aspects of our Group's operations and ensuring sufficient information is disseminated to our Board, as well as ensuring the day-to-day business of our Group are effectively managed. He is in charge of the day-to-day operational matters and decisions of the Group. Working closely with all the Business Unit Heads, he oversees our Group's overall execution and implementation of the strategies and corporate policies of our businesses and operations, and is also responsible for the execution and implementation of short term and long term business plans, strategic planning and continuing growth of our Group. He is also responsible for our Group's corporate social responsibility activities. He graduated from Deakin University, Australia with a Bachelor's Degree in Finance and Marketing in April 2009.

Upon graduation in 2009, he joined our Group as Group Managing Director to assist Datuk Seri Chiau Beng Teik, JP in transforming our Group from a family owned business to a professionally-run corporation. His vision is to grow our Group into a major player in the building materials industry and under his leadership together with the help of a team of professionals recruited by him, he diversified our Group's building materials distribution business by moving upstream into manufacturing of building materials products. He was instrumental in our successful transformation from merely distribution of building materials into an integrated building materials provider. He contributed to the rapid growth of our Group's annual revenue, which in 2011 exceeded a billion Ringgit Malaysia, making us one of the major building materials traders in Malaysia. Whilst expanding the business, he also played an instrumental role in the establishment of proper procedures, systems and controls for all the business units to ensure proper corporate governance as the business grows.

In 2017, he was named as the EY Entrepreneur of the Year for Malaysia. He was picked from among the 16 top nominees vying for the title, he also created history by being the youngest winner in the 16 years since the award has been running in Malaysia. He represented Malaysia to compete for the coveted EY World Entrepreneur of the Year ("WEOY") award at the annual WEOY event in Monte Carlo for 2018.

Mr Chiau is presently the Chairman of Remuneration Committee of the Company.

He is the son of Datuk Seri Chiau Beng Teik, JP, the Executive Chairman and major shareholder of the Company and sibling of Ms Shelly Chiau Yee Wern, the Executive Director of the Company. He also sits on the Board of Chin Hin Group Property Berhad, Signature International Berhad, Ajiya Berhad and Fiamma Holdings Berhad. He has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 28 April 2023 and has not committed any offences within the past five (5) years other than traffic offences, if any.

# DIRECTORS' PROFILE (CONT'D)

## SHELLY CHIAU YEE WERN

Executive Director

| | |
|---|---|
| Nationality | Malaysian |
| Gender | Female |
| Age | 32 |

Ms Shelly Chiau Yee Wern was appointed as the alternate director to Datuk Seri Chiau Beng Teik, JP to the Board on 2 July 2018. On 19 September 2022, She resigned as the alternate director to Datuk Seri Chiau Beng Teik, JP and was appointed as Executive Director of the Company. She graduated with a Bachelor's Degree, Business Administration in Entrepreneurship from Les Roches International School of Hotel Management Bluche, Switzerland in December 2013.

She started working at Alora Hotel in Penang and Grand Alora Hotel in Alor Setar, Kedah as Hotel General Manager in January 2014. In January 2016, she joined Aera Property Group Sdn Bhd as Sales & Marketing Manager. She is responsible for strategy planning in marketing and sales for a development project name Aera Residence in Petaling Jaya. In June 2018, she was appointed as the Chief Operating Officer at BKG Development Sdn Bhd, a wholly-owned subsidiary of Chin Hin Group Property Berhad.

Ms Shelly Chiau is the daughter of Datuk Seri Chiau Beng Teik, JP, the Executive Chairman and major shareholder of the Company and sibling of Mr Chiau Haw Choon, the Group Managing Director and major shareholder of the Company.

Ms Shelly Chiau also sits on the Board of Chin Hin Group Property Berhad and Signature International Berhad. She has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 28 April 2023 and has not committed any offences within the past five (5) years other than traffic offences, if any.

# DIRECTORS' PROFILE (CONT'D)

## DATUK CHENG LAI HOCK

Independent Non-Executive Director

| | |
|---|---|
| Nationality | Malaysian |
| Gender | Male |
| Age | 63 |

Datuk Cheng Lai Hock was appointed to our Board on 23 January 2015. He is the Chairman of Risk Management Committee and a member of Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Datuk Cheng obtained a Bachelor's degree in Administrative Studies from the University of Dundee, United Kingdom in September 1982. He also obtained his Master's in Business Administration majoring in Accounting from Universiti Utara Malaysia in September 2003. He is a fellow member of the Malaysia Association of Company Secretaries since July 1992, Associate Member of the Association of International Accountants since December 1999 and Associate Member of the Chartered Tax Institute of Malaysia since April 2002. He is also the President of Kedah Chinese Assembly Hall. He has over thirty eight (38) years of experience as company secretary and more than twenty two (22) years of experience as a tax consultant.

Datuk Cheng began his career as an Administrative Executive in P. Hand Chemical Sdn Bhd in November 1982. Thereafter, he started his own secretarial firm in October 1984. In November 2000, he was granted a tax agent license by the Ministry of Finance, and he commenced the provision of tax advisory services since then. He is a committee member of the Kedah State Government's Chinese Affairs Committee since September 2008.

Datuk Cheng is an Independent Non-Executive Director of Chin Hin Group Property Berhad. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

# DIRECTORS' PROFILE (CONT'D)

## YEOH CHIN HOE

Senior Independent Non-Executive Director

| | |
|---|---|
| Nationality | Malaysian |
| Gender | Male |
| Age | 72 |

Mr Yeoh Chin Hoe was appointed to our Board on 23 January 2015. He is the Chairman of our Audit Committee and a member of Remuneration Committee, Nomination Committee and Risk Management Committee of the Company. He graduated with a Diploma in Business Management from Aberdeen College of Commerce (Scotland) in June 1973. Thereafter, he began his accountancy and audit training with Spicer & Pegler Chartered Accountants in London, United Kingdom from July 1974 to December 1978. He is a Fellow of the Association of Chartered Certified Accountants since December 1984, a member of Malaysian Institute of Accountants since September 1989, a member of the Malaysian Institute of Certified Public Accountants since June 1999 and a Fellow of The Institute of Chartered Secretaries and Administrators since September 1999. He later obtained a Master's Degree in Business Administration (General Management) from University Putra Malaysia in July 1997. He is also a Chartered Audit Committee Director of the Malaysian Institute of Internal Auditors since August 2010.

Mr Yeoh joined Harrisons Trading (Peninsular) Sdn Bhd in 1980 and was appointed as Finance Director in 1990 and subsequently Managing Director in 1997 until he retired in 2006. He then set up a business management consulting firm called BPI Corptall Consulting Sdn Bhd in 2006 as a consultant specialising in business process improvement and general business management service.

Mr Yeoh is also an Independent Non-Executive Director and audit committee chairman of both Hextar Global Berhad and Hextar Technologies Solutions Berhad (formerly known as Complete Logistic Services Berhad). He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

# DIRECTORS' PROFILE (CONT'D)

## DATUK HJ MOHD YUSRI BIN MD YUSOF

Independent Non-Executive Director

| Nationality | Malaysian |
|---|---|
| Gender | Male |
| Age | 52 |

Datuk Hj Mohd Yusri Bin Md Yusof was appointed to our Board on 1 October 2020. He is the Chairman of our Nomination Committee and a member of Audit Committee and Risk Management Committee of the Company. He graduated with Public Administration of Bachelor of Arts from Michigan State University, USA in 1993 and later obtained a Master of Science in Business Leadership from Newcastle Business School, University of Northumbria in 2011.

Prior to 28 February 2020, Datuk Hj Mohd Yusri was the Managing Director of a public-listed entity, i.e. Green Ocean Corporation Berhad where he served since 5 December 2017.

Datuk Hj Mohd Yusri started his career in 1993 in the banking and financial services industry with stints in The Pacific Bank Berhad and EON Bank Group Berhad. In 2001, he joined UEM Group Berhad as Deputy Senior Manager Group Internal Audit and subsequently rose through the ranks to assume the roles of Chief Audit Executive in 2004 and Head of Improvement & Assurance Services Division in 2008. In 2010, he was appointed as the Head of Corporate Performance. He was the Managing Director of PROPEL Berhad, a post he assumed on 1 March 2011.

Datuk Hj Mohd Yusri was subsequently appointed as the Managing Director of Cement Industries of Malaysia Berhad (CIMA) on 1 August 2012 and as the Chairman of The Cement & Concrete Association of Malaysia in October 2015. He held both posts until October 2017.

Throughout his career, he has gained in-depth exposures in operations, corporate governance, risk management, internal control, quality and innovation practices, strategic planning and performance management. The experience was gained primarily in the banking, investment holding, and commodity, building materials, asset & infrastructure management, development and construction sectors.

Datuk Hj Mohd Yusri is an Independent Non-Executive Director of Chin Hin Group Property Berhad and Ajiya Berhad. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

# KEY SENIOR MANAGEMENT PROFILE

**CHIAU HAW CHOON**
Group Managing Director

**NGIAN SIEW SIONG**
Group Chief Executive Officer of Property Development Division

**NG WAI LUEN**
Group Chief Executive Officer of Building Material Division

**LIM YOKE TUAN (MICHAEL)**
Group Chief Financial Officer

**ROGER LIM SWEE KIAT**
Group Chief Executive Officer of Construction Division

# KEY SENIOR MANAGEMENT PROFILE (CONT'D)

## NG WAI LUEN

Group Chief Executive Officer of Building Material Division

Malaysian | Male | Aged 54

Mr Ng Wai Luen is the Group Chief Executive Officer of Building Material Division and Director of Starken Group of Companies.

He manages all the manufacturing and sales activities of building materials of our Group. He obtained a Bachelor of Business Degree in Accounting from Royal Melbourne Institute of Technology University, Australia in November 1992. He also obtained his Certified Public Accountants ("CPA") of Australia with distinctions and Malaysian CPA in December 1994 and June 1995, respectively. He has since then become a member of CPA of Australia and CPA of Malaysia as well as a Chartered Accountant of Malaysia Institute of Accountants. He has over twenty four (24) years of working experiences in the field of auditing, finance and general management.

On 1 October 2022, Mr Ng Wai Luen was promoted as Group Chief Executive Officer of Building Material Division and oversee the entire operations of our Building Material Division.

Mr Ng Wai Luen also a Director and Audit Committee Chairman of Perak Transit Berhad, a company listed on the Main Board of Bursa Malaysia. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

## LIM YOKE TUAN (MICHAEL)

Group Chief Financial Officer

Malaysian | Male | Aged 59

Mr Michael Lim is the Group Chief Financial Officer ("CFO") of Chin Hin Group Berhad. He joined the Group in December 2022. In this capacity, he is overall responsible for all financial matters of the Group including financial reporting and operations, corporate finance, treasury, tax, investor relations, corporate communications, financial planning and analysis, performance and risk management.

Mr Michael Lim has more than twenty-five (25) years of experience in various industries in China, Hong Kong, Singapore and Malaysia. Prior to joining Chin Hin, he was the Group CFO of GuocoLand Ltd, Singapore. Other previous senior management positions held include Group CFO of The Lion Group, CFO of Lafarge Malaysia Berhad, CP Lotus Corporation, and CFO of (China) Division of Sun Hung Kai Properties.

Mr Michael Lim holds a Master of Science in Management from the London Business School, a Master of Business Administration from the University of Strathclyde, United Kingdom and a Bachelor of Laws from the University of London. He completed the Advanced Management Program from Harvard Business School, USA. He is a fellow member of the Chartered Institute of Management Accountants, United Kingdom and the Hong Kong Institute of Certified Public Accountants; and a member of the Malaysian Institute of Accountants.

He does not hold any directorships in any other public listed companies. He has no relationship with any other director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

# KEY SENIOR MANAGEMENT PROFILE (CONT'D)

## ROGER LIM SWEE KIAT

Group Chief Executive Officer of Construction Division

Malaysian | Male | Aged 43

Appointed as the Managing Director of Chin Hin Construction Engineering Sdn Bhd (also known as Chin Hin Construction Sdn Bhd), Mr Roger Lim Swee Kiat also serves as the Group Chief Executive Officer for Chin Hin Construction Division, which includes the subsidiary, Makna Setia Sdn Bhd and Kayangan Kemas Sdn Bhd.

Having over twenty-four (24) years' experience in private, public and Multinational Corporation ("MNC")'s sectors of property development and construction industries, geotechnical, mining, and international trades, Mr Roger attributes a significant portion of his knowledge in the industry to his time with Malaysia's largest builders, Gamuda Bhd in 1997. Mr Roger was involved in multiple sophisticated infrastructure projects such as the Light Rail Transit Line 3 (LRT3), the Pr1ma Projects, the Bintulu Cargo Wharf, the Klang Elevated Highway, the Interstate Water Treatment, the Stormwater Management and Road Tunnel (SMART), the Dukhan Highway (West Contract) & the development of Doha Airport to name a few. His involvement and expertise at corporate restructuring and mergers & acquisitions enable him to contribute significantly to the Board.

Mr Roger's career has been one of remarkable accomplishments. He earned a Bachelor of Science in Building and an MBA from an Australian university after being chosen for a prestigious apprenticeship and scholarship by Gamuda Bhd. In 2003, he joined the Australian Institute of Quantity Surveyors ("AIQS").

Mr Roger left Gamuda Group in 2006, to pursue his interests in industrial and building construction, as well as property development. He then established his own group of companies and achieved great success, including the acquisition of seventy-four (74) acres of land within the Klang Valley with a total Gross Development Value ("GDV") of RM500 million, and the revival of a construction company that was in debt. His vision in the property sector led him to venture into prime property in Melbourne, Australia, as he acquired several sites situated in the heart of Melbourne (King St-CBD, Exhibition St-CBD (joint venture with Salta Group), Phillip St- Mentone & Canterbury Road, LARA, Hallmark, Ivanhoe), and he has since moved on to larger scaled developments worldwide.

With a keen eye for innovation and visionary strategies, Mr Roger is a master of his craft. His foresight in recognising the potential of IT solutions for property management, as well as online and offline payments, is just one of the many ways he has helped to transform the industry. With these diverse experiences and accomplishments, Mr Roger is committed to a hands-on management approach, ensuring that each client has the best possible experience through honest and efficient communication and project adaptability.

In addition to being a renowned speaker in the property and development industry, he was interviewed by The Edge and Times Magazine on his successes in the property industry. Mr Roger has won many prestigious awards, including the RHB Bank's Prestige Top 40 awards as an emerging entrepreneur. His company was also named a Top 10 New Generation Property Developer in Malaysia and received the SME 100 award in 2015 for being one of the fastest growing companies.

He does not hold any directorships in any other public listed companies. He has no relationship with any other director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

# KEY SENIOR MANAGEMENT PROFILE (CONT'D)

## NGIAN SIEW SIONG

Group Chief Executive Officer of
Property Development Division

Malaysian | Male | Aged 71

Mr Ngian Siew Siong is the Group Chief Executive Officer of the Chin Hin's Property Development Division.

Upon his graduation in Civil Engineering from the University of Leeds (UK), he began his career with Jabatan Parit and Saliran Malaysia 1976.

He then moved to the private sector and worked for the MBF Group Property Division for 6 years (1979 – 1985) before moving to Sunway Group in 1985, as the first and only employee of the Property Development Division, to start the property development business for the Sunway Group. He then drove the Sunway Group Property into an Award Winning Property Developer in Malaysia well known for its Product Innovation & Customer Service. He was responsible for developing the renowned Bandar Sunway township. After twenty seven (27) years of service with the Sunway Group he retired in 2012 as the Managing Director - International Division. In the last few years he was responsible for the expansion into the region where he started projects in China, India and Cambodia. After his retirement he served as advisor to Chairman / Group Managing Director of four (4) property public listed companies for ten (10) years.

He has been a lead lecturer in UTAR for the Master Degree program for the Real Estate Development since 2021.

He was appointed as the advisor to the Chin Hin's Group Managing Director in 2022 and the Group Chief Executive Officer for the Property Development Division in 2023.

He was a past National Council Member of REHDA Malaysia (Real Estate & Housing Developers Association), the past Chairman of REHDA Selangor and was a Board member of Lembaga Perumahan & Hartanah Selangor.

His passion is to develop Talent, Product & Procession Innovation and Sustainable Development.

He was a well-known speaker on the following topics:

(i) Sustainable Development / Green Building

(ii) Knowledge Management

He is the author / editor of two (2) publications under REHDA Institute:

(i) Property Development Handbook – 2018

(ii) Strata Management Handbook – 2015

He is currently an independent and non-executive director of Nam Long Investment Corporation (a real estate development PLC listed in Vietnam Stock Exchange) ("Nam Long"), the Chairman of Human Resources ("HR") Committee and a member of the Investment Committee of Nam Long.

He has no relationship with any other director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

# DEAR SHAREHOLDERS,

**On behalf of the Board of Directors of Chin Hin Group Berhad ("Chin Hin" or "the Company" or "the Group"), it is my pleasure and privilege to present the Annual Report and Audited Financial Statement for the financial year ended 31 December 2022 ("FY2022").**

**DATUK SERI CHIAU BENG TEIK, JP**
Executive Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

**CHIN HIN GROUP BERHAD ("Chin Hin" / "the Company" / "Group") is a builder conglomerate that provides end-to-end solutions from upstream; building materials manufacturing, construction engineering to downstream; property development and home & living solutions. We began our journey approximately fifty (50) years ago as a small hardware shop in Alor Setar. With perseverance and a passion for excellence, the company has grown into an integrated builder conglomerate and a billion Ringgit public-listed company.**

Chin Hin has expanded its business to cover trading, manufacturing, property development, construction engineering as well as home & living solutions as per below:

1) **Investment Holding and Management Services**

2) **Building Material Division**
   - Autoclaved Aerated Concrete ("**AAC**")
   - Precast Concrete Products
   - Concrete Drymix
   - Wire Mesh Products
   - Ready-Mixed Concrete
   - Provision of Logistics
   - Polymer Concrete Pipes
   - Modular Building Solutions
   - Ultra-High-Performance Concrete ("**UHPC**")
   - Sanitaryware and Fittings Solutions

3) **Vehicle Division**
   - Manufacturing and Trading of Commercial Vehicles and Bodyworks
   - Rental and Fleet Management Services

4) **Property Development**

5) **Construction**

6) **Other Businesses by Our Associates**
   - Home and Living Solutions
   - High Value-Added Safety Glass Products, Metal Roofing, Metal Door and Window Frames, Floor Decks, Metal Ceiling Products
   - Distribution of Electrical Home Appliances

During the financial year ended 31 December ("**FY**") 2022, the Group continued to focus on strengthening its presence as Malaysia's preferred solution partner in building materials, construction engineering, property development and home and living. As part of the Group's objective, Chin Hin had completed the acquisition of 72.00 million ordinary shares in Ajiya Berhad ("**Ajiya**") for a total consideration of RM104.40 million on 28 April 2022. The acquisition of Ajiya represents an opportunity for the Group to expand its product range from building materials into high value-added safety glass products, metal roofing, metal door and window frames. Synergistic benefits are expected to arise from the said acquisition as both our Group and Ajiya Group are operating in and servicing the same industry, i.e. the construction and property development industry.

The acquisition of 65% interest in Kayangan Kemas Sdn Bhd ("**Kayangan Kemas**") by Chin Hin Group Property Berhad ("**CHGP**"), a 55.02% owned subsidiary of the Company, in FY2021 has allowed Chin Hin to leverage on its extensive construction capabilities and experience to step up their growth within the construction industry. To further strengthened Chin Hin's position in the construction industry, CHGP has proposed to acquire an additional 30% interest in Kayangan Kemas during FYE 2022, propelled by its exceptional performance.

Besides, through the subsequent acquisition of Makna Setia Sdn Bhd ("**Makna Setia**") in August 2022, the Group has further strengthened its construction traction by gaining access to the existing infrastructure projects of Makna Setia. Makna Setia has completed several remarkable infrastructure projects such as MRT Package V210, Pan Borneo Highway, WCE, SUKE Highway, Kajang 2 – Jalan Reko Flyover, Bandar Utama Elevated Bridge, and Sunway Serene Scenic Lake Bridge. With this acquisition, the Group has diversified further into construction of infrastructure projects.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

Chin Hin had also on 13 March 2023 completed the acquisition of 100% interest in Quaver Sdn Bhd ("**Quaver**"). Quaver is a housing development company that owns a piece of land located along Persiaran Serdang Perdana within Taman Serdang Perdana Seksyen 6, Seri Kembangan, Selangor. Quaver has obtained the building approval from Majlis Bandaraya Subang Jaya to undertake a mixed commercial development to construct two (2) blocks of service apartments (684 units) and fifteen (15) units of retail lot known as "Quaver Residence".

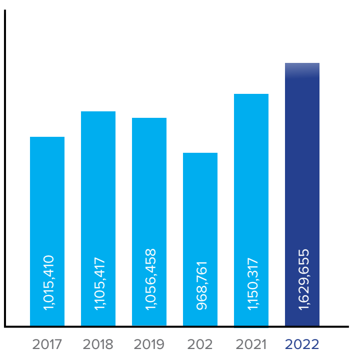
The Group will continue to focus growing its upstream-to-downstream supply chain business which includes the manufacturing and distribution of building materials, construction of buildings and hospital, construction of public infrastructure industry, property development and home & living solutions in order to maintain its position as one of the preferred market leaders. We will also continue to invest in brand building and promotional activities to remain competitive. The Group is also constantly sourcing for new business opportunities that are synergistic with the Group's current product range and activities.

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

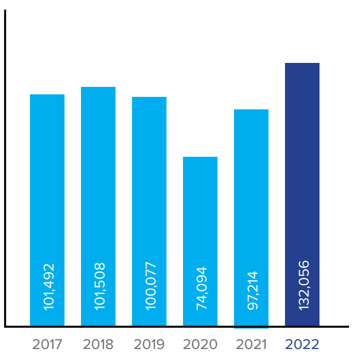
### STATEMENTS OF COMPREHENSIVE INCOME:

| | FY2022 | FY2021 | Variance | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 1,629,655 | 1,150,317 | 479,338 | 41.67 |
| Gross profit | 132,056 | 97,214 | 34,842 | 35.84 |
| Gross profit margin (%) | 8.10% | 8.45% | (0.35%) | (4.14) |
| Profit before tax ("PBT") | 116,564 | 41,744 | 74,820 | 179.24 |
| Profit after tax ("PAT") | 100,972 | 30,969 | 70,003 | 266.04 |
| PAT margin (%) | 6.20% | 2.69% | 3.51% | 130.48 |

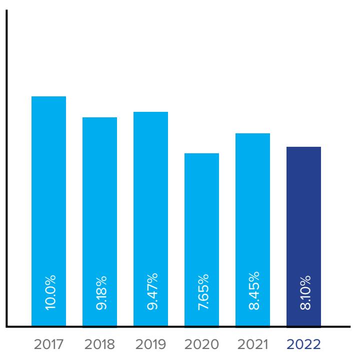
**REVENUE (RM'000)**



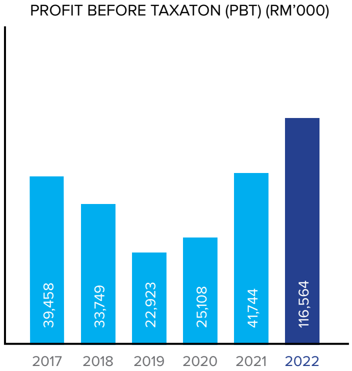

GROSS PROFIT (RM'000)



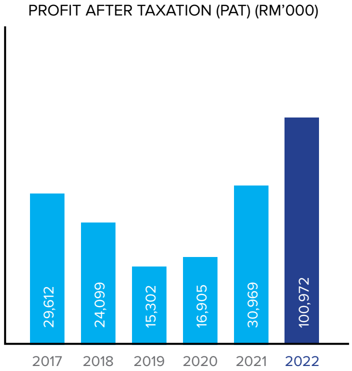

GROSS PROFIT MARGIN (%)




PROFIT BEFORE TAXATON (PBT) (RM'000)




PROFIT AFTER TAXATION (PAT) (RM'000)



## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

### STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

#### Revenue

| | FY2022 | FY2021 | Variance | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| **Investment holding and management services** | 7,693 | 7,560 | 133 | 1.76 |
| **Building Material Division** | | | | |
| Distribution of building materials and provision of logistics | 748,924 | 598,554 | 150,370 | 25.12 |
| Ready-mixed concrete | 93,374 | 51,833 | 41,541 | 80.14 |
| Manufacturing of fire-rated and wooden door | 10,901 | 29,572 | (18,671) | (63.14) |
| Manufacturing of AAC and precast concrete | 372,619 | 316,036 | 56,583 | 17.90 |
| Manufacturing of wire mesh | 178,458 | 164,919 | 13,539 | 8.21 |
| Modular building solutions | 85 | 459 | (374) | (81.48) |
| Sanitaryware and bathroom fittings solutions | 1,218 | 99 | 1,119 | 1,130.30 |
| **Vehicle Division** | | | | |
| Manufacturing and trading of commercial vehicle and bodyworks | 99.001 | 48,214 | 50,787 | 105.34 |
| Rental and fleet management services | 2,917 | 1,248 | 1,669 | 133.73 |
| **Property Development and Construction Division** | | | | |
| Construction | 223,473 | 32,427 | 191,046 | 589.16 |
| Property Development | 1,617 | 2,407 | (790) | (32.82) |
| **Others** | 1,128 | 130 | 998 | 767.69 |
| **Sub-total** | **1,741,408** | **1,253,458** | **487,950** | **38.93** |
| Adjustment and eliminations | (111,753) | (103,141) | (8,612) | 8.35 |
| **Total** | **1,629,655** | **1,150,317** | **479,338** | **41.67** |

The Group reported a revenue of RM1.63 billion in FY2022, an increase of RM479.34 million or 41.67% as compared to RM1.15 billion in FY2021. Higher revenue recorded in the current year was due to:

- The recent acquisition of Makna Setia, together with Kayangan Kemas (which was acquired in November 2021 and August 2022 respectively), under the construction division, contributed revenue of RM223.47 million to Chin Hin in the current year;
- The sales for distribution of the building materials sector grew by 25.12% year-on -year ("**YoY**") mainly contributed by cement and other building materials products;
- The increased sales volume of the wall panels and AAC blocks to private and government projects in Singapore;
- The revenue for manufacturing and trading of commercial vehicles and bodyworks also increased remarkably by 105.34% as compared to the preceding year as the division was able to increase its pricing for the sales of rebuilt vehicles due to the global semiconductor chip shortage on brand new vehicles. The global chip shortage, which was triggered by the pandemic, has been exacerbated by the ongoing Russia-Ukraine war. Therefore, it has boosted the demand for rebuilt vehicles; and
- The increase in revenue from the ready-mixed concrete segment was mainly contributed by the establishment of two new plants in Ampang and Kemuning Utama during the FY2022.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

### STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

#### Gross profit ("GP") and GP margin

In line with the considerable increase in revenue, the Group's GP has increased by RM34.84 million or 35.84% to RM132.06 million in FY2022 (FY2021: RM97.21 million). However, the GP margin for the current year was recorded at 8.10%, a slight decrease of 35 basis points as compared to the preceding year of 8.45%. Majority of the decline in GP margin was contributed by the followings:

- The hike in cement prices due to the price increases of raw materials used in the manufacturing process, especially coal, in the international market. Coal is the main source of energy in the combustion process for the cement production. The ban on coal exports from Indonesia to other countries, as well as the Russia-Ukraine conflict, have caused difficulties in obtaining coal supplies, thus causing the higher raw materials prices;
- The increase in the price index of steel YoY in December 2022 by 1.8%, which was in line with the global increase in the prices of the main commodities such as iron ore and steel; and
- Bulk material prices have continued to rise in 2022 due to disruptions in supply chain, increases in material input costs, and high inflation.

Consequently, this has resulted in a decline in the profit margin of all our products and projects.

#### Other Income

On the other hand, other income has increased by RM7.02 million or 101.74% from RM6.90 million in the preceding year to RM13.92 million in the current year, primarily due the followings taken place in CHGP:

- gain on bargain purchase on Makna Setia which amounted to RM2.75 million;
- fire insurance compensation of RM1.33 million resulting from part of a seven-storey block under construction at the Hospital Tanah Merah in Kelantan caught fire in January 2021 where the cost of reconstruction was expensed off in the previous year;
- gain on disposal of land held for development and property, plant and equipment; and
- recovery of bad debts.

#### Finance Income

The increase in finance income of RM0.77 million or 31.92% YoY mainly derived from the interest earned on fixed deposit pledged for credit facilities in the construction division and the interest collected from the delinquent clients in the distribution of building materials segment.

#### Fair value adjustment on investment properties ("IP")

There was an unrealised fair value adjustment loss on IP of RM0.63 million in FY2022 which was resultant mainly from the valuation deficit on five (5) units of three-storey shop offices located at Kota Bharu, Kelantan, offset partially with the valuation surplus on a double-storey shop-office located in Kuchai Entrepreneur Park and an intermediate double-storey semi-detached house located in Kuantan, Pahang.

#### Fair value gain on other investment

There was an unrealised fair value gain on quoted share of RM2.19 million recognised in FY2022.

#### Gain on disposal of investment in associate

The gain on disposal of investment in associate of RM76.32 million compared to RM9.68 million in the preceding year derived solely from the disposal of Solarvest Holdings Berhad ("**Solarvest**") shares as per the following dates: -

- In March and April 2022, the Company has disposed 32,394,336 and 22,096,964 ordinary shares of Solarvest for a total cash consideration of RM29,690,947 and RM20,700,112 respectively.
- On 3 October 2022, the Company has completed the disposal of its entire shareholdings of 129,100,000 ordinary shares in Solarvest, representing 19.34% equity interest in Solarvest to Divine Inventions Sdn Bhd for a cash consideration of RM103,280,000 upon obtained the shareholders' approval during the Extraordinary General Meeting held on 4 August 2022.

The rationale of the above disposal was for Chin Hin to unlock and realise its investment in Solarvest. The proceeds from the said disposal were solely used to repay Chin Hin's bank borrowings and strengthen its balance sheet.

#### Gain on disposal of investment in subsidiaries

There was a gain of RM4.14 million recorded from the disposal of our loss-making subsidiaries namely Midah Industries Sdn. Bhd., Kempurna Sdn. Bhd., Epic Diversity Solutions Sdn. Bhd. and Midah Industries North Sdn. Bhd. The disposal was undertaken with the purpose of reducing the costs associated with the loss-making subsidiaries and thereby improving the balance sheet of Chin Hin Group. The said disposal has enabled Chin Hin Group to channel its resources into other business activities that are anticipated to be more promising.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

### STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

#### Impairment on goodwill

The impairment on goodwill amounted to RM0.17 million was made pertaining to the investment in Addington Sdn. Bhd. ("**Addington**"), in the current year due to Addington's poor performance since the acquisition made in FY2020.

#### Expenses

The increase in the administrative expenses by RM28.30 million was mainly contributed by:

- CHGP which was acquired in August 2021 and the subsequent expansion into the construction business via the acquisition of Kayangan Kemas in November 2021 and Makna Setia in August 2022;
- Impairment of slow-moving stock in the distribution of building materials sector;
- Legal fees, stamp duties and processing fees incurred in securing RM80.00 million term loan for the acquisition of Ajiya and another RM83.00 million term loan to partially finance the acquisition of a freehold land located at 9 3/4 Mile, Kuchai Road and refinance a piece of leasehold land located at Mukim Kuala Lumpur in our property development division;
- Professional fees incurred for the corporate exercises such as the acquisition of Ajiya, disposal of the associate company, Solarvest and bonus issue; and
- Brokerage fees for the acquisition of Ajiya and CHGP shares as well as the disposal of Solarvest shares.

Distribution expenses increased by RM3.69 million or 34.18% YoY which was in line with the increased in revenue in FY2022 and contributed by the CHGP group of companies after the acquisition as mentioned above.

Other expenses increased by RM0.46 million or 9.41% YoY mainly due to the impairment loss on contract assets of RM0.32 million provided in the G-Cast UHPC Sdn. Bhd. ("**G-Cast UHPC**") current year's book.

#### Net impairment loss on financial instruments

The net impairment loss on receivables of RM10.29 million was mainly provided for by the manufacturing of precast concrete and distribution of building materials division due to slow collection from certain customers.

#### Finance costs

The Group's finance costs in FY2022 increased considerably by RM12.05 million or 65.71% YoY. The hike in finance costs was primarily contributed by:

- Drawdown of RM80.00 million term loan to partially finance the acquisition of Ajiya and another RM1.00 million drawdown for the purchase of keyman insurance;

#### Finance costs (Cont'd)

- RM83.00 million term loan drawdown to partially finance the acquisition of a freehold land located at 9 3/4 Mile, Kuchai Road and refinance a piece of leasehold land located at Mukim Kuala Lumpur in the property development division;
- Hefty sum of borrowings drawdown during the last quarter of FY2021 to partially fund the acquisition of a 65% equity stake in Kayangan Kemas, a piece of freehold land located at Daerah Petaling, Pekan Kinrara and five (5) pieces of freehold lands at Mukim Serendah, Selangor;
- Approximately RM4.92 million trade lines drawdown to fund the working capital for the distribution of building materials, manufacturing of ready-mixed concrete, manufacturing and trading of commercial vehicles and bodyworks and construction division; and
- The raising of the overnight policy rate ("**OPR**") for the fourth consecutive time in 2022 totalling 100.00 basis points to 2.75% to curb inflation.

The increase in finance costs from the new drawdown of loans as mentioned above was partially offset by the paring down of the Group's existing term loans of RM102.10 million and the reduction of trade lines in the property development sector.

#### Share of results of associates

The share of profit from the associates has increased by RM13.71 million or 194.69% YoY primarily contributed by the share of earnings from Signature International Berhad ("**Signature**"), Ajiya, and Solarvest offset with the share of losses sustained in Starken Philippines Inc ("**Starken Philippines**").

#### Share of results of joint ventures

The share of results of joint venture has increased significantly by RM9.97 million or 2,058.00% YoY. R Synergy Sdn. Bhd. ("**R Synergy**")'s profit solely derived from the profit recognised on the construction of the Miri Hospital Annex Building, Sarawak. The significant hike in the joint venture results was also due to the reclassification of profit entitlement for Stellar 8 Sdn. Bhd. ("**Stellar 8**") from the share of results of associates into the joint venture account.

#### PBT

Given the abovementioned analysis, the Group reported a higher PBT of RM116.56 million as compared to RM41.74 million reported in FY2021.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

### STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

#### Order book

The Group's order book for the building materials and construction sector presently stands at RM350.85 million and RM1.30 billion, respectively as at 31 December 2022, which will keep the Group busy for the next twelve (12) to thirty-six (36) months. In view of the order books on hand and the continued efforts to secure sales volume, the Group expects the level of sales and profitability in the FY2023 to be optimistic.

### STATEMENTS OF FINANCIAL POSITION

| | FY2022 | FY2021 | Variance | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| Non-current assets | 907,453 | 945,741 | (38,288) | (4.05) |
| Current assets | 1,144,325 | 833,087 | 311,238 | 37.36 |
| **Total assets** | **2,051,778** | **1,778,828** | **272,950** | **15.34** |
| **Total equity** | **670,312** | **621,466** | **48,846** | **7.86** |
| Non-current liabilities | 377,542 | 327,817 | 49,725 | 15.17 |
| Current liabilities | 1,003,924 | 829,545 | 174,379 | 21.02 |
| **Total liabilities** | **1,381,466** | **1,157,362** | **224,104** | **19.36** |
| Net assets per shares attributable to ordinary owner of the Company | 0.32 | 0.58 | (0.26) | (44.83) |

#### Total assets

As at 31 December 2022, the total assets of the Group increased by RM272.95 million, closing the financial year at RM2.05 billion, with the analysis as follows:

**Non-Current Assets**

Non-current assets decreased from RM945.74 million as at 31 December 2021 to RM907.45 million as at 31 December 2022, mainly contributed by the reclassification of the three plots of CHGP's land from non-current inventories to current inventories after receiving the Advertising Permit and Developer's License ("**APDL**") from the Local Housing Ministry.

The salient points of non-current assets movement as below:

- The addition of Property, Plant and Equipment ("**PPE**") and Right-of-use ("**ROU**") assets worth RM10.73 million and RM3.55 million, respectively via the acquisition of a subsidiary, Makna Setia;
- The additions of PPE and ROU assets worth RM18.71 million and RM9.00 million (RM0.87 million related to ROU assets purchased via cash) respectively (as per the addition of capital expenditure ("**Capex**") below);
- Increase of RM42.93 million in the investment of associates was mainly resulted from the acquisition of 25,2% equity stake in Ajiya for RM104.40 million and the share of FY2022 results from all the associates, offset with the complete disposal of 27.50% equity interest in Solarvest of RM58.24 million and the reversal of post-acquisition reserves of RM19.11 million plus the impairment of investment in CubeX of RM0.02 million as per the table below:

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

### STATEMENTS OF FINANCIAL POSITION (CONT'D)

**Total assets (Cont'd)**

**Non-Current Assets (Cont'd)**

The salient points of non-current assets movement as below: (Cont'd)

| | Share of results | RM (million) |
|---|---|---|
| (i) | Signature | 8.40 |
| (ii) | Solarvest | 0.54 |
| (iii) | Starken Philippines | (0.24) |
| (iv) | Ajiya | 7.32 |
| (v) | Associate of Kayangan (Weida) | (0.12) |
| | | 15.90 |
| Acquisition of Ajiya | | 104.40 |
| Less: Disposal in Solarvest | | (77.35) |
| Impairment in CubeX | | (0.02) |
| | | **42.93** |

- Retention sum receivables increased by RM12.09 million, contributed by Kayangan Kemas and Makna Setia's project clients of RM2.43 million and RM9.66 million respectively, where the projects are still within the defect liability period;
- Other receivables of RM5.25 million derived from the staggered instalment payments owed by the buyer of Midah Group;
- Investment in joint ventures increased by RM9.85 million mainly resulting from the 47% share of Stellar 8 profit entitlement and the share of R Synergy's profit recognised on the construction of Miri Hospital Annex Building, Sarawak (Design and Build Project) in this financial year of RM2.52 million;
- Additional derivative financial assets of RM0.89 million resulted from the keyman insurance taken up in relation to the new term loans obtained by Chin Hin to partially finance the acquisition of Ajiya; and
- Deferred tax assets of RM0.82 million were recognised in Kayangan Kemas and Makna Setia.

Offset with:
- Depreciation charged on PPE and ROU assets amounting to RM7.16 million and RM0.52 million, respectively via the acquisition of a subsidiary, Makna Setia;
- Depreciation charged on PPE of RM29.25 million and ROU assets of RM9.70 million (RM7.66 million related to ROU rentals) pursuant to the adoption of MFRS 16: Leases;
- Disposal of net PPE during the year of RM0.49 million especially for the old mixer trucks in the ready-mixed concrete division, PPE in the company disposed, Midah Group of RM2.01 million, computer equipment and software, tool and equipment and plant & machinery written off amounting to RM0.55 million and reclassification of C&H Transport Sdn. Bhd.'s Kuchai Entrepreneurs Park shoplot from PPE to IP of RM1.36 million, net off with PPE's fair value surplus of RM1.82 million for Boon Koon Vehicles Industries Sdn Bhd's ("**BKVI**") freehold land and building located at Nibong Tebal;
- Transfer of leasehold land located at Dengkil owned by BKVI of RM1.22 million to assets held for sale as the said land was in the progress of disposal;
- The decrease in IP of RM0.57 million, which resulted from the reclassification of a condominium located in Mont Kiara to asset held for sale of RM1.30 million and deficit on fair value adjustment on PP Chin Hin Sdn. Bhd.'s IPs mainly from the five (5) units of three (3) storey shop-offices located in Kelantan amounted to RM0.70 million offset with the reclassification of C&H Transport Sdn. Bhd.'s Kuchai Entrepreneurs Park shoplot from PPE to IP amounted to RM1.36 million plus the fair value gain on this property of RM0.07 million;

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

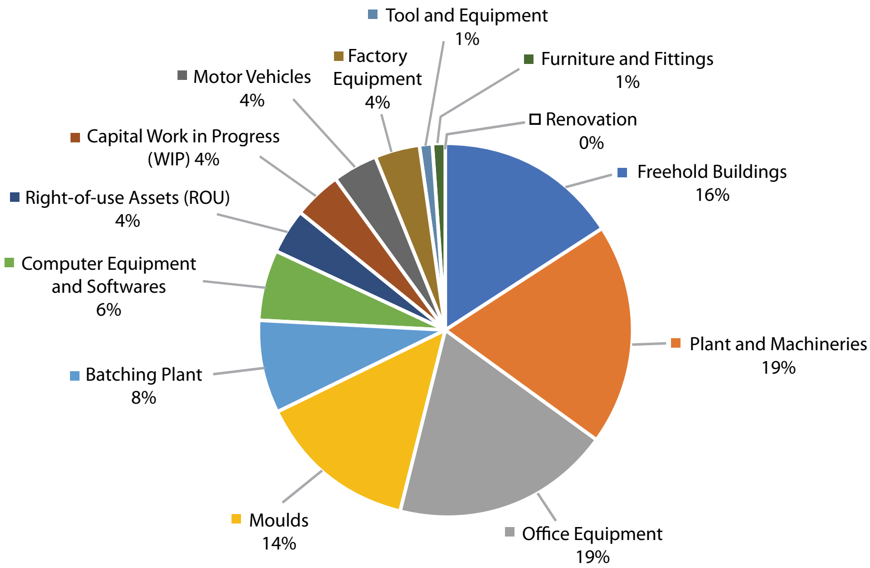
### STATEMENTS OF FINANCIAL POSITION (CONT'D)

#### Total assets (Cont'd)

**Non-Current Assets (Cont'd)**

Offset with: (Cont'd)
- Decrease in non-current inventories-land held for development of RM96.10 million principally resulted from the reclassification of the three plots of CHGP's land located at Puchong, Bangsar South and Kinrara to current inventories after receiving the APDL from the Local Housing Ministry and CHGP has targeted to launch the project within a year's time;
- Goodwill decreased by RM4.85 million due to the disposal of Midah Group and the impairment of goodwill arising from the acquisition of a subsidiary, Addington of RM0.17 million; and
- Other investment i.e. club membership reduced by RM0.02 million due to the disposal of Midah Group.

| Capital Expenditure ("Capex") | Breakdown of Capex (RM) |
|---|---|
| Freehold Buildings | 3,051,579 |
| Plant and Machineries | 3,760,083 |
| Office Equipment | 3,725,613 |
| Moulds | 2,659,583 |
| Batching Plant | 1,630,791 |
| Computer Equipment and Softwares | 1,205,556 |
| Right-of-Use Assets (ROU) | 870,310 |
| Capital Work in Progress (WIP) | 826,070 |
| Motor Vehicles | 810,371 |
| Factory Equipment | 741,982 |
| Tool and Equipment | 102,500 |
| Furniture and Fittings | 101,400 |
| Renovation | 93,080 |
| **Total** | **19,578,918** |




**Breakdown of Capex**

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

### STATEMENTS OF FINANCIAL POSITION (CONT'D)

#### Total assets (Cont'd)

**Non-Current Assets (Cont'd)**

Majority of the CAPEX spent other than the lease of land, shophouse and factory, warehouses and offices, mainly arising from the followings:

- RM1.63 million was spent on the setting up of Chin Hin Concrete (KL) Sdn. Bhd.'s two ready-mixed concrete batching plants located at Kemuning Utama and KL Ampang and another RM0.11 million was spent on the refurbishment of mixer trucks, furniture and fittings and office equipment in relation to the setting up of the two new plants;
- RM5.59 million was spent on the purchase of moulds, plant and machineries, factory equipment, factory equipment under construction, motor vehicles, construction of a new production line in Kota Tinggi and land fill for foundation enhancement in G-Cast Concrete Sdn. Bhd. ("**G-Cast Concrete**")'s plants located at Rawang, Kota Tinggi, Kulai, Bidor, Kuantan and Serendah;
- RM3.19 million was spent on the CHGP's subsidiaries, especially the construction sector, which included the purchase of user licenses for Oracle JD Edward Enterprise Resource Planning software, machineries, site equipment, office equipment, renovation, furniture and fittings, computer and printer, motor vehicles, tools and equipment and etc;
- RM0.78 million was spent on the manufacturing and trading of commercial vehicles and bodyworks sector, including the laying of cement floor, repainting of spray booth, structural and roof repairs at Parit Buntar workshop. In addition, money was spent on motor vehicles, renovation and computer equipment plus printers;
- RM0.55 million was spent for the purchase of forklift and generators set in the rental and fleet management services sector;
- RM2.69 million was spent on renovations, furniture fittings, office equipment and computer equipment plus printers in the property development division in line with the expansion of this sector;
- RM2.25 million was spent on Starken AAC 2 Sdn. Bhd. ("**Starken AAC 2**")'s plant and machineries, foundation enhancement, office equipment and furniture and fittings;
- RM0.40 million were spent on the Starken Drymix Solutions Sdn. Bhd. ("**Starken Drymix**")'s plant located at Bidor. Equipment purchased includes jet pulse dedusting system for rotary dryer, chimneys, civil foundation footing for chimneys and factory equipment;
- RM0.18 million was spent on cement silo, plant & machineries, factory equipment and office equipment at Green Cement Sdn. Bhd. ("**Green Cement**")'s cementitious grinding plant located in Kota Tinggi, Johor;
- RM0.39 million was spent on lorries and forklifts, computer hardware and software and office equipment, by PP Chin Hin Sdn. Bhd.;
- RM0.33 million was spent on the emission monitoring system, filter bag dust collector system, high pressure cleaner, Chief Executive Officer ("**CEO**") and Monthly Operation Meeting ("**MOM**") dashboards and notebooks in Starken AAC Sdn. Bhd.;
- RM0.20 million was spent on the plotwave printer, computer software and implementation of Robotic Process Automation ("**RPA**") for Accounts Receivable, Payable and Early Payment Rebate System at Metex Steel Sdn. Bhd. ("**Metex Steel**"); and
- RM0.15 million was spent on computer hardware and software, renovation and office equipment by Chin Hin.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

### STATEMENTS OF FINANCIAL POSITION (CONT'D)

#### Total assets (Cont'd)

**Current Assets**

The total current assets increased from RM833.09 million as at 31 December 2021 to RM1.14 billion as at 31 December 2022, mainly contributed by the reclassification of the three plots of CHGP's land from non-current inventories to current inventories as mentioned above.

The salient points of current assets movement as below:

- YoY increase in contract assets of RM64.64 million in Kayangan Kemas and Makna Setia arising from the revenue recognition on contract work;
- Other investments increased by RM10.47 million due to the investment in quoted shares in Malaysia of RM8.28 million and a fair value gain on investment of RM2.19 million;
- Increase in inventories of RM194.17 million mainly due to the reclassification from non-current assets of the three plots of CHGP's land located at Puchong, Bangsar South and Kinrara to inventories after receiving the APDL from the Local Housing Ministry coupled with the property development cost spent;
- Increase in assets held for sale of RM2.52 million due to the reclassification of leasehold land located in Dengkil owned by BKVI and a condominium located in Mont Kiara as land held for sale as the said land was in the progress of disposal;
- YoY increase in tax recoverable from Lembaga Hasil Dalam Negeri of RM0.73 million due to the over payment of corporate tax as a result of tax estimates for the current year of assessment ("**YA**") should not be less than 85% of the revised estimate of tax payable for the immediate preceding YA;
- Fixed deposit ("**FD**") with licensed bank increased by RM10.49 million. Majority of the FD was pledged for the issuance of performance bond, advance payment guarantee and bank guarantee in relation to the construction projects secured. Besides, sinking fund account was opened to set aside money to earmark for the overdraft facility in the construction division. Moreover, extra money was placed in the FD to earn interest income; and
- Cash and bank balances increased by RM37.69 million majority came from Kayangan Kemas. The increase was due to advance payments received from the developers for a few on-going projects, including Intel Pelican project, Langkawi Hospital project, Hospital Sri Iskandar project and the recoupment of insurance compensation for part of a seven-storey block under construction at Hospital Tanah Merah in Kelantan which was burnt down in January 2021.

Offset with:

- RM3.79 million reduction in the trade receivables mainly contributed by the disposal of Midah Group of RM13.48 million and the impairment of trade receivable especially in the manufacturing of precast concrete and the distribution of building materials division due to slow collection from certain customers, offset with trade receivables brought in by Makna Setia which was acquired during the year.
- YoY decrease in other receivables of RM5.69 million mainly contributed by the amount owing by the third-party purchaser of Midah, whereby the settlement term according to Sales & Purchase agreement was staggered structured payment, offset fully with the deposits paid for purchase of goods and security for performance bond issue in securing the construction of building in progress.

#### Total equity

Total equity increased by RM48.85 million or 7.86% YoY, mainly due to the following factors:

- Enhancement of total comprehensive income for the year of RM102.58 million;
- Capital contribution by Non-Controlling Interests ("**NCI**"), CHGP of RM9.16 million;
- Acquisition of subsidiary, Makna Setia of RM7.11 million; and
- Disposal of subsidiary's NCI, Midah North Sdn. Bhd. of RM0.15 million.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

### STATEMENTS OF FINANCIAL POSITION (CONT'D)

#### Total equity (Cont'd)

Offset against:

- Changes in ownership interests in subsidiary, CHGP of RM39.50 million;
- Changes in NCI's ownership interests in subsidiary, CHGP of RM21.80 million; and
- Dividend payment of RM8.85 million.

Asides, our net assets per share have decreased significantly by RM0.26 per share or 44.83% YoY from RM0.58 per share to RM0.32 per share as a result of the issuance of 885,081,996 bonus shares which was completed on 22 August 2022.

#### Total liabilities

Total liabilities increased by RM224.10 million YoY, mainly contributed by the increase in bank borrowings, trade payables, other payables, amount due to directors and lease liabilities of RM83.77 million, RM105.07 million, RM29.26 million, RM7.02 million and RM0.81 million respectively, offset by the reduction in deferred tax liabilities, lease, tax payable and contract liabilities of RM1.16 million, RM0.49 million and RM0.18 million respectively. The significant hike in bank borrowings principally contributed by:

- the drawdown of RM80.00 million term loan to partially finance the acquisition of Ajiya;
- the drawdown of RM83.00 million term loan to partially finance the acquisition of a freehold land located at 9 3/4 Mile, Kuchai Road and refinance a piece of leasehold land located at Mukim Kuala Lumpur in our property development division;
- the drawdown of RM1.00 million for keyman insurance in relation to the RM80.00 million term loan above;
- bankers' acceptance, revolving credit and trust receipts of RM4.92 million were drawdown to defray the working capital of the distribution of building materials, manufacturing of ready-mixed concrete, manufacturing and trading of commercial vehicles and bodyworks and construction division;
- RM13.98 million bank borrowings upon acquisition of Makna Setia; and
- the drawdown of additional bank overdraft of RM2.97 million.

Offset against:

- the reduction of term loan of RM102.10 million was due to the repayment via disposal proceeds from Solarvest and internal generated fund.

The increase in trade payables of RM105.07 million mainly came from the construction sector which contributed RM79.26 million as a result of more construction progress work done at site in Kayangan Kemas and Makna Setia, which were acquired during the year. The balance was contributed from the distribution of building materials and the manufacturing & trading of commercial vehicles and bodyworks division in line with their increase in sales. Whereas the increase in other payables was contributed primarily from the property development and construction sectors within the CHGP group of companies due to advance payment received from the government and private sector for the construction projects.

The was an increase in amount due to directors of RM7.02 million. The advances from Datuk Seri Chiau Beng Teik, JP ("**Datuk Seri Chiau**"), the Executive Chairman of the Company, to Chin Hin were being channelled to fund the working capital in our manufacturing sector.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

### STATEMENTS OF CASH FLOWS

| | FY2022 | FY2021 | Variance | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| Net cashflows from/(used in) operating activities | 5,467 | (93,119) | 98,586 | (105.87) |
| Net cashflows used in investing activities | (8,722) | (192,691) | 183,969 | (95.47) |
| Net cashflows from financing activities | 40,146 | 315,208 | (275,062) | (87.26) |
| Net increase in cash and cash equivalents | 36,891 | 29,398 | 7,493 | 25.49 |

The Group's net cashflows generated from operating activities for FY2022 stood at RM5.47 million. The reduction in net cash outflows from operating activities was principally due to the increase in trade payables resulting from higher progress work performed at site. Moreover, many sizable projects secured and running concurrently in the current financial year. Besides the increase also contributed by the increase in other payables where advance payments were received from the developers to kick start new projects.

Cash flows used in investing activities recorded at RM8.72 million in FY2022 mainly derived from the following transactions:

- Acquisition of associate i.e. Ajiya, for RM104.40 million;
- Purchase of additional shares in the subsidiary, CHGP for RM61.31 million;
- Capital expenditure on the purchase of property, plant and equipment and ROU assets by way of cash amounted to RM19.57 million as mentioned above;
- Purchase of quoted shares as other investments during the year totalling RM8.28 million;
- Purchase of keyman insurance (other financial assets) of RM0.86 million as mentioned above; and
- Acquisition of Makna Setia for RM0.33 million.

Mitigated partially by:

- Proceeds from the disposal of investment in a subsidiary, Midah Group of RM18.88 million;
- Proceeds from disposal of investment in the associate, Solarvest of RM153.67 million;
- Conversion of warrants/capital contributions from NCI in CHGP of RM9.16 million;
- Proceeds from disposal of property, plant and equipment totalling RM1.53 million; and
- Proceeds from disposal of land held for development of RM2.79 million.

The net cash flows from financing activities of RM40.15 million, mainly stemmed from the following activities:

- Drawdown of total term loans amounted to RM164.00 million as explained earlier;
- Drawdown of bankers' acceptance, trust receipt and revolving credits totalling RM4.92 million; and
- Advances from director, Datuk Seri Chiau of RM7.02 million.

Offset against:

- Pare down of existing term loans of RM102.10 million;
- Final dividend payment for FY2021 of RM8.85 million and interim dividend payment for FY2022 of RM8.85 million;
- Repayment of lease liabilities of RM8.04 million; and
- Increase of fixed deposits pledged totalling RM7.95 million.

Our business operations are financed through a combination of internal and external sources of funds. Internal sources of funds comprise mainly shareholders' equity and cash generated from our operations, while the external source of funds comprise trust receipts and bankers' acceptance, revolving credit, term loans, hire purchase, overdraft, loan from directors as well as credit terms granted by our suppliers. Credit terms granted to us by our suppliers range from 14 to 120 days.

The Management believes that after taking into account our cash and bank balances, existing banking facilities, as well as the funds envisaged to be generated from our business operations, we will have adequate working capital to meet our present and foreseeable day-to-day business operation requirements.

Save as aforementioned, we are not aware of any other known trends and events that are reasonably likely to have a material effect on our operations, performance, financial condition and liquidity.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF OPERATING ACTIVITIES

### GENERAL OVERVIEW

Chin Hin has never ceased its innovative spirit to introduce new products and applications to the building materials market. Below shown the range of products and applications that have been expanded:

- **Concrete Drymix Solution** – Cracks on external wall are common defects in buildings, whether newly built or existing structures. Over time, these cracks can be developed into water seepage, causing further damages both internally and externally. Repairing and maintaining external wall finishing has become one of the most challenging tasks among building professionals. To address these problems, Starken Drymix has developed a novel product called Aqua Elastic 990. It is a highly elastic material which is suitable for covering and protecting cracks on painted surfaces. Besides, its waterproofing properties provide strong resistance against water seepage. Further, it allows good adhesion on paint and similar textures as external wall renders, enabling seamless finishing upon completion of repairs. The product has been widely used in various projects as a simple solution for external walls.

Picture : Starken Aqua Elastic 990 (Water Proofing and Crack Repairing Products)

- **Precast Concrete products** – G-Cast Concrete has successfully launched the following three (3) eco-friendly products to address the market demands:-

  (i) Precast Building Components: Single Tee Slab and Shell Beams
  (ii) Precast Jetty Components
  (iii) Precast Tenaga Nasional Berhad ("**TNB**") Compact Substation Plinth

Picture: Installation of Precast Tenaga Nasional Berhad ("**TNB**") Compact Substation Plinth at site


Picture: Tee Slab

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF OPERATING ACTIVITIES (CONT'D)

### GENERAL OVERVIEW (CONT'D)

After embarking on heavy merger and acquisition exercises in the past two years, with the acquisition of equity stakes in CHGP, Signature and Ajiya, Chin Hin has formulated strategies to achieve synergies through improved structure, dedicated resources and enabling systems. The Company believes that synergies occur when the joining of two or more companies improves their financial and operating activities to a level greater than when they were operating as separate entities.

The Group utilises Customer Relationship Management ("**CRM**") software as the platform for business intelligence, sales, product and customer management, with the aim of increasing business opportunities and revenue from new and existing customers. This software is linked to the Building Cost Index ("**BCI**") to nail down all the new projects in town. New leads are shared among the sales personnel within the Group with a clear follow up strategy until successful closure.

Chin Hin has continuously undertaken cost optimisation programs, identifying and sources of wasteful spending, underutilisation or low return in the capex budget to maximise investment in areas that yield the most return on investment.

### SEGMENTAL OVERVIEW

#### Building Materials Division

**Distribution of building materials and logistics**

The real estate sector saw improvement in both transactions volume and value in the current year as compared to 2021, supported mainly by the resumption of economic activities across the board and the reopening of Malaysia's international borders. The country's economy recorded an encouraging performance with a Gross Domestic Product ("**GDP**") growth of 8.7% in 2022, exceeding the estimate of 6.5% - 7.0% projected in October 2022. This growth performance also far exceeds the 3.1% economic growth achieved in 2021.

Since the first movement control order in 2020, the building materials distribution landscape has undergone massive changes with several building materials players exited the market due to the shrinking market and intense competition, which affected their earnings and margin. Despite these challenges, our distribution of building materials and logistics sector recorded a total revenue of RM748.92 million in FY2022, an increase of RM150.37 million or 25.12% as compared to RM598.55 million recorded in the previous financial year, which contributed 45.96% (FY2021: 52.03%) of the Group's consolidated revenue.

In line with the increase in revenue, gross profit has increased by RM4.66 million YoY or 11.81% from RM39.45 million in FY2021 to RM44.11 million in FY2022. However, the gross profit margin has decreased by 70 basis points from 6.59% in FY2021 to 5.89% in FY2022. Cement selling price per tonne has escalated from RM270 per tonne in FY2021 to RM375 per tonne in FY2022. This has caused the gross profit margin for both cement and steel bar to deteriorate. Nevertheless, the reduction in gross profit margin in both cement and steel bar were mitigated partially by the sales of other building materials such as plywood, sherra roofing and sherra plank wood which fetch a better margin.

PBT has decreased by RM2.71 million or 22.85%, from RM11.86 million in FY2021 to RM9.15 million in FY2022 mainly due to the impairment of slow-moving inventories of RM2.52 million.

**Ready-mixed concrete**

The revenue for the ready-mixed concrete segment increased by approximately RM41.54 million or 80.15% from RM51.83 million in FY2021 to RM93.37 million in FY2022, which contributed 5.73% (FY2021: 4.51%) of the Group's consolidated revenue. However, this segment recorded a loss before tax ("**LBT**") of RM1.29 million, an improvement of RM0.46 million, approximately 26.29% from RM1.75 million LBT in FY2021.

The increase in revenue from the ready-mixed concrete segment was mainly contributed by the establishment of two new plants located in Ampang and Kemuning Utama during the FY2022. The LBT of RM1.29 million was mainly due to the raw material price hike such as cement, Pulverised Fuel Ash ("**PFA**"), sand and etc which were difficult to pass on to the clients due to intense market competition.

**Manufacturing of fire-rated and wooden door**

The manufacturing of fire-rated and wooden door segment recorded a revenue of RM10.90 million, a decline of RM18.67 million or 63.14% as compared to the preceding year's results of RM29.57 million, which contributed 0.67% (FY2021: 2.57%) of the Group's consolidated revenue.

The LBT has decreased by RM4.66 million, from last year's LBT of RM5.94 million to the current year's LBT of RM1.28 million. This loss-making company was disposed in the beginning of the second quarter of FY2022.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF OPERATING ACTIVITIES (CONT'D)

### SEGMENTAL OVERVIEW (CONT'D)

**Building Materials Division (Cont'd)**

**Manufacturing of AAC and precast concrete products**

The manufacturing of AAC and precast concrete products segment recorded a total revenue of RM372.62 million in FY2022, representing an increase of RM56.58 million as compared to RM316.04 million recorded in FY2021 and contributed 22.86% (FY2021: 27.47%) of the Group's consolidated revenue. This sector recorded a PBT of RM1.34 million (RM8.13 million after netting off the fair value gain on IP of RM1.79 million and intercompany dividend of RM5.00 million), representing a decrease of RM1.68 million or 55.63% YoY as compared to RM3.02 million (RM3.47 million after netting off the fair value gain on IP of RM0.45 million) in FY2021.

| Manufacturing of AAC and Precast Concrete Products Sector | FY2022 RM'000 | FY2022 RM'000 | FY2021 RM'000 | FY2021 RM'000 | Remarks |
|---|---|---|---|---|---|
| | Revenue | PBT | Revenue | PBT | |
| Starken AAC Sdn Bhd ("**Starken AAC**") | 109,957 | 5,738 | 91,923 | 520 | Dividend income of RM5.00 million received from MIPCP in FY2022. |
| G-Cast Concrete Sdn Bhd | 104,787 | (4,303) | 107,691 | 2,864 | |
| Starken Drymix Solutions Sdn Bhd ("**Starken Drymix**") | 40,823 | 3,859 | 30,452 | 3,099 | There was a fair value gain on investment property of RM1.79 million and RM0.45 million respectively in FY2022 and FY2021 which subsequently reclassified as PPE at the Group consolidation level. Starken Drymix actual PBT before investment property gain was RM1.76 million and RM2.65 million respectively for FY2022 and FY2021. |
| MI Polymer Concrete Pipes Sdn Bhd ("**MIPCP**") | 9,033 | 121 | 11,317 | 939 | FY2022 – Inter-company sales of RM8.22 million. |
| MI Polymer Concrete Pipes (S) Pte Ltd | 8,657 | (716) | 11,213 | 234 | FY2021 – Inter-company sales of RM10.70 million |
| G-Cast UHPC Sdn Bhd ("**G-Cast UHPC**") | 4,565 | (1,446) | 2,187 | (3,803) | |
| Starken AAC 2 Sdn Bhd ("**Starken AAC 2**") | 84,171 | 1,853 | 54,182 | (2,043) | |
| Green Cement Sdn Bhd | 9,753 | 3,340 | 6,694 | 1,875 | |
| Green Integrated Base Stabiliser Sdn Bhd ("**GIBS**") | 526 | (57) | 328 | (43) | |
| Starken Paint Sdn Bhd ("**Starken Paint**") | 347 | (258) | 49 | (172) | |
| **Total** | **372,619** | **8,131** | **316,036** | **3,470** | |

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF OPERATING ACTIVITIES (CONT'D)

### SEGMENTAL OVERVIEW (CONT'D)

**Building Materials Division (Cont'd)**

**Manufacturing of AAC and precast concrete products (Cont'd)**

Starken AAC: The increase in revenue of Starken AAC by RM18.03 million or 19.62% YoY as the Country entered the endemic stage, resulting in a significant increase in construction activities as all construction sites were able to operate without strict standard operating procedures ("**SOPs**") and the progressive arrival of the foreign workers. There was a strong demand for our Integrated Base Stabiliser ("**IBS**") (block wall/wall panel system) as it is tested to resolve the current labour shortage issue, reducing the construction time by approximately 20%. Starken AAC's PBT has increased by RM0.22 million YoY with a GP margin of 9.42% as compared to last year's GP margin of 8.42% due to higher panel sales which fetched a better margin than AAC block. AAC wall panel has gained popularity locally for its other unique features such as fire resistance and soundproofing. Starken AAC's PBT for FY2022 was expected to be higher than FY2021 by RM2.13 million instead of RM0.22 million as mentioned above as the result was impacted after taking into account the impairment of investment and amount due by Addington of totalling RM1.91 million.

G-Cast Concrete: The revenue for precast concrete products experienced a decline of RM2.90 million or 2.70% to RM104.79 million in FY2022 from RM107.69 million in FY2021. The decline was due to the supply of infrastructure products i.e. jacking pipes, prestress and reinforce concrete beam, box culvert, u-drain, cable trough and emergency walkway being held back by the client due to progress work delay at the site. PBT has declined significantly by RM7.17 million or 250.24% YoY due to the provision for doubtful debts of RM8.91 million.

Starken Drymix: Our organic growth company specialising in the production of thin adhesive base, render, skim coat, tile adhesive, panel plaster and basic skim reported a revenue of RM40.82 million, a surge of RM10.37 million or 34.06% YoY. However, PBT has decreased by RM0.58 million (excluding the fair value gain on IP of RM1.79 million and RM0.45 million for both years) or 21.90% YoY due to the hike in cement and sand cost, an important component in drymix's products which can't be passed down to clients due to locked-in order prices.

MIPCP Group of companies: The Covid-19 has had a significant impact on various industries worldwide with different magnitudes and timing. For Mi Polymer, 2022 was particularly challenging, as it experienced the worst impact in its main market of Singapore. The consolidated revenue has decreased by RM2.36 million or 19.95% from RM11.83 million in FY2021 to RM9.47 million in FY2022 (after eliminating inter-company sales). As such, MIPCP's PBT has declined considerably by RM1.65 million or 140.41% YoY due to the increased cost of raw materials, specifically resin iso and resin ortho, which have increased in line with the global price hike. Singapore market continues to be MIPCP's main market in FY2023.

G-Cast UHPC: G-Cast UHPC endured a LBT of RM1.45 million in FY2022 as compared to LBT in prior year of RM3.80 million. This was consistent with the YoY increase in revenue by RM2.38 million or 108.73%. The decrease in losses was attributed to the downsizing of non-productive factory and supporting department in order to reduce the losses.

Starken AAC 2: The revenue increased by RM29.99 million or 55.35% YoY. As such, Starken AAC 2 has turned around from the last year's LBT of RM2.04 million to a PBT of RM1.85 million. Starken AAC 2 has endured consecutive losses for the past four years due to the low production utilisation rate and low sales. However, this new AAC production line located at Kota Tinggi, Johor, with an installed capacity of 600,000m3 managed to turn around due to the increased demand for their IBS products resulted from the shortage of foreign labour in the Singapore market. The export sales of panels and blocks to Singapore have surged after the lifting of the Covid-19 Circuit Breaker, with 39.41% of Starken AAC 2's sales being exported to Singapore. The export of AAC blocks by Starken AAC 2 to the Philippines market has also grown steadily when compared to the preceding year. Starken AAC 2 will continue to penetrate and expand its overseas market to fill up the excess capacity.

Green Cement: The increase in revenue of RM3.06 million and PBT of RM1.47 million was derived solely from the sale of extra PFA to Chin Hin's related companies and a few third-party clients. The bottom ash collected from both Tanjung Bin Power and Tanjung Bin Energy power plants was used as raw material for producing precast concrete pipes and ready-mixed concrete products within the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF OPERATING ACTIVITIES (CONT'D)

### SEGMENTAL OVERVIEW (CONT'D)

#### Building Materials Division (Cont'd)

**Manufacturing of AAC and precast concrete products (Cont'd)**

GIBS: This company started its operation just last year with a minimal revenue of RM0.53 million and LBT of RM0.06 million recorded for this year. It engaged in the manufacturing and selling of soil stabiliser.

Starken Paint: The majority of sales were contributed by the trading of dipping and anti-rust paint, which formed approximately 87.18% of its revenue. However, due to these low sales, Starken Paint has suffered a loss of RM0.26 million.

**Manufacturing of wire mesh**

The construction industry showed a good recovery after our post-Covid border opening from 1 April 2022. The industry's quarterly work done was -6.1%, 6.1%, 23.2% and 15.7% respectively. Non-residential and civil engineering sectors contributed approximately 68% of the total work done value, while the residential sector (Metex Steel's primary market) contributed 21.80%. However, throughout the year, the industry was badly affected by labour shortage, resulting in delays in construction projects till early 2023.

Geographically, more work done was recorded in Selangor, Federal Territory and Sarawak, which benefited Metex Steel due to our location.

As for steel prices, specifically for wire rods, pricing surged immediately after the Chinese New Year in February 2022 till June 2022, with a cumulative rate of 8%. However, prices took a heavy and prolonged downtrend from July 2022 till year-end, with a cumulative rate of 20%. Both of these events provided opportunities and challenges for the mesh industry.

In the first half of 2022, Metex Steel lost some opportunities to capture good-margin standard sheet volume and had to control building its order bank due to labour issues, which negatively impacted this sector when faced with weaker market demand in the second half of 2022. As a result of the surge in steel price, the manufacturing of wire mesh segment recorded a total revenue of RM178.46 million in FY2022, representing an increase of 8.21% as compared to RM164.92 million recorded in FY2021, and contributed 10.95% (FY2021: 14.34%) of the Group's consolidated revenue. However, PBT has declined by RM1.77 million or 35.15% YoY due to the reasons as mentioned above.

**Modular building solutions**

Metex Modular Sdn. Bhd. ("**Metex Modular**") recognised RM0.08 million of revenue, which declined by RM0.37 million or 81.53% YoY. This segment contributed 0.01% (FY2021: 0.04%) of the Group's consolidated revenue. The revenue from modular building solutions in the current year was negligible as Metex Modular has yet to secure any new projects during the year. As a result, this segment recorded a LBT of RM1.59 million as compared to a LBT of RM4.17 million in the preceding year. 74.63% (RM1.18 million) of the losses sustained by this company was caused by the inter-company interest charged.

**Sanitaryware and fittings Solutions**

The acquisition of Addington was completed on 1 December 2021. For the FY2022, Addington recorded a revenue of RM1.22 million as compared to RM0.10 million in FY2021. Addington suffered a LBT of RM0.88 million in this financial year (FY2021: RM0.03 million).

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## REVIEW OF OPERATING ACTIVITIES (CONT'D)

### SEGMENTAL OVERVIEW (CONT'D)

#### Vehicle Division

**Manufacturing and trading of commercial vehicles and bodyworks**

The revenue for the manufacturing and trading of commercial vehicles and bodyworks increased by RM50.79 million or 105.34% YoY as the division managed to increase the selling price for rebuilt vehicles due to the global semiconductor chip shortage on brand new vehicles. The global chip shortage, which was triggered by the pandemic, has been exacerbated by the ongoing Russia-Ukraine war. Therefore, it has boosted the demand for rebuilt vehicles. This segment contributed 6.07% (FY2021: 4.19%) of the Group's consolidated revenue. As a result of the remarkable increase in revenue, this division recorded a considerable increase in PBT of RM4.11 million or 239.85% YoY.

**Rental and fleet management services**

For the rental and fleet management services segment, revenue was recorded at RM2.92 million, reflecting an increase of RM1.67 million or 133.75% YoY with a PBT of RM0.83 million. This segment contributed 0.18% (FY2021: 0.11%) of the Group's consolidated revenue. The majority of the rental and fleet management services was provided to Lotus's Stores (M) Sdn. Bhd. ("**Lotus's**").

#### Property Development and Construction Division

**Property development**

The revenue for the property development division recorded at RM1.62 million, representing a reduction of RM0.79 million or 32.81% YoY with a LBT of RM9.81 million (FY2021: RM3.09 million). This segment contributed 0.10% (FY2021: 0.21%) of the Group's consolidated revenue. The huge LBT was primarily due to the reclassification of share of profit entitlement from Stellar 8 into joint venture account.

**Construction**

For the construction segment, revenue and profit before tax recorded at RM223.47 million and RM10.70 million respectively after the completion of the acquisition of Kayangan Kemas in the last quarter of 2021 and Makna Setia in the second quarter of 2022. This segment contributed 13.71% (FY2021: 2.82%) of the Group's consolidated revenue.

Picture: Quaver Residence is a 99-year leasehold service residence, located in Seri Kembangan, Selangor. This project is undertaken by Quaver Sdn Bhd, a company that recently acquired by CHGP.

The majority of the revenue and profit derived from the construction projects of Kayangan Kemas, including the construction of car park building for Intel's Pelican in Penang, the extension building to Miri Hospital in Sarawak, Hospital Sri Iskandar in Perak, structural and underground piping work for K5-CUB Building in Kedah, Hospital Langkawi, KPJ Kuala Selangor, design and build of community halls and other related works in Grisek, Bukit Pasir and Bukit Kepong, Johor.

Whereas for the infrastructure projects undertaken by Makna Setia in FY2022 comprised the Construction of Reinforced Concrete Pile Cap, Piers, Portal Crosshead for the Mainline of Suke Highway Sungai Besi-Ulu Kelang (Package CA2), Construction of the Entrance Bridge at Jalan SS8/2 Kelana Jaya, Construction of Elevated Bridge for the development of Serene Condominium and Upgrading Bridge at Dataran Bandar Utama (Phase 3).

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## THE GROUP'S PROSPECTS

The past two to three years have witnessed several major global events that have greatly disrupted supply chain continuity and adversely impacted production levels worldwide. As such, the unit price index for all building of materials has increased significantly between 1.8% to 11.8% in December 2022 as compared to the same period of previous year. Inflation has already crept upward, and these inflationary pressures are aggravated with the weakening of Ringgit due to higher interest rates in the United States. The Malaysian government has tightened up the monetary policy to curb inflation by raising the OPR for the fourth consecutive time, totalling 100 basis points to 2.75%. It has posted great challenges to our manufacturing of building materials sector and the Company as a whole. The Group has repositioned itself to cope with the challenges and remain vigilant for new prospects.

Several research houses have projected Malaysian 2023's GDP growth at a sluggish pace of 4.3% (2022: 8.6%), mainly due to weaker external demand and waning discretionary spending as the cost-of-living rises. Meanwhile, fiscal support and China's reopening prospect could limit the downside to growth. The newly elected government is expected to continue employing a mild expansionary fiscal policy, with the continuation of various subsidies and the resumption of development projects to steer the country through the global growth slowdown.

Chin Hin has continued to adopt a cautious and prudent strategy in focusing on consolidating its existing businesses, closing or turning around the loss-making investments and initiating cost optimisation measures via digitalisation and automation across plant-wide and office-wide operations to lower down its operation cost and to stay competitive in the market. Besides, Chin Hin will also continue its expansion strategy to acquire the related building materials upstream and downstream company which is complement to its existing business.

### TRADING SECTOR

The trading sector managed to excel in FY2022 despite the negative effects of Covid-19 pandemic and global economic uncertainty. Despite these challenges, the trading division has continued to fortify its position as the leading building materials supplier and distributor in the Country. The focus has been on expanding the customer base and geographical coverage by providing excellent customer service to retain customer loyalty and being prudent in our credit management to mitigate credit risk.

However, based on the forecasted economic growth of 4% to 5% for 2023, we expect slower growth for the Malaysian construction sector which has been plagued by significant price hikes in raw materials especially steel, aluminium and copper, the Russian invasion to Ukraine, shortages of labour supply and a lack of new mega projects being announced in the local scene apart from the East Coast Rail Link and MRT 3.

Despite the above, on a positive note, higher development budget of RM95.00 billion from RM75.50 billion in the 2022 budget, relaxed prohibition on foreign labour intake approval, Bank Negara Malaysia pausing on interest rate hike are expected to provide much-needed support and benefit the entire sector or industry.

The distribution of the building materials sector will continue to be vigilant at all times and strengthen its fundamental, work processes, prudent credit evaluation and employee training as preparation to seize opportunities to increase revenue and profitability. Apart from ongoing and newly awarded external projects, the sector has the added edge of tapping and leveraging its own group's in-house jobs on hand worth approximately RM360 million under Kayangan Kemas. Through group synergy in terms of revenue and cost optimisation, the distribution of the building materials sector can offer a wider range of products, especially Fiamma Holdings Berhad ("**Fiamma**")'s electrical home appliances to its existing retail or modern hardware dealers and projects undertaken by our customers.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## THE GROUP'S PROSPECTS (CONT'D)

### MANUFACTURING OF AAC AND PRECAST CONCRETE PRODUCTS SECTOR

#### Starken AAC

The residential property market is expected to face some headwinds and challenging conditions in 2023 and will probably register a slight slowdown in its pace of growth but is not likely to reverse gears along its recovery path. For 2023, the landed residential sector will continue to record growth of between 3% and 5%. However, it is expected that the high-rise residential segment will face challenges.

Starken AAC is the preferred and reliable lightweight AAC partner of property developers and government investment projects. Through our advanced German green energy-saving technologies, Starken AAC blocks and wall panels make buildings safer, more comfortable, more energy-efficient, sound resistant and more durable. These features bring higher value and increased brand reputation to the property projects that use Starken AAC products effectively. Starken AAC wall systems comply with CIDB's IBS classification and criteria with IBS factors of 0.5 and 1 for blocks and panels respectively. Due to their excellent features, they have gain popularity, especially in Singapore and the Philippines markets. The export of AAC blocks and wall panels by Starken AAC to the neighbouring countries such as Singapore, Philippines and Australia have increased steadily compared to FY2021. Starken AAC's order bank as at end of December 2022 stood at RM97.30 million.

Our Starken AAC 2's AAC production line with 600,000m3 installed capacity located at Kota Tinggi, Johor is maintaining its production utilisation rate at 58% in FY2022. Starken AAC 2's majority deliveries are to private high-rise projects, hospitals, Housing & Development Board ("**HDB**") projects, landed property, MRT, nursing homes and hospitals in Singapore. Almost all the panels produced by Starken AAC 2 are being exported to Singapore. In view of the strong demand from Singapore, Starken AAC 2 is planning to increase its production output to fulfil the demand there.

Picture: The Microsoft Data Centre at Cyberjaya is using Starken AAC's blocks and wall panels.

Picture: South Korea Nexilis Copper Foil Factory, a producer for electric vehicle ("EV") batteries located at Kota Kinabalu Industrial Park, Sabah, is using Starken AAC wall panels. This factory is South Korea Nexilis's first overseas investment, which costs RM2.30 million with an annual production capacity of 50,000 tonnes.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## THE GROUP'S PROSPECTS (CONT'D)

### MANUFACTURING OF AAC AND PRECAST CONCRETE PRODUCTS SECTOR (CONT'D)

#### Starken AAC (Cont'd)

Picture: Starken AAC supplied the AAC wall panels to Kompleks Kluster Koko Ranau, Sabah.

Picture: Water Villa at Maldives is using Starken AAC wall panels.

#### G-Cast Concrete

Our precast concrete plants located at Serendah, Kulai, Bidor, Rawang, Kota Tinggi and Kuantan with a total capacity of up to 600,000 metric tonnes per annum have enabled Chin Hin to undertake more infrastructure precast concrete projects that require added technical expertise, particularly within the railway sub-sector.

G-Cast Concrete's products are proven and certified by the Malaysian government and are applicable to various projects such as residential, commercial and standard JKR buildings. G-Cast Concrete's products were certified by Suruhanjaya Perkhidmatan Air Negara ("**SPAN**") and are environmentally friendly, certified under the Sirim Eco-Labelling Scheme. G-Cast Concrete has lately been awarded a new contract to supply jetty for Kemaman Jetty and to supply Eco-Module for Kampung Periuk, Kuala Lumpur. The progress in securing more projects in the Philippines and Singapore is very promising since G-Cast Concrete has grabbed a strong footing in these two countries. G-Cast Concrete will continuous to bid for more new contracts locally and overseas to replenish its order book.

G-Cast Concrete continues to supply prestressed beams, jacking pipes, crossheads, cable troughs, manholes, arch culverts, concrete caissons, long span girders, box culverts, U-drain, pipe culverts, rebated joint pipe, reinforced earth wall ("**RE Wall**"), L Wall and eco modules to the mega infrastructure projects in town such as Light Rail Transit ("**LRT**") 3, MRT 2, Kota Bharu-Kulai Krai Highway, West Coast Expressway, Central Spine Road, East Coast Rail Link ("**ECRL**"), EDTP Gemas-Johor Bahru, Kuala Terengganu Bypass and the Johor Bahru-Singapore Rapid Transit System ("**RTS**") Link.

Picture: Precast RC T slab beams were supplied to customer namely Apex Communication Sdn Bhd for project LRT 3 Package GS05 Station 12 Dato Menteri Station and Station 14 UITM Shah Alam. The beams serve as slabs for LRT station.

Picture: Precast Ribbed Arch Culverts RAC 6025 were supplied to customer namely IJM Construction for project West Coast Expressway Section 02. These culverts serve as a bridge for river crossing.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## THE GROUP'S PROSPECTS (CONT'D)

### MANUFACTURING OF AAC AND PRECAST CONCRETE PRODUCTS SECTOR (CONT'D)

#### G-Cast Concrete (Cont'd)

Picture: Precast Uni-Culverts were supplied to East Coast Rail Link ("**ECRL**") Section 5 to storm water drainage underneath ECRL railway.

Picture: Precast Ribbed Arch Culverts RAC 12035 were supplied to customer namely Pembinaan Tetap Teguh for Kota Elmina Township as a bridge for river crossing.

Picture: Precast Tee Slabs were supplied to Light Rati Transit Line 3 (LRT 3) from Bandar Utama to Johan Setia Package Eastern Corridor G305-Station 12 (Dato Menteri Station) and Station 14 (UiTM Shah Alam).

#### Green Cement

Chin Hin continues to source its supply of PFA from Jimah Energy Ventures Sdn. Bhd. and Tanjung Bin Energy Sdn. Bhd. ("**TBE**") plants for FY2023. Besides, the Company also gets the supply of bottom ash from the TBE plant. Overall, Chin Hin has benefitted in terms of lower raw material costs and it is part of our sustainability initiatives to consume the recycled ash as construction and infrastructure material.

Green Cement possesses the technology to process and recycle waste materials to be utilised as feedstock for industrial use, offering environmental advantages which are of great importance in the present context of the sustainability of natural resources. In view of the inflation and currency depreciation, the buyer looks for alternative materials for cost savings. Hence, Green Cement's key initiative for 2023 is to enhance the performance of its current products, in the same breath explore new products through intensive Research and Development ("**R&D**") to strike for sustainability and continuality.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## THE GROUP'S PROSPECTS (CONT'D)

### MANUFACTURING OF AAC AND PRECAST CONCRETE PRODUCTS SECTOR (CONT'D)

#### MI Polymer Concrete Products ("MIPCP")

MIPCP has conducted long-term tests of its Mipipes® for 10,000 hours (14 months) in solutions of pH1 and pH10 as per international standards to confirm the endurance and long life even under the load and chemical attack. Mipipes® are capable of withstanding beyond 100 years of design life and are 1.7 times stronger than those specifications and requirements in DIN 54815. Mipipes® are also in compliance with BS EN 14636-1:2009. This accreditation has enhanced our presence locally and regionally, especially in Singapore, Philippines, Indonesia and Australia.

The unique design of Mi polymer pipes with its internal glass reinforced plastic ("**GRP**") liner makes them totally corrosion resistant to all chemicals found in water, sewage, and the ground. The Jacking Pipes produced by MIPCP are the ideal products for installation using Trenchless Technology which minimises the surface disruption and traffic congestion. MIPCP has obtained Category (A) approval from Suruhanjaya Perkhidmatan Air Negara ("**SPAN**") on 4 December 2019 for its complete range of Polymer Concrete Pipes and Fittings. We are still waiting for the new Malaysian Sewerage Industry Guidelines ("**MSIG**") to be adopted which has incorporated our polymer pipes.

In order to penetrate into the international markets and protect our brand, MIPCP has registered the Mipipes® trademark in the countries like Australia, India and the Philippines. In addition, we have also registered the Midrains® in Malaysia.

The year 2023 is very promising with clear signs that the market is slowly and gradually rising back to pre-covid levels. MIPCP continues its efforts to venture into new markets in the region to facilitate its growth and long-term sustainability, as well as resilience against dependence on a single market.

R&D work is an essential part of the activities in Mi Polymer, and new product development is on-going. These new products will act as a catalyst to penetrate new markets, as well as increase its value as a reliable solution provider to their customers.

Picture: Mipipes® Polymer Concrete Jacking Pipe being lowered down the shaft in preparation for jacking at a Singapore site.

#### Starken Drymix

Starken Drymix is the leading industrial mortars manufacturer in Malaysia which is widely recognised for its innovative products, quality consistency and value-added services. Starken Drymix has invested in the state-of-the-art automated machineries with 240,000 tonnes annual capacity and fully equipped laboratory facilities at Bidor, Perak. Starken Drymix offers a full range of industrial mortars solutions which includes skim coats, pre-mixed renders and screeds, tile adhesives, tile grouts, admixtures, waterproofing, non-shrink grouts and repair mortars for various construction applications of new works and renovation projects. Starken Drymix has launched its maiden Jet Series officially in 2022. Jet Series is a mechanised solution for plastering and skim coating works, which is sprayable and pumpable. Bundled with the machinery, the advanced formulations enable improved speed and efficiency with minimum manpower allocation at the site to resolve the labour woes in the construction sector. The Bidor plant is currently running at full capacity.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## THE GROUP'S PROSPECTS (CONT'D)

### Metex Steel

Global steel prices have begun to escalate since mid-December 2022 by about 7% to 12%, mainly resulted from the energy crisis. With China opening its borders on 8 January 2023 and its economy, the demand for steel is expected to gradually surge. The government announced an increase in Imbalance Cost Pass Through ("**ICPT**") surcharge from 3.7 sen per Kwh to 20 sen per Kwh effective January 2023. All these factors have made the mesh business even more challenging in 2023.

With the following key measures laid down in budget 2023, it will directly or indirectly boost the real estate sector which includes:

1) Construction of 12,400 units of low-cost houses under Program Perumahan Rakyat ("**PPR**") and 4,250 Rumah Mesra Rakyat by Syarikat Perumahan Negara Bhd;
2) An increase in allocation to RM5.0 billion for Jaminan Kredit Perumahan;
3) Strengthening the development of Iskandar Malaysia in Johor via the creation of a special financial zone and competitive remuneration package to attract international investors and skilled workers to settle down in Malaysia;
4) Continuing the exemption of stamp duty for first home ownership with a full exemption on properties worth below RM500,000, and 75% exemption on the properties priced between RM500,001 to RM1.0 million; and
5) RM5.0 billion for Housing Credit Guarantee Scheme for gig workers.

However, other pressing issues such as highly fluctuating construction material costs and tight skilled labour will continue to impact construction growth.

Metex Steel has continued to put in place strategies to gain more market share and remain its dominance in 2023, especially in the cut-to-size mesh segment where we specialise in. Metex Steel will continue to build a strong technical and design support team by offering optimum yet competitive costing to the industry to broaden its revenue base. Metex Steel's plant in Nilai is currently running at full capacity.

Picture: Metex Steel supplied cut-to-size wire mesh to Courtyard, Setia Alam. This project was completed in 2022.

Picture: Metex Steel supplied cut-to-size wire mesh to the Valley Residence @ Sky Sierra, Setia Wangsa. This project will be completed in 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## THE GROUP'S PROSPECTS (CONT'D)

### CHGP – Rebuilt Commercial Vehicles Business

Our rebuilt commercial vehicles division has upgraded its services by offering customers with warranty, free-service and more service centres throughout Peninsula Malaysia. The pandemic has caused the loan application from the banks more stringent, in view of higher default risk. Hence, many consumers have turned to rebuilt vehicles with lower cost and flexible payment options offered by our dealers. The success of online business has led to the emergence of new entrepreneurs and hence spring up more logistic partners that are enjoying the lower vehicles cost with the same efficiency as new vehicles.

Picture: With the upgraded value-added services i.e. warranty, free service and more service centres throughout Peninsula Malaysia, our rebuilt vehicles are as competitive as new vehicles. The assembly of rebuilt vehicles fulfil the requirements and guidelines set by the regulatory boards, ensuring their safety.

### CHGP – Property and Construction business

The Group is planning two new launches i.e., Avantro Residences at Bandar Kinrara and Ayanna Resort Residences at Bukit Jalil in 2023 with a total Gross Development Value ("**GDV**") of RM1.36 billion. Our "8th & Stellar" Joint Development Project is due for completion by 3rd quarter of 2023. The project, was almost fully sold, is strategically located at the prime address of Sri Petaling, Kuala Lumpur is an integrated development comprising apartments, offices, and retail spaces. In the pipeline, CHGP is developing one more new project at Rawang which has an estimated GDV of RM342.38 million. This project is targeted to be launched in 2024.

All the major infrastructure construction projects i.e., MRT3 Circle Line's four major contract packages, the East Coast Rail Link ("**ECRL**") project and the Malaysian government's recent announcement on their planning to expedite the revival of the aborted High Speed Railway project ("**HSR**") with Singapore are expected to keep driving the growth of the construction industry in Malaysia over the next three to four years. The recent acquisition of Makna Setia will enable the construction division to diversify further and tap into infrastructure projects.

Kayangan Kemas has managed to secure a remarkable construction contract worth RM330.00 million in July 2022 to supply, execute, and complete the Shell & Core Works Site Substructure & Superstructure for the Intel Pelican Project in Penang. In August 2022, Kayangan Kemas has secured a contract from a related party, Ace Logistic Sdn Bhd, to design and construct a proposed single-storey factory with 3-storey office and hostel at Mukim Labu, Bandar Baru Enstek, Negeri Sembilan for a contract sum of RM57.10 million. The proposed project has been approved by CHGP's shareholders in the extraordinary general meeting ("**EGM**") convened in December 2022. The construction division's outstanding order book stands at RM1.30 billion as of 31 December 2022, which will keep the company busy for the next two to three years.

The Group remains committed to pursue business expansion opportunities by actively seeking for new government and private construction projects and acquiring strategic landbank for property development to ensure a sustainable business growth in the long run.

Picture: Kayangan Kemas involved in the construction of substructure and superstructure works for the Intel Pelican project in Penang

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## THE GROUP'S PROSPECTS (CONT'D)

### Associate – Home and Living Solutions

Our associate, Signature has carried out multiple acquisitions in 2022 which comprised the following:

(i) Acquisition of 51% equity stake in Space Alliance Contract Group, an Interior Fit-out specialist;
(ii) Acquisition of 23.7% equity stake in Fiamma, home & kitchen electrical appliances, medical devices, and healthcare products distributor;
(iii) Proposed acquisition of 75% equity stake in Corten Interior Solutions Pte Ltd ("**Corten**") and 100% equity stake in Areal Interior Solutions Pte Ltd ("**Areal**"), Singapore's largest kitchen and wardrobe company with more than 50% market share of private residential property projects.

Following these acquisitions, Signature Group now owns a strong presence across the wider home and living supply chain and has become a total interior design solutions provider. Signature's New Smart Factory located at Bandar Enstek is expected to be completed by second quarter of 2023. This Smart Factory is a key component of Signature's Industry 4.0 effort. As at the end of December 2022, Signature Group's total order books stood at RM626.00 million i.e., RM177.00 million for Kitchen and Wardrobe Systems, RM235.00 million for Aluminium and Façade segment and RM214.00 million for Interior Fit-Out Works.

### Associate – High Value-Added Safety Glass, Metal Roofing, Metal Door and Window Product

Our newly acquired associate, Ajiya who involve in the high value-added safety glass products, metal roofing, metal door and window frames business continue sourcing for cheaper cost of raw materials with good quality to improve its profitability and to remain competitive for a sustainable long-term growth.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## ANTICIPATED OR KNOWN RISKS

In line with Bursa Malaysia Securities Berhad's regulatory framework on the disclosure requirements, we highlight the key anticipated or known risks that our Group is exposed to, which may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks are disclosed below:

**(i) Industry risks**

Our Group is involved in the distribution and manufacturing of building materials for the construction and property development industries. As such, our Group is exposed to the vagaries of these industries caused by various factors, including political and economic stability, inflation, labour shortages, as well as the increase in raw material costs. Although our Group's management will endeavour to closely monitor and manage our business to mitigate such effects, any adverse changes to the construction and property development industries will adversely affect the business of our Group.

Nevertheless, our Group has been taking effective measures to mitigate the aforementioned risks such as prudent financial management and efficient operating procedures. Further, we constantly keep abreast of economic and regulatory changes relating to our business.

**(ii) Operational risks**

Due to the nature of our Group's operations, interruptions in our Group's operating capabilities through disruption in electricity supply and failure or damage of production machineries or other disruptions to our manufacturing processes due to any outbreaks of diseases including pandemics, may have an adverse effect on our Group's business and financial performance.

To avoid major breakdowns and disruptions to our operations, the electricity supply and relevant equipment are constantly monitored and our production machineries undergo scheduled maintenance.

**(iii) Talent risks**

We attribute our success to the leadership and continued contribution of our key senior management team led by our Group Managing Director, Group CEO, CEO, Group Chief Financial Officer, and Chief Financial Officer. We believe that our continued and future success largely depends on our continued ability to hire, train, motivate and retain our key senior management and technical team comprising engineers and other qualified personnel needed to develop new products, services, and support our existing range of products.

Having a strong key senior management and technical team is vital to maintain the quality of our Group's services and retaining the business confidence of the clients. The loss of these key senior management and technical team simultaneously or within a short span of time without suitable and timely replacement, or our inability to attract and retain qualified and competent personnel, may adversely affect our Group's operations. Separately, the loss of our Group Managing Director, CEO and Chief Financial Officer may also adversely affect our business.

To mitigate such risks, our Human Resource Department has developed a contingency plan for human resource risks such as death, disability and employee's turnover. Effective succession planning such as training and coaching of potential successors can help reduce such risk.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## ANTICIPATED OR KNOWN RISKS (CONT'D)

**(iv) Credit risks**

Our financial performance and position are, to a certain extent, dependent on the creditworthiness of our customers. If our customers are unable to pay us on time or have difficulty in making payments to us, our cash flow will be affected. We generally grant our customers credit terms within the range of thirty (30) to two hundred and ten (210) days. We are exposed to credit risks arising from trade receivables which risks may increase during periods of economic uncertainty or market downturn and are beyond our control.

During the credit application process, our Credit Control Department ("**CCD**") will perform check on the background of our new clients through Central Credit Reference Information System ("**CCRIS**") and Credit Tip-Off Service ("**CTOS**"). Based on the financial data obtained, CCD will recommend the credit limit for management approval. Continuous monitoring of customer payment trends and conducting customer visits are part of our efforts to effectively mitigate the risk of customer default in their payment.

**(v) Competition risks**

The building materials industry in which our Group operates is highly competitive in nature. Although there is intense competition amongst the existing players (both new and existing in the manufacturing of building materials industry), there are high barriers to entry such as high initial capital investment and working capital resources, which lessen the threat from new players entering the industry.

Our strategies are to continually leverage our economies of scale, negotiating power, strong financial resources and a wide distribution network which other market players do not have.

**(vi) Liquidity risks**

There is an inherent timing difference between our trade collections from our customers and payments to our suppliers. Normally, we are granted trade credit terms of between fourteen (14) to hundred and twenty (120) days by our suppliers, whereas our trade collections are between thirty (30) to two hundred and ten (210) days. As such, we are required to fund our purchases from our suppliers, either from internal resources or borrowings. If we are unable to secure adequate financing, our cash flow, operations, growth and expansion plans will be adversely affected.

Our bank borrowings as at 31 December 2022 amounted to approximately RM874.66 million. Any significant increase in interest rates will adversely affect our profitability. However, thus far, we do not experience any significant increase in interest rates levels which has resulted in a material adverse impact on our financial performance.

**(vii) Safety, Health & Environment ("SHE") risk**

SHE hazards can result in penalties by authorities and stop work orders, which may have a significant impact on production timeline in the worst case scenario.

Our strategies include establishing SHE policies and procedures, conducting safety training to promote a safe working environment and conducting regular inspections and reports on unsafe practices by Safety Officer for rectification.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## FORWARD-LOOKING STATEMENT

Moving forward, Chin Hin remains cautiously optimistic on the outlook for FY2023. Our focus will be on continuing to strengthen our position as a conglomerate. In addition, Chin Hin will continue to source for potential business partners in different markets to form strategic alliances. Through collaborations and equity interests in related businesses, the Company is confident in achieving a better economies-of-scale, which would lower the operating costs and optimise profit margin. Diversification of the markets also presents greater opportunities for international growth.

Chin Hin continues to undertake cost cutting measures via digitalisation and automation programs across plant-wide and office-wide operations to lower down its operation costs and to stay competitive in the market.

Despite the tough market conditions, we are gratified that our efforts over the years to build up our own brand and deliver outstanding products as well as service quality have been recognised. As mentioned above, the Group will be focusing on geographical expansion and investing in product development to expand our product offerings. Barring any unforeseen circumstances, Chin Hin envisages a positive outlook for FY2023.

# SUSTAINABILITY STATEMENT

At **CHIN HIN,** sustainability is the **key** to promote value creation to our various stakeholders.

Over the years, Chin Hin Group Berhad ("**Chin Hin**" or "**the Company**") has grown into a billion-ringgit public-listed company. Chin Hin together with its subsidiaries ("**Chin Hin Group**" or "**the Group**") are well-established in the market with eleven (11) business segments, serving customers throughout Malaysia.

As a responsible and sizeable public-listed company, sustainability consideration has been integrated into Chin Hin Group as a whole with the main objective to operate business in a socially responsible manner while achieving business sustainability and creating long-term values for all our stakeholders.

## SCOPE AND REPORTING PERIOD

This Statement narrates the Group's sustainability initiatives and achievements undertaken within the key sustainability pillars, i.e., Economic, Environment, Social and Governance ("**EESG**"), for the year from 1 January 2022 to 31 December 2022 ("**FYE 2022**"), unless stated otherwise. The information included in this Statement covers the Group's business operations across various sectors, as follows: -

**1. INVESTMENT HOLDING AND MANAGEMENT SERVICES**

**2. Building Materials**
- Autoclaved Aerated Concrete ("**AAC**")
- Precast Concrete Products
- Concrete Drymix
- Wire Mesh Products
- Ready-Mixed Concrete
- Provision of Logistics
- Polymer Concrete Pipes
- Modular Building Solutions
- Ultra-High-Performance Concrete ("**UHPC**")
- Sanitaryware and Fittings Solutions

**3. Vehicle**
- Manufacturing and Trading of Commercial Vehicles and Bodyworks
- Rental and Fleet Management Services

**4. Property Development**

**5. Construction**

**6. Other Business by Our Associates**
- Home and Living Solutions
- High Value-Added Safety Glass Products, Metal Roofing, Metal Door and Window Frames, Floor Decks, Metal Ceiling Products
- Distribution of Electrical Home Appliances

## REPORTING GUIDELINES

This Statement is prepared in compliance to the Bursa Malaysia Securities Berhad's ("**Bursa Securities**") Sustainability Reporting Guide (3rd Edition) and is aligned with the Main Market Listing Requirements ("**MMLR**") relating to the Sustainability Statement. We also made reference to the United Nations Sustainable Development Goals ("**UNSDG**") in mapping our material sustainability matters and developing the Group's sustainability strategies.

## FEEDBACK

Feedback from all stakeholders is highly valued as it helps us to improve our sustainability performance and enhance the reporting of this Statement. Relevant comments or queries are welcome to be directed to info@chinhingroup.com.

# SUSTAINABILITY STATEMENT (CONT'D)

## SUSTAINABILITY COMMITMENT

At Chin Hin, we prioritise sustainable practices in all aspects of our operations. Our strategic approaches centred around our commitment towards driving growth, improving operational efficiency, and managing risks related to EESG. These are aimed to create long-term values for our stakeholders while ensuring the long-term success of our business.

Our commitment to sustainability is embedded in the following key pillars: -

**Economic**

We are committed to creating long-term value for our stakeholders by adopting a sustainable approach in our business operations. This includes driving innovation and efficiency to improve our bottom line, as well as identifying and managing potential risks and opportunities in this rapidly changing economic landscape.

**Environment**

Our commitment towards managing environmental impacts is reflected in our implementation of best environmental management practices guided by our comprehensive environmental management program, which ensures full compliance to environmental laws and regulations.

**Social**

We are committed to play a role in advancing the society to a better future as well as to enhance the lives of communities around us through community participation and undertake initiatives that potentially benefit the public.

**Governance**

We are committed to maintaining the highest standards of corporate governance and ethical business conduct. We promote transparency, accountability, integrity and fairness in all our business practices, and we strive to be a responsible corporate citizen that contributes to the betterment of society.

# SUSTAINABILITY STATEMENT (CONT'D)

## SUSTAINABILITY GOVERNANCE STRUCTURE

The Board of Directors ("**the Board**") is tasked with the responsibility of safeguarding the overall effectiveness of the Group's sustainability strategies and management. While the Board holds the ultimate responsibility, they are supported by the committees outlined below. -

**The Board**

- Ultimately accountable for the overall sustainability initiatives and strategies.

**Risk Management Committee ("RMC")**

*Consisted of three (3) Independent Directors*

- Oversee the formulation, management and implementation of risk management and sustainability strategies.
- Assess any new material matters relevant to the Group.
- Report to the Board on any significant sustainability matters.

**Group Risk Management Working Committee**

*Consisted of Group Managing Director ("MD"), Executive Director ("ED"), Group Chief Financial Officer ("GCFO"), Division Group Chief Executive Officers ("GCEOs"), Chief Financial Officers ("CFOs") and Head of Governance, Risk and Compliance.*

- Develop and ensure execution of risk management and sustainability strategies.
- Identify any new material matters relevant to the Group.
- Report to RMC on any significant sustainability matters.

**BU Risk Management Working Committee**

*Consisted of BU CEOs and Head of Department ("HOD") of the various business segments*

- Enforce risk management and sustainability strategies in daily business operations.
- Report to Group Risk Management Working Committee on any issues encountered during implementation of sustainability strategies in daily business operations.

# SUSTAINABILITY STATEMENT (CONT'D)

## STAKEHOLDERS' ENGAGEMENT

Chin Hin acknowledges that effective stakeholder engagement enables the Group to understand the needs and expectation from various stakeholders in order to develop an appropriate and effective sustainable business strategies. During FYE 2022, we have adopted the following approaches to interact with our stakeholders and address their areas of concern: -

| Stakeholders | Areas of Interest/Material Matters | Engagement Approaches |
|---|---|---|
| **Shareholders/ Investors** | • Investment returns and associated risks<br>• Sustainable business growth<br>• Financial and operational performance<br>• Share price performance<br>• Corporate governance | • Quarterly financial results<br>• Annual report<br>• General meetings<br>• Company website<br>• Bursa announcements |
| **Employees** | • Career advancement<br>• Competitive salary and benefits package<br>• Occupational health and safety<br>• Training and development | • Internal communications<br>• Performance appraisal<br>• Training and development programme |
| **Customers** | • Quality products and services<br>• Competitive pricing and on-time delivery<br>• Customer satisfaction<br>• Product development and innovation | • Customer satisfaction survey<br>• Site visit<br>• Company website |
| **Suppliers** | • Sustainable business relationships<br>• Fair and transparent procurement procedures<br>• Credit terms and timely payments | • Supplier evaluation<br>• Physical and virtual communications |
| **Government/ Regulators** | • Legal compliance<br>• Corporate governance<br>• Occupational health and safety | • Compliance audit<br>• Bursa announcements<br>• Renewal of license and permits |
| **Analyst/Media** | • Financial and operational performance<br>• Business growth and expansion plans<br>• Corporate governance<br>• Share price performance | • Quarterly financial results<br>• Annual report<br>• General meetings<br>• Interview sessions<br>• Company website<br>• Bursa announcements |
| **Community** | • Environmental impact from business operations<br>• Local job creation and economic support | • Company website<br>• Internship program |

# SUSTAINABILITY STATEMENT (CONT'D)

## MATERIALITY ASSESSMENT

### Materiality Assessment Process

With the insights gained from various stakeholders, we further conduct materiality assessment on sustainability matters that are important to both our Group and stakeholders. The following materiality assessment process has been employed to achieve this objective: -

**Identification**

Identify relevant sustainability matters across the Group's operations.

**Assessment**

Assess the material matters from the Group and stakeholders' perspectives

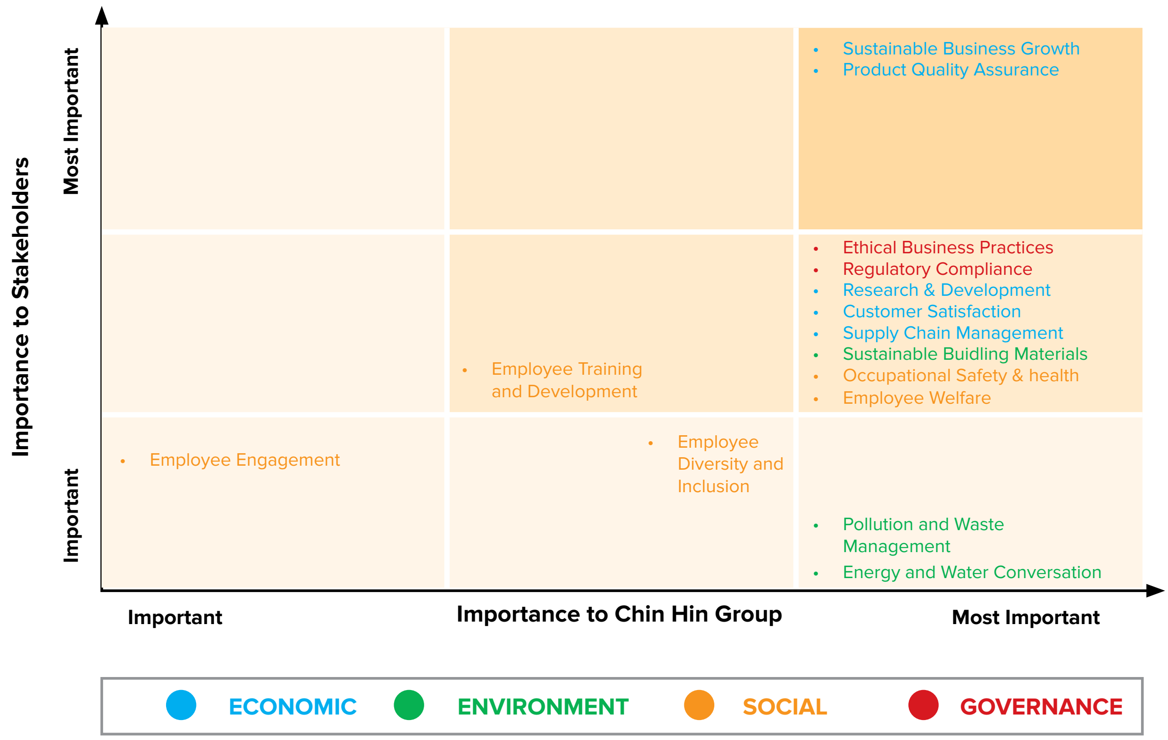
**Prioritisation**

Rank each material matter in accordance to the analysis of impacts to the Group and various stakeholders.

### Materiality Matrix

In FYE 2022, we have revisited and re-assessed the fifteen (15) material matters identified last year and have adjusted their respective ranking this year to better reflect their importance to both the Group and stakeholders following the changes in business environment.

The outcome of materiality assessment for the FYE 2022 have been illustrated in the Material Matters Matrix, scaling from "Important" to "Most Important": -



# SUSTAINABILITY STATEMENT (CONT'D)

## MATERIALITY ASSESSMENT (CONT'D)

### Sustainability Strategies and Mapping of UNSDG

Referring to the material matters that have been determined based on their significance to the Group and stakeholders, we have identified the relevant stakeholders to be focused on in establishing our sustainability strategies.

In order to stay in line with the latest sustainability trend and development, we have also aligned our sustainability strategies with the UNSDG. To this end, we have mapped seven (7) SDGs to our sustainability strategies, as part of our commitment in working towards achieving these goals.

| Material Matters | Stakeholders | Sustainability Strategies | UNSDG |
|---|---|---|---|
| **ECONOMIC** | | | |
| • Sustainable Business Growth<br>• Product Quality Assurance<br>• Research & Development<br>• Customer Satisfaction<br>• Supply Chain Management | • Shareholders/ Investors<br>• Employees<br>• Customers<br>• Suppliers<br>• Analyst/Media | • To grow business sustainably via business acquisition, new product developments and quality control<br>• To understand and strive to meet customers' requirements and expectations<br>• To support local suppliers, whenever viable |  |
| **ENVIRONMENT** | | | |
| • Sustainable Building Materials<br>• Pollution and Waste Management<br>• Energy and Water Conservation | • Government/ Regulators<br>• Employees<br>• Community<br>• Customers<br>• Suppliers | • Continue to introduce green products to the market<br>• To implement proper environmental impact monitoring and undertake green actions to preserve the environment |  |
| **SOCIAL** | | | |
| • Employee Diversity and Inclusion<br>• Occupational Health and Safety<br>• Employee Welfare<br>• Employee Training and Development<br>• Employee Engagement | • Employees<br>• Community<br>• Government/ Regulators | • To create inclusive and conducive workplace<br>• To provide ongoing training programs<br>• To protect employee's health, safety and rights at all times |  |
| **GOVERNANCE** | | | |
| • Ethical Business Practices<br>• Regulatory Compliance | • Government/ Regulators<br>• Shareholders/ Investors<br>• Employees<br>• Customers<br>• Suppliers | • To comply with all applicable rules, laws, regulations and guidelines at all times |  |

# SUSTAINABILITY STATEMENT (CONT'D)

## ECONOMIC

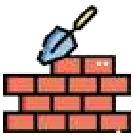
### SUSTAINABLE BUSINESS GROWTH

| | Audited | |
|---|---:|---:|
| | FYE 2021 RM'000 | FYE 2022 RM'000 |
| Revenue | 1,150,317 | 1,629,655 |
| Gross Profit | 97,214 | 132,056 |
| Profit After Tax | 30,969 | 100,972 |

The core operational activities in Chin Hin Group are primarily driven by three (3) divisions, namely the building material division, vehicle division, and property development and construction division.

In FYE 2022, the Group's total revenue stood at RM1.63 billion, representing a 41.67% increase as compared to the revenue of RM1.15 billion reported in the year ended 31 December 2021 ("**FYE 2021**"). The increase in revenue was mainly contributed by the acquisition of two (2) companies within construction division that brought in RM223.47 million revenue to the Group, higher sales of various building materials products as well as higher revenue contributed from our manufacturing and trading of commercial vehicles and bodyworks. Please refer to the Management Discussion and Analysis ("**MD&A**") section of this Annual Report for further details on the Group's financial performance in FYE 2022.


During the year, the Group has been actively seeking for business expansion and diversification opportunities via acquisition of strategic businesses that could synergise with its existing businesses, securing new contracts for supply of building materials, securing new property development and construction projects and expanding its landbank in order to sustain a long-term business growth while contribute towards the achievement of SDG Target 8.2 and 11.3.

*Building Material Division*

Our building material division focus on securing contracts to supply building materials to various construction and infrastructure projects undertook or to be undertaken in various countries including Malaysia, Singapore, India, Philippines and Indonesia.

In FYE 2022, we have secured sixteen (16) contracts to supply a total of 597,000 m3 concrete for various infrastructure projects in Malaysia. Meanwhile, we were also awarded with a few contracts to supply other building materials such as piles, manhole, spigot socket and caisson for the sewerage system in Kepong and Kota Kinabalu.


The above has demonstrated our contribution towards the country's infrastructure development in line with SDG Target 9.1.

Apart from securing new contracts to supply building materials, the Group had on 28 April 2022 acquired 25.2% equity interest in Ajiya Berhad, a public listed company specialising in the manufacturing and supply of building materials, specifically on high value-added safety glass products, metal roofing, metal doors and window frames. This acquisition enables the Group to create synergies and tap into a wider geographical business presence in Malaysia.

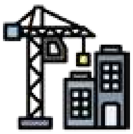
While we eager to expand our building material division business continuously, we are mindful of our manufacturing capacity to cope with the rising market demand. To this end, we have set up a wet and dry batching plant in Kemuning Utama, Shah Alam in FYE 2022 to supply concretes for the construction of a warehouse, featuring a three-storey office and additional facilities that requires an estimated total volume of 140,000 $m^3$ of concretes for a period of 24 months. We have also set up another batching plant at Ampang, Kuala Lumpur to cater for demand from the commercial market.

The Group remains dedicated to secure more contracts to supply building materials to various construction projects within Malaysia and overseas markets and enhance our production capacity and capabilities as and when required.

# SUSTAINABILITY STATEMENT (CONT'D)

## ECONOMIC (CONT'D)

### SUSTAINABLE BUSINESS GROWTH (CONT'D)



*Property Development and Construction Division*

Despite the pandemic-induced slowdown in 2020, the Malaysian property market has shown signs of recovery. According to the Valuation & Property Services Department from the Ministry of Finance Malaysia, there has been an increase in both the volume and value of property transactions in 2022. Meanwhile, the Department of Statistics Malaysia had on 8 February 2023 reported that the construction sector in Malaysia has rebounded by 8.8% in 2022, following two (2) consecutive years of decline since 2019.

Our property development and construction division take note of the positive development within the industry and has been actively exploring opportunities for business expansion and diversification through the acquisition of strategically-aligned companies which can complement to our existing operations, securing new construction projects and expanding landbank.


In FYE 2021, the Group has acquired 65% interest in Kayangan Kemas Sdn Bhd ("**Kayangan Kemas**"), allowing us to leverage on their extensive construction capabilities and experience to accelerate our growth within the construction industry. Building on this success, we have further strengthened our position in the industry by acquiring an additional 30% interest in Kayangan Kemas during FYE 2022, driven by the outstanding performance and valuable synergies brought by Kayangan Kemas to the Group.

In addition, through the acquisition of Makna Setia Sdn Bhd ("**Makna Setia**") in August 2022, the Group has further strengthened its construction foothold by gaining access to the existing infrastructure projects of Makna Setia, which brought in a total revenue of RM28.56 million to the Group immediately in FYE 2022. Makna Setia has completed several notable infrastructure projects such as MRT Package V210, Pan Borneo Highway, WCE, SUKE Highway, Kajang 2 – Jalan Reko Flyover, Bandar Utama Elevated Bridge, and Sunway Serene Scenic Lake Bridge. With this acquisition, the Group has diversified into construction of infrastructure projects and taking one step closer in contributing to SDG Target 9.1.

In addition to the aforementioned acquisitions, the Group had also in December 2022 proposed to acquire 100% interest in Quaver Sdn. Bhd. ("**Quaver**"). Quaver is a housing development company that owns a land located along Persiaran Serdang Perdana within Taman Serdang Perdana Seksyen 6, Seri Kembangan, Selangor. Quaver has obtained the building approval from Majlis Bandaraya Subang Jaya to undertake a mixed commercial development on the said land for a proposed development of 2 blocks of service apartments (684 units) and 15 units of retail lot known as "Quaver Residence".

Apart from business expansion via acquisitions, we strive hard to ensure our property development projects shine bright. Our property development division has placed significant emphasis on marketing initiatives to boost sales for the "8th & Stellar" mixed residential and commercial development project in Sri Petaling, Kuala Lumpur. As at 31 December 2022, the said project has achieved an exceptional sale of 97%.

In addition to the remarkable sales result from our "8th & Stellar" joint development project, the Group targets to launch two (2) new property development projects, namely Avantro Residences at Bandar Kinrara and Ayanna Resort Residences at Bukit Jalil in 2023, with a combined GDV of RM1.36 billion.

The Group is also exploring another one (1) new property development project located at Rawang with a total estimated GDV of RM342.38 million. This project is expected to be launched in 2024.

# SUSTAINABILITY STATEMENT (CONT'D)

## ECONOMIC (CONT'D)

### SUSTAINABLE BUSINESS GROWTH (CONT'D)

***Property Development and Construction Division (Cont'd)***

In addition to property development projects, the Group has continued its efforts to secure new construction contracts so as to maintain a strong order book. In July 2022, Kayangan Kemas managed to secure a notable construction contract worth RM330.0 million to supply, execute, and complete the Shell & Core Works Site Substructure & Superstructure for the Intel Pelican Project in Penang. The duration of this contract is 15 months and shall be completed by the 3rd quarter of year 2023.

Furthermore, Kayangan Kemas had in August 2022 secured a contract from a related party, Ace Logistic Sdn Bhd, to design and construct a proposed single-storey factory with 3-storey office and hostel at Mukim Labu, Bandar Baru Enstek, Negeri Sembilan for a contract sum of RM57.1 million. The said proposed related party project has been approved by Chin Hin Group Property Berhad ("**CHGP**")'s shareholders in the extraordinary general meeting convened in December 2022.

As at the end of December 2022, the construction division of the Group has an outstanding order book worth RM1.3 billion, which is anticipated to contribute positively to the Group's financial performance over the next few years.

Meanwhile, the Group also continued to execute its landbank accumulation strategy by acquiring a piece of freehold land situated at Mukim Petaling, Kuala Lumpur from Frazel Luxe Sdn Bhd for RM85.0 million in cash. The said acquisition was successfully completed in August 2022.

In February 2021, the Group has entered into a conditional sale and purchase agreement with SMD Real Estate Sdn Bhd to acquire a parcel of land situated at Bandar Cyberjaya, Sepang, Selangor for a cash consideration of RM50.2 million. The parties have mutually agreed to extend the conditional period until 6 March 2023, to provide the Group with sufficient time to secure the required funding for the proposed acquisition. The Group has obtained financing from OCBC Bank (Malaysia) Berhad vide its offer letter dated 5 December 2022. With financing in place, the Group is in the midst of seeking further extension of time to now complete the transaction. Due to the unfortunate passing of Dawn Chu Wei-Wern, the then liquidator for the Vendor, the extension of time is pending the approval of the Jabatan Insolvency of Malaysia or the new liquidator to be appointed by the High Court of Malaysia.

The Group remains committed to pursue business expansion opportunities while actively seeking for new construction projects and acquiring landbank for property development in order to ensure a sustainable business growth in long run.

***Vehicle Division***

Despite the challenging commercial vehicles market caused by the weakening Malaysian Ringgit against other major currencies, the Group remains cautiously optimistic on the prospect of its vehicle division due to the strong demand for light/big truck models and prime movers from the logistics and food delivery businesses. In response, the Group will focus on strengthening its marketing efforts for the food truck model and passenger van for the tourism industry in order to increase our market share further.

# ECONOMIC (CONT'D)

## PRODUCT QUALITY ASSURANCE

We understand that business sustainability and continuity are underpinned by the consistent and good quality of products and services delivered to customers. Thus, at Chin Hin, we prioritise the quality of our products and services in meeting the requirements and expectations of our customers. To ensure the reliability, durability and performance of our products, we implement stringent controls in our daily operations. We are glad to share that our products and management systems are certified with the following accreditations: -

| Certifications/Licenses | |
|---|---|
| • SIRIM ECO 023:2010 Eco-Label Mark | • MyHijau for Ecolabelling of Concrete |
| • SIRIM ECO 065:2019 Eco-Label Mark | • Singapore Green Label |
| • SIRIM MS 144:2014 Certification Mark | • Singapore Green Building Product Certificate |
| • SIRIM MS 145:2014 Certification Mark | • Singapore SS 183:1978 Certificate of Conformity Product Listing Scheme: Type 2 |
| • SIRIM MS 146:2014 Certification Mark | • Singapore SS EN 206:2014; SS 544 Part 1 & 2:2014; SAC CT 06:2019 Certificate |
| • SIRIM MS 881-1:1991 Certification Mark | • CIDB Standard Compliance for Construction Materials Certification for IBS and Ready-Mix Concrete |
| • SIRIM MS 881-3:1991 Certification Mark | • IBS Manufacturing and Production Assessment & Certification |
| • SIRIM MS 1293-1:1992 Certification Mark | • SPAN Perakuan Pembekal |
| • SIRIM MS 1064: Part 8: 2001 | • Precaster Accreditation Scheme |
| • SIRIM CIS 21:2018; MS EN 206:2016 | |
| • SIRIM BS 5911-1:2002; A2:2010 | |
| • SIRIM BS 476: Part 22: 1987 | |
| • IKRAM BS EN 14636-1:2009 Certification | |
| • ISO 9001:2015 Quality Management Systems | |

As part of our sustainability efforts, we place emphasis on the transparency of products' information disclosure. We always ensure that our products are properly labelled with accurate details especially on the product composition and any chemical contents, in accordance to the applicable regulations and guidelines. With proper products' disclosure, our customers shall be protected from improper use due to ignorant of the products' contents.

## RESEARCH & DEVELOPMENT ("R&D")

Chin Hin acknowledges that business sustainability relates to achieving economic development without compromising our environmental health and social well-being. As such, the Group continues to undertake R&D to devise environmentally friendly products so as to address market demands in a responsible manner. In FYE 2022, we have successfully launched the following three (3) eco-friendly products: -

(i) Precast Building Components: Single Tee Slab and Shell Beams
(ii) Precast Jetty Components
(iii) Precast Tenaga Nasional Berhad ("**TNB**") Compact Substation Plinth


With SDG Target 8.2 in mind, these products have been developed with a focus on sustainability and efficiency. These products are durable and able to shorten construction processes by offering ready-to-install solutions that minimise labour, time and resources consumption. Their eco-conscious design facilitates quicker installation and thereby improve efficiency and reduce construction time while minimise environmental impact. Our commitment to creating sustainable solutions aims to revolutionise traditional construction methods and provide superior value to our clients.

# SUSTAINABILITY STATEMENT (CONT'D)

## ECONOMIC (CONT'D)

### CUSTOMER SATISFACTION

Customer satisfaction remains a cornerstone of our competitive advantage in the industry. We are dedicated to deliver outstanding quality and service to our customers. To ensure our customers' contentment with our products and services, we conduct annual customer satisfaction surveys to gauge their satisfaction levels and identify any expectation gaps for our continuous improvement. As our subsidiaries varies with different business nature, the respective customer satisfaction survey covers different assessment criteria, but mainly focusing around customer service, product quality, on time delivery and complaint management.

Regardless positive or negative, we take all customers' feedback constructively for our business improvements. We are committed to address our customers' feedback and complaints promptly and professionally in line with the Group's Sales and Marketing Standard Operating Procedures. We are devoted to understand our customers' needs and requirements in order to identify the root cause of our weaknesses and develop corresponding solution thereafter. Where required, we also carry out site visit and site meeting with customers in order to directly address any issues arise.

In FYE 2022, we received 164 complaints, primarily concerning on product quality defects. We have taken appropriate actions to address these complaints and are committed to continue strengthening our product quality checking and monitoring procedures before delivering products to our customers. Through ongoing refinement on our operations, we aim to reinforce our sustainability efforts and preserve our high standards of customer satisfaction.

### SUPPLY CHAIN MANAGEMENT

Maintaining a sustainable and efficient supply chain is essential to ensure that our operations are sustainable and remained uninterrupted. We endeavour to procure high-quality materials and services at fair and competitive prices in an effort to achieve business sustainability via resources optimisation.

In this regard, we focus on regular monitoring and assessment on our suppliers to ensure that their products and services fulfil our requirements at all times. At Chin Hin Group, as business natures varies, our subsidiaries perform supplier evaluation based on respective requirements, including assessing new suppliers before initiating orders or awarding contracts, as well as evaluating existing suppliers at least once a year. We take in several considerations in assessing our suppliers' quality and performance, which include: -

- Quality of products and services;
- Manufacturing capacity;
- Delivery performance;
- Pricing;
- Market reputation; and
- Environmental, Health, and Safety ("**EHS**") compliance.

Suppliers who failed to meet our requirements will be ruled out to ensure the high quality and effectiveness of our supply chain. In FYE 2022, most of our suppliers were able to succeed from our stringent assessment, however, twenty (20) suppliers have been ruled out due to their failure in meeting our requirements.


In line with our pursuit of SDG Target 8.1, we also prioritise local procurement to support and strengthen the local economy. We are delighted to share that majority of our purchases in FYE 2022 are sourced locally.

# ENVIRONMENT

## SUSTAINABLE GREEN BUILDING MATERIALS

At Chin Hin Group, we acknowledge the extensive environmental implications from our business activities, and thus we are committed to embed eco-conscious principles within our operations. In alignment with SDG Target 11.6, 12.2 and 12.5, we thoughtfully integrate innovative and environmentally friendly designs and features into our products. Our focus on providing recyclable and environmentally friendly products demonstrate our dedication to foster a sustainable future and promote environmental stewardship.


### *Starken AAC Products*

Our Starken AAC products are high-performance and sustainable building products that contribute to comfortable and eco-friendly homes and buildings. Their "greenness" are clearly demonstrated in their composition of natural and non-toxic materials which incorporating up to 20% recycled contents.

Our AAC products not only been served as an alternative to the traditional concrete bricks, but also deliver a better performance in view of its sustainable features, including lightweight, thermal comfort, energy savings, water and fire resistance, durable and good-workability. Additionally, our Starken AAC Block and Wall Panel are certified by the Construction Industry Development Board ("**CIDB**") as an Industrialised Building System ("**IBS**") component.

Furthermore, Starken AAC products can be fully recycled at the end of their lifecycle to create new construction materials with easy alteration so as to avoid the hassle of demolishing and rebuilding.

In FYE 2022, we have supplied 596,474 $m^3$ of AAC products to our customers, indicating an increase of 15.6% from the supply of 516,082 $m^3$ in FYE 2021.

# SUSTAINABILITY STATEMENT (CONT'D)

## ENVIRONMENT (CONT'D)

### SUSTAINABLE GREEN BUILDING MATERIALS (CONT'D)

***Polymer Concrete Pipes - Mipipes®***

Our mipipes® are constructed from polymer concrete, providing an exceptional decomposition resistance, long lifespan and require minimal maintenance and repairs subsequent to installation. These features enable our customers to enjoy energy and cost savings. Additionally, mipipes® employ a trenchless technology installation method, which minimises the need for surface excavation and reduces the harmful environmental impact as compared to traditional underground pipeline installation.

Over the years, we have successfully delivered approximately 29.6 km of polymer concrete pipes. In FYE 2022, we supplied 12.1 km of polymer concrete pipes to our customers, representing a 5.4 km decrease as compared to the 17.5 km provided in FYE 2021. The decrease in supply was mainly due to the challenging business environment in its main market at Singapore as a result of the post Covid-19 impacts where raw materials prices surged while progress work at site slowed down due to the labour shortage issue.

***Steel Wire Mesh – Metex Fabric***

Our Metex Fabric production generates less waste and scrap as compared to normal mild steel bars production. This efficient method allows for rapid fabrication while maintaining the full design strength of the concrete structure. The reduced time and labour needed for reinforcement installation in the concrete structure ultimately leads to cost and energy savings for our customers.

Moreover, the metal scrap generated from Metex Fabric has an average recycling rate of 80%. It can be recycled into new steel products through the reproduction process, which decreases the need for new raw materials and contributes to the environment preservation with a more sustainable approach.

# SUSTAINABILITY STATEMENT (CONT'D)

## ENVIRONMENT (CONT'D)

### POLLUTION AND WASTE MANAGEMENT


The Group is dedicated to promote SDG Target 12.4 by implementing effective pollution and waste management strategies in our business operations. In this regard, we have in place both the Chemical Management Policy and Waste Management Policy to guide employees in handling all chemicals and disposing all waste properly in accordance with the applicable environmental regulations. We are proud to share that our environment management system is certified with the ISO 14001:2015 under the scope of "manufacturing of autoclaved aerated concrete products" since 2019.


During our production processes, it is unavoidable that some of our production facilities generate hazardous gases. With SDG Target 11.6 in mind, we have engaged an independent environmental consultant to conduct the annual stack emission monitoring assessment for the FYE 2022. Based on the assessment outcome, we are glad to highlight that the Group has complied to the Environmental Quality (Clean Air) Regulations 2014 with air emitted from our chimneys within the regulated air impurities level.

On top of air pollution, scheduled waste is also our main concern. In compliance with the Department of Environment ("**DOE**") Malaysia guidelines, we always ensure that scheduled wastes generated from our operations are appropriately stored in designated containers located at specified areas with proper labelling to prevent environmental contamination from spillage or leakage.

Guided by our Waste Management Policy, scheduled wastes must be disposed through licensed scheduled waste contractors registered with DOE Malaysia within 180 days or 20mt from generation, whichever earlier. Prior to disposal, all scheduled waste shall also be clearly declared in the Electronic Scheduled Waste Information System ("**eSWIS**") to DOE Malaysia. We have appointed a competent person, who is well-trained and accredited with the Certified Environmental Professional in Scheduled Waste Management ("**CePSWaM**"), to monitor the scheduled waste management in some of our subsidiaries, where relevant. In addition, we also send our employees to attend trainings on scheduled waste management in order to uphold environmental compliance in our best effort.

Apart from scheduled waste, we also generate wastewater and concrete waste from our operations. To ensure proper handling and disposal of such waste, we have undertaken the following practices in our operations: -

- Collect concrete waste in the designated waste collection pit to dry up such waste and dispose it to a regulated transporter thereafter;
- Build an on-site detention ("**OSD**") pond to collect wastewater to prevent any discharge to nearby river or drainage; and
- Build a wastewater treatment plant to treat water.

Although we attempt to practice stringent monitoring, it is with regret that we received a total of RM8,000 monetary fines and seven (7) field citations from the DOE Malaysia in FYE 2022 as a result of improper handling on the disposal of scheduled waste and improper submission of required documents. Moving forward, we will implement more stringent controls to ensure adherence to the Environmental Quality Act 2005 at all times.


As part of our efforts to minimise pollution and waste, we have continued our efforts in recycling coal ash, a harmful by-product generated by coal-fired power stations. Our initiative, in line with SDG Target 12.2, involves collecting coal fly ash and coal bottom ash to recycle into cementitious replacement, eco-sand and filler, respectively.

As a result, these recycled materials will be adopted as a substitute material for our production of higher-grade cements which are stronger, more durable, and eco-friendly. Additionally, we utilise pulverised fuel ash as an ingredient in our concrete production process. In FYE 2022, we successfully collected and recycled approximately 110,640 metric tons of coal fly ash and 2,048 metric tons of coal bottom ash, as compared to 65,000 metric tons of coal fly ash and 3,500 metric tons of coal bottom ash in FYE 2021.

In addition, we have implemented an office sustainability program with the aim of promoting eco-friendly practices in our workplace. The program encourages the use of shared transportation for meetings and promote the adoption of virtual meetings and webinars as an alternative to reduce our carbon footprint arising from physical travelling, aimed at achieving SDG Target 11.6.

# SUSTAINABILITY STATEMENT (CONT'D)

## ENVIRONMENT (CONT'D)

### ENERGY AND WATER CONSERVATION



The Group is well aware on the significant environmental impacts resulted from our water, electrical and petroleum energy consumption spanning across our business operations from distribution of building materials, rebuild and trading of commercial vehicles, property development and construction activities. In line with our commitment towards achieving SDG Target 12.2, we have undertaken a steadfast approach in implementing energy-saving and energy-efficient practices to mitigate the depletion of natural resources.

In FYE 2022, we have effectively utilised 32,284 MT of biomass fuel (derived from renewable organic materials) in replacement of fossil diesel fuel (derived from petroleum) and have sold RM2.67 million worth of solar power generated from the solar panels installed on our Starken AAC and Metex Steel factories rooftop to TNB.

In addition, despite Malaysia's ample rainfall and water resources, we aim to contribute to SDG 6.3 by minimising water usage via recycling practices while not forgetting SDG 12.2. to conserve energy usage. To achieve these goals, our employees are guided by the Group's Energy and Water Management Policy, which outlines our initiatives to conserve energy and water usage for environmental preservation.

These initiatives include: -

| | |
|---|---|
| **Energy Conservation Initiatives** | • To run high electricity consumption machinery such as ball mill at off-peak hours;<br>• To participate program with energy consultant to optimise energy usage;<br>• To perform preventive maintenance for all machines and equipment;<br>• To install power meter for tracking of machine performance;<br>• To reduce energy consumption by converting conventional high bay light to LED light and solar energy generation;<br>• To reduce the energy usage by switching off the batching plant lighting at night, especially the spotlights;<br>• To switch off electricity in office and operation sites whenever not in use;<br>• To monitor for any abnormal energy consumption on monthly basis; and<br>• To monitor and ensure air compressor is operating at optimum level without leakage. |
| **Water Conservation Initiatives** | • To recycle condensate water for production usage;<br>• To recycle water from sump pit for ball mill operation;<br>• To recycle water by enclose cooling system, such as cooling tower and water chiller;<br>• To conduct preventive maintenance for water biller; and<br>• To switch off water tap in office and operation sites whenever not in use. |

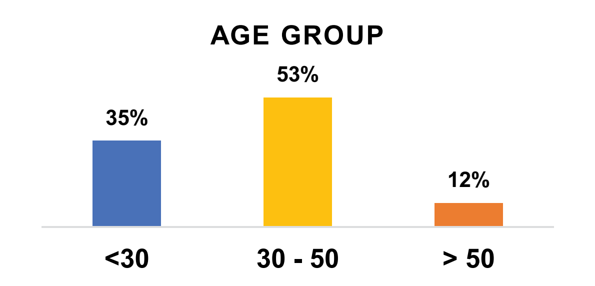
# SUSTAINABILITY STATEMENT (CONT'D)

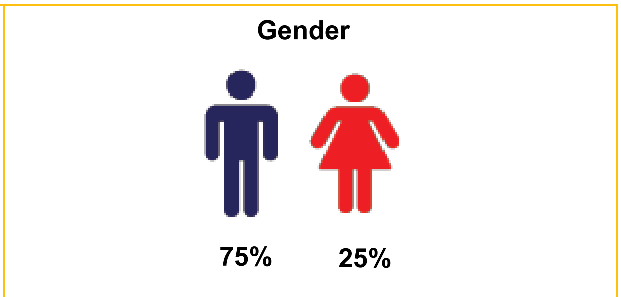
## SOCIAL

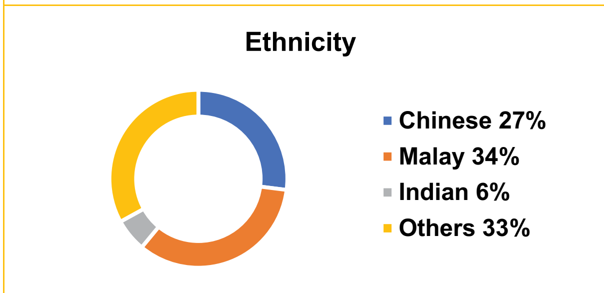
### EMPLOYEE DIVERSITY AND INCLUSION

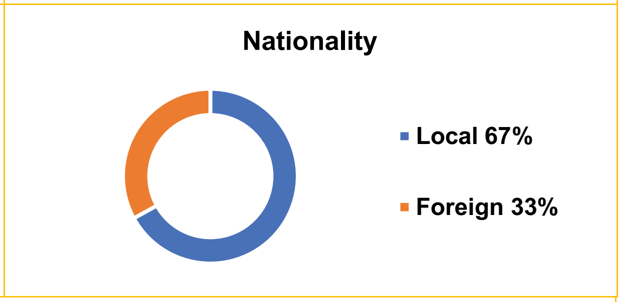

As part of our commitment to SDG Target 10.2, we value and promote workforce diversity and inclusion in Chin Hin Group. We embrace the beauty arising from a diverse team with varying cultural backgrounds, experiences, gender, age groups and religious beliefs which will in turn stimulate creativity, productivity and drive our Group towards a greater success in the long run.

As at 31 December 2022, our workforce consisted of a total of 1,734 employees. The demographic breakdown of our employees is as follows: -





While maintaining a diverse workforce in the Group, we also recognise the importance of maintaining a healthy employee turnover rate to build a sustainable talent pipeline in supporting the Group's long-term growth and success. For FYE 2022, we have recorded an annual employee turnover rate of 25.48%. We will continue to enhance our employee well-being so as to retain the right talent with us in the long run.

# SUSTAINABILITY STATEMENT (CONT'D)

## SOCIAL (CONT'D)

### OCCUPATIONAL HEALTH AND SAFETY


In line with SDG Target 8.8, Chin Hin Group places great emphasis on maintaining a safe and healthy working environment for our employees. Our efforts to promote sound physical and mental health are evidenced through our proactive measures in ensuring employees well-being.

As a large organisation with business operations across three (3) major divisions, we have established several Safety, Health, and Environmental ("**SHE**") Committees at the subsidiary level with respective appropriate structure to better manage SHE matters within the respective division. These committees play a critical role in overseeing and enforcing safety protocols to ensure the safety and health of our employees.

The Group has set forth several SHE Policy for the respective division to guide our employees in maintaining high health and safety standards in the workplace. The key objectives of our SHE Policy are as follows: -

- Provide and maintain a safe and healthy working environment.
- Proper use, handling, storage and transport of products and materials.
- Comply to all applicable statutory and regulatory requirements.
- Prevent safety and health accident and environment pollution.
- Enhance awareness, skill and competency of our employees and contractors to ensure safety for everyone.
- Encourage persons on the premises to co-operate with the Group in all safety manners, in the identification of hazards which may exist and in the reporting of any condition which may appear dangerous or unsatisfactory.
- Provide sufficient information, instruction, education, training and supervision to enable everyone to avoid hazards.
- Continual improvement of our SHE management system and performance.

In support of the implementation of our SHE Policy and commitment to promote safe and healthy working environments, the Group provides ongoing health and safety training programs to our employees. These training programs are aimed to increase awareness and understanding on SHE matters and relevant response measures. Additionally, we conduct regular health and safety evaluations in our workplace to identify potential concerns and develop mitigation strategies.

In FYE 2022, the following health and safety training programs have been conducted for our employees: -

| SHE Training Programs 2022 | |
|---|---|
| **January 2022**<br>• Audiometric / Noise Monitoring<br>• Fire Squad – Intermediate<br>• Understanding of ITP | **February 2022**<br>• Dosh Inspection (PMA/PMT/SLK)<br>• Hearing and Noise Conservation |
| **March 2022**<br>• Authorised Entrant & Standby Person for Confined Space<br>• Innovation & Intervention for QHS2E Continual Improvement<br>• Scheduled Waste Minimisation and Cost Reduction<br>• Safety Day<br>• LEV Monitoring<br>• EASP - Confined Space Competency Entry<br>• Working with Heights Training | **April 2022**<br>• Audiometric / Noise Monitoring<br>• Dark Smoke & Stack Monitoring<br>• Ergonomic & Manual Handling<br>• Electrostatic Precipitator (ESP) Training |
| **May 2022**<br>• Occupational Health & Safety at Workplace<br>• ISO14001 EMS Audit<br>• Understanding of ITP<br>• Hot Work Training<br>• Chemical & Scheduled Waste Management | **June 2022**<br>• Dosh Inspection (PMA/PMT/SLK)<br>• Scaffold Erector |
| **July 2022**<br>• Basic Occupational First Aid, CPR & AED<br>• Dosh Inspection (PMA/PMT/SLK)<br>• Machinery - Eye & Hand Safety<br>• Autoclave Operation | **August 2022**<br>• Occupational Safety and Health<br>• Dark Smoke & Stack Monitoring<br>• Chemical Exposure Monitoring<br>• Safety Committee - Accident Investigation<br>• Electrostatic Precipitator (ESP) Training |

# SUSTAINABILITY STATEMENT (CONT'D)

## SOCIAL (CONT'D)

### OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

| SHE Training Programs 2022 (Cont'd) | |
|---|---|
| **September 2022**<br>• Forklift Skills, Safety & Daily Maintenance<br>• Forklift Training<br>• Fire Safety<br>• Occupational Health & Safety at Workplace<br>• Safe Forklift Handling<br>• Safety and Spinning Operation<br>• Understanding of ITP<br>• Kursus Asas Organisasi Keselamatan Kebakaran | **October 2022**<br>• Basic Occupational First Aid, CPR & AED T<br>• Forklift Skills, Safety & Daily Maintenance<br>• The Environmental Quality Act 1974<br>• Scheduled Waste Management<br>• Goods Storage Safety<br>• Crane Handling |
| **November 2022**<br>• Basic Rigging and Slinging<br>• Certified Environmental Professional in Scheduled Waste Management<br>• Personal Protective Equipment<br>• Emergency Response Team Training<br>• HIRADC & EAI Register Review<br>• Safe Working Near Conveyor | **December 2022**<br>• Scheduled Waste Emergency Management<br>• Dark Smoke & Stack Monitoring<br>• Working at Height<br>• Electrostatic Precipitator (ESP) Training |

In addition to the aforementioned training programs, we conduct Safety Toolbox Talks and SHE Briefings on a regular basis to ensure that employees are well-informed of various safety measures and procedures.

Basic Occupational First Aid, CPR & AED

Safety Toolbox Talk

SHE Briefing

Fire Safety

In FYE 2022, the number of reported injury cases increased to 40 cases from 15 cases reported in FYE 2021. Injury cases reported in FYE 2022 include 9 lost-time injuries, 29 first aid required and 5 minor accidents. We will strive to implement more stringent controls over SHE matters in view of the rising reported injury cases.

# SUSTAINABILITY STATEMENT (CONT'D)

## SOCIAL (CONT'D)

### EMPLOYEE WELFARE



At Chin Hin Group, we value the efforts and contributions from our employees, who are perceived as the essential and precious assets in sustaining and growing our business. In line with SDG Target 8.8 and 10.3, we advocate the protection of labour rights for all employees, regardless of their position within the Group. These labour rights include: -

**Our People's Basic Rights**

**Rights To Freely Choose Employment**

- Work is performed voluntarily. Forced, bonded or involuntary prison labour is prohibited.
- Unlawful employment is neither engaged in nor condoned.
- Employee may freely leave employment once a reasonable notice period has been served.

**Working Hours, Wages, And Benefits**

- Compensations payable to employees shall comply to all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits, and shall be paid on timely manner.

**Freedom of Association**

- Chin Hin respects the rights of employees to associate freely, to decide whether they wish to join labour unions and to seek representation in accordance with relevant laws and regulations.

**Humane Treatment & Non-Discrimination**

- Employee must be treated humanely at all times. Sexual harassment, slavery, punishment, mental or physical coercion, verbal or physical abuse and any forms of intimidation are strictly prohibited.
- Unlawful discrimination irrespective of race, religion, gender, position, status or union membership are also strictly prohibited.
- Every disciplinary issue will be handled based on guidelines and procedure set by Ministry of Human Resources.
- Industrial Relation Department shall conduct training annually to train the respective Line Manager on how to handle disciplinary issues.

On the other hand, we organise various team-building events and activities such as Bowling Tournament and Futsal Tournament, to encourage social interaction, stimulate bonding and foster a healthy work-life balance environment for our employees.

Apart from social wellbeing, we also organised a HR Day to support our people's physical health. During the HR Day, our employees were able to enjoy health screening, optical and chiro consultation services as well as nutrition talk. Employees were also able to seek for HR-related assistance from the KWSP Kiosk and HR Helpdesk conveniently on that day.

# SUSTAINABILITY STATEMENT (CONT'D)

## SOCIAL (CONT'D)

### EMPLOYEE TRAINING AND DEVELOPMENT

The Group believe that investing in the learning and development of our employees is crucial in ensuring the Group's sustainable growth and success. We prioritise the development of leadership capabilities and tend to foster a results-driven work environment that promotes operational excellence and efficiency.

As part of our employee onboarding process, all new hires are required to attend the New Staff Orientation and Core Value Workshop. This workshop provides an overview of the Group's background, values, and work culture, ensuring that the new joiners are well-aware and aligned with our vision and mission from the beginning of their career journey with us.

In FYE 2022, Chin Hin Group has invested RM0.17 million in training courses to sharpen our employees' technical skills and knowledge, as well as to develop their leadership and personal skills for career advancement as follows: -

| Date | Topic |
|---|---|
| Monthly | New Staff Orientation Programme<br>Performance Management<br>Chin Hin Core Value<br>Control of Document<br>Boiler Water Treatment |
| January 2022 | Quality Policy<br>Top Fabric BRC (Slab) Training |
| February 2022 | Raw Material Testing<br>Reject Criteria<br>AAC Production<br>General Preventive Maintenance Training |
| March 2022 | HR Best Practices 2021<br>In-process Checking<br>Loading Activity<br>Cutting Line Operation<br>Packing Line Operation<br>Basic Boiler Operation & Maintenance<br>5S Training<br>General Butterfly Valve Training<br>Inventory Training<br>Power Tools Training<br>Sling and Angle Bar Inspection Training |
| April 2022 | Microsoft Excel Training Course<br>Reject Criteria<br>Batching Operation<br>General Hydraulic System Training<br>General Pneumatic System Training<br>Stock Movement (FIFO) Training |
| May 2022 | Effective Inventory and Storage Management<br>Raw Material Testing<br>General Lubrication Training<br>Stock Movement (FIFO) Training<br>QC Checklist Digitalisation (Joget System)<br>QLASSIC Assessor |

# SUSTAINABILITY STATEMENT (CONT'D)

## SOCIAL (CONT'D)

### EMPLOYEE TRAINING AND DEVELOPMENT (CONT'D)

| Date | Topic |
|---|---|
| June 2022 | ISO 9001:2015 Internal Auditing<br>Density Inspection Procedure<br>Reject Criteria<br>Cutting Line Operation<br>Panel Preparation Operation<br>Basic Boiler Operation & Maintenance<br>Confined Space Training<br>Boiler HIRARC Training<br>5S Training<br>General Preventive Maintenance Training<br>Inventory Training<br>Stock Management (FG Arrangement and Layout Improvement)<br>QC Checklist Digitalisation (Joget System) |
| July 2022 | Strategic Purchasing Techniques for Effective Buying<br>Power Bi (For Beginners)<br>Power Bi (Introduction)<br>Employment Act 1955 & Amendments<br>Delivering Quality Customer Service<br>Microsoft Excel Training Course<br>People Management & Leadership Competency<br>In-process Checking<br>Loading Activity<br>Autoclave Operation<br>Ball Mill & Material<br>General Butterfly Valve Training<br>Stock Management (FG Arrangement and Layout Improvement) |
| August 2022 | Comprehensive Guide to Consolidated Financial Statement<br>Microsoft Excel Training Course<br>Internal Quality Auditor Course Auditing the ISO 9001:2015 Quality Management System<br>ISO Awareness Training 2022 (Internal Trainer)<br>Understanding Customs Regulations & Update Procedure in Malaysia<br>Webinar Towards Understanding Customs Regulations & Update Procedure In Malaysia<br>Bottom Fabric BRC (Slab) Training<br>Raw Material Testing<br>Reject Criteria<br>General Lubrication Training<br>Truck Load Training |
| September 2022 | Preparation & Presentation of Consolidated Financial Statements<br>Basic Boiler Operation & Maintenance<br>5S Training<br>General Hydraulic System Training<br>General Pneumatic System Training |

# SUSTAINABILITY STATEMENT (CONT'D)

## SOCIAL (CONT'D)

### EMPLOYEE TRAINING AND DEVELOPMENT (CONT'D)

| Date | Topic |
|---|---|
| October 2022 | Malaysian Taxation<br>Documentation & Data Control Training<br>Bottom Mesh Scheduling<br>Auditing The ISO 9001:2015 Quality Management System<br>Reject Criteria<br>Unloading Operation<br>Power Tools Training<br>Low Mould, Ball Mill Sand Feeding & Dimensions Cutting<br>Handling of Finished Goods and Lab Testings<br>Auditing the ISO 9001:2015 Quality Management System |
| November 2022 | Tax & Business Summit 2022<br>Top Mesh Scheduling<br>Vistage Chief Executive Program<br>MFRS 13 Fair Value Measurements<br>Problem Solving With 7QC Tools<br>REHDA Property: Heads of Sales Summit & Industry Brainstorming<br>Advanced Supervisory Development Skills<br>Quality Customer Service<br>Raw Material Testing<br>In-process Checking<br>Loading Activity<br>Advanced Supervisory Development Skills<br>MS EN 1991-2 AND MS EN 1992-2 and Related Eurocodes in Bridge Design and Construction<br>MEF Industrial Relations Conference |
| December 2022 | Control of Document<br>Density Inspection Procedure<br>Reject Criteria<br>Confined Space Training<br>Boiler HIRARC Training<br>5S Training<br>General Preventive Maintenance Training<br>General Butterfly Valve Training<br>Sew Gear Motor Service & Maintenance<br>11th Malaysian Road Conference & Exhibition 2022 |

### COMMUNITY ENGAGEMENT

In support of youth development and talent cultivation, we offer internship opportunities to young individuals. In FYE 2022, we have offered 30 interns to join our Group so as to enable them to expose to the actual working environment and gain valuable real-life experience. This initiative not only benefits the interns but also enables us to gain new perspectives and creative ideas inspired by the interns.

# SUSTAINABILITY STATEMENT (CONT'D)

## GOVERNANCE

### ETHICAL BUSINESS PRACTICES

Chin Hin Group remains dedicated to conduct business ethically with integrity. Our Code of Conduct and Ethics ("**the Code**") serves as guiding principles to the employees, built upon the foundations of sincerity, integrity, responsibility and corporate social responsibility. The Code outlines the standards and ethics that all employees must adhere to in order to enhance the Group's overall corporate governance.


In line with SDG Target 16.5, the Group enforces a zero-tolerance policy against all forms of bribery and corruption. To support this stance, we have implemented an Anti-Bribery and Corruption Policy ("**ABC Policy**"), which clarifies the Group's position on bribery and corruption and offers guidance to our Directors, employees and external stakeholders on proper conducts in dealing with bribery and corruption.

Furthermore, we have in place a Whistleblowing Policy ("**WB Policy**") to facilitate the reporting of any unethical business practices or instances of bribery and corruption. Independent individuals will be assigned to investigate the reported incidents, and appropriate actions will be taken accordingly.

The Code, ABC Policy and the WB Policy are available on the Group's website at https://www.chinhingroup.com/investors-relations/. We are pleased to report that during FYE 2022, none of our Directors, management, or employees were implicated in any suspected bribery, corruption, or unethical behaviour.

### COMPLIANCE TO LAWS AND REGULATIONS

Chin Hin Group diligently adheres to all relevant laws and regulations that applicable to our business operations. To ensure compliance, we have implemented various internal standard operating policies and procedures to guide to our employees from various divisions and departments on their respective responsibilities and obligations.

The key laws and regulations relevant to our business operations are as follows: -

- Industrial Co-ordination Act 1975;
- Factory and Machinery Act 1967;
- Town and Country Planning Act 1976;
- Malaysia Construction Industry Development Board Act 1994;
- Housing Development (Control and Licensing) Act 1996;
- Commercial Vehicles Licensing Board Act 1987;
- Occupational Safety and Health Act 1994;
- Environmental Quality Act 1974;
- Environmental Quality (Scheduled Wastes) Regulations 2005;
- Environmental Quality (Clean Air) Regulations 2014;
- Environmental Quality (Sewage) Regulations 2009;
- Employment Act 1995; and
- Industrial Relations Act 1967.

We take pride in the fact that no significant breaches of laws and regulations were reported within our organisation during FYE 2022. As such, no relevant fines, penalties, or settlements were imposed or made during the year.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**the Board**") of Chin Hin Group Berhad ("**Chin Hin**", "**CHGB**", "**the Company**") recognise the importance of maintaining corporate governance best practices and continues to be committed to ensuring that a high standard of corporate governance is practiced throughout the Group and its subsidiaries ("**the Group**") as a fundamental part of discharging its responsibilities to protect and enhance long-term shareholder value while safeguarding the interests of all stakeholders.

This Corporate Governance Overview Statement ("**CG Statement**") sets out the manner in which the Group has applied and the extent of compliance with principles and recommendations as set out in the Malaysian Code on Corporate Governance ("**MCCG**"), throughout the financial year ended 31 December 2022 pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The CG Statement shall be read together with the Corporate Governance Report 2022, available on the Company's website at www.chinhingroup.com.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Responsibilities

The Group is headed by a Board who is collectively responsible for meeting the Group's long-term goals and objectives. To ensure these are achieved, the Board establishes the strategic directions and targets for Senior Management and monitors the achievement of those goals and targets.

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. Hence, to develop corporate objectives and position descriptions including the limits to management's responsibilities, which the management is aware and are responsible for meeting.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long-term viability of the Group.

Annual Business Plans had been prepared for the Group and its respective Business Units and the Board is responsible for the oversight and monitoring for the achievement of the Business Plan. The Business Plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company's website at www.chinhingroup.com.

The principal roles and responsibility assumed by the Board are as follows:

(i) Review and Adopt Strategic Plan of the Group

The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board will be briefed by the Executive Directors with the short and long-term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitors budgetary exercise which to support the Group's business plan and budget plan.

(ii) Implementation of Internal Compliance Controls and Justifies Measures to Address Principal Risks

The Board is fully alert of the responsibilities to maintain a proper internal control system. The Board's responsibilities for the Group's system of risk management and internal controls including the financial condition of the business, operational, regulatory compliance.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

**Board Responsibilities (Cont'd)**

The principal roles and responsibility assumed by the Board are as follows: (Cont'd)

(iii) To formulate and Have in Place an Appropriate Succession Plan

The Board is responsible for formulating and having in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors.

(iv) Promoting Sustainability

The Board together with the senior management of the Company is responsible for formulating the Company's strategies on promoting sustainability, focusing on environmental, social and governance ("**ESG**") aspects. The Board will oversee the system of risk management, including to identify ESG risks affecting the Group, setting the risk appetites and to ensure the implementation of appropriate mitigation measures.

(v) Developing and Implementing an Investor Relations Program or Shareholder Communications Policy for the Group

The Board recognises that shareholder and other stakeholder are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company's website is the primary medium in providing information to all shareholders and stakeholders.

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and adequately segregated. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgment. This offers a strong check and balance on the Board's deliberations.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Executive Directors holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Executive Directors, assisted by the senior management, is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

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

**Board Responsibilities (Cont'd)**

In discharging its fiduciary duties, the Board has delegated specific tasks to four (4) committees as stated below:

(i) Audit Committee;
(ii) Nomination Committee;
(iii) Remuneration Committee; and
(iv) Risk Management Committee.

All the Board Committees have its own terms of reference and have the authority to act on behalf of the Board within the authority as laid out in terms of reference and report to the Board with the necessary recommendation.

**Executive Chairman**

The Board is currently chaired by Datuk Seri Chiau Beng Teik, JP, the Executive Chairman of the Company, and half of the Board consists of Independent Non-Executive Directors. The Board of the Company, notwithstanding that the Chairman is an Executive Director, is of the opinion that the element of independence which currently exists is adequate to provide assurance that there is a balance of power and authority of the Board. In addition, the presence of the three (3) Independent Directors from a total of the six (6) Board members are sufficient to provide the necessary checks and balances on the decision making process of the Board.

The Chairman is responsible for the Board's effectiveness and conduct, implementing the Group's policies, business plans and executive decision making and is assisted by the Executive Directors. The Chairman also promotes an open environment for debate and ensures effective contributions from Non-Executive Directors. He also exercises control over the quality, quantity and timeliness of information flow between the Board and management. Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by the management.

**Separation of Positions of the Chairman and Group Managing Director**

During the financial year under review, the positions of the Chairman and the Group Managing Director are held by different individuals.

The Group has a clear distinction and separation of roles between the Chairman and the Group Managing Director, with clear division of responsibilities in order to ensure a clear balance of power between the Chairman and the Group Managing Director.

The Chairman is primarily responsible for the governance and management of the Board, and also serves as the communication point between the Board and the senior management.

The Group Managing Director and his management team are responsible for implementing the strategic objectives and achieving the targets set by the Group, with clear authority delegated by the Board.

**Qualified and Competent Company Secretaries**

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries attend Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### Information and Support for Directors

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers will be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advice or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice and services of the Company Secretaries who are responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. The senior management team from different business units will also be invited to participate in the Board meetings to enable the Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the respective Board Committees will brief the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

### Board Charter

As part of the governance process, the Board has adopted a Board Charter which serves as a source of reference for the Directors. The Board Charter establishes the respective roles and responsibilities of the Board, Board Committees and individual directors providing among others, guidance and clarity on the Board's roles and responsibilities as well outlining the issues and decisions which are reserved to be made solely by the authority of the Board.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available on the Company's website at www.chinhingroup.com.

### Code of Conduct and Ethics

The Group has an established Code of Conduct and Ethics ("**the Code**") that applies to all Directors and employees of the Group.

The Code is guided by the Group's Core Values as follows:

- Fulfilled balance life;
- Do the right things;
- Exceed expectation;
- Treat everyone like family;
- Influence and inspire others;
- Embrace change and innovation; and
- Be open and willing to share.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### Code of Conduct and Ethics (Cont'd)

The Group's Employee Engagement Team conducts regular engagement, dialogue and training programs in order to inculcate the core values as the Corporate Culture of the Group.

All employees are required to read, understand and abide by the Code and the Code will be reviewed from time to time by the Board. The Code describes measures put in place to handle issues relating to:

- Conflicts of interest;
- Corrupt practices which include the offering and acceptance of gifts and/or other forms of benefits;
- Unlawful and unethical behavior;
- Protection and proper use of company assets; and
- Compliance with laws, rules and regulations.

A copy of the Code is available for reference at the Company's website at www.chinhingroup.com.

### Promote Sustainability

CHGB Group is committed to adhering to all standards of upright business conduct through integrity, transparency with a constant and growing progression towards excellence in every area of business conduct. To this end, the Board is in place the ESG Policy and Sustainability Policy, embedding the principles of sustainability into the Group's business operations.

The policies outlines the general principles and structures of the foundations that govern the sustainability strategy of the Group to ensure that all its corporate activities and businesses are carried out while enhancing the sustainable creation of value for shareholders and taking into account the other stakeholders related to its business activities, natural resources, society and neighbouring communities, promoting the values of sustainability, integration and dynamism, favouring the achievement of the sustainable development goals.

The Board fulfils its responsibilities by delegating to the senior management which comprises representatives from various business units. The senior management is responsible for implementing, overseeing and addressing all sustainability related issues from stakeholders and updating the Board on the Group's sustainability management performance, key material issues identified by stakeholders and planned follow-up measures.

The ESG Policy and Sustainability Policy adopted by the Board can be found at the Company's website at www.chinhingroup.com. The details of the sustainability effort are presented in the Sustainability Statement of this Annual Report.

### Whistle-Blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices. The policy is a specific mean by which an employee can exercise their responsibility to report or disclose through established channels, their legitimate concerns regarding any unethical conduct, illegal acts or failure to comply with the Company's policies and regulatory requirements responsibly and sensibly.

The Board encourages employees to report genuine concerns of breach of legal obligation, miscarriage of justice, danger of health and safety or to the environment and the cover-up of any of these in the workplace to be reported by filling up a Whistle-blowing Report Form and email to:

Attention : Mr Yeoh Chin Hoe
Designation : Audit Committee Chairman
Email : yeohhoe@gmail.com

A copy of the Whistle-blowing Policy is available at the Group's website at www.chinhingroup.com.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### Anti-Bribery and Corruption Policy

In line with the amendments to the Malaysian Anti-Corruption Commission Act 2009 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020, the Group had on 1 June 2020 adopted the Anti-Bribery and Corruption Policy ("**ABC Policy**").

The Company had also conducted briefings and trainings to all employees of the Group to create awareness on the ABC Policy to foster commitment of the employees in instill the spirit of integrity and avoid all forms of corruption practices within the organisation.

A copy of the ABC Policy is available at the Group's website at www.chinhingroup.com.

### Board Composition

The current Board of Directors consists of six (6) members, comprising an Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Company thus complies with Paragraph 15.02 of the MMLR whereby at least two (2) or one-third (1/3) of the Board of Directors, whichever is higher, are Independent Directors and one (1) of the Directors of the Company is a woman. In the event of any vacancy in the Board of Directors resulting in non-compliance with the MMLR, the Board shall fill the vacancy within three (3) months from the date of that event. The profile of each Director is presented separately on pages 10 and 15 of this Annual Report.

The Group believes that a strong composition of the members of the Board would be able to strengthen the decision-making process and influence the ability of the Board to fulfil oversight responsibilities. The current Board members consists of mixtures of skills, knowledge and experience and would be able to contribute significantly to the Group by value adding and to equip the Board to respond to challenges that may arise.

The Board is mindful of the MCCG's recommendation which stated that for Large Companies, the Board shall comprise a majority of independent director. Although increasing number in the Independent Directors may provide more fresh ideas and viewpoints to the Board, the Board is of the view that there is balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objective as the Independent Non-Executive Directors of the Company have strong personalities with high levels of integrity and play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. Further, all the Independent Non-Executive Directors are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

The current Board of Directors consists of six (6) members, comprising an Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. As recommended by the MCCG of which the Board shall comprise a majority of independent director, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of additional independent director as and when suitable candidates identified and circumstances permit.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

**Tenure of Independent Directors**

As recommended by MCCG, the Board has implemented a nine (9) years policy for its Independent Non-Executive Directors. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the re-designation of the said person as a Non-Independent Director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek annual shareholders' approval through a two-tier voting process.

As at 31 December 2022, the tenure of the Independent Non-Executive Directors of the Company are as follows:

| | 1-3 Years | 4-6 Years | 7-9 Years |
|---|---|---|---|
| Datuk Cheng Lai Hock | | | √ |
| Yeoh Chin Hoe | | | √ |
| Datuk Hj Mohd Yusri Bin Md Yusof | √ | | |

Currently, none of the Independent Directors had served the Company for more than nine (9) years as per the recommendations of MCCG.

**New Candidates for Board Appointment**

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee of the Company. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending on the circumstances and timing of the appointment. The Nomination Committee will help assess and recommend to the Board, the candidature of directors, the appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

Currently, the sources to identify suitably qualified candidates for appointment of directors are on recommendations from existing Board members, senior management or major shareholders. However, the Board and the Nomination Committee would not hesitate to utilise independent sources to identify suitably qualified candidates, where necessary.

In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of a director to the Board is as follows:

(i) The Nomination Committee reviews the Board's composition through Board assessment/evaluation;
(ii) The Nomination Committee determines the skills matrix;
(iii) The Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
(iv) The Nomination Committee recommends to the Board for appointment; and
(v) The Board approves the appointment of the candidates.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

**New Candidates for Board Appointment (Cont'd)**

Factors considered by the Nomination Committee when recommending a person for appointment as a director include:

(i) the merits and time commitment required for a Director to effectively discharge his/her duties to the Company;

(ii) the outside commitments of a candidate to be appointed or elected as a Director and the need for that person to acknowledge that they have sufficient time to discharge their duties effectively; and

(iii) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

A familiarisation programme, including visits to the Group's business and operations premises and meetings with the management will be arranged for new Directors to facilitate their understanding of the Group's business operations.

**Boardroom Diversity**

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. The Board had adopted the Board Diversity Policy which sets out the Company's approach to diversity on the Board of CHGB. The Board together with the Nomination Committee will assess and evaluate current diversity levels, identify and analyse gaps and criteria for new board appointments, and thereafter recommend the strategies, objectives, targets and practical goals against an indicative time frame in order to maintain an appropriate range and balance of skills, experience and background on the Board. The Group will evaluate the suitability of candidates as a new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

Currently, our Board comprise of one (1) female director, representing approximately 16.7% of the total number of the Board. As recommended by the MCCG of at least 30% representation of women on Board, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of female director onto the Board in future to bring about a more diverse perspective.

**Time Commitment and Directorship in Other Public Listed Companies**

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed the maximum number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his/her responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). Any Director is, while holding office, at liberty to accept other Board appointments in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company.

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

During the financial year ended 31 December 2022, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section below.

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

### Board Meetings

There were six (6) Board of Directors' meetings held during the financial year ended 31 December 2022. Details of the attendance of the Directors at the Board of Directors' meetings are as follow:

| Directors | Total Meetings Attended | Percentage of Attendance (%) |
|---|---|---|
| Datuk Seri Chiau Beng Teik, JP | 5/6 | 83.33 |
| Chiau Haw Choon | 5/6 | 83.33 |
| Lee Hai Peng ***(Resigned on 1 December 2022)*** | 6/6 | 100 |
| Datuk Cheng Lai Hock | 6/6 | 100 |
| Yeoh Chin Hoe | 6/6 | 100 |
| Datuk Hj Mohd Yusri Bin Md Yusof | 6/6 | 100 |
| Shelly Chiau Yee Wern ***(Appointed on 19 September 2022)*** | 0/1 | 0 |

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings will be convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

The tentative dates for Board and Board Committee meetings for the year will be circulated by the Company Secretaries well in advance towards the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting. At the end of each Board and Audit Committee meetings, the date of the next meetings is to be re-confirmed.

### Continuing Education Programs

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("**MAP**") prescribed by Bursa Securities. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes / seminars / conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### Continuing Education Programs (Cont'd)

Details of seminars/conferences/training programmes attended by the Board members during the financial year as listed below:

| Name of Director | Seminars/Conferences/Training Programmes Attended |
|---|---|
| Datuk Cheng Lai Hock | ▪ Preparation, approval & Circulation of Financial Statement by directors, passing resolutions at meeting of members.<br>▪ Transfer V Transmission of Shares. Guideline for reporting framework for beneficial ownership of legal person.<br>▪ SSM X BNM: Roles and responsibilities of Company Secretary as compliance officer under AMLA 2001. |
| Chiau Haw Choon | ▪ Young President's Organisation ("**YPO**") Forum.<br>▪ Strategies that Build Winning Brands.<br>▪ QLASSIC Awareness Training. |
| Shelly Chiau Yee Wern | ▪ Journey of Humanity Workshop with Wilson Pranoto A Comprehensive Workshop on Aging & Intervention to improve quality of life.<br>▪ Six Years With AL QAEDA. |
| Yeoh Chin Hoe | ▪ 2022 Board and Audit Committee Priorities.<br>▪ Accountants & their Role to Reduce Carbon Emissions.<br>▪ Key Amendments to Listing Requirements 2022.<br>▪ Practical Updates on Financial Standards, MFRSs on MFRS 9, 15 and 16. |
| Datuk Hj Mohd Yusri Bin Md Yusof | ▪ E-Commerce Marketplace.<br>▪ Metaverse: Adoption of Strategies & Opportunity.<br>▪ SC's Audit Oversight Board Conversation with Audit Committees.<br>▪ Bursa Malaysia Immersive Session: The Board "Agender- by Bursa Malaysia". |

During the financial year ended 31 December 2022, Datuk Seri Chiau Beng Teik, JP was unable to attend any training due to his busy work schedule. However, he has constantly been updated with relevant reading materials and technical updates, which will enhance his knowledge and equip him with the necessary skills to effectively discharge his duties as the Director of the Company.

The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to discharge their duties effectively.

In addition to the above, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and Company Secretaries during the Committees and Board Meetings.

### Conflict of Interest and Related Party Transactions

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are reminded by the Company Secretaries of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, all related party transactions are submitted to the Audit Committee for review on a quarterly basis.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board, or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### Conflict of Interest and Related Party Transactions (Cont'd)

The details of the related party transactions for the financial year ended 31 December 2022 are set out on pages 100 to 113 of this Annual Report and the Company's Circular to Shareholders dated 28 April 2023 relating to the proposed new shareholders' mandate and renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature. The Audit Committee had reviewed the related party transactions that arose within the Group to ensure that the transactions were fair, reasonable and on normal commercial terms as well as not detrimental to the minority shareholders and were in the best interest of the Company.

### Nomination Committee

In line with the Best Practices of MCCG, the Board has established the Nomination Committee which comprise exclusively of Independent Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

The Terms of Reference of the Nomination Committee can be viewed at the Company's website at www.chinhingroup.com.

The present members of the Nomination Committee of the Company are:

| Designation | Name | Directorship |
|---|---|---|
| Chairman | Datuk Hj Mohd Yusri Bin Md Yusof | Independent Non-Executive Director |
| Member | Yeoh Chin Hoe | Senior Independent Non-Executive Director |
| Member | Datuk Cheng Lai Hock | Independent Non-Executive Director |

The summary of activities undertaken by the Nomination Committee during the financial year included the following:

(i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;

(ii) Reviewed and assessed the independence of its Independent Non-Executive Directors;

(iii) Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Constitution;

(iv) Reviewed and recommended the adoption of the Fit and Proper Policy; and

(v) Reviewed and recommended the appointment of Shelly Chiau Yee Wern as Executive Director of the Company.

### Evaluation for Board, Board Committees and Individual Directors

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annual basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the forthcoming Annual General Meeting of the Company, with a view to meeting current and future requirements of the Group.

The criteria used by the Nomination Committee in evaluating the performance of an individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The results of the evaluation were summarised by the Company Secretary and discussed by the Nomination Committee which were then reported to the Board.

As recommended by the MCCG, the Board will engage an independent expert at least once every three (3) years to facilitate the objective and candid board evaluation.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

**Evaluation for Board, Board Committees and Individual Directors (Cont'd)**

Based on the assessment conducted for the financial year ended 31 December 2022, the Board and the Nomination Committee is satisfied with the current composition of Board members and believes that it is well balanced with the right mix of high-calibre individuals with the necessary skills and qualifications, credibility and independence to discharge its duties and responsibilities effectively.

**Re-Election of Directors**

The procedure on the re-election of directors by rotation is set out in the Company's Constitution. Pursuant to the Company's Constitution, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first Annual General Meeting after their appointment. The Company's Constitution also provide at least one-third (1/3) of the remaining Directors are subject to re-election by rotation at each Annual General Meeting and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

Upon the recommendation of the Nomination Committee and the Board, the Directors who are standing for re-election at the forthcoming Annual General Meeting of the Company are as stated in the Notice of Annual General Meeting and have been recommended for re-election / re-appointment at the forthcoming Annual General Meeting of the Company.

**Annual Assessment of Independence**

Annual assessments will be conducted by the Nomination Committee on an annual basis and the criteria for assessment covers areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board's effectiveness. The independence of Independent Directors was assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the MMLR of Bursa Securities.

Based on the assessment carried out for the financial year ended 31 December 2022, the Board and the Nomination Committee is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfil the definition of independence as set out in the MMLR of Bursa Securities.

**Remuneration Committee**

In line with the Best Practices of MCCG, the Board has established the Remuneration Committee which comprise majority of Independent Non-Executive Directors, with the responsibilities to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors.

The Terms of Reference of the Remuneration Committee can be viewed at the Company's website at www.chinhingroup.com.

The present members of the Remuneration Committee of the Company are:

| Designation | Name | Directorship |
|---|---|---|
| Chairman | Chiau Haw Choon | Group Managing Director |
| Member | Yeoh Chin Hoe | Senior Independent Non-Executive Director |
| Member | Datuk Cheng Lai Hock | Independent Non-Executive Director |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

**Remuneration Committee (Cont'd)**

The summary of activities undertaken by the Remuneration Committee during the financial year included the following:

(i) Reviewed and recommended the payment of Directors' fees and other benefits payable to Directors for shareholders' approval.

**Remuneration Policy**

The Board has adopted a Remuneration Policy to ensure the payment of equitable, competitive remuneration to the Directors and senior management of the Company which is based on individual performance, Company's benchmark, industry practices and performance of the Group as a whole.

The Board believes in a Remuneration Policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The principal objective of Remuneration Committee is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The Remuneration Committee also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board. A copy of the Company's Remuneration Policy is available on the Company's website at www.chinhingroup.com.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### Directors' Remuneration

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the financial year ended 31 December 2022 are as follows:

**(i) The Company**

| Name | Fees RM'000 | Salaries RM'000 | Bonus RM'000 | Allowance RM'000 | Benefits in Kind RM'000 | Other Emoluments RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| Datuk Seri Chiau Beng Teik, JP | – | – | – | – | – | – | – |
| Chiau Haw Choon | – | – | – | – | – | – | – |
| Lee Hai Peng (Resigned on 1 December 2022) | – | – | – | – | – | – | – |
| Datuk Cheng Lai Hock | 60 | – | – | 13 | – | – | 73 |
| Yeoh Chin Hoe | 60 | – | – | 13 | – | – | 73 |
| Datuk Hj Mohd Yusri Bin Md Yusof | 60 | – | – | 12 | – | – | 72 |
| Shelly Chiau Yee Wern (Appointed on 19 September 2022) | – | 240 | 7 | – | – | 30 | 277 |
| **Total** | **180** | **240** | **7** | **38** | **–** | **30** | **495** |

**(ii) The Group**

| Name | Fees RM'000 | Salaries RM'000 | Bonus RM'000 | Allowance RM'000 | Benefits in Kind RM'000 | Other Emoluments RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| Datuk Seri Chiau Beng Teik, JP | – | 216 | – | – | – | 11 | 227 |
| Chiau Haw Choon | – | 1,555 | 450 | 131 | – | 264 | 2,400 |
| Lee Hai Peng (Resigned on 1 December 2022) | – | 341 | – | 146 | – | 60 | 547 |
| Datuk Cheng Lai Hock | 93 | – | – | 16 | – | – | 109 |
| Yeoh Chin Hoe | 60 | – | – | 14 | – | – | 74 |
| Datuk Hj Mohd Yusri Bin Md Yusof | 93 | – | – | 15 | – | – | 108 |
| Shelly Chiau Yee Wern (Appointed on 19 September 2022) | – | 527 | 31 | – | – | 65 | 623 |
| **Total** | **246** | **2,639** | **481** | **322** | **–** | **400** | **4,088** |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

**Remuneration of Senior Management**

The top five (5) senior management of the Company (including its direct held subsidiary) are Mr Chiau Haw Choon, Mr Ng Wai Luen, Mr Roger Lim Swee Kiat, Mr Ngian Siew Siong and Mr Lim Yoke Tuan (Michael), their profile is presented separately on page 11 and pages 17 to 19 respectively in this Annual Report. The total remuneration of these top five (5) senior management was RM4,334,020, representing 4.98% of the total staff costs of the Group for the financial year ended 31 December 2022.

The remuneration of the aforesaid top five (5) senior management is a combination of annual salary, benefits-in-kind and other emoluments which are determined in a similar manner as other management employee of the Company. This is based on their individual performance and the overall performance of the Company. The basis of determination has been applied consistently from previous year.

The Company notes the need for corporate transparency in disclosing the details of the remuneration of its top five (5) senior management, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues. Thus, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the full details of the top five (5) senior management personnel who are not Directors of the Company.

The Board is of the opinion that disclosure of remuneration of the Directors of the Board by appropriate components and the top five (5) senior management's total combined remuneration package should meet the intended objectives of the MCCG and the interest of the shareholders will not be prejudiced as a result of non-disclosure of the five (5) key senior management on named basis.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

**Independence of the Audit Committee**

CHGB recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company were former key audit partners of the external auditors appointed by the Group. As recommended by MCCG, the Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

**Financial Literacy of the Audit Committee Members**

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualifications and experience of the individual Audit Committee members are disclosed in the Directors' Profile on pages 13 to 15 of this Annual Report. During the financial year ended 31 December 2022, all members of the Audit Committee had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to discharge their duties effectively.

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

**Compliance with Applicable Financial Reporting Standards**

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 31 December 2022 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

The statement by the Board pursuant to Paragraph 15.26(a) of the MMLR on its responsibilities in preparing the financial statements is set out on page 95 of this Annual Report.

**Assessment of Suitability and Independence of External Auditors**

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Audit Committee and the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

To assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of, among others, the following:

(i) the adequacy of the competency, experience and quality of the External Auditors;

(ii) the External Auditor's resource capacity and ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

(iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and

(iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Audit Committee and the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to respond and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

**Assessment of Suitability and Independence of External Auditors (Cont'd)**

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2022. In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors will highlight their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors.

The Audit Committee had assessed the independence of Messrs UHY as External Auditors of the Company as well as reviewed the level of non-audit services rendered by Messrs UHY to the Company for the financial year ended 31 December 2022. The Audit Committee had obtained written assurance from Messrs UHY confirmed that they are, and have been independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

The Audit Committee is satisfied with the competence and independence of Messrs UHY for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 31 December 2023.

**Risk Management and Internal Control**

The Group is fully aware of its overall responsibility to continuously maintain a sound system for risk management and internal controls which covers financial, operational and compliance. With this in mind, the Group has established an internal control system and risk management framework which is adopted by Group and all its business units to ensure the effectiveness of identification, analysis, assessment, monitoring and communication of risks and internal control issues that will allow the Group to safeguard shareholders investments and assets by mitigating losses and maximising opportunities.

The Group's Risk Management framework consists of a formal Risk Management Structure that includes the following:

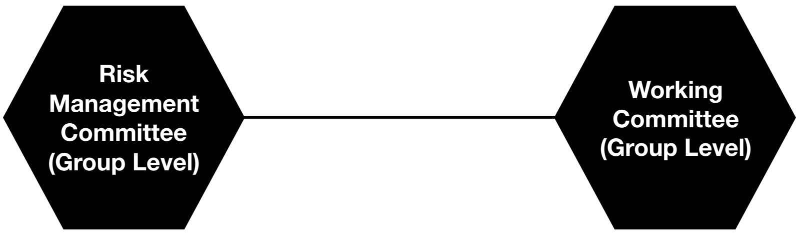
(i) Board Risk Management Committee;
(ii) Group Risk Management Working Committee; and
(iii) Business Unit Risk Management Committee.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

**Risk Management and Internal Control (Cont'd)**

**Risk Management structure:**




**Group Risk Management Working Committee:**
- GMD
- Executive Director
- Group Chief Financial Officer (CFO)
- Division Group Chief Executive Officers (CEOs)
- CFOs
- Head of Governance, Risk and Compliance

**Board Risk Management Committee:**
- 3 Independent Directors


**Business Unit (BU) Risk Management Committee:**
- Chief Executive Officers (CEOs) of Business Units
- Head of Departments

* ***Oversight and Reassurance provided by Internal Auditor***

The framework further establishes the internal control and risk management processes which encourages a disciplined environment for proactive decision making as follows:

**A. The Internal Control Framework establishes a platform for the Board to:**

(i) Continuously review the adequacy and integrity of the systems of internal controls (Articulating);
(ii) Review and approve the Internal Audit Plan (Implementing); and
(iii) Continuously review the effectiveness of the internal controls put in place to mitigate fraud through the Internal Audit Reports (Reviewing).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

**Risk Management and Internal Control (Cont'd)**

**B. The Risk Management Framework establishes a platform for the Board to:**

(i) Continuously identify risks (Identification);
(ii) Continuously review the status of the risks (Assessment);
(iii) Continuously discuss and implement strategies to deal with those risks (Mitigation); and
(iv) Continuously follow-up on the actions to be taken (Monitoring).

Whilst acknowledging their responsibility, the Board is aware that such systems and frameworks as designed to manage rather than to eliminate risks and therefore may not be able to provide an absolute assurance against material misstatement or loss.

The Statement on Risk Management and Internal Control which provides an overview of the Group's state of internal control and risk management is set out in pages 96 to 98 in this report.

**Internal Audit Activities**

The Group has appointed an established external professional Internal Audit firm, who reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

The Group has outsourced its internal audit function to Eco Asia Governance Advisory Sdn Bhd ("**Eco Asia**"), an independent professional internal audit service provider and the consultancy firm which managed by professionally qualified and experienced staff. For each internal audit review, a team of at least three (3) internal audit personnel led by Mr Woon Soon Fai and Ms Kelly Neng will be assigned by Eco Asia to undertake the review in accordance to the internal audit plan approved by the Audit Committee. Mr Woon Soon Fai is a Fellow Member of The Association of Chartered Certified Accountants ("**FACCA**"), a Member of Malaysian Institute of Accountants ("**MIA**") and an Associate Member of The Institute of Internal Auditors Malaysia ("**AIIA**"). Whereas, Ms Kelly Neng is a Member of FACCA, a Member of MIA and an honors degree holder in Business and Accounting. The internal auditors are free from any relationships which could create conflict of interest and which could impair their objectivity and independence. The internal audit function adopts an internal audit framework with processes based on the standards recommended by the International Professional Practices Framework of the Institute of Internal Auditors.

In order to act independently from the management, Eco Asia will report directly to the Audit Committee and assists the Audit Committee in monitoring and reviewing the effectiveness of the risk management, internal control and governance process within the Group.

The Audit Committee approved the internal audit review plan presented by the external consultant. The internal audit plan is derived based on a risk-based assessment of all units and operations of the Group. The internal audit reports highlight any deficiencies or findings which are discussed with the management and relevant action plans agreed and to be implemented. Significant findings are presented in the Audit Committee meetings for consideration and reporting to the Board. A follow up audit review is also conducted to determine whether all audit recommendations are effectively implemented.

The cost incurred by the Group for the internal audit function during the financial year ended 31 December 2022 amounted to RM63,000.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

**Internal Audit Activities (Cont'd)**

The functions of the internal auditors are including but not limited to the following:

(i) perform internal audit work in accordance with the pre-approved internal audit plan, that covers reviews of the internal control system, risk management and follow up audits to address observations reported in preceding internal audit visits;

(ii) carry out reviews on the systems of internal control of the Group;

(iii) review and comment on the effectiveness and adequacy of the existing internal control policies and procedures; and

(iv) provide recommendations, if any, for the improvement of the internal control policies and procedures.

During the financial year, the following activities were carried out by the internal auditors in discharge of its responsibilities:

(i) Reviewed the adequacy and effectiveness of the systems of internal control and compliance with the Group's policies and procedures on the following the business process/area set out below:

- Credit control review of PP Chin Hin Sdn Bhd.
- Production efficiency review of G-Cast Concrete Sdn Bhd.
- Human resources management of Starken AAC Sdn Bhd.
- Anti-Bribery and Corruption policy review.

(ii) Proposed and presented the internal audit plan for the Audit Committee's approval and ensured that appropriate actions were taken to carry out the audits based on the approved plan; and

(iii) Reported to the Audit Committee the results of the internal audit reports and its findings and the implementation of the management responses to the findings.

Based on the internal audit review conducted by the internal auditors, the Audit Committee and the Board is of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year ended 31 December 2022.

The Audit Committee and the Board further agreed that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

The Audit Committee and Board are satisfied with the performance of the internal auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsourcing of the Internal Audit function.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

**Communication with Stakeholders**

The Board acknowledges the importance of on-going engagement and communication with stakeholders and to ensure that communication is timely, regular, transparent and effective.

The Group has established a dedicated section for Investor Information on the Group's website at www.chinhingroup.com where shareholders as well as members of the public may access the latest information on the Group. Information is also communicated through the following channels:

(i) Various disclosures and announcements to Bursa Securities including quarterly results;
(ii) Press releases and announcements to Bursa Securities and to the media;
(iii) Publication of the Group's Annual Report;
(iv) Dialogues with shareholders, potentials investors and analysts and fund managers;
(v) Conduct Annual General Meetings; and
(vi) Social media and other electronic channels.

While the Group endeavors to provide as much information as possible to its shareholders, the Group is mindful of the legal and regulatory frameworks governing the release of material and price sensitive information.

The Group's annual report for the financial year ended 31 December 2022 adopts partly the Integrated Reporting approach which covers how the Group's strategy, performance, governance and future business prospects are connected towards achieving value creation for its shareholders.

**Dialogue with Shareholders**

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Chairman or the Executive Directors of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought at the general meeting.

Whilst the Company aims to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

**Annual General Meeting**

The Annual General Meeting ("**AGM**") is the principal forum for dialogue with the shareholders. As recommended by the MCCG, the notice of AGM will be despatched to shareholders at least twenty eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published at least in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights to a poll voting. Separate resolutions are proposed for substantially separate issues at the meeting. The outcome of the AGM will be announced to Bursa Securities on the same meeting day.

At the AGM, the shareholders are encouraged to participate in the questions and answers session, where they will be given the opportunity to raise questions or seek more information during the AGM. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholders.

The external auditors also will be invited to attend the AGM of the Company to respond and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

**Annual General Meeting (Cont'd)**

In line with the recommendation of MCCG, the minutes of the AGM or any general meeting will be posted on the Company's website for public viewing within thirty (30) business days after the AGM or general meeting.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

**Attendance of Directors at General Meetings**

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make the necessary arrangement to attend the planned AGM.

All the Directors and chairman of the respective Board Committees shall endeavor to present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company at the AGM.

The Eighth ($8^{th}$) AGM of the Company which was held on 3 June 2022 was conducted by way of virtual meeting and entirely via the Remote Participation and Voting Facilities and has been attended by all the Directors of the Company.

**Poll Voting**

In line with Paragraph 8.29A of the MMLR, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights to a poll voting. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of votes received, both for and against for each separate resolution. The outcome of a general meeting will be announced to Bursa Securities on the same meeting day.

**Effective Communication and Proactive Engagement**

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices recommended by the MCCG with regards to strengthening engagement and communication with shareholders.

Shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the "Corporate Information" section of this Annual Report. The Share Registrar is also available to attend to administrative matters relating to shareholder interests. As recommended by the MCCG, the Company has appointed a Senior Independent Non-Executive Director to whom queries and concerns regarding the Group may be conveyed.

**Compliance Statement**

Other than as disclosed and/or explained in this Annual Report and Corporate Governance Report 2022, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.

Moving forward, the Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders. The areas to be prioritised by the Board will be principles that have yet to be adopted by the Company as disclosed in the Corporate Governance Report 2022.

# STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors are responsible for ensuring that the Company keeps proper accounting records with reasonable accuracy of the financial position of the Company. The Directors are to ensure that the financial statements comply with mandatory provisions of the Companies Act 2016, the Malaysian Financial Reporting Standards and the MMLR of Bursa Securities. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2022, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors ("**the Board**") of Chin Hin Group Berhad ("**CHGB**" or "**the Company**" or "**the Group**") recognises the importance of having a systematic approach of reviewing the Group's risk management and internal control processes and is committed to the continuous improvements of our existing systems in practice. The Board is pleased to present its Statement on Risk Management and Internal Control, which has been prepared pursuant to Paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**MMLR**") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**the Guidelines**"). This statement has been made in accordance with the recommendations of the Malaysian Code of Corporate Governance.

## BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's internal control and risk management systems which has been embedded in the Group's Business Units.

The Board through its Audit Committee has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements.

During the financial year ended 31 December 2022, the Board ensures the effectiveness of such systems through reviews of the risk management and internal control activities by the Risk Management Committee established by the Board which consists of three (3) independent Non-Executive Director and Executive Director cum Chief Financial Officer of the Company.

Due to inherent limitations in the systems of internal control and risk management, such systems can only manage rather than eliminate all risks of failure to achieve business objectives, and as such, they can only provide reasonable but not absolute assurance against material misstatement or loss.

## RISK MANAGEMENT

As part of the Board's commitment to protect shareholders interests, the Board has established the Risk Management Committee to ensure that enterprise risk management practices are practiced throughout the Group.

The Risk Management Committee continues to perform the following functions:

(i) To review and provide oversight on the Groups existing risk management framework;
(ii) To ensure that the process of identifying, evaluating, monitoring and managing significant risks faced by the Group is continuous;
(iii) To review the risk management report and the risk register;
(iv) To review the management action plans to mitigate the identified risks;
(v) To report back to the Board on the status of risk management practices; and
(vi) To highlight potential high-risk areas to the attention of the Board and to advise the Board accordingly.

Respective Committees has also been established at the Group, Senior Management level and at the Operational Management level at the Business units. This is to ensure that all levels of management are committed to safeguard shareholders' investments and the Group's assets by reviewing the adequacy and integrity of such systems. The Committees established are as follows:

(i) Board Risk Management Committee;
(ii) Group Risk Management Working Committee; and
(iii) Business Unit Risk Management Committee.

# STATEMENT ON RISK MANGEMENT AND INTERNAL CONTROL (CONT'D)

## INTERNAL CONTROL

The features of the Group's system of internal control systems enables the Audit Committee to perform the following functions of articulating, implementing and reviewing the integrity of the Group's system of internal controls by:

(i) Continuously review the adequacy and integrity of the systems of internal controls (Articulating);
(ii) Review and approve the Internal Audit Plan (Implementing); and
(iii) Continuously review the effectiveness of the internal controls put in place to mitigate fraud through the Internal Audit Reports (Reviewing).

Other key features include the following:

(i) Clearly defined lines of responsibility and limits of authority to facilitate the operations of the individual Business Units and Group Support Divisions.

(ii) Group centralised control over key functions such as finance, human resource, credit control, information technology, business processes and internal audit.

(iii) Roadmap workshops and business plan development and setting of key performance indicators established for each Business Unit's Departments.

(iv) Detailed Budgeting processes which include the review of actual performance compared with budget, with detailed explanations provided for major variances at Monthly Operation Meetings ("**MOM**").

(v) Performance monitoring via Monthly Key Performance Indicators ("**KPI**") check in and execution map system in our On-line Portal of all employees ranked Executive and above.

(vi) Twice yearly performance appraisal review for all employees of the Group which includes the review of the competencies and results of KPI.

(vii) MOM and Executive Committee ("**EXCO**") meetings to discuss the Group's financial performance, business development, operational and corporate issues.

The Board does not regularly review the internal control system of its associate, as the Board does not have any direct control over their operations. The Group's interests are served through representations on the board of associate and the review of their management account, and enquiry thereon. These representations also provide the Board with information and timely decision-making on the continuity of the Group's investments based on the performance of the associate.

## INTERNAL AUDIT FUNCTION

The Group outsources the internal audit function to an establish external professional internal audit firm. The firm is appointed by and reports directly to the Audit Committee. Its role is to provide the Audit Committee with regular assurance on the continuity, integrity and effectiveness of the internal control system through regular monitoring and review of the internal control framework and management processes.

During the financial year, the Internal audit functions conducted regular reviews on the Business Unit operations based on an annually approved Internal Audit Plan. Ad-hoc audits were also commissioned by the Senior Management when necessary. The areas internal audit covered were credit control, production efficiency, human resources management and anti-bribery and corruption policy review of the Group.

Based on the internal audit review conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

# STATEMENT ON RISK MANGEMENT AND INTERNAL CONTROL (CONT'D)

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in this Annual Report for the financial year ended 31 December 2022. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("**AAPG**") 3: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control include in the Annual Report* issued by the Malaysian Institute of Accountants. AAPG 3 does not required the external auditors to form an opinion on the adequacy of the risk management and internal control systems of the Group.

Based on their review, the external auditors have reported to the Board that noting has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guildeline, not is it factually inaccurate.

## MANAGEMENT'S ASSURANCE

The Group Managing Director and Group Chief Financial Officer, representing the management, have given reasonable assurance to the Board that the Group's risk management and internal control systems are adequate and effective, in all material aspects, based on the risk management and internal controls adopted by the Group and similar assurance given by the respective heads of operations.

## CONCLUSION

The business processes and internal controls of the Group are continually monitored to ensure statutory compliance and maintain data integrity. The effectiveness of the risk management and internal control system is reviewed regularly.

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual Report. The Board is of the view that the existing Group's system of risk management and internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board recognises the fact that the Group's system of risk management and internal control practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board is committed to continuously strengthen the Group's system of internal control and risk management framework.

This Statement on Risk Management and Internal Control was approved by the Board on 25 April 2023.

# OTHER DISCLOSURE REQUIREMENTS

## UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

(i) As at 31 December 2022, the proceeds of approximately RM56.055 million raised from the first tranche of private placement have been fully utilised as follows:

| | | Utilisation | | | |
|---|---|---|---|---|---|
| | Details of the Utilisation of Proceeds | Proceeds RM'000 | Actual (First Tranche) RM'000 | Balance RM'000 | Estimated timeframe for utilisation from the date of listings |
| (a) | Acquisition of shares and warrants in Chin Hin Group Property Berhad | 88,864 | 88,864 | – | Within 6 months |
| (b) | Repayment of borrowings | 60,400 | 60,400 | – | Within 6 months |
| (c) | Estimated expenses for the Proposed Private Placement | 960 | 960 | – | Within 1 month |
| | | **150,224** | **150,224** | **-** | |

(ii) As at 31 December 2022, the proceeds of approximately RM103.28 million from the disposal of investment in associate, Solarvest Holdings Berhad ("**Solarvest**") as at 31 December 2022 have been utilised as follows:

| | | Utilisation | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Details of the Utilisation of Proceeds | Proceeds RM'000 | Actual utilisation RM'000 | Balance of proceed utilised RM'000 | Variations of disposal proceeds utilisation RM'000 | After valuation of the proceeds utilisation RM'000 | Balance of the proceed utilisation RM'000 | Estimated timeframe for utilisation from the date of listings |
| (a) | Repayment of borrowings | 102,723 | 102,723 | – | – | – | – | Within 3 months |
| (b) | Expenses for the exercise | 557 | 501 | 56 | (56) | – | – | Immediately |
| (c) | Working capital purposes | – | – | – | 56 | 56 | – | Immediately |
| | | **103,280** | **103,224** | **56** | **-** | **56** | **-** | |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## AUDIT AND NON-AUDIT FEE PAID TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2022 where as follows:

| | Company Level (Chin Hin Group Berhad) RM | Group Level RM |
|---|---|---|
| **Audit services rendered** | 65,000 | 635,832 |
| **Non-audit services rendered** | | |
| (a) Review of statement on risk management and internal control | 5,000 | 10,000 |
| (b) Review of component auditors workpapers | – | 10,000 |
| (c) Review of disposal group | – | 25,000 |

## MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOANS

During the financial year, there were no material contracts or contracts relating to loans entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")

The Company is seeking approval from shareholders for the proposed new shareholders' mandate and renewal of the existing shareholders' mandate for the Group to enter into RRPT(s) of a revenue or trading nature pursuant at the forthcoming Annual General meeting to be held on 30 May 2023.

The details of RRPTs of a revenue or trading nature of the Group for the financial year ended 31 December 2022 are follows:

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| AS Chin Hin Sdn Bhd | • CHGB Group | • Supply of building materials to CHGB Group based on prevailing market price. | 2,312 | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Beng Soo and Ng Peng Peng, the brother and sister-in-law of Datuk Seri Chiau Beng Teik, JP, are the directors and substantial shareholders of AS Chin Hin Sdn Bhd. |
| | | • Purchase of building materials from CHGB Group based on prevailing market price. | 214 | |
| | | • Provision of transportation services to CHGB Group based on prevailing market price. | Nil | |
| | | • Receipt of transportation services from CHGB Group based on prevailing market price. | Nil | |
| | | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. | Nil | |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| Italia Ceramics Sdn Bhd | • CHGB Group | • Supply of building materials to CHGB Group based on prevailing market price. | Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Yeoh Hock Seng, the brother-in-law of Datuk Seri Chiau Beng Teik, JP, is a director and substantial shareholder of Italia Ceramics Sdn Bhd. |
| | | • Purchase of building materials from CHGB Group based on prevailing market price. | Nil | |
| | | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. | Nil | |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |
| CH Hardware & Transport Sdn Bhd | • CHGB Group | • Provision of transportation services to CHGB Group based on prevailing market price. | Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Thean Bee, the brother of Datuk Seri Chiau Beng Teik, JP, is the director and substantial shareholder of CH Hardware & Transport Sdn Bhd. |
| | | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. | Nil | |
| | | • Supply of building materials to CHGB Group based on prevailing market price. | Nil | |
| | | • Purchase of building materials from CHGB Group based on prevailing market price. | Nil | |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| Pintar Muda Development Sdn Bhd | • CHGB Group | • Sale of building materials based on prevailing market price.<br>• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.<br>• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil<br>3<br>Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB.<br>• Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Pintar Muda Development Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty Sdn Bhd ("**PP Chin Hin Realty**"), a Major Shareholder of CHGB. |
| Chip Hin Trading Sdn Bhd | • CHGB Group | • Provision of transportation services to CHGB Group based on prevailing market price.<br>• Receipt of transportation services from CHGB Group based on prevailing market price.<br>• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.<br>• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil<br>Nil<br>Nil<br>Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Beng Sun, the brother of Datuk Seri Chiau Beng Teik, JP, is the director and substantial shareholder of Chip Hin Trading Sdn Bhd. |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| Asthetik Bangsar South Sdn Bhd | • CHGB Group | • Sale of building materials by CHGB Group based on prevailing market price. | Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB.<br>• Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Asthetik Bangsar South Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB. |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |
| | • Chin Hin Group Property Berhad and its subsidiaries ("**CHGP Group**") | • Provision of construction services to and/or by Asthetik Bangsar South Sdn Bhd based on prevailing market price. | 1,119 | |
| CHL Logistic Sdn Bhd | • CHGB Group | • Provision of transportation services to CHGB Group based on prevailing market price. | 2,089 | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB.<br>• Chiau Haw Loon, the son of Datuk Seri Chiau Beng Teik, JP and brother of Chiau Haw Choon, is the director and substantial shareholder of CHL Logistic Sdn Bhd. |
| | | • Sale of building materials to CHGB Group based on prevailing market price. | 3,563 | |
| | | • Purchase of building materials from CHGB Group based on prevailing market price. | Nil | |
| | | • Sale of vehicle insurance premium and road tax to CHL Logistic Sdn Bhd (as an agent of the insurance company). | 14 | |
| | | • Rental income received by Chin Hin Concrete (KL) Sdn Bhd for office space rented to CHL Logistic Sdn Bhd. | 22 | |
| | | • Rental income received for motor vehicles rented out to CHL Logistic Sdn Bhd. | Nil | |
| | | • Rental income received by Chin Hin Concrete (KL) Sdn Bhd for land rented to CHL Logistic Sdn Bhd. | 65 | |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| CHL Logistic Sdn Bhd (Cont'd) | • CHGB Group | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |
| | • CHGP Group | • Sales of commercial vehicles to CHL Logistic Sdn Bhd based on prevailing market price. | Nil | |
| | | • Supply of building materials and tyres by CHGP Group based on prevailing market price. | Nil | |
| | | • Purchase of building materials and tyres from CHL Logistic Sdn Bhd based on prevailing market price. | 188 | |
| | | • Sale of building materials by CHGB Group based on prevailing market price. | Nil | |
| Chin Hin Gypsum Sdn Bhd | • CHGB Group | • Purchase of raw materials by CHGB Group based on prevailing market price. | 1,796 | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Datuk Seri Chiau Beng Teik, JP is the director and substantial shareholder of Chin Hin Gypsum Sdn Bhd. |
| | | • Sales of raw material by CHGB Group based on prevailing market price. | Nil | |
| | | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. | Nil | |
| | | • Renting of office premises to CHGB Group based on market value and is payable on an equal pro-rated monthly basis. | 24 | |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| Chin Hin Gypsum Sdn Bhd (Cont'd) | • CHGB Group | • Renting of office premises from CHGB Group based on market value and is payable on an equal pro-rated monthly basis. @ Starken Drymix | 24 | |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |
| | • CHGP Group | • Renting of office premises from Chin Hin Gypsum Sdn Bhd based on market value and is payable on an equal pro-rated monthly basis. | 91 | |
| | | • Leasing of office premises to Chin Hin Gypsum Sdn Bhd based on market value and is payable on an equal pro-rated monthly basis. | Nil | |
| Teras Maju Sdn Bhd | • CHGB Group | • Sale of building materials by CHGB Group based on prevailing market price. | Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Yeoh Hock Seng, the brother-in-law of Datuk Seri Chiau Beng Teik, JP is the director and substantial shareholder of Teras Maju Sdn Bhd. |
| | | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. | Nil | |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| Sens Hotel Sdn Bhd | • PP Chin Hin Sdn Bhd | • Rental income received from Sens Hotel Sdn Bhd for renting of shop houses belonging to PP Chin Hin Sdn Bhd. | 54 | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB.<br>• Chiau Haw Loon, the son of Datuk Seri Chiau Beng Teik, JP and brother of Chiau Haw Choon, is the director and substantial shareholder of Sens Hotel Sdn Bhd. |
| | | • Rental income received from Sens Hotel Sdn Bhd for renting parking lot belonging to PP Chin Hin Sdn Bhd. | 4 | |
| | • CHGB Group | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. | Nil | |
| | | • Provision of hotel accommodation by Sens Hotel Sdn Bhd based on prevailing market price. | Nil | |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |
| Chiau Beng Sun | • CHGB Group | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. | 5 | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Beng Sun is the brother of Datuk Seri Chiau Beng Teik, JP. |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| Laksana Saujana Sdn Bhd | • CHGB Group | • Rental expenses paid to Laksana Saujana Sdn Bhd for renting of warehouse-cum office.<br>• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.<br>• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | 120<br>Nil<br>Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB.<br>• Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors and substantial shareholders of Laksana Saujana Sdn Bhd. |
| Chin Hin Hotel Sdn Bhd | • CHGB Group | • Sale of building materials based on prevailing market price.<br>• Provision of insurance and other administrative services by/to CHGB Group based on prevailing market price.<br>• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil<br>Nil<br>Nil | • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB.<br>• Chiau Haw Choon is the director of Chin Hin Hotel Sdn Bhd, which in turn is substantially owned by PP Chin Hin Realty, a Major Shareholder of CHGB. |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| Chin Hin Concrete Mix Sdn Bhd | • PP Chin Hin Sdn Bhd<br>• CHGB Group | • Rental paid for renting of office space by PP Chin Hin Sdn Bhd.<br>• Renting of office premises to CHGB Group based on market value and is payable on an equal pro-rated monthly basis.<br>• Renting of office premises from CHGB Group based on market value and is payable on an equal pro-rated monthly basis.<br>• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | 10<br>Nil<br>Nil<br>Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB.<br>• Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors and substantial shareholders of Chin Hin Concrete Mix Sdn Bhd. |
| Murni Jaya Enterprise Sdn Bhd | • CHGB Group | • Provision of transportation services based on prevailing market price.<br>• Rental income received from Murni Jaya Enterprise Sdn Bhd for the renting of motor vehicles.<br>• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.<br>• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | 270<br>Nil<br>Nil<br>Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Beng Sun, the brother of Datuk Seri Chiau Beng Teik, JP is the director and substantial shareholder of Murni Jaya Enterprise Sdn Bhd. |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| PP Chin Hin Realty | • CHGB Group | • Sale of building materials based on prevailing market price. | Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. |
| | | • Rental income received from PP Chin Hin Realty for renting parking lot belonging to PP Chin Hin Sdn Bhd. | 10 | • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. |
| | | • Rental paid to PP Chin Hin Realty for rental of office space by Chin Hin Concrete (KL) Sdn Bhd. | 19 | • PP Chin Hin Realty is a Major Shareholder of CHGB. |
| | | • Rental paid to PP Chin Hin Realty for rental of office space by CHGB Group. | 28 | • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors and substantial shareholders of PP Chin Hin Realty. |
| | | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. | 122 | • Shelly Chiau Yee Wern is the Executive Director of CHGB. She is the daugther of Datuk Seri Chiau Beng Teik, JP and sibling of Chiau Haw Choon. |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| Aera Property Group Sdn Bhd | • CHGB Group | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. | 3 | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB.<br>• Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Aera Property Group Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB. |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |
| | | • Rental income received from Aera Property Group Sdn Bhd for renting parking lot belonging to PP Chin Hin Sdn Bhd and is payable on an equal pro-rated monthly basis. | 4 | |
| | • CHGP Group | • Provision of construction services to and/or by Aera Property Group Sdn Bhd based on prevailing market price. | 22,632 | |
| Chin Hin Plywood Co. Sdn Bhd | • CHGB Group | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. | Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB.<br>• Datuk Seri Chiau Beng Teik, JP is the director and substantial shareholder of Chin Hin Plywood Co. Sdn Bhd.<br>• Chiau Haw Choon is a director of Chin Hin Plywood Co. Sdn Bhd. |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| Ace Logistic Sdn Bhd | • CHGB Group | • Renting of factory / office premises to CHGB Group based on market value and is payable on an equal pro-rated monthly basis. | 1,440 | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. |
| | | • Renting of roof top to CHGB Group based on market value and is payable on an equal pro-rated monthly basis. | 10 | • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Ace Logistic Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB. |
| | | • Sale of building materials by CHGB Group based on prevailing market price. | Nil | |
| | | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price | 25 | |
| | • CHGP Group | • Provision of construction services to and/or by Ace Logistic Sdn Bhd based on prevailing market price. | Nil | |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| Midas Signature Sdn Bhd | • CHGB Group | • Renting of 89 car parks to CHGB Group based on market value and is payable on an equal pro-rated monthly basis. | 161 | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB.<br>• Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Midas Signature Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB. |
| | | • Renting of office space to CHGB Group based on market value and is payable on an equal pro-rated monthly basis. | 827 | |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |
| | | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. | 51 | |
| | • CHGP Group | • Leasing / renting of office premises from Midas Signature Sdn Bhd based on market value and is payable on an equal pro-rated monthly basis. | 133 | |
| Stellar 8 Sdn Bhd | • CHGB Group | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB.<br>• Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Stellar 8 Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB. |

# OTHER DISCLOSURE REQUIREMENTS (CONT'D)

## RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

| Related Party | CHGB Group - Transacting Party | Nature of Transaction with CHGB Group | Value of Transaction (RM'000) | Nature of relationship between CHGB Group and the Related Party |
|---|---|---|---|---|
| Platinum Eminent Sdn Bhd | • CHGB Group | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB.<br>• Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Platinum Eminent Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB |
| Kranich Trading | • CHGB Group | • Provision of transportation services by Kranich Trading based on prevailing market price. | 308 | • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.<br>• Chiau Yee Shan, the nephew of Datuk Seri Chiau Beng Teik, JP, is the owner of Kranich Trading |
| | | • Rental income received from Kranich Trading for the renting of motor vehicles. | Nil | |
| | | • Purchase of building raw materials by CHGB Group based on prevailing market price. | Nil | |
| | | • Sale of building raw materials to CHGB Group based on prevailing market price. | Nil | |
| | | • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. | Nil | |
| | | • Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group. | Nil | |

# AUDIT COMMITTEE REPORT

In line with the best practices of MCCG, the Board has set up the Audit Committee which comprising exclusively of Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board.

The present members of the Audit Committee are as follows:

| Designation | Name | Directorship |
|---|---|---|
| Chairman | Yeoh Chin Hoe | Senior Independent Non-Executive Director |
| Member | Datuk Cheng Lai Hock | Independent Non-Executive Director |
| Member | Datuk Hj Mohd Yusri Bin Md Yusof | Independent Non-Executive Director |

The primary objective of the Audit Committee is to establish a documented, formal and transparent procedure to assists the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, a system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations.

## TERMS OF REFERENCE

The terms of reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at www.chinhingroup.com.

## ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2022, the Audit Committee held six (6) meetings and the details of the attendance are as follows:

| Designation | Name | Meeting Attendance |
|---|---|---|
| Chairman | Yeoh Chin Hoe | 6/6 |
| Member | Datuk Cheng Lai Hock | 6/6 |
| Member | Datuk Hj Mohd Yusri Bin Md Yusof | 6/6 |

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year in the discharge of its functions and duties, included the following:

**(1) Financial Reporting**

Reviewed the quarterly and annual financial statements of the Group prepared by the management focusing particularly on:

(i) Any significant changes to accounting policies and practices;

(ii) Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters were addressed;

(iii) Significant adjustments arising from the audit; and

(iv) Compliance with accounting standards and other legal requirements.

# AUDIT COMMITTEE REPORT (CONT'D)

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

**(2) Risk Management and Internal Control**

(i) Reviewed the effectiveness of the internal control system and risk management framework adopted within the Group and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to mitigate losses and maximise opportunities;

(ii) Assessed the systems processes, policy and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;

(iii) Reviewed the system of internal control to ensure that they are in place, effectively administered and regularly monitored;

(iv) Recommended to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit Committee itself;

(v) Reviewed the updates on the risk profile and summary of risk presented by the Risk Management Committee; and

(vi) Highlighted to the Board of Directors any significant new risks which had come to its attention from the Internal Audit or Risk Management reports which are of sufficient importance to warrant the attention of the Board.

**(3) Internal Audit Function**

(i) Reviewed the effectiveness of internal audit function, including the ability, competency and qualification of the internal audit team and/or outsourced internal auditors (if any) to perform its duties;

(ii) Reviewed the adequacy of the scope, functions competency and resources, and that it has the necessary authority to carry out its work;

(iii) Reviewed and approved the internal audit plan and ensured that appropriate actions were taken to carry out the audits based on the approved plan;

(iv) Received and reviewed on a regular basis the Internal audit reports, findings and recommendations of the internal audit team and outsourced internal auditors and to ensure that appropriate actions had been taken to implement the audit recommendations;

(v) Assisted and ensured that the internal audit team and outsourced internal auditors had full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and

(vi) Reviewed any matters concerning the employment or appointment (and re-appointment) of the in-house and/or the outsourced internal auditors (as the case may be) and the reasons for resignation or termination of either party.

# AUDIT COMMITTEE REPORT (CONT'D)

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

**(4) External Audit**

(i) Reviewed the external auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and co-ordination of the external auditors;

(ii) Reviewed the annual performance assessment, including the suitability and independence of the external auditors and make recommendations to the Board, the appointment or re-appointment of the external auditors;

(iii) Assessed the suitability and independence of the external auditors;

(iv) Reviewed the external auditor's audit report, and significant matters and/or management letter highlighted by the external auditors and management's response to the management letter; and

(v) Reviewed the external auditors' findings arising from audits, particularly any comments and responses in audit recommendations as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

**(5) Related Party Transactions / Conflict of Interest Situations**

(i) Reviewed any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

(ii) Reviewed the related party transactions in relation to the mandate approved by the shareholders.

**(6) Audit Reports**

(i) Prepared the annual Audit Committee report to the Board for inclusion in the Annual Report;

(ii) Reviewed the Corporate Governance Overview Statement on compliance with the MCCG for inclusion in the Annual Report; and

(iii) Reviewed the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report.

## HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR

**(i) Financial Reporting**

The Audit Committee had reviewed the unaudited quarterly financial results and the annual audited financial statements of the Company and of the Group and made recommendations to the Board for approval and for announcement to Bursa Securities.

The Audit Committee also had reviewed the annual audited financial statements with the External Auditors and finance team to ensure that the financial statements give a true and fair view of the financial position and performance of the Group are in compliance with the relevant accounting standards, other legal requirements and to ensure compliance with the provisions of the Companies Act 2016 and the MMLR.

# AUDIT COMMITTEE REPORT (CONT'D)

## HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR (CONT'D)

**(ii) External Auditors**

During the financial year under review, the Audit Committee had met with the External Auditors without the presence of any Executive Director or management of the Company to review on the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries arising from the audit.

Significant matters requiring follow up were highlighted by the External Auditors and enquired on the adequacy and effectiveness of remedial actions taken by management in resolving these issues.

The Audit Committee also had reviewed and evaluated the audit planning memorandum and audit review memorandum prepared and presented by the External Auditors. The proposed audit fees for the External Auditors in respect of their audit of the financial statements of the Company and its subsidiaries were analysed and reviewed by the Audit Committee for recommendation to the Board for approval.

The Audit Committee also evaluated the performance and independence of the External Auditors covering areas such as calibre, quality processes/performance, audit team, independence and objectivity, audit scope and planning, audit fees as well as the audit communications of the External Auditors.

The Audit Committee having been satisfied with the independence and performance of Messrs UHY, had recommended the re-appointment of Messrs UHY as External Auditors to the Board for consideration and tabled to the shareholders for approval at the forthcoming Annual General Meeting.

**(iii) Internal Audit**

During the financial year under review, the Audit Committee had reviewed and evaluated the Internal Audit Reports ("IAR") pertaining to the internal control of the following areas of the Group prepared by the Internal Auditors of the Company:

- Credit control review of PP Chin Hin Sdn Bhd.
- Production efficiency review of G-Cast Concrete Sdn Bhd.
- Human resources management of Starken AAC Sdn Bhd.
- Anti-Bribery and Corruption policy review.

The IAR on audit findings, description, implication, recommendations to improve any weaknesses or non-compliance and the management action plan and comments thereto were tabled to the Audit Committee for their review and deliberations. The management was invited to attend the meetings as and when necessary to brief the Audit Committee on matters relating to their areas of responsibility.

Some weaknesses in internal control were identified for the year under review and measures have been or are being taken to address these weaknesses. The Internal Auditors monitored the implementation of management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

# AUDIT COMMITTEE REPORT (CONT'D)

## HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR (CONT'D)

**(iv) Enterprise Risk Management**

During the financial year under review, the Audit Committee also assisted the Board to oversee the execution of the risk management framework. The Risk Management Committee has been entrusted by the Board to appraise and evaluate the effectiveness of the overall risk management and internal control system and report to the Audit Committee on weaknesses and significant risks which will affect the operations, industrial relations, financial position and compliance status of the Group.

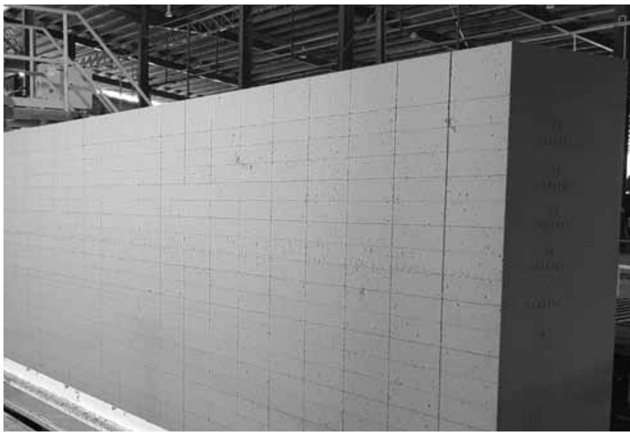
The Risk Management Committee held four (4) meetings in the financial year ended 31 December 2022 and reviewed the findings consolidated and prioritised by the divisions and/or departments on the risks evaluated under their purview, prior to reporting to the Audit Committee for further deliberation.

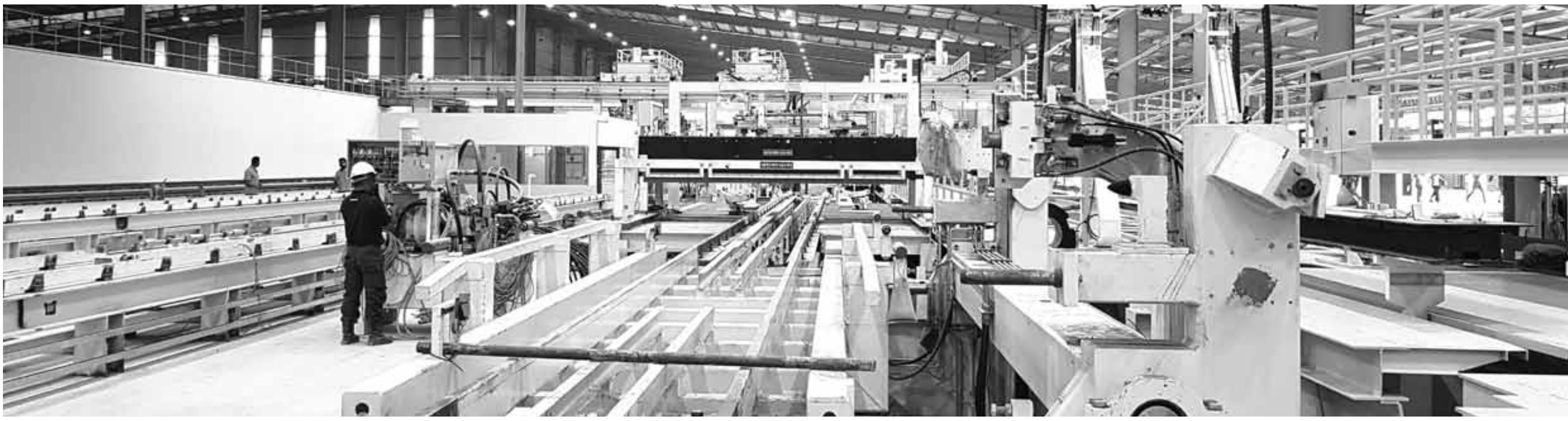
In addition to reviewing the top risks, the Risk Management Committee also maintained oversight of second-tier risks to ensure overall adequacy and effectiveness of risk mitigation plans and controls. Major incidents, if any, were reported to the Audit Committee to facilitate the review of the effectiveness of crisis management and the adequacy of mitigating measures taken by the Group to address the underlying risks.

With the reporting and update by the Risk Management Committee on key risk management issues and summary of activities undertaken during the financial year under review, the Audit Committee reviewed the key corporate risk profiles, risk assessment of core business processes, operational risks and mitigation measures as well as the process for identifying, evaluating, and managing risk through the risk management framework as to ensure that the risk management process and culture are embedded throughout the Group.

**(v) Related Party Transactions**

The related party transactions including recurrent related party transactions of a revenue and entered into by the Group were reviewed by the Audit Committee to ensure that they were conducted on the Group's normal commercial terms and adequate internal procedures had been deployed in the Group in relation to such transactions to monitor compliance with the MMLR and to ascertain that the transactions entered into were not prejudicial to the interest of the non-controlling shareholders.



# FINANCIAL STATEMENTS

# DIRECTORS' REPORT

The Directors of Chin Hin Group Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

The principal activities of the Company consist of provision of management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

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

| | Group RM | Company RM |
|---|---|---|
| Profit for the financial year | 100,972,208 | 73,708,531 |
| Attributable to: | | |
| Owners of the Parent | 96,826,823 | 73,708,531 |
| Non-controlling interests | 4,145,385 | – |
| | 100,972,208 | 73,708,531 |

## RESERVES AND PROVISIONS

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

## DIVIDENDS

Since the end of the last financial year, the Company paid:

| | RM |
|---|---|
| **In respect of the financial year ended 31 December 2021:** | |
| A first interim single tier dividend of RM0.01 per ordinary share paid on 6 January 2022 | 8,847,068 |
| **In respect of the financial year ended 31 December 2022:** | |
| A first interim single tier dividend of RM0.01 per ordinary share paid on 5 July 2022 | 8,847,068 |
| | 17,694,136 |

The Directors do not recommend any final dividend in respect of the current financial year under review.

# DIRECTORS' REPORT (CONT'D)

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from issued 885,081,996 to 1,770,163,992 by way of issuance of 885,081,996 new ordinary shares through a bonus issue on the basis of one (1) new ordinary share for every one (1) existing ordinary share held in the Company.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

## TREASURY SHARES

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 3 June 2022, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

As at 31 December 2022, the number of treasury shares held was 750,300 ordinary shares, including 375,150 ordinary shares issued on 22 August 2022 via bonus issue on the basis of one bonus share for every one ordinary share held in the Company. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 31 December 2022, the total number of treasury shares held by the Company was 750,300 out of the total 1,770,163,992 issued ordinary shares. Further relevant details are disclosed in Note 23 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.

## DIRECTORS

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

Chiau Haw Choon*
Datuk Cheng Lai Hock*
Datuk Seri Chiau Beng Teik, JP*
Yeoh Chin Hoe
Datuk Hj Mohd Yusri Bin Md Yusof*
Shelly Chiau Yee Wern* (Appointed as Director on 19.09.2022, Resigned as Alternate Director to Datuk Seri Chiau Beng Teik, JP on 19.09.2022)
Lee Hai Peng* (Resigned on 01.12.2022)

* *Director of the Company and of its subsidiaries*

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS (CONT'D)

The Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office since the beginning of the current financial year to the date of this report are:

| | |
|---|---|
| Benedict Lee Yee Kuan | |
| Datin Seri Wong Mee Leng | |
| Ng Wai Luen | |
| Tan Cheak Joo | |
| Woo Jing Kun, Freeman | |
| Yeoh Meng Hooi | |
| Lok Boon Cheng | |
| Lau See Hua | |
| Ng Chee Wei | |
| Khor Choon Wooi | |
| Koay Chun Yeong | |
| Alvin Tan Jit Kwong | |
| Kan Keat Peng | |
| Datuk Arif Shah Bin Osmar Shah | |
| Khor Chee Yong | |
| Abdul Jalil Bin Abdul Kadir | |
| Roger Lim Swee Kiat | |
| Liew Jor Ho | |
| Chai Min Yin | |
| Khor Kai Fu | (Appointed on 1.4.2023) |
| Kwan Sook Peng | (Appointed on 12.8.2022) |
| Khoo Chee Siang | (Resigned on 12.8.2022) |
| Chan Kin Keong | (Resigned on 16.6.2022) |
| Margaret Voon Lee Ching, alternate director to Lau See Hua | (Resigned on 31.12.2022) |
| Datuk Yeo Chun Sing | (Resigned on 28.3.2023) |

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

| | Number of ordinary shares | | | | |
|---|---|---|---|---|---|
| | At 1.1.2022 | Bought | Bonus Issue # | Sold | At 31.12.2022 |
| **Interests in the Company** | | | | | |
| **Direct Interests** | | | | | |
| Chiau Haw Choon | 51,353,850 | 240,100 | 51,593,950 | – | 103,187,900 |
| Datuk Cheng Lai Hock | 150,000 | – | 150,000 | – | 300,000 |
| Datuk Seri Chiau Beng Teik, JP | 130,327,550 | 66,724,600 | 132,541,850 | – | 329,594,000 |
| Yeoh Chin Hoe | 150,000 | – | 150,000 | – | 300,000 |
| Chiau Haw Choon* | 323,817,350 | 4,840,000 | 323,817,350 | – | 652,474,700 |
| Datuk Seri Chiau Beng Teik, JP* | 323,817,350 | 4,840,000 | 323,817,350 | – | 652,474,700 |

\# *Bonus issue of one (1) bonus share for every one (1) existing ordinary share held in Chin Hin Group Berhad as disclosed in Note 22 to the financial statements.*

* *Deemed interests pursuant to Section 8 of the Companies Act 2016 by virtue of their substantial shareholdings in Divine Inventions Sdn. Bhd..*

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in the "Directors' Remuneration" of this report) 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 as disclosed in Note 39(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS' REMUNERATION

The details of the Directors' remuneration paid/payable to the Directors of the Company during the financial year are as follows:

| | Group RM | Company RM |
|---|---|---|
| **Directors of the Company** | | |
| **Executive** | | |
| Salaries and other emoluments | 3,397,841 | 246,667 |
| Defined contribution plans | 385,057 | 28,800 |
| Social security contributions | 13,318 | 899 |
| Employment insurance scheme | 1,247 | 103 |
| | 3,797,463 | 276,469 |
| **Non-Executive** | | |
| Fees | 246,000 | 180,000 |
| Other emoluments | 44,650 | 38,250 |
| | 290,650 | 218,250 |
| | 4,088,113 | 494,719 |

## INDEMNITY AND INSURANCE COSTS

During the financial year, certain Directors and officers of the Group are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, certain Directors and officers of the Group subject to the terms of the policy. The total amount of indemnity coverage and premium paid for the Directors' and Officers' Liability Insurance by the Group was RM20,000,000 and RM33,000 respectively.

There was no indemnity given to or insurance effected for auditors of the Company in accordance with Section 289 of the Companies Act 2016.

## OTHER STATUTORY INFORMATION

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

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

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

# DIRECTORS' REPORT (CONT'D)

## OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

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

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

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

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

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

(d) In the opinion of the Directors:

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

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

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

## SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 8 to the financial statements.

## SIGNIFICANT EVENTS

The details of the significant events are disclosed in Note 45 to the financial statements.

## SUBSEQUENT EVENTS

The details of the subsequent events are disclosed in Note 46 to the financial statements.

# DIRECTORS' REPORT (CONT'D)

## AUDITORS' REMUNERATION

The details of the auditors' remuneration for the financial year are as follows:

| | Group RM | Company RM |
|---|---|---|
| Auditors' remuneration | | |
| - Statutory audit | 635,832 | 65,000 |
| - Non-statutory audit | 45,000 | 5,000 |
| | 680,832 | 70,000 |

## AUDITORS

The Auditors, UHY, have expressed their willingness to continue in office.

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

DATUK SERI CHIAU BENG TEIK, JP

CHIAU HAW CHOON

# STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of Chin Hin Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

DATUK SERI CHIAU BENG TEIK, JP

CHIAU HAW CHOON

# STATUTORY DECLARATION

## PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Lim Yoke Tuan (MIA Membership No: CA 6977), being the officer primarily responsible for the financial management of Chin Hin Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the )
abovenamed at Kuala Lumpur in the state )
of Federal Territory on 25 April 2023 ) LIM YOKE TUAN

Before me,

No: W790
ZAINUL ABIDIN BIN AHMAD
COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CHIN HIN GROUP BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Chin Hin Group Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 134 to 298.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("**By-Laws**") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key Audit Matters

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

| Key Audit Matters | How we addressed the key audit matters |
|---|---|
| **Revenue and Cost Recognition for Construction and Property Development Activities** | |
| The Group is involved in construction and property development activities which span more than one accounting period.<br><br>The revenue from construction and property development activities is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation by reference to the costs incurred to date as a percentage of the estimated total costs of the project.<br><br>We identified revenue, construction and property development costs as key audit matter as significant management judgement and estimates are involved in estimating the total construction and property development costs.<br><br>Key management judgements include:<br><br>(a) Estimating the budgeted costs to complete the project;<br><br>(b) The future profitability of the project; and<br><br>(c) The percentage of completion at the end of the reporting period.<br><br>Changes in these judgements could lead to a material change in the value of revenue recognised. | We obtained an understanding of the relevant controls put in place by the Group in respect of revenue recognition for construction and property development activities and performed procedures to evaluate design and implementation of such controls.<br><br>We evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers*.<br><br>We performed a range of audit procedures which included reviewing contract documentation, variation orders and enquiring of key personnel regarding status of on-going contracts, adjustments for job costing and potential impairment losses.<br><br>In relation to construction and property development revenue or costs, we, amongst others and where applicable:<br><br>• We agreed this to original signed contracts, letter of awards and approved variation orders.<br>• We evaluated the project progress and recovery of cost to supporting evidences including but not limited to verification of third-party surveyors' certificates, progress report and interviews with project team.<br>• We reviewed management's workings on the computation of percentage of completion.<br><br>In assessing management's assumptions in estimating the costs to completion for contracts, we verified the budgeted cost to sub-contractors' contracts. We verified the construction and property development costs incurred to date to sub-contractors' progress claims and recalculating the percentage of completion at the reporting date.<br><br>We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 *Revenue from Contracts with Customers*. |

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key Audit Matters (Cont'd)

| Key Audit Matters | How we addressed the key audit matters |
|---|---|
| **Impairment on Trade Receivables, Other Receivables and Contract Assets**<br><br>The Group's trade receivables, other receivables and contract assets amounting to RM507 million, RM79 million and RM92 million, representing approximately 25%, 4% and 4% of the Group's total assets respectively as at 31 December 2022.<br><br>We focused on this area due to the Group has significant trade and other receivables and contract assets as at 31 December 2022 and it is subject to credit risk exposure.<br><br>The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. This is considered a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to the recoverability of receivables and contract assets. | We have reviewed the Group's receivables to determine whether are there any indication of impairment. Our impairment review is focused towards receivables which are overdue but not impaired as at 31 December 2022.<br><br>We reviewed the Group's policy on management of credit risk and its credit exposures.<br><br>We assessed the reasonableness of the methods and assumptions used by the management in estimating the recoverable amount and impairment loss both specific impairment and expected credit loss. We also tested the accuracy and completeness of the data used by the management.<br><br>We develop our understanding on receivables which poses a high risk of default through reviewing the receivables ageing analysis, discussion with the Group's internal credit control department and validating to legal reports by solicitors for cases where the Group has commenced legal actions.<br><br>We reviewed the adequacy of the impairment loss and enquired the management regarding the recoverability of samples of trade receivables that are individually significant and group of receivables with similar credit risk characteristics. We examined the repayment patterns, review any settlement agreement and obtained evidence of cash receipts where these has been received. |
| **Inventories - Net Realisable Value**<br><br>The Group's other inventories amounting to RM103 million, representing approximately 5% of the Group's total assets as at 31 December 2022.<br><br>Inventories are measured at the lower of cost and net realisable value. The Group estimates the realisable value of inventories based on an assessment of expected sales prices. Details of inventories are disclosed in Note 13.<br><br>The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets. | We compared on a test basis, the unit price used in the final inventory listing summary to current price lists, recent sales invoices, or recent vendor invoices.<br><br>For finished goods manufactured by the company, we compared, on a test basis, inventory carrying amounts and recent selling prices or sales invoices; estimated cost to complete for work-in-process items and estimated costs necessary to make the sale; and ascertained that such carrying amounts are not in excess of net realisable value.<br><br>We compared the inventory turnover ratio and gross profit percentage of the current period to prior periods.<br><br>We attended year end physical inventory count to observe physical existence and condition of inventories and assessed the implementation of controls during the count. |

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

## RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## OTHER MATTERS

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

UHY
Firm Number: AF 1411
Chartered Accountants

YEOH AIK CHUAN
Approved Number: 02239/07/2024 J
Chartered Accountant

KUALA LUMPUR
25 April 2023

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | 4 | 372,608,753 | 382,108,037 | 626,253 | 722,248 |
| Right-of-use assets | 5 | 70,642,376 | 69,720,060 | 131,966 | 179,619 |
| Investment properties | 6 | 58,430,000 | 59,000,000 | – | – |
| Goodwill on consolidation | 7 | 34,348,773 | 39,194,330 | – | – |
| Investment in subsidiaries | 8 | – | – | 539,299,331 | 507,938,262 |
| Investment in associates | 9 | 226,942,468 | 184,009,400 | 207,069,500 | 160,911,706 |
| Investment in joint ventures | 10 | 57,391,354 | 47,544,033 | – | – |
| Other investments | 11 | 70,000 | 93,448 | – | – |
| Other financial assets | 12 | 2,411,223 | 1,519,196 | 2,039,646 | 1,161,154 |
| Inventories | 13 | 63,267,027 | 159,366,624 | – | – |
| Trade receivables | 14 | 15,277,442 | 3,185,712 | – | – |
| Other receivables | 15 | 5,248,058 | – | 5,248,058 | – |
| Deferred tax assets | 16 | 816,218 | – | – | – |
| | | 907,453,692 | 945,740,840 | 754,414,754 | 670,912,989 |
| **Current Assets** | | | | | |
| Inventories | 13 | 316,857,240 | 122,685,944 | – | – |
| Contract assets | 17 | 91,900,211 | 27,262,819 | – | – |
| Trade receivables | 14 | 491,733,034 | 495,521,387 | – | – |
| Other receivables | 15 | 73,848,188 | 79,535,403 | 13,567,254 | 523,333 |
| Other investments | 11 | 10,472,000 | – | 10,472,000 | – |
| Net investment in lease | 18 | 69,406 | 69,406 | – | – |
| Amount due from subsidiaries | 19 | – | – | 119,625,634 | 104,128,435 |
| Tax recoverable | | 6,595,131 | 5,861,935 | – | 186,701 |
| Fixed deposits with licensed banks | 20 | 23,524,328 | 13,036,735 | – | – |
| Cash and bank balances | | 126,802,151 | 89,113,316 | 3,104,539 | 7,801,655 |
| | | 1,141,801,689 | 833,086,945 | 146,769,427 | 112,640,124 |
| Assets held for sale | 21 | 2,523,281 | – | – | – |
| | | 1,144,324,970 | 833,086,945 | 146,769,427 | 112,640,124 |
| **Total Assets** | | 2,051,778,662 | 1,778,827,785 | 901,184,181 | 783,553,113 |
| **EQUITY** | | | | | |
| Share capital | 22 | 381,850,595 | 381,850,595 | 381,850,595 | 381,850,595 |
| Treasury shares | 23 | (338,054) | (338,054) | (338,054) | (338,054) |
| Reserves | 24 | 185,045,229 | 134,962,120 | 119,042,043 | 54,180,580 |
| Equity attributable to owners of the parent | | 566,557,770 | 516,474,661 | 500,554,584 | 435,693,121 |
| Non-controlling interests | | 103,754,494 | 104,991,251 | – | – |
| **Total Equity** | | 670,312,264 | 621,465,912 | 500,554,584 | 435,693,121 |

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

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **LIABILITIES** | | | | | |
| **Non-Current Liabilities** | | | | | |
| Contract liabilities | 17 | – | 24,613 | – | – |
| Trade payables | 25 | 6,605,541 | 6,681,175 | – | – |
| Amount due to a subsidiary | 19 | – | – | – | 127,517,855 |
| Lease liabilities | 26 | 4,112,442 | 5,324,182 | 18,726 | 72,067 |
| Bank borrowings | 27 | 350,967,510 | 298,766,572 | 114,655,592 | 118,907,261 |
| Deferred tax liabilities | 16 | 15,857,066 | 17,020,775 | – | 60,588 |
| | | 377,542,559 | 327,817,317 | 114,674,318 | 246,557,771 |
| **Current Liabilities** | | | | | |
| Contract liabilities | 17 | 40,104 | 195,526 | – | – |
| Trade payables | 25 | 312,675,662 | 207,525,565 | – | – |
| Other payables | 28 | 151,863,907 | 122,605,690 | 1,146,417 | 10,056,042 |
| Amount due to Directors | 29 | 7,026,664 | 5,672 | – | – |
| Amount due to subsidiaries | 19 | – | – | 233,471,134 | 69,789,312 |
| Lease liabilities | 26 | 6,389,969 | 4,363,470 | 115,904 | 108,747 |
| Bank borrowings | 27 | 523,690,183 | 492,121,517 | 51,148,007 | 21,348,120 |
| Tax payable | | 2,237,350 | 2,727,116 | 73,817 | – |
| | | 1,003,923,839 | 829,544,556 | 285,955,279 | 101,302,221 |
| **Total Liabilities** | | 1,381,466,398 | 1,157,361,873 | 400,629,597 | 347,859,992 |
| **Total Equity and Liabilities** | | 2,051,778,662 | 1,778,827,785 | 901,184,181 | 783,553,113 |

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECECMBER 2022

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| Revenue | 30 | 1,629,655,048 | 1,150,316,785 | 7,686,000 | 6,949,000 |
| Cost of sales | | (1,497,598,646) | (1,053,103,183) | – | – |
| Gross profit | | 132,056,402 | 97,213,602 | 7,686,000 | 6,949,000 |
| Other income | | 13,918,818 | 6,901,106 | 51,305 | 38,599 |
| Finance income | | 3,197,384 | 2,423,686 | 1,411,464 | 970,886 |
| Gain on disposal of subsidiaries | | 4,138,667 | 168,317 | (8,324,265) | – |
| Gain on disposal of associates | | 76,320,574 | 9,679,425 | 95,428,853 | 9,679,425 |
| Gain on disposal of warrants | | – | 25,999,671 | – | 25,999,671 |
| Fair value adjustment on investments properties | | (631,600) | (370,000) | – | – |
| Fair value gain on other investments | | 2,192,000 | – | 2,192,000 | – |
| Impairment loss on goodwill on consolidation | | (166,667) | (10,918,103) | – | – |
| Distribution expenses | | (14,487,914) | (10,797,102) | – | – |
| Administrative expenses | | (85,170,358) | (56,873,862) | (9,971,215) | (8,726,098) |
| Other expenses | | (5,328,930) | (4,870,470) | (74,253) | – |
| Net loss on impairment of financial instruments | | (10,285,624) | (5,996,027) | (2,092,842) | – |
| Finance costs | 31 | (30,397,804) | (18,344,457) | (11,842,774) | (3,395,722) |
| Share of results of associates | | 20,756,618 | 7,043,510 | – | – |
| Share of results of joint ventures | | 10,451,964 | 484,336 | – | – |
| Profit before tax | 32 | 116,563,530 | 41,743,632 | 74,464,273 | 31,515,761 |
| Taxation | 33 | (15,591,322) | (10,774,422) | (755,742) | (178,122) |
| Profit for the financial year | | 100,972,208 | 30,969,210 | 73,708,531 | 31,337,639 |
| **Other comprehensive income, net of tax** | | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | | |
| Revaluation surplus | | 1,912,906 | – | – | – |
| Deferred tax liabilities relating to revaluation of land and buildings | | (484,528) | 62,317 | – | – |
| *Items that are or may be reclassified subsequently to profit or loss* | | | | | |
| Exchange translation differences for foreign operations | | 509,768 | 153,129 | – | – |
| Share of other comprehensive income of associates | | (327,311) | – | – | – |
| **Other comprehensive income for the financial year, net of tax** | | 1,610,835 | 215,446 | – | – |
| **Total comprehensive income for the financial year** | | 102,583,043 | 31,184,656 | 73,708,531 | 31,337,639 |

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Profit for the financial year attributable to:** | | | | | |
| Owners of the parent | | 96,826,823 | 30,700,449 | 73,708,531 | 31,337,639 |
| Non-controlling interests | | 4,145,385 | 268,761 | – | – |
| | | 100,972,208 | 30,969,210 | 73,708,531 | 31,337,639 |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the parent | | 98,437,658 | 30,915,895 | 73,708,531 | 31,337,639 |
| Non-controlling interests | | 4,145,385 | 268,761 | – | – |
| | | 102,583,043 | 31,184,656 | 73,708,531 | 31,337,639 |
| **Earnings per share** | 34 | | | | |
| Basic and diluted earnings per share (sen) | | | | | |
| - Before issuance bonus shares | | 11 | 4 | | |
| - After issuance bonus shares | | 5 | 2 | | |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECECMBER 2022

| | | Attributable to owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | | | Distributable | | | |
| | Note | Share Capital RM | Treasury Shares RM | Foreign Currency Translation Reserve RM | Merger Reserve RM | Revaluation Reserve RM | Retained Earnings RM | Total RM | Non-Controlling Interests RM | Total Equity RM |
| **Group** | | | | | | | | | | |
| At 1 January 2022 | | 381,850,595 | (338,054) | 403,024 | (147,391,284) | 6,268,981 | 275,681,399 | 516,474,661 | 104,991,251 | 621,465,912 |
| Profit for the financial year | | – | – | – | – | – | 96,826,823 | 96,826,823 | 4,145,385 | 100,972,208 |
| Other comprehensive income for the financial year | | – | – | 182,457 | – | 1,428,378 | – | 1,610,835 | – | 1,610,835 |
| Total comprehensive income for the financial year | | – | – | 182,457 | – | 1,428,378 | 96,826,823 | 98,437,658 | 4,145,385 | 102,583,043 |
| Realisation of revaluation reserve | | – | – | – | – | (167,873) | 167,873 | – | – | – |
| **Transactions with owners:** | | | | | | | | | | |
| Dividends to owners of the Company | 35 | – | – | – | – | – | (8,847,068) | (8,847,068) | – | (8,847,068) |
| Non-controlling interests arising from acquisition of subsidiaries | 8(c) | – | – | – | – | – | – | – | 7,112,384 | 7,112,384 |
| Disposal of subsidiaries | 8(d) | – | – | – | – | – | – | – | 147,656 | 147,656 |
| Capital contribution by non-controlling interests | 8(g) | – | – | – | – | – | – | – | 9,159,671 | 9,159,671 |
| Changes in ownership interests in subsidiaries | 8(e) | – | – | – | – | – | (39,507,481) | (39,507,481) | (21,801,853) | (61,309,334) |
| Total transactions with owners | | – | – | – | – | – | (48,354,549) | (48,354,549) | (5,382,142) | (53,736,691) |
| At 31 December 2022 | | 381,850,595 | (338,054) | 585,481 | (147,391,284) | 7,529,486 | 324,321,546 | 566,557,770 | 103,754,494 | 670,312,264 |

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

| | | Attributable to owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | | | Distributable | | | |
| | Note | Share Capital RM | Treasury Shares RM | Foreign Currency Translation Reserve RM | Merger Reserve RM | Revaluation Reserve RM | Retained Earnings RM | Total RM | Non-Controlling Interests RM | Total Equity RM |
| **Group** | | | | | | | | | | |
| At 1 January 2021 | | 325,795,595 | – | 249,895 | (147,391,284) | 9,413,437 | 262,067,232 | 450,134,875 | (4,846,339) | 445,288,536 |
| Profit for the financial year | | – | – | – | – | – | 30,700,449 | 30,700,449 | 268,761 | 30,969,210 |
| Other comprehensive income for the financial year | | – | – | 153,129 | – | 62,317 | – | 215,446 | – | 215,446 |
| Total comprehensive income for the financial year | | – | – | 153,129 | – | 62,317 | 30,700,449 | 30,915,895 | 268,761 | 31,184,656 |
| Realisation of revaluation reserve upon disposal of properties | | – | – | – | – | (3,122,836) | 3,122,836 | – | – | – |
| Realisation of reserves upon disposal of a subsidiary | | – | – | – | – | (83,937) | 83,937 | – | – | – |
| **Transactions with owners:** | | | | | | | | | | |
| Issue of ordinary shares | 22 | 56,055,000 | – | – | – | – | (297,091) | 55,757,909 | – | 55,757,909 |
| Share repurchased | 23 | – | (338,054) | – | – | – | – | (338,054) | – | (338,054) |
| Dividends to owners of the Company | 35 | – | – | – | – | – | (14,408,447) | (14,408,447) | – | (14,408,447) |
| Balance carried down | | 56,055,000 | (338,054) | – | – | – | (14,705,538) | 41,011,408 | – | 41,011,408 |

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

| | | Attributable to owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | | | Distributable | | | |
| | Note | Share Capital RM | Treasury Shares RM | Foreign Currency Translation Reserve RM | Merger Reserve RM | Revaluation Reserve RM | Retained Earnings RM | Total RM | Non-Controlling Interests RM | Total Equity RM |
| **Transactions with owners: (Cont'd)** | | | | | | | | | | |
| Balance brought down | | 56,055,000 | (338,054) | – | – | – | (14,705,538) | 41,011,408 | – | 41,011,408 |
| Capital contribution by non-controlling interests arising from incorporation of subsidiaries | 8(b) | – | – | – | – | – | – | – | 45,043 | 45,043 |
| Non-controlling interests arising from acquisition of subsidiaries | 8(c) | – | – | – | – | – | – | – | 95,151,665 | 95,151,665 |
| Disposal of subsidiaries | 8(d) | – | – | – | – | – | – | – | 111,107 | 111,107 |
| Capital contribution by non-controlling interests | 8(g) | – | – | – | – | – | – | – | 33,147,038 | 33,147,038 |
| Changes in ownership interests in subsidiaries | 8(e) | – | – | – | – | – | (5,917,212) | (5,917,212) | (18,856,329) | (24,773,541) |
| Disposal of equity interest to non-controlling interests | 8(f) | – | – | – | – | – | 329,695 | 329,695 | (29,695) | 300,000 |
| Total transactions with owners | | 56,055,000 | (338,054) | – | – | – | (20,293,055) | 35,423,891 | 109,568,829 | 144,992,720 |
| At 31 December 2021 | | 381,850,595 | (338,054) | 403,024 | (147,391,284) | 6,268,981 | 275,681,399 | 516,474,661 | 104,991,251 | 621,465,912 |

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

| | | Non-distributable | | Distributable | |
|---|---|---|---|---|---|
| | Note | Share Capital RM | Treasury shares RM | Retained Earnings RM | Total Equity RM |
| **Company** | | | | | |
| At 1 January 2022 | | 381,850,595 | (338,054) | 54,180,580 | 435,693,121 |
| Profit for the financial year, representing total comprehensive income for the financial year | | – | – | 73,708,531 | 73,708,531 |
| **Transaction with owners:** | | | | | |
| Dividends to owners of the Company | 35 | – | – | (8,847,068) | (8,847,068) |
| At 31 December 2022 | | 381,850,595 | (338,054) | 119,042,043 | 500,554,584 |
| At 1 January 2021 | | 325,795,595 | – | 37,548,479 | 363,344,074 |
| Profit for the financial year, representing total comprehensive income for the financial year | | – | – | 31,337,639 | 31,337,639 |
| **Transactions with owners:** | | | | | |
| Issue of ordinary shares | 22 | 56,055,000 | – | (297,091) | 55,757,909 |
| Share repurchased | 23 | – | (338,054) | – | (338,054) |
| Dividends to owners of the Company | 35 | – | – | (14,408,447) | (14,408,447) |
| Total transactions with owners | | 56,055,000 | (338,054) | (14,705,538) | 41,011,408 |
| At 31 December 2021 | | 381,850,595 | (338,054) | 54,180,580 | 435,693,121 |

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECECMBER 2022

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Operating Activities** | | | | |
| Profit before tax | 116,563,530 | 41,743,632 | 74,464,273 | 31,515,761 |
| Adjustments for: | | | | |
| Amortisation of other investments | – | 936 | – | – |
| Bad debts written off - Trade | 1,717,900 | 1,530,528 | – | – |
| Deposit written off | 139,805 | – | – | – |
| Depreciation of: | | | | |
| - Property, plant and equipment | 29,248,424 | 28,552,836 | 173,044 | 280,976 |
| - Right-of-use assets | 9,698,113 | 6,700,499 | 134,892 | 108,463 |
| Fair value adjustment on investment properties | 631,600 | 370,000 | – | – |
| Impairment loss on: | | | | |
| - Goodwill on consolidation | 166,667 | 10,918,103 | – | – |
| - Trade receivables | 22,491,955 | 18,101,214 | – | – |
| - Other receivables | 822,777 | 477,704 | – | – |
| - Contract assets | 321,862 | – | – | – |
| - Amount due from subsidiaries | – | – | 2,092,842 | – |
| - Investment in associates | 23,892 | – | – | – |
| Finance costs | 30,397,804 | 18,344,457 | 11,842,774 | 3,395,722 |
| Inventories written down to net realisable value | 3,053,986 | 496,513 | – | – |
| Inventories written off | 175,786 | 163,509 | – | – |
| Property, plant and equipment written off | 554,197 | 61,544 | 74,253 | – |
| Unrealised loss on foreign exchange | 375,216 | 268,690 | – | – |
| Fair value gain on other investments | (2,192,000) | – | (2,192,000) | – |
| (Gain)/Loss on disposal of: | | | | |
| - Assets held for sale | – | (150,000) | – | – |
| - Investment in subsidiaries | (4,138,667) | (168,317) | 8,324,265 | – |
| - Investment in associates | (76,320,574) | (9,679,426) | (95,428,853) | (9,679,425) |
| - Investment in an associate's warrants | – | (25,999,671) | – | (25,999,671) |
| - Land held for development | (481,547) | – | – | – |
| - Property, plant and equipment | (1,048,629) | (37,412) | – | – |
| - Right-of-use assets | – | 36,438 | – | – |
| Gain on bargain purchase | (2,751,600) | – | – | – |
| Gain on strike off of a subsidiary | (176,013) | – | – | – |
| **Balance carried down** | 129,274,484 | 91,731,777 | (514,510) | (378,174) |

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

| | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|
| **Operating Activities (Cont'd)** | | | | |
| **Balance brought down** | 129,274,484 | 91,731,777 | (514,510) | (378,174) |
| Gain on modification of lease contract | – | (63,889) | – | – |
| Interest income | (3,197,384) | (2,423,686) | (1,411,464) | (970,886) |
| Net effect of unwinding of interest from discounting arising from: | | | | |
| - Trade receivables | – | (252,541) | – | – |
| - Other financial assets | (34,338) | – | (20,803) | – |
| Reversal of impairment loss on: | | | | |
| - Trade receivables | (12,576,654) | (12,582,891) | – | – |
| - Other receivables | (452,454) | – | – | – |
| Share of results of associates | (20,756,618) | (7,043,510) | – | – |
| Share of results of joint ventures | (10,451,964) | (484,336) | – | – |
| **Operating profit/(loss) before working capital changes** | 81,805,072 | 68,880,924 | (1,946,777) | (1,349,060) |
| **Changes in working capital:** | | | | |
| Inventories | (110,454,912) | (153,741,246) | – | – |
| Trade receivables | (17,260,135) | (2,248,137) | – | – |
| Other receivables | (552,247) | 5,005,940 | (19,094,482) | 43,585 |
| Trade payables | 99,703,708 | 20,471,436 | – | – |
| Other payables | 34,389,539 | 5,915,360 | (62,557) | 700,669 |
| Contract assets/liabilities | (41,285,324) | (12,531,090) | – | – |
| Amount due from/to subsidiaries | – | – | (3,801,100) | (3,809,200) |
| | (35,459,371) | (137,127,737) | (22,958,139) | (3,064,946) |

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

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Operating Activities (Cont'd)** | | | | | |
| **Cash generated from/(used in) operations** | | 46,345,701 | (68,246,813) | (24,904,916) | (4,414,006) |
| Interest paid | | (29,595,301) | (18,192,182) | (11,040,271) | (3,395,722) |
| Interest received | | 3,197,384 | 2,423,686 | 1,411,464 | 970,886 |
| Tax paid | | (16,477,250) | (9,635,719) | (555,812) | (415,850) |
| Tax refunded | | 2,346,167 | 880,250 | – | – |
| Real property gain tax paid | | (349,088) | (348,000) | – | – |
| | | (40,878,088) | (24,871,965) | (10,184,619) | (2,840,686) |
| Net cash from/(used in) operating activities | | 5,467,613 | (93,118,778) | (35,089,535) | (7,254,692) |
| **Investing Activities** | | | | | |
| Advance to subsidiaries | | – | – | (13,788,941) | (12,217,945) |
| Additional investment in subsidiaries | 8(e) | (61,309,334) | (24,773,541) | (61,309,334) | (24,773,541) |
| Acquisition of subsidiaries | 8(c) | – | – | – | (96,376,561) |
| Acquisition of associates | 9(a) | (104,400,000) | (102,979,832) | (104,400,000) | (102,669,500) |
| Acquisition of other investment | | (8,280,000) | – | (8,280,000) | – |
| Additional investment in associates | | – | (39,842,805) | – | (39,842,805) |
| Capital contribution by non-controlling interests | 8(b), 8(g) | 9,159,671 | 24,392,081 | – | – |
| Dividend received | | – | 1,063,080 | – | 1,063,080 |
| Disposal of equity interest to non-controlling interests | 8(f) | – | 300,000 | – | – |
| Purchase of: | | | | | |
| - Property, plant and equipment | | (18,708,608) | (13,375,805) | (151,302) | (246,693) |
| - Right-of-use assets | 5(d) | (870,310) | (496,151) | – | – |
| - Other financial assets | | (857,689) | (1,519,196) | (857,689) | (1,161,154) |
| Proceeds from disposal of associates | 9(b) | 153,671,059 | 11,317,821 | 153,671,059 | 11,317,820 |
| **Balance carried down** | | (31,595,211) | (145,914,348) | (35,116,207) | (264,907,299) |

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

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Investing Activities (Cont'd)** | | | | | |
| **Balance brought down** | | (31,595,211) | (145,914,348) | (35,116,207) | (264,907,299) |
| Proceeds from disposal of: | | | | | |
| - An associate's warrants | | – | 25,999,671 | – | 25,999,671 |
| - Net cash outflows from acquisition of subsidiaries | 8(c) | (327,020) | (84,482,711) | – | – |
| - Net cash inflows/(outflows) from disposal of subsidiaries | 8(d) | 18,876,040 | (12,931) | 21,624,000 | – |
| - Assets held for sale | | – | 11,600,000 | – | – |
| - Land held for development | | 2,789,925 | – | – | – |
| - Property, plant and equipment | | 1,533,942 | 108,405 | – | 4,106 |
| - Right-of-use assets | | – | 11,000 | – | – |
| Net cash used in investing activities | | (8,722,324) | (192,690,914) | (13,492,207) | (238,903,522) |
| **Financing Activities** | | | | | |
| Issuance of ordinary shares | 22 | – | 56,055,000 | – | 56,055,000 |
| Dividends paid | | (17,694,136) | (5,561,379) | (17,694,136) | (5,561,379) |
| Drawdown of term loans | | 164,000,000 | 282,335,920 | 81,000,000 | 141,000,000 |
| Net changes on banker acceptance, invoice financing and revolving credits | | 4,923,856 | 27,612,075 | 18,816,729 | – |
| Increase in fixed deposits pledged | | (7,956,059) | (13,015,694) | – | – |
| Advance from subsidiaries | | – | – | 36,163,967 | 60,802,261 |
| Advance from/(Repayment to) Directors | | 7,020,992 | (1,534,655) | – | – |
| Repayment of lease liabilities | | (8,044,900) | (5,497,243) | (133,423) | (108,608) |
| Repayment of share issuance expenses | | – | (297,091) | – | (297,091) |
| Repayment of term loans | | (102,103,689) | (24,550,807) | (74,268,511) | (744,619) |
| Purchase of treasury shares | | – | (338,054) | – | (338,054) |
| Net cash from financing activities | | 40,146,064 | 315,208,072 | 43,884,626 | 250,807,510 |

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

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Net increase/(decrease) in cash and cash equivalents** | | 36,891,353 | 29,398,380 | (4,697,116) | 4,649,296 |
| **Cash and cash equivalents at the beginning of the financial year** | | 79,274,421 | 49,722,912 | 7,801,655 | 3,152,359 |
| Effect of exchange translation differences on cash and cash equivalents | | 358,471 | 153,129 | – | – |
| **Cash and cash equivalents at the end of the financial year** | | 116,524,245 | 79,274,421 | 3,104,539 | 7,801,655 |
| **Cash and cash equivalents at the end of the financial year comprises:** | | | | | |
| Cash and bank balances | | 126,802,151 | 89,113,316 | 3,104,539 | 7,801,655 |
| Bank overdrafts | 27 | (12,809,440) | (9,838,895) | – | – |
| Fixed deposits with licensed banks | 20 | 23,524,328 | 13,036,735 | – | – |
| | | 137,517,039 | 92,311,156 | 3,104,539 | 7,801,655 |
| Less: Fixed deposits pledged with licensed banks | 20 | (20,992,794) | (13,036,735) | – | – |
| | | 116,524,245 | 79,274,421 | 3,104,539 | 7,801,655 |

**Note to statements of cash flows**

**Cash flows for leases as a lessee**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Included in operating activities** | | | | | |
| Interest paid in relation to lease liabilties | 31 | 461,177 | 410,469 | 7,177 | 3,392 |
| Lease expenses relating to short-term leases | 32 | 1,853,056 | 1,545,957 | 34,672 | 29,864 |
| Lease expenses relating to low-value assets | 32 | 387,786 | 302,224 | 34,860 | 41,160 |
| **Included in financing activities** | | | | | |
| Repayment of lease liabilities | | 8,044,900 | 5,497,243 | 133,423 | 108,608 |
| **Total cash outflows for leases** | | 10,746,919 | 7,755,893 | 210,132 | 183,024 |

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

# NOTES TO THE FINANCIAL STATEMENTS
31 DECECMBER 2022

## 1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at No. A-1-9, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.

With effect from 17 October 2022, the Company's registered office has been relocated to 22-09, Menara 1MK, No. 1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur. Prior to the relocation, the registered office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 8. There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

**Adoption of new and amended standards**

During the financial year, the Group and the Company have adopted the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board ("**MASB**") that are mandatory for current financial year:

| | |
|---|---|
| Amendments to MFRS 16 | Covid-19 - Related Rent Concessions beyond 30 June 2021 |
| Amendments to MFRS 3 | Reference to the Conceptual Framework |
| Amendments to MFRS 116 | Property, Plant and Equipment - Proceeds before Intended Use |
| Amendments to MFRS 137 | Onerous Contracts - Cost of Fulfilling a Contract |

Annual Improvements to MFRS Standards 2018 - 2020:
- Amendments to MFRS 1
- Amendments to MFRS 9
- Amendments to MFRS 16
- Amendments to MFRS 141

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (Cont'd)

**Standards issued but not yet effective**

The Group and Company have not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Group and for the Company:

| | | Effective dates for financial periods beginning on or after |
|---|---|---|
| Amendments to MFRS 17 | Initial Application of MFRS 17 and MFRS 9 - Comparative Information | 1 January 2023 |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 101 | Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108 | Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 16 | Lease liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to MFRS 101 | Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred until further notice |

The Group and the Company intend to adopt the above new standards and amendments to standards when they become effective.

The initial application of the above-mentioned new standards and amendments to standards is not expected to have any significant impacts on the financial statements of the Group and of the Company.

### (b) 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 RM except when otherwise stated.

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumption

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

**Judgements**

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Classification between investment properties and property, plant and equipment</u>

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

The Group and the Company are required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group and the Company recognise revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's and by the Company's performance as the Group and the Company performs;

(b) the Group and the Company do not create an asset with an alternative use to the Group and to the Company and has an enforceable right to payment for performance completed to date; and

(c) the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the Group and the Company assess each contract with customers to determine when the performance obligation of the Group and of the Company under the contract is satisfied.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumption (Cont'd)

**Judgements (Cont'd)**

Determining the lease term of contracts with renewal options - Group as lessee

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group and the Company include the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available.

**Key sources of estimation uncertainty**

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

Useful lives of property, plant and equipment and right-of-use ("**ROU**") assets

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amounts at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in use is disclosed in Note 7.

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumption (Cont'd)

**Key sources of estimation uncertainty (Cont'd)**

Revaluation of property, plant and equipment and ROU assets

The Group engaged independent valuation specialist to reassess fair value of freehold buildings and leasehold buildings as at 31 December 2018 and 16 February 2023. Freehold and leasehold buildings are carried at revalued amounts with changes in fair value being recognised in other comprehensive income. The fair value of freehold and leasehold buildings are within level 2 of the fair value hierarchy. The fair value was determined by based on market comparable approach that reflects recent transaction price for similar properties.

The key assumptions used to determine the fair value of the property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

Fair value of investment properties

The Group engaged an independent valuation specialist to assess fair value of investment properties as at 31 December 2022. Investment properties are carried at fair value, with changes in fair value being recognised in profit or loss. The fair values of the investment properties have been derived using the sales comparison approach, adjusted for differences in key attributes such as property size, time, age, tenure, level, surrounding, accessibility, visibility, orientation, facing and position of the units.

The key assumptions used to determine the fair value of the investment properties is disclosed in Note 6.

Impairment of investment in associates

The Group reviews its investment in associates when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. The Group evaluates the recoverable amount based on market performance, economic and political situation of the country in which the associates operate.

The carrying amounts at the reporting date for investment in associates are disclosed in Note 9.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices less estimated cost to sell. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 13.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumption (Cont'd)

**Key sources of estimation uncertainty (Cont'd)**

Fair value of other investments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 41(c) regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 17(a).

Determination of transaction prices

The Group and the Company are required to determine the transaction price in respect of each of its contracts with customers. In making such judgement, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or rendering of services are based on invoiced values or retail price. Discounts are not considered as they are not only given in rare circumstances.

Revenue from property development contract

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to end of the reporting period as a percentage of the estimated total property development costs of the contract.

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumption (Cont'd)

**Key sources of estimation uncertainty (Cont'd)**

Revenue from property development contract (Cont'd)

Significant judgements are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 17(b).

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of its trade receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and on the Company's past history, existing market conditions at the end of each reporting period.

Information about the expected credit loss is disclosed in Note 14.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unutilised capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of recognised and unrecognised deferred tax assets are disclosed in Note 16.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumption (Cont'd)

**Key sources of estimation uncertainty (Cont'd)**

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2022, the Group and the Company have tax recoverable of RM6,595,131 and RMNil (2021: RM5,861,935 and RM186,701) respectively and tax payable of RM2,237,350 and RM73,817 (2021: RM2,727,116 and RMNil) respectively.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting except for the business combination which was accounted for under the merger method of accounting as the business combination of these subsidiaries involved an entity under common control.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of consolidation (Cont'd)

#### (i) Subsidiaries (Cont'd)

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceased. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

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

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(q)(i) on impairment of non-financial assets.

#### (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### (iii) Disposal of subsidiaries

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of consolidation (Cont'd)

#### (iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. Refer accounting policy Note 3(q)(i) on impairment of non-financial assets.

### (b) Investment in associates

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

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Investment in associates (Cont'd)

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are either stated at cost less accumulated impairment losses or equity method. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(q)(i) on impairment of non-financial assets.

### (c) Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in a joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of joint venture's profit or loss for the period in which the investment is acquired.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture. Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amounts is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirement of MFRS 136 *Impairment of Assets* are applied determines whether it is necessary to recognise any impairment loss with respect to its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the carrying amount of the investment in the joint venture is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Investment in joint ventures (Cont'd)

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in joint ventures are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(q)(i).

### (d) Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

### (e) Foreign currency translation

#### (i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Foreign currency translation (Cont'd)

#### (ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, 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. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### (f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(q)(i) on impairment of financial assets.

#### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss. On disposal of a revalued asset, the amounts in revaluation reserve relating to those assets are transferred to retained earnings.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Property, plant and equipment (Cont'd)

#### (i) Recognition and measurement (Cont'd)

Land and buildings are measured at fair value less accumulated depreciation on leasehold land and buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every two to five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of buildings is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Capital work-in-progress consists of buildings, plant and machinery and computer software and equipment under construction/installation. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under installation until the property, plant and equipment are ready for their intended use.

#### (ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

#### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Property, plant and equipment (Cont'd)

#### (iii) Depreciation (Cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

| | |
|---|---|
| Freehold buildings | 50 years |
| Computer equipment and softwares | 3 to 10 years |
| Cabins | 10 years |
| Electrical installation | 10 years |
| Fire protection and security system | 10 years |
| Furniture and fittings | 5 to 10 years |
| Motor vehicles | 5 to 10 years |
| Moulds | 3 to 10 years |
| Office equipment | 3 to 12 years |
| Plant and machineries | 5 to 21 years |
| Signboards | 10 to 15 years |
| Skid tanks | 10 years |
| Tool and equipment | 5 to 21 years |
| Factory equipment | 5 years |
| Renovation | 5 to 20 years |
| Batching plant | 3 to 10 years |

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

### (g) Leases

#### (i) As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(q)(i).

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Leases (Cont'd)

#### (i) As lessee (Cont'd)

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

| | |
|---|---|
| Leasehold buildings | 50 years |
| Leasehold land | Over the remaining lease period |
| Motor vehicles | 5 to 7 years |
| Plant and machineries | 5 to 7 years |
| Lease of land | 2 years |
| Lease of shophouse and building | 2 to 6 years |
| Lease of plant and machineries | 5 years |
| Lease of hostel | 4 years |
| Lease of factory equipment | 2 to 4 years |
| Lease of warehouse, office and factory | 2 to 6 years |

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option.

#### (ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Leases (Cont'd)

#### (ii) As lessor (Cont'd)

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### (h) Investment properties

Investment properties are properties which are owned or held under a leasehold interest 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 are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

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

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Financial assets

Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("**FVTPL**") are expensed in profit or loss.

Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group and the Company classify their financial assets as follows:

**(i) Financial assets at amortised cost**

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, other investments, fixed deposits with licensed banks and cash and bank balances. The Company's financial assets at amortised cost include other receivables, amount due from subsidiaries and cash and bank balances.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Financial assets (Cont'd)

Financial asset categories and subsequent measurement (Cont'd)

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

**(a) Debt investments**

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

The debt investment is not designated as at FVTPL. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

**(b) Equity investments**

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

On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

The Group and the Company have not designated any financial assets at FVTOCI.

**(iii) Financial assets at fair value through profit or loss ("FVTPL")**

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

The Group's and the Company's financial assets at FVTPL comprise other investments.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Financial assets (Cont'd)

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment in accordance with Note 3(q)(ii) on impairment of financial assets.

Regular way purchase or sale of financial assets

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the financial 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 of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

### (j) Financial liabilities

Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

**(i) Financial liabilities at amortised cost**

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

The Group's financial liabilities designated at amortised cost comprise trade and other payables, amount due to Directors, lease liabilities and bank borrowings. The Company's financial liabilities designated at amortised cost comprise other payables, amount due to subsidiaries, lease liabilities and bank borrowings.

**(ii) Financial liabilities at fair value through profit or loss**

The Group and the Company have not designated any financial liabilities as FVTPL.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Financial liabilities (Cont'd)

Derecognition

A financial liability or part of it is derecognised when, and only when the obligation specified in the contract is discharged or cancelled or expired. 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.

### (k) 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 when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

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

### (l) Offsetting of financial instruments

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

### (m) Inventories

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

#### (i) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these inventories will be stated at the lower of cost or fair value costs to see. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Inventories (Cont'd)

#### (ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expense in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

The cost of completed properties held for sale includes costs of land and related development cost or its purchase costs and incidental cost of acquisition. Cost is determined on a specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

#### (iii) Other inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

The costs of inventories are determined principally by the following methods:

| | | |
|---|---|---|
| (i) | Inventories of fire door and related accessories and products | First-in-first out basis |
| (ii) | Inventories of commercial vehicles and forklift | First-in-first out basis |
| (iii) | Inventories of cement, precast concrete, autoclaved aerated concrete (AAC) and others | Weighted average basis |

The cost of raw materials, consumables, engineering stocks and trading inventories represents cost of purchase and other costs incurred in bringing it to their present location and condition. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion 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.

### (n) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Construction contracts (Cont'd)

When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

### (o) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

### (p) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### (q) Impairment of assets

#### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, contract assets, assets held for sale and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, or that are not yet available for use, 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. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. 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.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Impairment of assets (Cont'd)

#### (i) Non-financial assets (Cont'd)

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 cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. 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 (group 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 only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

#### (ii) Financial assets

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Share capital

#### (i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

#### (ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When 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.

### (s) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (t) Employee benefits

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

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

#### (ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("**EPF**"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

### (u) Revenue and other income

#### (i) Revenue from contract with customers

Revenue is recognised when the Group and the Company satisfied a performance obligation ("**PO**") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company recognise revenue from the following major sources:

##### (a) Sale of goods

Revenue from the sale of goods is recognised upon delivery of goods where control of the goods has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (u) Revenue and other income (Cont'd)

#### (i) Revenue from contract with customers (Cont'd)

The Group and the Company recognise revenue from the following major sources: (Cont'd)

**(b) Revenue from construction contracts**

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the proportion of contract costs incurred for the work performed up to the end of the reporting period as a percentage of the estimated total costs of the construction contracts.

**(c) Rendering of services**

Revenue from services rendered is recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

**(d) Property development**

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and to the Company and the Group and the Company have an enforceable right to payment for performance completed to-date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (u) Revenue and other income (Cont'd)

#### (i) Revenue from contract with customers (Cont'd)

The Group and the Company recognise revenue from the following major sources: (Cont'd)

**(e) Rental and fleet management service income**

Rental and fleet management service income are recognised on a straight-line basis over lease term.

**(f) Management fee**

Management fee is recognised on accrual basis when services are rendered.

#### (ii) Rental income

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

#### (iii) Interest Income

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

#### (iv) Dividend income

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

Significant financing component

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

### (v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, 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, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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.

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

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (w) Income taxes

Tax expense in profit or loss 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 financial 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 for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which 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 measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. 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 liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference 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 allowances, 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 the unutilised tax incentive can be utilised.

### (x) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

### (y) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (z) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment are not depreciated once classified as held for sale.

### (aa) 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 and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company 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 and the Company recognise 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
31 DECECMBER 2022
(CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT

| | At valuation/At cost | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | Additions RM | Disposals RM | Transfer to investment properties RM | Transfer from right-of-use assets RM | Revaluation RM | Reclassification RM | Written off RM | Disposal of subdiairies RM | At 31 December RM |
| **Group** | | | | | | | | | | | |
| **2022** | | | | | | | | | | | |
| **At valuation** | | | | | | | | | | | |
| Freehold buildings | 75,872,280 | 2,300,716 | 3,051,579 | – | (1,480,000) | – | 26,361 | (184,695) | – | – | 79,586,241 |
| **At cost** | | | | | | | | | | | |
| Freehold land | 47,797,747 | – | – | – | – | – | – | – | – | – | 47,797,747 |
| Computer equipment and softwares | 3,405,976 | 155,198 | 1,205,556 | (12,242) | – | – | – | 1,224,794 | (1,095,716) | (197,631) | 4,685,935 |
| Cabins | 373,680 | – | – | – | – | – | – | – | – | (11,400) | 362,280 |
| Electrical installation | 10,930,332 | – | – | – | – | – | – | – | – | – | 10,930,332 |
| Fire protection and security system | 18,318 | – | – | – | – | – | – | – | (3,180) | – | 15,138 |
| Furniture and fittings | 3,073,799 | – | 101,400 | (37,960) | – | – | – | – | (511,653) | (106,859) | 2,518,727 |
| Motor vehicles | 48,615,435 | 2,057,974 | 810,371 | (4,301,881) | – | 985,469 | – | – | (1,705,330) | (1,128,029) | 45,334,009 |
| Balance carried down | 190,087,567 | 4,513,888 | 5,168,906 | (4,352,083) | (1,480,000) | 985,469 | 26,361 | 1,040,099 | (3,315,879) | (1,443,919) | 191,230,409 |

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

| | At valuation/At cost | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | Additions RM | Disposals RM | Transfer to investment properties RM | Transfer from right-of-use assets RM | Revaluation RM | Reclassifi-cation RM | Written off RM | Disposal of subdiairies RM | At 31 December RM |
| **Group** | | | | | | | | | | | |
| **2022** | | | | | | | | | | | |
| **At cost (Cont'd)** | | | | | | | | | | | |
| Balance brought down | 190,087,567 | 4,513,888 | 5,168,906 | (4,352,083) | (1,480,000) | 985,469 | 26,361 | 1,040,099 | (3,315,879) | (1,443,919) | 191,230,409 |
| Moulds | 30,739,084 | – | 2,659,583 | (164,948) | – | – | – | – | (22,752) | – | 33,210,967 |
| Office equipment | 13,216,943 | 887,917 | 3,725,613 | (6,072) | – | – | – | – | (148,099) | (471,752) | 17,204,550 |
| Plant and machineries | 228,132,701 | 5,332,445 | 3,760,083 | (785,736) | – | 378,285 | – | 733,812 | (388,344) | (4,091,791) | 233,071,455 |
| Signboards | 117,620 | – | – | – | – | – | – | – | – | – | 117,620 |
| Skid tanks | 9,600 | – | – | – | – | – | – | – | – | – | 9,600 |
| Tool and equipment | 10,016,908 | – | 102,500 | – | – | – | – | 156,554 | (1,021,665) | (992) | 9,253,305 |
| Factory equipment | 33,330,793 | – | 741,982 | (123,304) | – | – | – | 28,050 | (5,189) | – | 33,972,332 |
| Renovation | 6,552,670 | – | 93,080 | – | – | – | – | 23,080 | – | (625,828) | 6,043,002 |
| Batching plant | 2,769,373 | – | 1,630,791 | – | – | – | – | – | – | – | 4,400,164 |
| Land improvement | – | – | – | – | – | – | – | 482,153 | – | – | 482,153 |
| Capital - Work in progress (WIP) | 68,105,363 | – | 826,070 | – | – | – | – | (2,463,748) | (264,902) | (538,011) | 65,664,772 |
| | 583,078,622 | 10,734,250 | 18,708,608 | (5,432,143) | (1,480,000) | 1,363,754 | 26,361 | – | (5,166,830) | (7,172,293) | 594,660,329 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECECMBER 2022
(CONT'D)

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

| | Accumulated depreciation | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | Charge for the financial year RM | Disposals RM | Transfer to investment properties RM | Transfer from right-of-use assets RM | Revaluation RM | Reclassifi-cation RM | Written off RM | Disposal of subdiairies RM | At 31 December RM |
| **Group** | | | | | | | | | | | |
| **2022** | | | | | | | | | | | |
| **At valuation** | | | | | | | | | | | |
| Freehold buildings | 4,477,822 | 289,639 | 1,915,377 | – | (118,400) | – | (1,848,752) | (25,464) | – | – | 4,690,222 |
| **At cost** | | | | | | | | | | | |
| Computer equipment and softwares | 2,673,227 | 110,048 | 474,527 | (8,338) | – | – | – | – | (1,047,685) | (145,336) | 2,056,443 |
| Cabins | 158,330 | – | 32,554 | – | – | – | – | – | – | (11,400) | 179,484 |
| Electrical installation | 5,177,146 | – | 1,096,325 | – | – | – | – | – | – | – | 6,273,471 |
| Fire protection and security system | 9,862 | – | 1,487 | – | – | – | – | – | (3,179) | – | 8,170 |
| Furniture and fittings | 2,165,060 | – | 277,118 | (28,242) | – | – | – | – | (497,644) | (78,311) | 1,837,981 |
| Motor vehicles | 42,215,395 | 1,841,829 | 2,735,718 | (4,021,204) | – | 985,469 | – | – | (1,705,330) | (1,008,360) | 41,043,517 |
| Balance carried down | 56,876,842 | 2,241,516 | 6,533,106 | (4,057,784) | (118,400) | 985,469 | (1,848,752) | (25,464) | (3,253,838) | (1,243,407) | 56,089,288 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECECMBER 2022
(CONT'D)

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

| | Accumulated depreciation | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | Charge for the financial year RM | Disposals RM | Transfer to investment properties RM | Transfer from right-of-use assets RM | Revaluation RM | Reclassifi-cation RM | Written off RM | Disposal of subdiairies RM | At 31 December RM |
| **Group** | | | | | | | | | | | |
| **2022** | | | | | | | | | | | |
| **At cost (Cont'd)** | | | | | | | | | | | |
| Balance brought down | 56,876,842 | 2,241,516 | 6,533,106 | (4,057,784) | (118,400) | 985,469 | (1,848,752) | (25,464) | (3,253,838) | (1,243,407) | 56,089,288 |
| Moulds | 11,354,273 | – | 3,138,276 | (28,866) | – | – | – | – | (22,746) | – | 14,440,937 |
| Office equipment | 10,714,185 | 412,339 | 757,581 | (6,072) | – | – | – | – | (90,001) | (418,690) | 11,369,342 |
| Plant and machineries | 88,179,683 | 4,503,811 | 12,434,463 | (755,831) | – | 378,285 | – | 1,650 | (302,268) | (2,987,102) | 101,452,691 |
| Signboards | 86,854 | – | 8,328 | – | – | – | – | – | – | – | 95,182 |
| Skid tanks | 9,599 | – | – | – | – | – | – | – | – | – | 9,599 |
| Tool and equipment | 4,174,141 | – | 650,485 | – | – | – | – | 21,118 | (941,665) | (907) | 3,903,172 |
| Factory equipment | 23,042,796 | – | 4,566,001 | (98,277) | – | – | – | (1,175) | (2,115) | – | 27,507,230 |
| Renovation | 5,314,804 | – | 265,812 | – | – | – | – | 3,871 | – | (512,132) | 5,072,355 |
| Batching plant | 1,159,224 | – | 894,372 | – | – | – | – | – | – | – | 2,053,596 |
| | 200,912,401 | 7,157,666 | 29,248,424 | (4,946,830) | (118,400) | 1,363,754 | (1,848,752) | – | (4,612,633) | (5,162,238) | 221,993,392 |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

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

| | Accumulated impairment losses At 1 January/ 31 December RM | Carrying amount At 31 December RM |
|---|---|---|
| **Group** | | |
| **2022** | | |
| **At valuation** | | |
| Freehold buildings | – | 74,896,019 |
| **At cost** | | |
| Freehold land | – | 47,797,747 |
| Computer equipment and softwares | – | 2,629,492 |
| Cabins | – | 182,796 |
| Electrical installation | – | 4,656,861 |
| Fire protection and security system | – | 6,968 |
| Furniture and fittings | – | 680,746 |
| Motor vehicles | – | 4,290,492 |
| Moulds | – | 18,770,030 |
| Office equipment | – | 5,835,208 |
| Plant and machineries | 58,184 | 131,560,580 |
| Signboards | – | 22,438 |
| Skid tanks | – | 1 |
| Tool and equipment | – | 5,350,133 |
| Factory equipment | – | 6,465,102 |
| Renovation | – | 970,647 |
| Batching plant | – | 2,346,568 |
| Land improvement | – | 482,153 |
| Capital - Work in progress (WIP) | – | 65,664,772 |
| | 58,184 | 372,608,753 |

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

| | At valuation/At cost | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | Additions RM | Disposals RM | Transfer from inventories RM | Reclassification RM | Written off RM | At 31 December RM |
| **Group** | | | | | | | | |
| **2021** | | | | | | | | |
| **At valuation** | | | | | | | | |
| Freehold buildings | 53,231,531 | 18,200,000 | 290,484 | – | – | 4,150,265 | – | 75,872,280 |
| **At cost** | | | | | | | | |
| Freehold land | 26,147,747 | 21,650,000 | – | – | – | – | – | 47,797,747 |
| Computer equipment and softwares | 3,066,045 | – | 326,484 | (7,138) | – | 55,291 | (34,706) | 3,405,976 |
| Cabins | 391,230 | – | - | (14,000) | – | – | (3,550) | 373,680 |
| Electrical installation | 9,936,245 | – | 16,929 | – | – | 977,158 | – | 10,930,332 |
| Fire protection and security system | 18,318 | – | – | – | – | – | – | 18,318 |
| Furniture and fittings | 3,007,437 | 13,148 | 53,214 | – | – | – | – | 3,073,799 |
| Motor vehicles | 37,429,208 | 10,328,742 | 1,056,833 | (140,000) | – | 40,000 | (99,348) | 48,615,435 |
| Balance carried down | 133,227,761 | 50,191,890 | 1,743,944 | (161,138) | – | 5,222,714 | (137,604) | 190,087,567 |

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

| | At valuation/At cost | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | Additions RM | Disposals RM | Transfer from inventories RM | Reclassification RM | Written off RM | At 31 December RM |
| **Group** | | | | | | | | |
| **2021** | | | | | | | | |
| **At cost (Cont'd)** | | | | | | | | |
| Balance broguht down | 133,227,761 | 50,191,890 | 1,743,944 | (161,138) | – | 5,222,714 | (137,604) | 190,087,567 |
| Moulds | 26,510,092 | – | 4,228,992 | – | – | – | – | 30,739,084 |
| Office equipment | 6,847,944 | 5,722,984 | 704,206 | (2,900) | – | (55,291) | – | 13,216,943 |
| Plant and machineries | 208,383,117 | 21,705,699 | 570,653 | (29,006) | 14,212 | (2,510,574) | (1,400) | 228,132,701 |
| Signboards | 117,620 | – | – | – | – | – | – | 117,620 |
| Skid tanks | 9,600 | – | – | – | – | – | – | 9,600 |
| Tool and equipment | 2,908,351 | – | 1,480 | – | – | 7,107,077 | – | 10,016,908 |
| Factory equipment | 31,368,376 | – | 2,299,213 | (302,700) | – | (34,096) | – | 33,330,793 |
| Renovation | 6,460,391 | 42,637 | 49,642 | – | – | – | – | 6,552,670 |
| Batching plant | 1,854,451 | – | 914,922 | – | – | – | – | 2,769,373 |
| Capital - Work in progress (WIP) | 74,492,287 | 482,153 | 2,862,753 | – | – | (9,729,830) | (2,000) | 68,105,363 |
| | 492,179,990 | 78,145,363 | 13,375,805 | (495,744) | 14,212 | – | (141,004) | 583,078,622 |

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

| | Accumulated depreciation | | | | | | |
|---|---|---|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | Charge for the financial year RM | Disposals RM | Reclassification RM | Written off RM | At 31 December RM |
| **Group** | | | | | | | |
| **2021** | | | | | | | |
| **At valuation** | | | | | | | |
| Freehold buildings | 2,002,186 | 1,147,749 | 1,327,887 | – | – | – | 4,477,822 |
| **At cost** | | | | | | | |
| Freehold land | – | – | – | – | – | – | – |
| Computer equipment and softwares | 2,321,486 | – | 348,725 | (833) | 4,510 | (661) | 2,673,227 |
| Cabins | 128,730 | – | 33,930 | (3,354) | – | (976) | 158,330 |
| Electrical installation | 4,111,210 | – | 1,065,936 | – | – | – | 5,177,146 |
| Fire protection and security system | 8,299 | – | 1,563 | – | – | – | 9,862 |
| Furniture and fittings | 1,900,964 | 13,147 | 250,949 | – | – | – | 2,165,060 |
| Motor vehicles | 29,157,300 | 10,067,065 | 3,170,351 | (115,498) | 14,000 | (77,823) | 42,215,395 |
| Balance carried down | 39,630,175 | 11,227,961 | 6,199,341 | (119,685) | 18,510 | (79,460) | 56,876,842 |

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

| | Accumulated depreciation | | | | | | |
|---|---|---|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | Charge for the financial year RM | Disposals RM | Reclassification RM | Written off RM | At 31 December RM |
| **Group** | | | | | | | |
| **2021** | | | | | | | |
| **At cost (Cont'd)** | | | | | | | |
| Balance broguht down | 39,630,175 | 11,227,961 | 6,199,341 | (119,685) | 18,510 | (79,460) | 56,876,842 |
| Moulds | 8,512,452 | – | 2,841,821 | – | – | – | 11,354,273 |
| Office equipment | 5,144,467 | 4,892,623 | 681,605 | – | (4,510) | – | 10,714,185 |
| Plant and machineries | 55,925,650 | 20,932,623 | 12,014,005 | (2,368) | (690,227) | – | 88,179,683 |
| Signboards | 76,753 | – | 10,101 | – | – | – | 86,854 |
| Skid tanks | 9,599 | – | – | – | – | – | 9,599 |
| Tool and equipment | 2,844,690 | – | 639,224 | – | 690,227 | – | 4,174,141 |
| Factory equipment | 18,148,460 | – | 5,211,034 | (302,698) | (14,000) | – | 23,042,796 |
| Renovation | 4,916,372 | 42,637 | 355,795 | – | – | – | 5,314,804 |
| Batching plant | 559,314 | – | 599,910 | – | – | – | 1,159,224 |
| | 135,767,932 | 37,095,844 | 28,552,836 | (424,751) | – | (79,460) | 200,912,401 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

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

| | Accumulated impairment losses | | | Carrying amount |
|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | At 31 December RM | At 31 December RM |
| **Group** | | | | |
| **2021** | | | | |
| **At valuation** | | | | |
| Freehold buildings | – | – | – | 71,394,458 |
| **At cost** | | | | |
| Freehold land | – | – | – | 47,797,747 |
| Computer equipment and softwares | – | – | – | 732,749 |
| Cabins | – | – | – | 215,350 |
| Electrical installation | – | – | – | 5,753,186 |
| Fire protection and security system | – | – | – | 8,456 |
| Furniture and fittings | – | – | – | 908,739 |
| Motor vehicles | – | – | – | 6,400,040 |
| Moulds | – | – | – | 19,384,811 |
| Office equipment | – | – | – | 2,502,758 |
| Plant and machineries | – | 58,184 | 58,184 | 139,894,834 |
| Signboards | – | – | – | 30,766 |
| Skid tanks | – | – | – | 1 |
| Tool and equipment | – | – | – | 5,842,767 |
| Factory equipment | – | – | – | 10,287,997 |
| Renovation | – | – | – | 1,237,866 |
| Batching plant | – | – | – | 1,610,149 |
| Capital - Work in progress (WIP) | – | – | – | 68,105,363 |
| | – | 58,184 | 58,184 | 382,108,037 |

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

| | Office equipment RM | Computer software RM | Renovation RM | Signboard RM | Motor vehicles RM | Total RM |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| **2022** | | | | | | |
| **At Cost** | | | | | | |
| At 1 January | 496,933 | 390,355 | 479,905 | 26,900 | 1,125,166 | 2,519,259 |
| Additions | 44,777 | 86,950 | 19,575 | – | – | 151,302 |
| Written off | – | (223,122) | – | – | – | (223,122) |
| At 31 December | 541,710 | 254,183 | 499,480 | 26,900 | 1,125,166 | 2,447,439 |
| **Accumulated depreciation** | | | | | | |
| At 1 January | 205,040 | 218,228 | 240,984 | 16,554 | 1,116,205 | 1,797,011 |
| Charge for the financial year | 53,344 | 58,123 | 49,930 | 2,690 | 8,957 | 173,044 |
| Written off | – | (148,869) | – | – | – | (148,869) |
| At 31 December | 258,384 | 127,482 | 290,914 | 19,244 | 1,125,162 | 1,821,186 |
| **Carrying amount** | | | | | | |
| At 31 December | 283,326 | 126,701 | 208,566 | 7,656 | 4 | 626,253 |

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

| | Office equipment RM | Computer software RM | Renovation RM | Signboard RM | Motor vehicles RM | Total RM |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| **2021** | | | | | | |
| **At Cost** | | | | | | |
| At 1 January | 399,224 | 250,280 | 475,475 | 26,900 | 1,125,166 | 2,277,045 |
| Additions | 109,188 | 133,075 | 4,430 | – | – | 246,693 |
| Disposal | (4,479) | – | – | – | – | (4,479) |
| Reclassification | (7,000) | 7,000 | – | – | – | - |
| At 31 December | 496,933 | 390,355 | 479,905 | 26,900 | 1,125,166 | 2,519,259 |
| **Accumulated depreciation** | | | | | | |
| At 1 January | 162,451 | 161,687 | 193,031 | 13,864 | 985,375 | 1,516,408 |
| Charge for the financial year | 42,962 | 56,541 | 47,953 | 2,690 | 130,830 | 280,976 |
| Disposals | (373) | – | – | – | – | (373) |
| At 31 December | 205,040 | 218,228 | 240,984 | 16,554 | 1,116,205 | 1,797,011 |
| **Carrying amount** | | | | | | |
| At 31 December | 291,893 | 172,127 | 238,921 | 10,346 | 8,961 | 722,248 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

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

(a) Assets pledged as securities to financial institutions

The net carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 27(a), details as follows:

| | Group | |
|---|---|---|
| | **2022 RM** | **2021 RM** |
| Freehold buildings | 58,471,900 | 56,562,494 |
| Freehold land | 21,650,000 | 21,843,750 |
| Plant and machineries | 4,722,685 | 5,399,550 |
| | 84,844,585 | 83,805,794 |

(b) Revaluation of property, plant and equipment

Freehold buildings of subsidiaries were revalued on 31 December 2018 and 16 February 2023, by the independent firm of professional valuer.

The fair value of freehold buildings are within level 2 of the fair value hierarchy. The fair value was determined by based on market comparable approach that reflects recent transaction price for similar properties.

There have been no changes to the valuation technique during the financial year.

There were no transfer between fair value hierarchy levels during the financial year.

Had the freehold buildings been carried at historical cost less accumulated depreciation and impairment losses, its carrying amounts would have been RM59,861,854 (2021: RM59,496,125).

(c) The net carrying amount of property, plant and equipment of the Group that in the progress of issuance of strata title are as follows:

| | Group | |
|---|---|---|
| | **2022 RM** | **2021 RM** |
| Freehold buildings | 14,498,000 | 16,205,200 |

## 5. RIGHT-OF-USE ASSETS

| | At valuation/At cost | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | Additions RM | Expiration of lease contracts RM | Transfer to assets held for sale RM | Transfer to property, plant and equipment RM | Lease modification RM | Disposal of subsidiaries RM | At 31 December RM |
| **Group** | | | | | | | | | |
| **2022** | | | | | | | | | |
| **At valuation** | | | | | | | | | |
| Leasehold buildings | 36,309,619 | – | 256,444 | – | – | – | – | – | 36,566,063 |
| **At cost** | | | | | | | | | |
| Leasehold land | 29,178,762 | 1,770,000 | – | – | (1,300,705) | – | – | – | 29,648,057 |
| Motor vehicles | 5,786,227 | 506,848 | 416,427 | – | – | (985,469) | – | (127,735) | 5,596,298 |
| Plant and machineries | 1,342,285 | 1,275,800 | – | – | – | (378,285) | – | – | 2,239,800 |
| Lease of land | 5,270,863 | – | 1,768,879 | (3,078,053) | – | – | – | – | 3,961,689 |
| Lease of shophouse and building | 1,014,813 | – | 659,412 | (162,952) | – | – | – | – | 1,511,273 |
| Lease of plant and machineries | 111,305 | – | – | – | – | – | – | – | 111,305 |
| Lease of hostel | 101,443 | – | 37,191 | (101,443) | – | – | – | – | 37,191 |
| Lease of factory equipment | 1,125,071 | – | 494,951 | (818,397) | – | – | (1,787) | – | 799,838 |
| Lease of warehouse, office and factory | 14,130,692 | – | 5,368,877 | (5,235,162) | – | – | – | (1,012,965) | 13,251,442 |
| | 94,371,080 | 3,552,648 | 9,002,181 | (9,396,007) | (1,300,705) | (1,363,754) | (1,787) | (1,140,700) | 93,722,956 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECECMBER 2022
(CONT'D)

## 5. RIGHT-OF-USE ASSETS (CONT'D)

| | Accumulated depreciation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | Charge for the financial year RM | Expiration of lease contracts RM | Transfer to assets held for sale RM | Transfer to property, plant and equipment RM | Lease modification RM | Disposal of subsidiaries RM | At 31 December RM |
| **Group** | | | | | | | | | |
| **2022** | | | | | | | | | |
| **At valuation** | | | | | | | | | |
| Leasehold buildings | 2,865,035 | – | 745,303 | – | – | – | – | – | 3,610,338 |
| **At cost** | | | | | | | | | |
| Leasehold land | 1,690,330 | 49,831 | 355,731 | – | (77,424) | – | – | – | 2,018,468 |
| Motor vehicles | 4,010,903 | 107,240 | 782,408 | – | – | (985,469) | – | (51,094) | 3,863,988 |
| Plant and machineries | 486,735 | 362,813 | 154,517 | – | – | (378,285) | – | – | 625,780 |
| Lease of land | 3,769,054 | – | 2,069,592 | (3,078,053) | – | – | – | – | 2,760,593 |
| Lease of shophouse and building | 645,326 | – | 302,745 | (162,952) | – | – | – | – | 785,119 |
| Lease of plant and machineries | 51,941 | – | 22,261 | – | – | – | – | – | 74,202 |
| Lease of hostel | 83,438 | – | 33,500 | (101,443) | – | – | – | – | 15,495 |
| Lease of factory equipment | 847,177 | – | 341,313 | (818,397) | – | – | – | – | 370,093 |
| Lease of warehouse, office and factory | 9,052,593 | – | 4,890,743 | (5,235,162) | – | – | – | (900,158) | 7,808,016 |
| | 23,502,532 | 519,884 | 9,698,113 | (9,396,007) | (77,424) | (1,363,754) | – | (951,252) | 21,932,092 |

## 5. RIGHT-OF-USE ASSETS (CONT'D)

| | **Accumulated impairment losses** | **Carrying amount** |
|---|---|---|
| | **At 1 January/ 31 December RM** | **At 31 December RM** |
| **Group** | | |
| **2022** | | |
| **At valuation** | | |
| Leasehold buildings | 1,148,488 | 31,807,237 |
| **At cost** | | |
| Leasehold land | – | 27,629,589 |
| Motor vehicles | – | 1,732,310 |
| Plant and machineries | – | 1,614,020 |
| Lease of land | – | 1,201,096 |
| Lease of shophouse and building | – | 726,154 |
| Lease of plant and machineries | – | 37,103 |
| Lease of hostel | – | 21,696 |
| Lease of factory equipment | – | 429,745 |
| Lease of warehouse, office and factory | – | 5,443,426 |
| | 1,148,488 | 70,642,376 |

## 5. RIGHT-OF-USE ASSETS (CONT'D)

| | At valuation/At cost | | | | | | |
|---|---|---|---|---|---|---|---|
| | **At 1 January RM** | **Acquisition through business combination RM** | **Additions RM** | **Disposals RM** | **Expiration of lease contracts RM** | **Lease modification RM** | **At 31 December RM** |
| **Group** | | | | | | | |
| **2021** | | | | | | | |
| **At valuation** | | | | | | | |
| Leasehold buildings | 35,874,066 | – | 435,553 | – | – | – | 36,309,619 |
| **At cost** | | | | | | | |
| Leasehold land | 27,878,057 | 1,300,705 | – | – | – | – | 29,178,762 |
| Motor vehicles | 2,295,832 | 3,610,699 | 60,598 | (180,902) | – | – | 5,786,227 |
| Plant and machineries | 964,000 | 378,285 | – | – | – | – | 1,342,285 |
| Lease of land | 5,176,405 | – | 94,458 | – | – | – | 5,270,863 |
| Lease of shophouse and building | 93,064 | 733,828 | 119,693 | – | – | 68,228 | 1,014,813 |
| Lease of plant and machineries | 111,305 | – | – | – | – | – | 111,305 |
| Lease of hostel | 139,050 | – | 13,578 | – | – | (51,185) | 101,443 |
| Lease of factory equipment | 1,048,267 | 371,604 | 76,804 | – | (371,604) | – | 1,125,071 |
| Lease of warehouse, office and factory | 5,138,780 | 1,811,498 | 7,268,723 | – | – | (88,309) | 14,130,692 |
| | 78,718,826 | 8,206,619 | 8,069,407 | (180,902) | (371,604) | (71,266) | 94,371,080 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECECMBER 2022
(CONT'D)

## 5. RIGHT-OF-USE ASSETS (CONT'D)

| | Accumulated depreciation | | | | | | | Accumulated impairment losses | Carrying amount |
|---|---|---|---|---|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | Charge for the financial year RM | Disposals RM | Expiration of lease contracts RM | Lease modification RM | At 31 December RM | At 1 January/ 31 December RM | At 31 December RM |
| **Group** | | | | | | | | | |
| **2021** | | | | | | | | | |
| **At valuation** | | | | | | | | | |
| Leasehold buildings | 2,128,984 | – | 736,051 | – | – | – | 2,865,035 | 1,148,488 | 32,296,096 |
| **At cost** | | | | | | | | | |
| Leasehold land | 1,308,431 | 48,176 | 333,723 | – | – | – | 1,690,330 | – | 27,488,432 |
| Motor vehicles | 1,224,615 | 2,474,527 | 445,225 | (133,464) | – | – | 4,010,903 | – | 1,775,324 |
| Plant and machineries | 60,250 | 366,306 | 60,179 | – | – | – | 486,735 | – | 855,550 |
| Lease of land | 2,778,182 | – | 990,872 | – | – | – | 3,769,054 | – | 1,501,809 |
| Lease of shophouse and building | 69,798 | 443,355 | 135,061 | – | – | (2,888) | 645,326 | – | 369,487 |
| Lease of plant and machineries | 29,680 | – | 22,261 | – | – | – | 51,941 | – | 59,364 |
| Lease of hostel | 69,445 | – | 35,320 | – | – | (21,327) | 83,438 | – | 18,005 |
| Lease of factory equipment | 495,967 | 371,604 | 351,210 | – | (371,604) | – | 847,177 | – | 277,894 |
| Lease of warehouse, office and factory | 4,712,902 | 795,015 | 3,590,597 | – | – | (45,921) | 9,052,593 | – | 5,078,099 |
| | 12,878,254 | 4,498,983 | 6,700,499 | (133,464) | (371,604) | (70,136) | 23,502,532 | 1,148,488 | 69,720,060 |

## 5. RIGHT-OF-USE ASSETS (CONT'D)

| | Lease of office | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| **Company** | | |
| **At cost** | | |
| At 1 January | 591,025 | 372,256 |
| Additions | 87,239 | 218,769 |
| Expiration of lease contracts | (372,412) | – |
| At 31 December | 305,852 | 591,025 |
| **Accumulated depreciation** | | |
| At 1 January | 411,406 | 302,943 |
| Charge for the financial year | 134,892 | 108,463 |
| Expiration of lease contracts | (372,412) | – |
| At 31 December | 173,886 | 411,406 |
| **Carrying amount** | | |
| At 31 December | 131,966 | 179,619 |

(a) Assets pledged as securities to licensed banks

The net carrying amount of right-of-use assets of the Group pledged as securities for bank borrowings as disclosed in Note 27(a), details as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| Leasehold buildings | 16,854,644 | 17,199,332 |
| Leasehold land | 18,494,622 | 18,709,676 |
| | 35,349,266 | 35,909,008 |

(b) Assets held under finance lease arrangement

As at 31 December 2022, the net carrying amount of leased property, plant and equipment of the Group under finance lease arrangement are as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| Plant and machineries | 1,614,020 | 855,550 |
| Motor vehicles | 1,732,310 | 1,775,324 |
| | 3,346,330 | 2,630,874 |

Leased assets are pledged as security for the related finance lease liabilities.

## 5. RIGHT-OF-USE ASSETS (CONT'D)

(c) The remaining lease period of the leasehold land range from 44 to 87 years (2021: 45 to 88 years).

(d) Purchase of right-of-use assets

The aggregate additional cost for the right-of-use assets of the Group and of the Company during the financial year acquired under finance lease financing and cash payments are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM |
| Aggregate costs | 9,002,181 | 8,069,407 | 87,239 | 218,769 |
| Less: Lease financing | (8,131,871) | (7,573,256) | (87,239) | (218,769) |
| Cash payments | 870,310 | 496,151 | – | – |

(e) Revaluation of right-of-use assets

Leasehold buildings of subsidiaries were revalued on 31 December 2018, by the independent firm of professional valuer.

The fair value of leasehold buildings are within level 2 of the fair value hierarchy. The fair value was determined by based on market comparable approach that reflects recent transaction price for similar properties.

There have been no changes to the valuation technique during the financial year.

There were no transfer between fair value hierarchy levels during the financial year.

Had the leasehold buildings been carried at historical cost less accumulated depreciation and impairment losses, its carrying amounts would have been RM31,517,528 (2021: RM32,172,138).

## 6. INVESTMENT PROPERTIES

| | Group | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| At 1 January | 59,000,000 | 27,760,000 |
| Acquisition through business combination | – | 31,610,000 |
| Transfer from property, plant and equipment (Note 4) | 1,361,600 | – |
| Transfer to assets held for sale (Note 21) | (1,300,000) | – |
| Changes in fair value recognised in profit or loss | (631,600) | (370,000) |
| At 31 December | 58,430,000 | 59,000,000 |

| | | |
|---|---|---|
| Included in the above are: | | |
| **At fair value** | | |
| Freehold land and buildings | 36,240,000 | 36,110,000 |
| Leasehold land and buildings | 22,190,000 | 22,890,000 |
| | 58,430,000 | 59,000,000 |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 6. INVESTMENT PROPERTIES (CONT'D)

(a) Investment properties under leases

Investment properties comprise a number of freehold land and buildings and leasehold land and buildings that are leased to third parties. Each of the leases contains a cancellable period ranging from two (2) to three (3) years. Subsequent renewals are negotiated with the lessee on an average renewal period of two (2) years. No contingent rents are charged.

(b) Fair value basis of investment properties

The investment properties are valued at fair value based on market values determined by the independent firms of professional valuers amounting to RM58,430,000 (2021: RM59,000,000).

The fair values of the investment properties were determined within Level 2 of the fair value hierarchy. There were no transfers between levels during current and previous financial year.

The fair values of the freehold land, shop office, shoplots and condominium have been derived using the sales comparison approach. The most significant input into this valuation approach is price per square foot of comparable properties. Sales prices of comparable properties in close proximity are adjusted either positively or negatively for differences in key attributes such as property size, time, age, tenure, level, surrounding, accessibility, visibility, orientation, facing and position of the units.

The fair values of the freehold buildings have been derived using the depreciated replacement cost approach. The most significant input into this valuation approach is construction price per square foot of subject properties and adjusted for differences in key attributes such as condition, time, size, location and age of property and its improvement.

The decrease in fair value of RM631,600 (2021: decrease in fair value of RM370,000) was recognised in the profit or loss.

(c) Certain investment properties are leasehold properties with remaining lease period range from 78 to 88 (2021: 79 to 89) years.

(d) Income and expenses recognised in profit or loss

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

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| Lease income | 952,690 | 967,800 |
| Direct operating expenses: | | |
| - Income generating investment properties | (80,546) | (65,397) |
| - Non-income generating investment properties | (19,447) | (42,025) |

(e) Investment properties pledged as securities to licensed banks

Investment properties of the Group amounting to RM50,350,000 (2021: RM51,310,000) have been pledged to secure banking facilities granted to the Group as disclosed in Note 27(a).

## 7. GOODWILL ON CONSOLIDATION

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| **At cost** | | |
| At 1 January | 54,489,120 | 39,048,311 |
| Acquisition through business combination | – | 15,440,809 |
| Disposal of subsidiaries | (12,255,264) | – |
| At 31 December | 42,233,856 | 54,489,120 |
| **Accumulated impairment losses** | | |
| At 1 January | 15,294,790 | 4,376,687 |
| Recognised during the financial year | 166,667 | 10,918,103 |
| Disposal of subsidiaries | (7,576,374) | – |
| At 31 December | 7,885,083 | 15,294,790 |
| **Carrying amount** | | |
| At 31 December | 34,348,773 | 39,194,330 |

The aggregate carrying amounts of goodwill allocated to each cash-generating unit ("CGU") are as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| Midah Industries Sdn. Bhd. | – | 3,537,754 |
| Epic Diversity Sdn. Bhd. | – | 769,307 |
| MI Polymer Concrete Pipes Sdn. Bhd. | 19,074,631 | 19,074,631 |
| Kempurna Sdn. Bhd. | – | 371,829 |
| Addington Sdn. Bhd. | – | 166,667 |
| Chin Hin Group Property Berhad | 11,815,172 | 11,815,172 |
| Kayangan Kemas Sdn. Bhd. | 3,458,970 | 3,458,970 |
| | 34,348,773 | 39,194,330 |

The recoverable amounts of CGUs in respect of the goodwill were determined based on value in use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five to ten-year period.

Key assumptions used in the value in use calculations for the goodwill impairment assessment is gross profit margin. The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

A pre-tax discount rates of 11.7% and 12% respectively (2021: 6.2%) were applied in determining the recoverable amounts of the CGUs. The discount rate used is pre-tax and reflect the specific risks relating to the respective CGU. There are no reasonably possible changes in any of the key assumptions used that would cause the carrying amount of the CGU to materially exceed the recoverable amount.

During the financial year, the Group recognised impairment loss on goodwill of RM166,667 (2021: RM10,918,103) in the profit or loss for the subsidiaries which its carrying amount exceeded its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES

| | Company 2022 RM | Company 2021 RM |
|---|---|---|
| **At cost** | | |
| Quoted shares in Malaysia | 182,459,436 | 121,150,102 |
| Unquoted shares in Malaysia | 356,839,895 | 386,788,160 |
| | 539,299,331 | 507,938,262 |
| Market value of quoted shares | 349,492,462 | 218,070,122 |

Certain quoted and unquoted shares have been pledged as securities to partially secure the banking facilities as disclosed in Notes 27(g) and 27(h).

Details of the subsidiaries are as follows:

| Name of Company | Place of Business/ Country of Incorporation | Effective Interest 2022 % | Effective Interest 2021 % | Principal Activities |
|---|---|---|---|---|
| ***Direct interest:*** | | | | |
| PP Chin Hin Sdn. Bhd. | Malaysia | 100 | 100 | Wholesale of construction material, hardware, plumbing, heating equipment and supplies of NEC products |
| Starken AAC Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing and sales of AAC products and transportation |
| Metex Steel Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing and sales of welded mesh and wire products |
| Chin Hin Concrete Holdings Sdn. Bhd. | Malaysia | 100 | 100 | Provision of management services |
| Stradaverse Sdn. Bhd. | Malaysia | 100 | 100 | Dealing in E-Commerce digital marketing, online advertising and software programming |
| Midah Industries Sdn. Bhd. ^ | Malaysia | – | 100 | Manufacturing and trading in wood products |
| Chin Hin Group Property Berhad | Malaysia | 63.95 | 55.02 | Investment holding and provision of management service |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

| Name of Company | Place of Business/ Country of Incorporation | Effective Interest 2022 % | Effective Interest 2021 % | Principal Activities |
|---|---|---|---|---|
| ***Indirect interest:*** | | | | |
| ***Held through PP Chin Hin Sdn. Bhd.:*** | | | | |
| - PP Chin Hin Pte. Ltd.* | Singapore | 100 | 100 | Wholesale of construction material, hardware, plumbing, heating equipment and supplies of NEC products |
| - C&H Transport Sdn. Bhd. | Malaysia | 100 | 100 | Transportation |
| ***Held through Starken AAC Sdn. Bhd.:*** | | | | |
| - Starken Drymix Solutions Sdn. Bhd. | Malaysia | 100 | 100 | Manufacture and sale of plaster and mortar products |
| - G-Cast Concrete Sdn. Bhd. | Malaysia | 100 | 100 | Manufacture and sale of precast concrete products |
| - Green Cement Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing and trading of construction building materials |
| - Starken AAC 2 Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing and sale of Industrialised Building System components including but not limited to wall panel, beam, column and slab |
| - MI Polymer Concrete Pipes Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing and supplying of pipes |
| - G-Cast UHPC Sdn. Bhd. | Malaysia | 95 | 95 | Manufacture and sale of ultra-high performance concrete products |
| - Starken Paint Sdn. Bhd. | Malaysia | 100 | 100 | Distributor and manufacturing of paints and related products |
| - Addington Sdn. Bhd. | Malaysia | 100 | 100 | Trading in water heater, bathroom, accessories and other related equipment |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

| Name of Company | Place of Business/ Country of Incorporation | Effective Interest 2022 % | Effective Interest 2021 % | Principal Activities |
|---|---|---|---|---|
| ***Indirect interest: (Cont'd)*** | | | | |
| ***Held through MI Polymer Concrete Pipes Sdn. Bhd.:*** | | | | |
| - MI Polymer Concrete Pipes (S) Pte. Ltd.* | Singapore | 100 | 100 | Trading, import and export of polymer concrete products |
| ***Held through Green Cement Sdn. Bhd.:*** | | | | |
| - Green Integrated Base Stabiliser Sdn. Bhd. | Malaysia | 55 | 55 | Trading of construction building materials |
| ***Held through Metex Steel Sdn. Bhd.:*** | | | | |
| - Metex Asia Sdn. Bhd. | Malaysia | 100 | 100 | Dormant |
| - Metex Modular Sdn. Bhd. | Malaysia | 70 | 70 | Manufacture of prefabricated buildings mainly of steel |
| ***Held through Metex Modular Sdn. Bhd.:*** | | | | |
| Saujana Vision Sdn. Bhd. | Malaysia | 49 | 49 | Building contractor of construction works |
| ***Held through Chin Hin Concrete Holdings Sdn. Bhd.:*** | | | | |
| - Chin Hin Concrete (North) Sdn. Bhd. | Malaysia | 100 | 100 | Ceased operation |
| - Chin Hin Concrete (KL) Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing, selling, distributing and transporting ready mixed concrete |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

| Name of Company | Place of Business/ Country of Incorporation | Effective Interest 2022 % | Effective Interest 2021 % | Principal Activities |
|---|---|---|---|---|
| ***Indirect interest: (Cont'd)*** | | | | |
| ***Held through Midah Industries Sdn. Bhd.:*** | | | | |
| - Epic Diversity Sdn. Bhd. ^ | Malaysia | – | 100 | Dealing in consumer products including lock set, alarm system and other related business |
| - Kempurna Sdn. Bhd. ^ | Malaysia | – | 100 | Manufactures metal doors and window frames |
| - Midah Industries (North) Sdn. Bhd. ^ | Malaysia | – | 51 | Wholesale of logs, swan timber, plywood, veneer related products and variety of goods without any particular specialisation as well as installation of doors, windows door and window frames of wood or other materials, fitted kitchens, staircases, shop fittings and furniture |
| ***Held through Chin Hin Group Property Berhad:*** | | | | |
| - Boon Koon Vehicles Industries Sdn. Bhd. | Malaysia | 63.95 | 55.02 | Manufacturing and assembling of rebuilt commercial vehicles and the provision of related services |
| - BKG Development Sdn. Bhd. | Malaysia | 63.95 | 55.02 | Property development |
| - Boon Koon Vehicles Pte. Ltd. *@ | Singapore | – | 55.02 | Sale of commercial vehicles, motor vehicles accessories and the provision of related services |
| - BK Fleet Management Sdn. Bhd. | Malaysia | 63.95 | 55.02 | Sale and rental of commercial vehicles, provision of fleet management and other related services |
| - Boon Koon Fleet Management Sdn. Bhd. | Malaysia | 63.95 | 55.02 | Forklift and equipment rental business and the provision of repairs and maintenance services |
| - BKCV Sdn. Bhd. | Malaysia | 63.95 | 55.02 | Manufacturing and assembling of new commercial vehicles |
| - Boon Koon Motors Sdn. Bhd. | Malaysia | 63.95 | 55.02 | Sale of commercial vehicles and the provision of related services |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

| Name of Company | Place of Business/ Country of Incorporation | Effective Interest 2022 % | Effective Interest 2021 % | Principal Activities |
|---|---|---|---|---|
| ***Indirect interest: (Cont'd)*** | | | | |
| ***Held through Chin Hin Group Property Berhad: (Cont'd)*** | | | | |
| - Chin Hin Construction Engineering Sdn. Bhd. (formerly known as Chin Hin Construction Sdn. Bhd.) | Malaysia | 63.95 | – | Property development, property construction and investment holding |
| - Kayangan Kemas Sdn. Bhd. | Malaysia | 41.57 | 35.76 | Building and general construction |
| ***Held through Boon Koon Vehicles Industries Sdn. Bhd.:*** | | | | |
| - BKGM Industries Sdn. Bhd. | Malaysia | 63.95 | 55.02 | Provision of sub-contractor services to the commercial vehicle industry |
| - BK Sepadu Sdn. Bhd. # | Malaysia | 39.97 | 34.39 | Sale of commercial vehicle and provision of related services |
| ***Held through BKG Development Sdn. Bhd.:*** | | | | |
| - Boon Koon Capital Sdn. Bhd. | Malaysia | 63.95 | 55.02 | Property development and investment holding |
| - BKSP Autoworld Sdn. Bhd. | Malaysia | 63.95 | 55.02 | Property development and investment holding |
| - Boon Koon Commercial Sdn. Bhd. | Malaysia | 44.77 | 38.51 | Property development and property construction |
| - BK Alliance Sdn. Bhd. | Malaysia | 32.61 | 28.06 | Property development and property construction |
| - BKHS Capital Sdn. Bhd. | Malaysia | 63.95 | 55.02 | Property development |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

| Name of Company | Place of Business/ Country of Incorporation | Effective Interest 2022 % | Effective Interest 2021 % | Principal Activities |
|---|---|---|---|---|
| ***Indirect interest: (Cont'd)*** | | | | |
| ***Held through BKG Development Sdn. Bhd.:*** | | | | |
| - Chin Hin Construction Engineering Sdn. Bhd. (formerly known as Chin Hin Construction Sdn. Bhd.) | Malaysia | – | 55.02 | Property development, property construction and investment holding |
| - Stellar Trinity Sdn. Bhd. | Malaysia | 63.95 | 55.02 | Property development and investment holding |
| - Stellar Platinum Sdn. Bhd. | Malaysia | 63.95 | 55.02 | Property development |
| ***Held through Kayangan Kemas Sdn. Bhd.:*** | | | | |
| - 5th Capital Sdn. Bhd. | Malaysia | 41.57 | 35.76 | Property investment |
| ***Held through Chin Hin Construction Sdn. Bhd.:*** | | | | |
| - Makna Setia Sdn. Bhd. | Malaysia | 38.37 | – | Rental of machinery and construction |

* *Subsidiary not audited by UHY*
\# *Under member's voluntary liquidation*
@ *Liquidated during the financial year*
^ *Disposed during the financial year*

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Material partly-owned subsidiaries

Set out below are the Group's subsidiaries that have material non-controlling interest:

| Name of company | Proportion of ownership interests and voting rights held by non-controlling interests | | (Loss)/Profit allocated to non-controlling interests | | Carrying amount of non-controlling interests | |
|---|---|---|---|---|---|---|
| | 2022 % | 2021 % | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Metex Modular Sdn. Bhd. its subsidiary ("**Metex Modular**") | 30.00 | 30.00 | (476,567) | (2,249,873) | (4,167,328) | (3,691,462) |
| Chin Hin Group Property Berhad and its subsidiaries ("**CHGP**") | 36.05 | 44.98 | 5,773,103 | 579,310 | 108,045,345 | 107,802,041 |
| | | | | | 103,878,017 | 104,110,579 |
| Individually immaterial subsidiaries with non-controlling interests | | | | | (123,523) | 880,672 |
| Total non-controlling interests | | | | | 103,754,494 | 104,991,251 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised Statements of Financial Position

| | Metex Modular | | CHGP | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Non-current assets | 64,876,531 | 65,049,101 | 232,405,966 | 291,393,042 |
| Current assets | 443,980 | 587,005 | 544,190,378 | 254,634,387 |
| Non-current liabilities | (7,005) | (32,418) | (203,129,407) | (120,592,540) |
| Current liabilities | (75,109,481) | (73,811,107) | (330,479,553) | (210,986,899) |
| Net (liabilities)/assets | (9,795,975) | (8,207,419) | 242,987,384 | 214,447,990 |

(ii) Summarised Statements of Profit or Loss and Other Comprehensive Income

| | Metex Modular | | CHGP | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Revenue | 83,302 | 43,804 | 327,015,233 | 84,297,482 |
| (Loss)/Profit for the financial year | (1,588,555) | (7,499,577) | 7,622,662 | 1,287,898 |
| Other comprehensive income for the year | – | – | 1,619,543 | – |
| Total comprehensive (loss)/ income for the financial year | (1,588,555) | (7,499,577) | 9,242,205 | 1,287,898 |

(iii) Summarised Statements of Cash Flows

| | Metex Modular | | CHGP | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Net cash used in operating activities | (1,521,081) | (2,695,644) | (14,707,148) | (114,412,258) |
| Net cash used in investing activities | – | – | (2,716,442) | (18,014,549) |
| Net cash from financing activities | 1,501,296 | 2,724,181 | 57,000,896 | 137,006,020 |
| Net (decrease)/increase in cash and cash equivalents | (19,785) | 28,537 | 39,577,306 | 4,579,213 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (b) Incorporation of subsidiaries

In the previous financial year

(i) KLOE Design Sdn. Bhd. ("**KLOE**")

On 5 January 2021, Stradaverse Sdn. Bhd. ("**Stradaverse**"), a wholly-owned subsidiary of the Company, incorporated a 60% owned subsidiary, KLOE Design Sdn. Bhd. ("**KLOE**") with cash subscription of RM60, and a 70% owned subsidiary, CH Yohaus Sdn. Bhd. ("**Yohaus**") with a cash consideration of RM7.

(ii) Green Integrated Base Stabiliser Sdn. Bhd. ("**GIBS**")

On 11 February 2021, Green Cement Sdn. Bhd. ("**Green Cement**"), a wholly-owned subsidiary of Starken AAC Sdn. Bhd. ("**Starken AAC**"), incorporated a 55% owned subsidiary, GIBS with cash subscription of RM55. Subsequently, on 10 September 2021, GIBS had increased its paid-up capital from RM100 to RM100,000. Green Cement has subscribed for an additional 54,945 shares in GIBS. GISB remained as a 55% owned subsidiary of Green Cement.

### (c) Acquisition of subsidiaries

During the financial year

(i) Makna Setia Sdn. Bhd. ("**Makna Setia**")

On 12 August 2022, Chin Hin Construction Engineering Sdn. Bhd. ("**CHCE**") (formerly known as Chin Hin Construction Sdn. Bhd.), a wholly-owned subsidiary of CHGP has completed the acquisition of 60% equity interest in Makna Setia for a total cash purchase consideration of RM7,916,977. Upon the completion of acquisition, Makna Setia became a 60% owned subsidiary to CHCE.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

| | **Group 2022 RM** |
|---|---|
| Cash consideration paid | 7,916,977 |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (c) Acquisition of subsidiaries (Cont'd)

During the financial year (Cont'd)

Fair value of identifiable assets acquired and liabilities assumed at the date of acquisition

| | Group 2022 RM |
|---|---|
| Property, plant and equipment | 3,576,584 |
| Right-of-use assets | 3,032,764 |
| Contract assets | 23,853,965 |
| Trade receivables | 16,074,906 |
| Other receivables | 2,469,554 |
| Fixed deposits with licensed banks | 2,306,113 |
| Cash and bank balances | 5,283,844 |
| Trade payables | (13,758,753) |
| Other payables | (10,074,470) |
| Tax payable | (80,512) |
| Lease liabilities | (924,142) |
| Bank borrowings | (13,978,892) |
| Total identifiable net assets | 17,780,961 |

Net cash inflows arising from acquisition of a subsidiary

| | Group 2022 RM |
|---|---|
| Purchase consideration settled in cash | 7,916,977 |
| Less: Cash and cash equivalents of a subsidiary acquired | |
| - Cash and bank balances | (5,283,844) |
| - Fixed deposits with licensed banks | (2,306,113) |
| | (7,589,957) |
| Net cash outflows from acquisition of a subsidiary | 327,020 |

Gain on bargain purchase

| | Group 2022 RM |
|---|---|
| Fair value of consideration transferred | 7,916,977 |
| Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree | 7,112,384 |
| Fair value of identifiable assets acquired and liabilities assumed | (17,780,961) |
| Gain on bargain purchase | (2,751,600) |

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (c) Acquisition of subsidiaries (Cont'd)

<u>In the previous financial year</u>

(i) Chin Hin Group Property Berhad ("**CHGP**")

On 4 August 2021, the Company has acquired 176,608,435 ordinary shares in CHGP at RM0.45 each and 37,561,700 warrants at RM0.25 each for a total cash consideration of RM88,864,221. On 11 August 2021 and 16 August 2021, the Company completed its exercise of 19,000,000 and 18,561,700 warrants by way of issuance of 37,561,700 ordinary shares in CHGP at issue price of RM0.20 each for a total cash consideration of RM7,512,340. Upon the completion of the share acquisition in August 2021, the Company has acquired 214,170,135 shares in CHGP for total consideration of RM96,376,561, representing 54.96% of equity shareholding in CHGP.

(ii) Kayangan Kemas Sdn. Bhd. ("**Kayangan Kemas**")

On 23 November 2021, CHGP, the 55.02% owned subsidiary of the Company, had acquired 6,500,000 ordinary shares, representing 65% equity interest in Kayangan Kemas for a total consideration of RM37,950,000, satisfied partially by cash consideration of RM29,150,000 and issuance of 11,000,000 new ordinary shares of CHGP at an issue price of RM0.80 per share.

(iii) Addington Sdn. Bhd. ("**Addington**")

On 1 December 2021, Starken AAC, has subscribed for 200,000 ordinary shares in Addington, representing the entire equity interest in Addington for a total cash consideration of RM880,997.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

| | **Group 2022 RM** |
|---|---|
| Cash consideration paid | 118,895,218 |
| Allotment of shares of CHGP | 8,800,000 |
| | 127,695,218 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (c) Acquisition of subsidiaries (Cont'd)

In the previous financial year (Cont'd)

Fair value of identifiable assets acquired and liabilities assumed at the date of acquisition

| | Group 2021 RM |
|---|---|
| Property, plant and equipment | 40,991,335 |
| Right-of-use assets | 3,707,636 |
| Investment properties | 31,610,000 |
| Investment in associates | 47,380,225 |
| Investment in a joint venture | 1,384,613 |
| Other investment | 70,000 |
| Deferred tax assets | 1,907,360 |
| Inventories | 33,131,288 |
| Contract assets | 13,000,846 |
| Trade and other receivables | 203,826,457 |
| Tax recoverable | 1,179,033 |
| Fixed deposits with licensed banks | 9,876,850 |
| Cash and bank balances | 26,035,651 |
| Contract liabilities | (314,170) |
| Trade and other payables | (109,628,710) |
| Tax payable | (3,619,581) |
| Lease liabilities | (2,566,406) |
| Bank borrowings | (83,144,356) |
| Bank overdraft | (1,499,994) |
| Amount due to Directors | (770,294) |
| Deferred tax liabilities | (5,151,709) |
| Total identifiable net assets | 207,406,074 |

Net cash inflows arising from acquisition of subsidiaries

| | Group 2021 RM |
|---|---|
| Purchase consideration settled in cash | 118,895,218 |
| Less: Cash and cash equivalents of subsidiaries acquired | |
| - Cash and bank balances | (26,035,651) |
| - Fixed deposits with licensed banks | (9,876,850) |
| - Bank overdraft | 1,499,994 |
| | (34,412,507) |
| Net cash outflows arising from acquisition of subsidiaries | 84,482,711 |

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (c) Acquisition of subsidiaries (Cont'd)

In the previous financial year (Cont'd)

Goodwill arising from business combination

| | Group 2021 RM |
|---|---|
| Fair value of consideration transferred | 127,695,218 |
| Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree | 95,151,665 |
| Fair value of identifiable assets acquired and liabilities assumed | (207,406,074) |
| Goodwill on consolidation | 15,440,809 |

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiaries into the Group's existing business.

Acquisition-related costs

The Group incurred acquisition-related costs of RM190,000 (2021: RM349,943) related to external legal fees, due diligence costs and other related expenses. The expenses have been included in administrative expenses in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (d) Disposal of subsidiaries

During the financial year

On 30 April 2022, the Company has disposed its entire equity interest in Midah Industries Sdn. Bhd. and its subsidiaries ("**Midah Group**") to a third party for a cash consideration of RM21,624,000. Upon the completion of the disposal, Midah Group has ceased to be the subsidiaries of the Company.

The effect of the disposal of Midah Group on the financial position of the Group as at the date of disposal is as follows:

| | Group 2022 RM |
|---|---|
| Property, plant and equipment | 2,010,055 |
| Right-of-use assets | 189,448 |
| Other investments | 23,448 |
| Inventories | 6,845,063 |
| Trade receivables | 13,481,914 |
| Other receivables | 2,148,327 |
| Tax recoverable | 354,680 |
| Cash and bank balances | 2,747,960 |
| Trade payables | (8,846,665) |
| Other payables | (6,032,216) |
| Lease liabilities | (194,567) |
| Deferred tax liabilities | (68,660) |
| Net assets | 12,658,787 |
| Less: Goodwill on consolidation | 4,678,890 |
| Non-controlling interests | 147,656 |
| Total net assets disposed | 17,485,333 |
| Gain on disposal | 4,138,667 |
| Proceeds from disposal | 21,624,000 |
| Less: Cash and bank balances disposed | (2,747,960) |
| Net cash inflows from disposal | 18,876,040 |

In the previous financial year

On 30 June 2021, Stradaverse, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement ("**SSA**") with a third party to dispose of its 100% equity interest in CH Floorsmith Sdn. Bhd. ("**Floorsmith**") for a total cash consideration of RM1.

On 30 June 2021, Stradaverse entered into a SSA with a third party to dispose of its 70% equity interest in CH Yohaus Sdn. Bhd. ("**Yohaus**") for a total cash consideration of RM1.

On 30 June 2021, Stradaverse entered into a SSA with a third party to dispose of 60% equity interest in KLOE Design Sdn. Bhd. ("**KLOE**") for a total cash consideration of RM1.

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (d) Disposal of subsidiaries (Cont'd)

In the previous financial year (Cont'd)

The effect of the disposal of Floorsmith, Yohaus and KLOE on the financial position of the Group as at the date of disposal is as follows:

| | Group 2021 RM |
|---|---|
| Trade and other receivables | 237,113 |
| Cash and bank balances | 12,934 |
| Contract liabilities | (190,744) |
| Trade and other payables | (338,724) |
| Net liabilities | (279,421) |
| Less: Non-controlling interests | 111,107 |
| Total net liabilities disposed | (168,314) |
| Gain on disposal | 168,317 |
| Proceeds from disposal | 3 |
| Less: Cash and bank balances disposed | (12,934) |
| Net cash outflows from disposal | (12,931) |

### (e) Acquisition of non-controlling interests

During the financial year

(i) Chin Hin Group Property Berhad ("**CHGP**")

During the financial year, the Company had subscribed additional 64,272,200 ordinary shares in CHGP for a total cash consideration of RM61,309,334. Consequently, CHGP has become a 63.95% owned subsidiary of the Company.

The effect of changes in the equity interest in CHGP that is attributable to owners of the Company is as follows:

| | Group 2021 RM |
|---|---|
| Carrying amount of non-controlling interests acquired | 21,801,853 |
| Consideration paid to non-controlling interests | (61,309,334) |
| Decrease in parent's equity | (39,507,481) |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (e) Acquisition of non-controlling interests (Cont'd)

In the previous financial year

(i) Chin Hin Group Property Berhad ("**CHGP**")

In November and December 2021, the Company had subscribed additional 19,050,000 and 9,080,000 ordinary shares in CHGP for a total cash consideration of RM24,773,541. Consequently, CHGP became a 55.02% owned subsidiary of the Company.

(ii) G-Cast UHPC Sdn. Bhd. ("**G-Cast UHPC**")

On 1 May 2021 and 1 November 2021, Starken AAC, a wholly-owned subsidiary of the Company, subscribed the entire increase of 7,000,000 and 7,079,998 new ordinary shares in G-Cast UHPC respectively, for a total consideration of RM14,079,998 by way of capitalisation of amount due from G-Cast UHPC. Consequently, Starken AAC's equity interest in G-Cast UHPC increased from 70% to 95%.

The effect of changes in the equity interest in CHGP and G-Cast UHPC that is attributable to owners of the Company is as follows:

| | Group 2021 RM |
|---|---|
| Carrying amount of non-controlling interests acquired | 18,856,329 |
| Consideration paid to non-controlling interests | (24,773,541) |
| Decrease in parent's equity | (5,917,212) |

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiaries which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiaries and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

### (f) Disposal to non-controlling interests

In the previous financial year

(i) Boon Koon Commercial Sdn. Bhd. ("**BKC**")

On 30 August 2021, Chin Hin Group Property Berhad ("**CHGP**"), a 55.02% owned subsidiary of the Company, had disposed 300,000 ordinary shares, representing 30% of equity interest in BKC, a wholly-owned subsidiary of the CHGP for a total consideration of RM300,000. Upon the completion of disposal, the Company's equity interest in BKC decreased from 100% to 70%.

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (f) Disposal to non-controlling interests (Cont'd)

In the previous financial year (Cont'd)

(i) Boon Koon Commercial Sdn. Bhd. ("**BKC**") (Cont'd)

The effect of changes in the equity interest in BKC that is attributable to owners of the Company is as follows:

| | Group 2021 RM |
|---|---|
| Carrying amount of ordinary shares disposed | 29,695 |
| Consideration received from non-controlling interests | 300,000 |
| Increase in parent's equity | 329,695 |

### (g) Capital contribution by non-controlling interests

During the financial year

(i) Chin Hin Group Property Berhad ("**CHGP**")

During the financial year, the subsidiary, CHGP has converted 39,673,356 warrants to 39,673,356 new ordinary shares with consideration of RM7,934,671.

(ii) BK Alliance Sdn. Bhd. ("**BKA**")

On 29 April 2022, BKA had increased its paid-up share capital from 2,500,000 to 5,000,000 ordinary shares by issuance of 2,500,000 ordinary shares for a total cash consideration of RM2,500,000. BKG Development Sdn. Bhd. ("**BKGD**") has subscribed for an additional 1,275,000 ordinary shares in BKA for a total consideration of RM1,275,000. Consequently, BKA remained as 51% owned subsidiary of BKGD.

In the previous financial year

(i) Chin Hin Group Property Berhad ("**CHGP**")

On 29 September 2021 and throughout the period after the acquisition date of 4 August 2021 to 31 December 2021, the subsidiary, CHGP has issued 30,226,000 new ordinary shares pursuant to the Special Issue of Shares and converted 20,899,000 warrants to 20,899,000 new ordinary shares respectively, which exclusive of the Company's warrants conversion of 37,561,700 to ordinary shares with consideration of RM24,347,038. Further on 23 November 2021, CHGP has issued 11,000,000 new ordinary shares at an issue price of RM0.80 per share pursuant to the acquisition of Kayangan Kemas as mentioned in Note 8(c)(ii).

The effect of changes in the equity interest that is attributable to the owners of the parent is as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Carrying amount of non-controlling interests acquired | 9,159,671 | 33,147,038 |
| Allotment of shares of CHGP | – | (8,800,000) |
| Consideration received from non-controlling interests | (9,159,671) | (24,347,038) |
| Increase/(Decrease) in parent's equity | – | – |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (h) Internal reorganisation

During the financial year

On 25 January 2022, BKG Development Sdn. Bhd. disposed off its entire shareholdings in Chin Hin Construction Engineering Sdn. Bhd. ("**CHCE**") (formerly known as Chin Hin Construction Sdn. Bhd.) to CHGP, for a total consideration of RM2. Upon completion of internal recognition, CHCE became the direct owned subsidiary of CHGP.

### (i) Struck off of a subsidiary

During the financial year

Boon Koon Vehicles Pte. Ltd. ("**BKVPL**"), a wholly-owned subsidiary of CHGP had on 18 October 2021 submitted the application for striking off to Accounting and Corporate Regulatory Authority ("**ACRA**"). Subsequently, name of BKVPL has been struck off from the register on 7 February 2022.

The effect of striking off BKVPL on the financial position of the Group as at the date of strike off are as follows:

| | Group 2022 RM |
|---|---|
| Foreign currency translation reserve reclassified to profit or loss | (176,013) |
| Gain on strike off of a subsidiary | 176,013 |
| | – |

## 9. INVESTMENT IN ASSOCIATES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **At cost** | | | | |
| Quoted shares in Malaysia | 207,069,500 | 160,911,706 | 207,069,500 | 160,911,706 |
| Unquoted shares | 1,493,892 | 1,470,000 | – | – |
| Less: Accumulated impairment losses | (23,892) | – | – | – |
| | 1,470,000 | 1,470,000 | – | – |
| Unquoted shares outside Malaysia | 286,440 | 310,332 | – | – |
| | 208,825,940 | 162,692,038 | 207,069,500 | 160,911,706 |
| Group's of post-acquisition reserves | 18,116,528 | 21,317,362 | – | – |
| | 226,942,468 | 184,009,400 | 207,069,500 | 160,911,706 |

Certain quoted shares have been pledged as securities to partially secure the banking facilities as disclosed in Note 27(h).

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 9. INVESTMENT IN ASSOCIATES (CONT'D)

Movements in the allowance of impairment losses are as follows:

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| At 1 January | – | – |
| Recognised during the financial year | 23,892 | – |
| Acquisition through business combination | – | 900,000 |
| Disposal of an associate | – | (900,000) |
| At 31 December | 23,892 | – |

Details of the associates are as follows:

| Name of Company | Place of Business/ Country of Incorporation | Effective Interest 2022 % | Effective Interest 2021 % | Principal Activities |
|---|---|---|---|---|
| ***Direct interest:*** | | | | |
| Solarvest Holdings Berhad*# | Malaysia | – | 27.5 | Investment holding |
| Signature International Berhad | Malaysia | 30.9 | 30.9 | Investment holding |
| Ajiya Berhad* | Malaysia | 25.2 | – | Investment holding |
| ***Held through Starken AAC Sdn. Bhd.:*** | | | | |
| - Starken Philippines Inc.* | Philippines | 30 | 30 | Trading of construction building material |
| ***Held through G-Cast UHPC Sdn. Bhd.:*** | | | | |
| - CubeX Industries Ltd* | United Kingdom | 19 | 19 | Sale of ultra-high performance concrete product |
| ***Held through BKG Development Sdn. Bhd.*** | | | | |
| - Stellar 8 Sdn. Bhd.* | Malaysia | – | 25.9 | Property development |
| ***Held through Kayangan Kemas Sdn. Bhd.*** | | | | |
| - Weida Kayangan Sdn. Bhd.* | Malaysia | 20.4 @ | 17.5 @ | Building contrator |

* *Associate not audited by UHY*
\# *Disposed during the financial year*
@ *Due to changes in CHGP's shareholdings*

## 9. INVESTMENT IN ASSOCIATES (CONT'D)

### (a) Acquisition of associates

During the financial year

(i) Ajiya Berhad ("**Ajiya**")

On 18 March 2022, the Company has entered into a Conditional Share Sale Agreement with Dato' Chan Wah Kiang and Avia Kapital Sdn Bhd to acquire 72,000,000 ordinary shares in Ajiya, representing 25.2% equity interest (excluding treasury shares) in Ajiya, for a purchase consideration of RM104,400,000. On 28 April 2022, the Company has completed the acquisition and upon the completion, Ajiya has became a 25.2% owned associate of the Company.

In the previous financial year

(i) Signature International Berhad ("**Signature**")

On 8 March 2021, the Company entered into a Conditional Share Sale Agreement ("**SSA**") with third parties to acquire 80,000,000 ordinary shares in Signature, representing approximately 30.45% equity interest in Signature, for a total cash consideration of RM93,600,000. The acquisition was completed on 8 March 2021.

Upon the completion of issuance of 32,524,950 new ordinary shares by Signature through exercise of Warrants in March, April and May 2021, the Company's shareholding in Signature reduced from 30.45% to 27.1%.

Subsequently, on 10 September 2021, the Company had subscribed for an additional 9,700,000 ordinary shares in Signature for a total cash consideration of RM9,069,500. Consequently, Signature became a 32.5% owned associate of the Company.

(ii) Starken Philippines Inc. ("**Starken Philippines**")

On 12 March 2021, Starken AAC, a wholly-owned subsidiary of the Company, completed its subscription of 30,300 shares, representing 30% equity interest in Starken Philippines for a total cash consideration of Philippine Peso ("**PHP**") 3,300,000 (equivalent to approximately RM286,440).

(iii) Solarvest Holdings Berhad ("**Solarvest**")

On 22 February 2021, the Company entitled for 39,865,500 warrants through a bonus issue of warrants on the basis of one (1) warrant for every four (4) existing ordinary shares of Solarvest. Subsequently, the Company disposed of all warrants with the total considerations of RM25,999,671.

On 24 March 2021, the Company entitled for 53,154,000 new ordinary shares of Solarvest though a bonus issue on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held in the Solarvest, by way of Nil consideration.

Subsequently, in July and August 2021, the Company had subscribed for an additional 16,127,400 ordinary shares in Solarvest for a total cash consideration of RM19,655,981. Consequently, Solarvest became 26.45% owned associate of the Company.

In November and December 2021, the Company had subscribed for an additional 16,694,200 ordinary shares in Solarvest for a total cash consideration of RM20,186,824. Upon the completion of the acquisition, the Company's shareholding in Solarvest increased from 25.14% to 27.5%.

## 9. INVESTMENT IN ASSOCIATES (CONT'D)

### (a) Acquisition of associates (Cont'd)

In the previous financial year (Cont'd)

(iv) CubeX Industries Ltd ("**CXIL**")

On 28 October 2021, G-Cast UHPC Sdn. Bhd., a 95% owned subsidiary of the Starken AAC Sdn. Bhd., completed its subscription of 275 shares, representing 20% equity interest in CXIL for a total cash consideration of GBP 4,125 (equivalent to approximately RM23,892).

### (b) Disposal of associates

During the financial year

(i) Solarvest Holdings Berhad ("**Solarvest**")

In March and April 2022, the Company has disposed 32,394,336 and 22,096,964 ordinary shares of Solarvest for a total cash consideration of RM29,690,947 and RM20,700,112 respectively. As such, the shareholdings in Solarvest were reduced to 19.34% in which Solarvest ceased to be an associate of the Company and classified as other investment of the Company.

On 3 October 2022, the Company has completed the disposal to dispose off its entire 129,100,000 ordinary shares of Solarvest, representing the remaining 19.34% equity interest in Solarvest to Divine Inventions Sdn. Bhd. for a cash consideration of RM103,280,000 upon obtained the Shareholders' approval on 4 August 2022 during the Extraordinary General Meeting held on 4 August 2022.

In the previous financial year

(ii) Solarvest Holdings Berhad ("**Solarvest**")

In September 2021, the Company had disposed 8,692,300 ordinary shares at RM1.30 each for a total cash consideration of RM11,317,820. Consequently, Solarvest became 25.14% owned associate of the Company.

(ii) CNMY Truck Sdn Bhd ("**CNMY**")

On 24 December 2021, BKCV Sdn, Bhd., a wholly-owned subsidiary of CHGP, had disposed 900,000 shares representing 30% of equity interest in CNMY for a total consideration of RM1. Upon the completion of disposal, CNMY ceased to be an associate of CHGP.

## 9. INVESTMENT IN ASSOCIATES (CONT'D)

(c) The summarised financial information of the Group's material associates, Solarvest Holdings Berhad and its subsidiaries ("**Solarvest**"), Signature International Berhad and its subsidiaries ("**Signature**") and Ajiya Berhad and its subsidiaries ("**Ajiya**") not adjusted for the percentage of ownership held by the Group are as follows:

(i) Summarised statements of financial position

| | Solarvest | | Signature | | Ajiya | |
|---|---|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Assets and Liabilities** | | | | | | |
| Non-current assets | – | 27,699,870 | 316,472,988 | 112,864,000 | 162,209,207 | – |
| Current assets | – | 210,090,275 | 320,414,517 | 187,504,000 | 329,828,889 | – |
| Non-current liabilities | – | (16,215,534) | (180,981,415) | (10,241,000) | (11,121,032) | – |
| Current liabilities | – | (49,569,896) | (204,030,222) | (83,478,000) | (42,532,066) | – |
| Net assets | – | 172,004,715 | 251,875,868 | 206,649,000 | 438,384,998 | – |
| Interest in associate | –* | 27.5% | 30.9% | 30.9% | 25.2% | – |
| Group's share of net assets | – | 47,301,297 | 77,949,021 | 62,779,966 | 110,457,479 | – |

* *Ceased to be an associate during the financial year.*

## 9. INVESTMENT IN ASSOCIATES (CONT'D)

(c) The summarised financial information of the Group's material associates, Solarvest Holdings Berhad and its subsidiaries ("**Solarvest**"), Signature International Berhad and its subsidiaries ("**Signature**") and Ajiya Berhad and its subsidiaries ("**Ajiya**") not adjusted for the percentage of ownership held by the Group are as follows: (Cont'd)

(ii) Summarised statements of profit or loss and other comprehensive income

| | Solarvest | | Signature | | Ajiya | |
|---|---|---|---|---|---|---|
| | **2022 RM** | **2021 RM** | **2022 RM** | **2021 RM** | **2022 RM** | **2021 RM** |
| **Financial Results** | | | | | | |
| Revenue | – | 163,572,296 | 361,743,336 | 127,049,000 | 200,033,194 | – |
| Profit for the financial year | – | 9,963,439 | 28,209,026 | 8,432,000 | 29,104,113 | – |
| Other comprehensive loss for the financial year | – | – | (1,057,637) | – | – | – |
| Total comprehensive income for the financial year | – | 9,963,439 | 27,151,389 | 8,432,000 | 29,104,113 | – |
| **Group's share of results for the financial year ended 31 December** | | | | | | |
| Group's share of profit | 542,507 | 2,395,958 | 8,729,959 | 2,423,966 | 7,333,205 | – |
| Group's share of other comprehensive loss | – | – | (327,311) | – | – | – |
| Group's share of total comprehensive income | 542,507 | 2,395,958 | 8,402,648 | 2,423,966 | 7,333,205 | – |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 10. INVESTMENT IN JOINT VENTURES

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| **At cost** | | |
| Unquoted shares in Malaysia | 36,384,613 | 35,000,000 |
| Acquisition through business combination | – | 1,384,613 |
| Share of post-acquisition reserves | 21,006,741 | 11,159,420 |
| | 57,391,354 | 47,544,033 |

Details of the joint venture company are as follows:

| Name of Company | Place of Business/ Country of Incorporation | Effective Interest 2022 % | Effective Interest 2021 % | Principal Activities |
|---|---|---|---|---|
| ***Indirect interest: Held through Kayangan Kemas Sdn. Bhd.:*** | | | | |
| R Synergy Sdn. Bhd.* | Malaysia | 13.72 @ | 11.80 | Building contractor |
| ***Held through BKG Development Sdn. Bhd.*** | | | | |
| Stellar 8 Sdn. Bhd.* | Malaysia | 30.06 @ | – | Property development |

* *Joint venture company not audited by UHY*
@ *Due to changes in CHGP's shareholdings*

NOTES TO THE FINANCIAL STATEMENTS
31 DECECMBER 2022
(CONT'D)

## 11. OTHER INVESTMENTS

| | At valuation/ At cost | | | | | Accumulated amortisation | | | | Changes in fair value | Carrying amount |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | At 1 January RM | Acquisition through business combination RM | Addition RM | Disposal of subsidiaries RM | At 31 December RM | At 1 January RM | Amortisation for the financial year RM | Disposal of subsidiaries RM | At 31 December RM | Charged to profit or loss RM | At 31 December RM |
| **Group** | | | | | | | | | | | |
| **Non-Current** | | | | | | | | | | | |
| **2022** | | | | | | | | | | | |
| **At cost** | | | | | | | | | | | |
| Club memberships | 102,028 | – | – | (32,028) | 70,000 | 8,580 | – | (8,580) | – | – | 70,000 |
| **2021** | | | | | | | | | | | |
| **At cost** | | | | | | | | | | | |
| Club memberships | 32,028 | 70,000 | – | – | 102,028 | 7,644 | 936 | – | 8,580 | – | 93,448 |
| **Current** | | | | | | | | | | | |
| **2022** | | | | | | | | | | | |
| **At fair value** | | | | | | | | | | | |
| Quoted shares | – | – | 8,280,000 | – | 8,280,000 | – | – | – | – | 2,192,000 | 10,472,000 |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 11. OTHER INVESTMENTS (CONT'D)

| | Company | |
|---|---|---|
| | 2022 RM | 2021 RM |
| <u>**Current**</u> | | |
| **At fair value** | | |
| **Quoted shares** | | |
| At 1 January | – | – |
| Addition | 8,280,000 | – |
| At 31 December | 8,280,000 | – |
| **Changes in fair value** | | |
| Recognised in the profit or loss | 2,192,000 | – |
| **Carrying amount** | | |
| At 31 December | 10,472,000 | – |

The fair value of the listed equity securities was determined by reference to the quoted price in an active market.

## 12. OTHER FINANCIAL ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Keyman life insurance policy** | | | | |
| At 1 January | 1,519,196 | – | 1,161,154 | – |
| Addition | 857,689 | 1,519,196 | 857,689 | 1,161,154 |
| Unwinding interest income | 34,338 | – | 20,803 | – |
| At 31 December | 2,411,223 | 1,519,196 | 2,039,646 | 1,161,154 |

The investment-linked keyman life insurance policy relates to life insurance policy purchased by the Group and by the Company for one of its Directors. The insured amount of the Contracts for the Group and the Company are RM20,191,972 and RM16,671,292 (2021: RM13,410,462 and RM9,888,782) respectively. After 10 years from date of commencement of the policy, the surrender value of the policy is expected to be equal to the accumulated value of the policy.

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 13. INVENTORIES

| | Note | Group 2022 RM | Group 2021 RM |
|---|---|---|---|
| **Non-current** | | | |
| Land held for property development | (a) | 63,267,027 | 159,366,624 |
| **Current** | | | |
| Property development costs | (b) | 214,224,493 | 1,613,083 |
| Other inventories | (c) | 102,632,747 | 121,072,861 |
| | | 316,857,240 | 122,685,944 |

### (a) Land held for property development

| | At cost Freehold land RM | At cost Leasehold land RM | At cost Development costs RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **Non-current** | | | | |
| **2022** | | | | |
| At 1 January 2022 | 132,055,616 | 21,793,368 | 5,517,640 | 159,366,624 |
| Additions | 2,285,612 | – | 757,872 | 3,043,484 |
| Disposal | (695,295) | – | – | (695,295) |
| Transfer to property development costs | (71,497,197) | (21,793,368) | (5,157,221) | (98,447,786) |
| At 31 December 2022 | 62,148,736 | – | 1,118,291 | 63,267,027 |
| **2021** | | | | |
| At 1 January 2021 | – | – | – | – |
| Acquisition through business combination | 884,475 | – | – | 884,475 |
| Additions | 131,171,141 | 21,793,368 | 5,517,640 | 158,482,149 |
| At 31 December 2021 | 132,055,616 | 21,793,368 | 5,517,640 | 159,366,624 |

The freehold land of RM62,148,736 (2021: RM121,669,091) is pledged to a licensed bank as securities for banking facility granted to a subsidiary as disclosed in Note 27(a).

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 13. INVENTORIES (CONT'D)

### (b) Property development costs

| | At cost Freehold land RM | Leasehold land RM | Development costs RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **Current** | | | | |
| **2022** | | | | |
| At 1 January 2022 | 1,205,617 | – | – | 1,205,617 |
| Disposal | (1,205,617) | – | – | (1,205,617) |
| At 31 December 2022 | – | – | – | – |
| **Cumulative property development costs** | | | | |
| At 1 January 2022 | – | – | 150,467,147 | 150,467,147 |
| Transfer from land held for property development | 71,497,197 | 21,793,368 | 5,157,221 | 98,447,786 |
| Cost incurred during the financial year | – | 3,226,589 | 112,550,118 | 115,776,707 |
| Disposal | – | – | (407,466) | (407,466) |
| At 31 December 2022 | 71,497,197 | 25,019,957 | 267,767,020 | 364,284,174 |
| **Less:** | | | | |
| **Cumulative costs recognised in profit or loss** | | | | |
| At 1 January 2022/31 December 2022 | – | – | 150,059,681 | 150,059,681 |
| **Total property development costs** | 71,497,197 | 25,019,957 | 117,707,339 | 214,224,493 |
| **2021** | | | | |
| At 1 January 2021 | – | – | – | – |
| Acquisition through business combination | 1,205,617 | – | – | 1,205,617 |
| At 31 December 2021 | 1,205,617 | – | – | 1,205,617 |
| **Cumulative property development costs** | | | | |
| At 1 January 2021 | – | – | – | – |
| Acquisition through business combination | – | – | 148,534,300 | 148,534,300 |
| Cost incurred during the financial year | – | – | 1,932,847 | 1,932,847 |
| At 31 December 2021 | – | – | 150,467,147 | 150,467,147 |
| **Less:** | | | | |
| **Cumulative costs recognised in profit or loss** | | | | |
| At 1 January 2021 | – | – | – | – |
| Acquisition through business combination | – | – | 148,560,334 | 148,560,334 |
| Recognised during the financial year | – | – | 1,499,347 | 1,499,347 |
| At 31 December 2021 | – | – | 150,059,681 | 150,059,681 |
| **Total property development costs** | 1,205,617 | – | 407,466 | 1,613,083 |

## 13. INVENTORIES (CONT'D)

### (b) Property development costs (Cont'd)

(i) The property development costs of the Group represent expenditure incurred in relation to the mixed residential and commercial development.

BKG Development Sdn. Bhd. ("**BKGD**"), an indirect owned subsidiary of the Company, has entered into the Joint Development Agreement with Platinum Eminent Sdn. Bhd. ("**Platinium Eminent**") for the implementation and completion of the Development Project on the leasehold land owned by Platinium Eminent. BKGD shall be effectively entitled 60% of the gross development profits of the development project as disclosed in Note 36.

(ii) The freehold land of RM71,497,197 (2021: RM1,205,617) is pledged to a licensed bank as securities for banking facility granted to a subsidiary as disclosed in Note 27(a).

### (c) Other inventories

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| **At cost** | | |
| Raw materials | 23,682,981 | 32,243,363 |
| Work-in-progress | 2,872,687 | 2,737,940 |
| Finished goods | 62,464,649 | 72,993,020 |
| Consumables | 6,887,697 | 5,884,012 |
| Engineering stocks | 1,733,336 | 1,548,142 |
| | 97,641,350 | 115,406,477 |
| **At net realisable value** | | |
| Raw materials | 1,226,871 | 1,237,054 |
| Work-in-progress | 973,000 | 1,142,073 |
| Finished goods | 2,791,526 | 3,287,257 |
| | 4,991,397 | 5,666,384 |
| | 102,632,747 | 121,072,861 |
| **Recognised in profit or loss:** | | |
| Inventories recognised as cost of sales | 1,156,341,286 | 936,829,180 |
| Inventories written down to net realisable value | 3,053,986 | 496,513 |
| Inventories written off | 175,786 | 163,509 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 14. TRADE RECEIVABLES

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| **Non-current** | | |
| Trade receivables | | |
| - Retention sum | 15,277,442 | 3,185,712 |
| **Current** | | |
| Trade receivables | | |
| - Third parties | 521,660,676 | 459,156,945 |
| - Related parties | 15,493,834 | 78,908,753 |
| | 537,154,510 | 538,065,698 |
| Less: Accumulated impairment losses | (51,753,333) | (42,682,564) |
| | 485,401,177 | 495,383,134 |
| Retention sum | 6,331,857 | 138,253 |
| | 491,733,034 | 495,521,387 |
| | 507,010,476 | 498,707,099 |

Trade receivables are non-interest bearing and are generally on 30 to 210 days (2021: 30 to 210 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other credit terms are assessed and approved on case by case basis.

Included in the trade receivables is RM9,716,318 (2021: RM73,904,976) due from a company in which certain Directors of the Company have significant financial interest. The trade receivables are recognised at their original certificate of claimed amounts which represent their fair value on initial recognition.

Related parties refer to companies in which certain Directors of the Company have substantial financial interests.

Movements in the allowance for impairment losses of trade receivables are as follows:

| | Credit impaired RM | Lifetime allowance RM | Loss allowance RM |
|---|---|---|---|
| **2022** | | | |
| At 1 January | 38,686,569 | 3,995,995 | 42,682,564 |
| Disposal of subsidiaries | (739,165) | (98,292) | (837,457) |
| Impairment losses recognised | 21,014,988 | 1,476,967 | 22,491,955 |
| Reversal of impairment losses | (10,116,511) | (2,460,143) | (12,576,654) |
| Written off | (44,110) | – | (44,110) |
| Exchange difference | 37,035 | – | 37,035 |
| At 31 December | 48,838,806 | 2,914,527 | 51,753,333 |
| **2021** | | | |
| At 1 January | 22,321,818 | 856,983 | 23,178,801 |
| Acquisition through business combination | 7,930,859 | 6,129,771 | 14,060,630 |
| Impairment losses recognised | 17,472,706 | 628,508 | 18,101,214 |
| Reversal of impairment losses | (8,963,624) | (3,619,267) | (12,582,891) |
| Written off | (75,190) | – | (75,190) |
| At 31 December | 38,686,569 | 3,995,995 | 42,682,564 |

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly. Reversal of an impairment loss amounting to RM12,576,654 (2021: RM12,582,891) is recognised when the amount is recovered.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 14. TRADE RECEIVABLES (CONT'D)

Analysis of the trade receivables ageing as at the end of the reporting period are as follows:

| | Gross amount RM | Loss allowance RM | Net amount RM |
|---|---|---|---|
| **2022** | | | |
| Not past due | 214,816,809 | (209,907) | 214,606,902 |
| *Past due:* | | | |
| Less than 30 days | 106,420,723 | (16,661) | 106,404,062 |
| 31 to 60 days | 84,951,546 | (8,009) | 84,943,537 |
| More than 60 days | 103,735,925 | (2,679,950) | 101,055,975 |
| | 295,108,194 | (2,704,620) | 292,403,574 |
| | 509,925,003 | (2,914,527) | 507,010,476 |
| **Credit impaired** | | | |
| Individually impaired | 48,838,806 | (48,838,806) | – |
| | 558,763,809 | (51,753,333) | 507,010,476 |
| **2021** | | | |
| Not past due | 159,857,396 | (469,638) | 159,387,758 |
| *Past due:* | | | |
| Less than 30 days | 96,346,811 | (39,193) | 96,307,618 |
| 31 to 60 days | 68,998,015 | (21,173) | 68,976,842 |
| More than 60 days | 177,500,872 | (3,465,991) | 174,034,881 |
| | 342,845,698 | (3,526,357) | 339,319,341 |
| | 502,703,094 | (3,995,995) | 498,707,099 |
| **Credit impaired** | | | |
| Individually impaired | 38,686,569 | (38,686,569) | – |
| | 541,389,663 | (42,682,564) | 498,707,099 |

Trade receivables that are not past due and not individually impaired are creditworthy receivables with good payment records with the Group and the Company.

As at 31 December 2022, gross trade receivables of RM295,108,194 (2021: RM342,845,698) were past due but not individually impaired. These relate to a number of independent customers from whom there is no recent history of default.

The Group assesses credit quality of the trade receivables on a collective basis by using ageing of past due days. As at 31 December 2022, the Group provided lifetime impairment losses of RM2,914,527 (2021: RM3,995,995) based on the customers' historical data as an assumption for possibility of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM48,838,806 (2021: RM38,686,569), related to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

## 15. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Non-current** | | | | |
| Other receivables | | | | |
| - Third parties | 5,248,058 | – | 5,248,058 | – |
| **Current** | | | | |
| Other receivables | | | | |
| - Third parties | 35,827,872 | 24,472,084 | 12,809,718 | – |
| - Related parties | 194,700 | 10,724,372 | 4,843 | 4,197 |
| - Associates | – | 3,469,104 | – | – |
| | 36,022,572 | 38,665,560 | 12,814,561 | 4,197 |
| Less: Accumulated impairment losses | (1,625,226) | (4,209,435) | – | – |
| | 34,397,346 | 34,456,125 | 12,814,561 | 4,197 |
| Deposits | 26,795,190 | 33,190,367 | 118,337 | 17,500 |
| Prepayments | 9,506,451 | 9,180,475 | 634,356 | 501,636 |
| Goods and Services Tax recoverable | 3,149,201 | 2,708,436 | – | – |
| | 73,848,188 | 79,535,403 | 13,567,254 | 523,333 |
| | 79,096,246 | 79,533,403 | 18,815,312 | 523,333 |

Included in the Group's other receivables is an amount of RM3,295,506 (2021: RM10,269,783) due from a joint venture company.

Included in the Group's deposits is an amount of RM12,107,182 and RM232,000 (2021: RM24,246,169 and RM232,000) respectively are related to deposits paid for purchase of goods and security for performance bond issue in securing the construction of building in progress.

Included in the Group's deposits is an amount paid for cash collateral pledged with licensed banks as security for bank guarantees amounting to RM3,838,752 (2021: RMNil).

Related parties refer to companies in which certain Directors of the Group have substantial financial interests. The amount due from related parties represent unsecured, non-interest bearing and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 15. OTHER RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses of other receivables are as follows:

| | Credit impaired RM | Lifetime allowance RM | Loss allowance RM |
|---|---|---|---|
| **2022** | | | |
| At 1 January 2022 | 3,616,119 | 593,316 | 4,209,435 |
| Acquisition through business combination | 10,300 | – | 10,300 |
| Disposal of subsidiaries | – | (739) | (739) |
| Impairment losses recognised | 360,715 | 462,062 | 822,777 |
| Reversal of impairment losses | (28,505) | (423,949) | (452,454) |
| Written off | (2,964,093) | – | (2,964,093) |
| At 31 December 2022 | 994,536 | 630,690 | 1,625,226 |
| **2021** | | | |
| At 1 January 2021 | 479,977 | – | 479,977 |
| Acquisition through business combination | 3,136,142 | 115,612 | 3,251,754 |
| Impairment losses recognised | – | 477,704 | 477,704 |
| At 31 December 2021 | 3,616,119 | 593,316 | 4,209,435 |

Other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 16. DEFERRED TAX ASSETS/(LIABILITIES)

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| At 1 January | (17,020,775) | (13,571,319) | (60,588) | (51,662) |
| Acquisition through business combination | – | (3,244,349) | – | – |
| Disposal of subsidiaries | 68,660 | – | – | – |
| Changes in tax rate | (484,528) | 62,317 | – | – |
| Recognised in other comprehensive income | 37,793 | – | – | – |
| Recognised in profit or loss (Note 33) | 2,358,002 | (267,424) | 60,588 | (8,926) |
| At 31 December | (15,040,848) | (17,020,775) | – | (60,588) |

The net deferred assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Deferred tax assets | 816,218 | – | – | – |
| Deferred tax liabilities | (15,857,066) | (17,020,775) | – | (60,588) |
| | (15,040,848) | (17,020,775) | – | (60,588) |

## 16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The movements and components of deferred tax assets and liabilities are as follows:

Deferred tax assets

| | Unutilised capital allowances RM | Unused tax losses RM | Unutilised reinvestment allowances RM | Other temporary differences RM | Total RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| At 1 January 2022 | 19,984,305 | 4,564,048 | 387,050 | – | 24,935,403 |
| Disposal of subsidiaries | (32,302) | (43,486) | – | – | (75,788) |
| Recognised in profit or loss | (1,401,632) | (903,197) | (266,004) | 3,365,043 | 794,210 |
| (Over)/Under provision in prior years | (474,850) | 303,226 | 863,038 | 1,185,955 | 1,877,369 |
| At 31 December 2022 (before offsetting) | 18,075,521 | 3,920,591 | 984,084 | 4,550,998 | 27,531,194 |
| Offsetting | | | | | (26,714,976) |
| At 31 December 2022 (after offsetting) | | | | | 816,218 |

| | Unutilised capital allowances RM | Unused tax losses RM | Unutilised reinvestment allowances RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| At 1 January 2021 | 20,020,993 | 2,893,134 | 860,895 | 23,775,022 |
| Acquisition through business combination | 2,820 | 1,904,540 | – | 1,907,360 |
| Recognised in profit or loss | 352,244 | (733,136) | (765,091) | (1,145,983) |
| (Over)/Under provision in prior years | (391,752) | 499,510 | 291,246 | 399,004 |
| At 31 December 2021 (before offsetting) | 19,984,305 | 4,564,048 | 387,050 | 24,935,403 |
| Offsetting | | | | (24,935,403) |
| At 31 December 2021 (after offsetting) | | | | – |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The movements and components of deferred tax assets and liabilities are as follows: (Cont'd)

Deferred tax asset (Cont'd)

| | Other temporary differences 2022 RM | Other temporary differences 2021 RM |
|---|---|---|
| **Company** | | |
| At 1 January | – | – |
| Recognised in profit or loss | 81,372 | – |
| Under provision in prior years | 286 | – |
| At 31 December (before offsetting) | 81,658 | – |
| Offsetting | (81,658) | – |
| At 31 December (after offsetting) | – | – |

Deferred tax liabilities

| | Accelerated capital allowances RM | Revaluation of investment properties RM | Revaluation of property, plant and equipment RM | Other temporary differences RM | Total RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| At 1 January 2022 | (36,867,790) | (525,000) | (4,563,388) | – | (41,956,178) |
| Disposal of subsidiaries | 144,448 | – | – | – | 144,448 |
| Recognised in profit or loss | 115,439 | 46,105 | (312,076) | (14,384) | (164,916) |
| Recognised in other comprehensive income | – | – | 37,793 | – | 37,793 |
| Changes in tax rate | – | – | (484,528) | – | (484,528) |
| (Over)/Under provision in prior years | (607,021) | 42,055 | 416,305 | – | (148,661) |
| At 31 December 2022 (before offsetting) | (37,214,924) | (436,840) | (4,905,894) | (14,384) | (42,572,042) |
| Offsetting | | | | | 26,714,976 |
| At 31 December 2022 (after offsetting) | | | | | (15,857,066) |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The movements and components of deferred tax assets and liabilities are as follows: (Cont'd)

Deferred tax liabilities (Cont'd)

| | Accelerated capital allowances RM | Revaluation of investment properties RM | Revaluation of property, plant and equipment RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| At 1 January 2021 | (35,314,483) | (525,000) | (1,506,858) | (37,346,341) |
| Acquisition through business combination | (1,883,209) | – | (3,268,500) | (5,151,709) |
| Recognised in profit or loss | (974,190) | – | 18,353 | (955,837) |
| Changes in tax rate | – | – | 62,317 | 62,317 |
| Over provision in prior years | 1,304,092 | – | 131,300 | 1,435,392 |
| At 31 December 2021 (before offsetting) | (36,867,790) | (525,000) | (4,563,388) | (41,956,178) |
| Offsetting | | | | 24,935,403 |
| At 31 December 2021 (after offsetting) | | | | (17,020,775) |

| | Accelerated capital allowances 2022 RM | Accelerated capital allowances 2021 RM |
|---|---|---|
| **Company** | | |
| At 1 January | (60,588) | (51,662) |
| Recognised in profit or loss | (12,103) | (7,876) |
| Under provision in prior years | (8,967) | (1,050) |
| At 31 December (before offsetting) | (81,658) | (60,588) |
| Offsetting | 81,658 | – |
| At 31 December (after offsetting) | – | (60,588) |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM |
| Unutilised capital allowances | 16,000,270 | 17,209,687 | – | – |
| Unused tax losses | 46,320,740 | 39,954,085 | – | – |
| Other temporary differences | 5,730,433 | 7,451,428 | 464,863 | – |
| | 68,051,443 | 64,615,200 | 464,863 | – |

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries that have a recent history of losses.

For the Malaysian entities, Pursuant to Section 8 of the Finance Act 2021 (Act 833) and the amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the time limit on the carried forward unused tax losses has been extended to maximum of ten (10) consecutive years of assessment. Any unused tax losses accumulated up to the year of assessment 2018 can be carried forward for another ten (10) consecutive years of assessment (i.e.: from year of assessment 2019 to 2028) under the current tax legislation.

The recognised and unrecognised unused tax losses shall be disregarded after the end of the year of assessment as follows:

| | Group | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| 2028 | 28,118,988 | 27,238,388 |
| 2029 | 5,843,537 | 10,973,262 |
| 2030 | 15,806,493 | 15,806,493 |
| 2031 | 6,035,053 | 6,035,057 |
| 2032 | 6,193,531 | – |
| Indefinite* | 658,933 | – |
| | 62,656,535 | 60,053,200 |

* *The unused tax losses of a foreign subsidiary can be carried forward indefinitely. The use of tax losses of the subsidiary in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiary operate.*

## 17. CONTRACT ASSETS/(LIABILITIES)

| | | Group | |
|---|---|---|---|
| | Note | 2022 RM | 2021 RM |
| **Non-current** | | | |
| Contract liability | | | |
| Deferred income: | | | |
| - Extended warranty and services | | – | (24,613) |
| **Current** | | | |
| Contract assets | | | |
| Construction contracts | (a) | 91,900,211 | 27,262,819 |
| Contract liabilities | | | |
| Deferred income: | | | |
| - Extended warranty and services | | (33,668) | (13,724) |
| Construction contracts | (a) | (6,436) | (181,802) |
| Property development activities | (b) | – | – |
| | | (40,104) | (195,526) |
| **Presented as:** | | | |
| Contract assets | | 91,900,211 | 27,262,819 |
| Contract liabilities | | (40,104) | (220,139) |
| | | 91,860,107 | 27,042,680 |

Contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its contracted project activities. The amount due from contract customers will be transferred to trade receivables when the rights become unconditional.

Contract liabilities primarily relate to the advance consideration received from customer for construction contract, which revenue is recognised over time during the contracted project activities.

## 17. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

### (a) Construction contracts

| | Group | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| Construction costs incurred to date | 619,541,325 | 138,914,731 |
| Attributable profits or losses | 74,749,370 | (1,169,943) |
| Less: Provision for foreseeable losses | – | (60,030) |
| | 694,290,695 | 137,684,758 |
| Less: Progress billings | (602,075,058) | (110,603,741) |
| Less: Accumulated impairment losses | (321,862) | – |
| | 91,893,775 | 27,081,017 |
| **Presented as:** | | |
| Contract assets | 91,900,211 | 27,262,819 |
| Contract liabilities | (6,436) | (181,802) |
| | 91,893,775 | 27,081,017 |

Movements in the allowance for impairment losses of contract assets are as follows:

| | Credit impaired<br>RM |
|---|---|
| **Group** | |
| **2022** | |
| At 1 January | – |
| Impairment losses recognised | 321,862 |
| At 31 December | 321,862 |

The costs incurred to date on construction contracts include the following costs during the financial year:

| | Group | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| Lease of equipments and machineries | 9,115,886 | 183,597 |
| Lease of motor vehicles | 2,483,523 | 17,458 |
| Lease of workers house | – | 19,915 |
| Staff costs | 8,845,249 | 1,295,532 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 17. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

### (b) Property development activities

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| At 1 January | – | – |
| Acquisition through business combination | – | (264,053) |
| Property development revenue recognised during the financial year | – | 2,407,214 |
| Less: Progress billings issued during the financial year | – | (2,143,161) |
| At 31 December | – | – |

<u>Contract value yet to be recognised as revenue</u>

The followings table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) at the reporting date:

| | 2023 RM | 2024 RM | 2025 RM | Total RM |
|---|---|---|---|---|
| Construction contracts | 581,185,650 | 434,484,639 | 348,048,994 | 1,363,719,283 |
| Deferred income | (33,668) | – | – | (33,668) |
| | 581,151,982 | 434,484,639 | 348,048,994 | 1,363,685,615 |

The Group expects to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 12 to 36 months.

## 18. NET INVESTMENT IN LEASE

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| **Minimum lease receivable** | | |
| Within one year | 88,631 | 88,631 |
| Less: Future finance income receivable | (19,225) | (19,225) |
| Present value of minimum lease receivable | 69,406 | 69,406 |
| **Present value of minimum lease receivable** | | |
| Within one year | 69,406 | 69,406 |
| Analysed as: | | |
| Repayable within twelve months | 69,406 | 69,406 |

Hire purchase facilities granted to customer are based on credit procedures and policies set by the Group in accordance with Hire-Purchase Act 1967.

The net investment in lease of the Group is bearing interest at rate range from 5% to 18% (2021: 5% to 18%) per annum.

## 19. AMOUNT DUE FROM/(TO) SUBSIDIARIES

(a) Amount due from subsidiaries (Current)

| | Note | Company 2022 RM | Company 2021 RM |
|---|---|---|---|
| Amount due from subsidiaries | | | |
| Trade in nature | (i) | 14,992,480 | 11,191,380 |
| Non-trade in nature | (ii) | 106,725,996 | 92,937,055 |
| Less: Accumulated impairment losses | | (2,092,842) | – |
| | | 104,633,154 | 92,937,055 |
| | | 119,625,634 | 104,128,435 |

Movements in the allowance for impairment losses of amount due from subsidiaries are as follows:

| | Company 2022 RM | Company 2021 RM |
|---|---|---|
| At 1 January | – | – |
| Impairment losses recognised | 2,092,842 | – |
| At 31 December | 2,092,842 | – |

(i) Trade balances are given credit term of 60 days (2021: 60 days).

(ii) Non-trade balances are unsecured, bear interest range from 1.30% to 1.80% (2021: 1.30%) per annum and are repayable on demand.

(b) Amount due to a subsidiary (Non-current)

This represents non-trade in nature, unsecured, bear interest at a rate of Nil (2021: 3.45%) per annum and repayable after twelve months.

(c) Amount due to subsidiaries (Current)

These represent non-trade in nature, unsecured, bear interest range from 1.30% to 1.80% (2021: 1.30% to 3.45%) per annum and repayable on demand.

## 20. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group amounting to RM20,992,794 (2021: RM13,036,735) which are pledged with licensed banks as security for credit facilities granted to the Group as disclosed in Note 27(c).

The range of interest rates and maturities of deposits are 1.40% to 2.60% (2021: 1.55% to 3.10%) per annum and 1 to 12 months (2021: 1 to 12 months) respectively.

The fixed deposits amounting to RM30,794 (2021: RM30,277) are held in trust by certain Directors of a subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 21. ASSETS HELD FOR SALE

| | Group | |
|---|---|---|
| | **2022** **RM** | **2021** **RM** |
| At 1 January | – | 11,450,000 |
| Transfer from right-of-use assets (Note 5) | 1,223,281 | – |
| Transfer from investment properties (Note 6) | 1,300,000 | – |
| Disposals | – | (11,450,000) |
| At 31 December | 2,523,281 | – |

<u>During the financial year</u>

(a) On 21 July 2022, Boon Koon Vehicles Industries Sdn. Bhd. ("**BKVI**"), a subsidiary of CHGP has entered into a sale and purchase agreement with a third party to dispose a unit of property for a cash consideration of RM1,257,765. A deposit of RM125,777 has been recevied as at the date of this report. The disposal has yet to be completed as the date of this report.

(b) On 15 August 2022, PP Chin Hin Sdn. Bhd. ("**PPCH**"), a subsidiary of the Company has entered into a sale and purchase agreement with a third party to dispose a unit of property for a cash consideration of RM1,470,000. There's no deposit received as at the date of this report. The disposal has yet to be completed as the date of this report.

<u>In the previous financial year</u>

(a) In September and November 2019, PPCH, a subsidiary of the Company entered into several sale and purchase agreements with third parties to dispose of numbers of properties for a total cash consideration of RM56,230,000. Included in these properties that classified as assets held for sale:

   (i) assets held for sale at net carrying amount of RM43,085,500 with disposal cash consideration of RM44,630,000. The disposal was completed in November and December 2020 and resulted a gain of RM1,544,500.

   (ii) assets held for sale at net carrying amount of RM11,450,000 with disposal cash consideration of RM11,600,000. The disposal was completed in February 2021.

## 22. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of shares | | Amount | |
| | **2022** **Units** | **2021** **Units** | **2022** **RM** | **2021** **RM** |
| **Issued and fully paid ordinary shares** | | | | |
| At 1 January | 885,081,996 | 556,388,000 | 381,850,595 | 325,795,595 |
| Bonus issue | 885,081,996 | 278,193,996 | – | – |
| Private share placement | – | 50,500,000 | – | 56,055,000 |
| At 31 December | 1,770,163,992 | 885,081,996 | 381,850,595 | 381,850,595 |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 22. SHARE CAPITAL (CONT'D)

During the financial year, the Company increased its issued and paid-up share capital from issued 885,081,996 to 1,770,163,992 by way of issuance of 885,081,996 new ordinary shares through a bonus issue on the basis of one (1) new ordinary share for every one (1) existing ordinary share held in the Company.

In the previous financial year, the Company increased its issued and paid-up share capital from RM325,795,595 to RM381,850,595 by way of:

(a) issuance of 278,193,996 new ordinary shares through a bonus issue on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held in the Company; and

(b) issuance of 50,500,000 ordinary shares pursuant to a private placement exercise at an issue price of RM1.11 per ordinary share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regards to the Company's residual assets. In respect of the treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

## 23. TREASURY SHARES

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 3 June 2022, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of shares | | Amount | |
| | 2022<br>Units | 2021<br>Units | 2022<br>RM | 2021<br>RM |
| At 1 January | 375,150 | – | 338,054 | – |
| Purchase of own shares | – | 250,100 | – | 338,054 |
| Bonus issue | 375,150 | 125,050 | – | – |
| At 31 December | 750,300 | 375,150 | 338,054 | 338,054 |

As at 31 December 2022, the number of treasury shares held was 750,300 ordinary shares, including 375,150 ordinary shares issued on 22 August 2022 via bonus issue on the basis of one (1) bonus share for every one (1) existing ordinary share held in the Company.

In the previous financial year, the Company repurchased 250,100 of its issued share capital from the open market at an average price of RM1.35 per share including transaction costs. The purchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares. As at 31 December 2021, the number of treasury shares held was 375,150 ordinary shares, including 125,050 ordinary shares issued on 1 April 2021 via bonus issue on the basis of one (1) bonus share for every two (2) existing ordinary shares held in the Company.

The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. The Company has the right to resell these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

There is no repurchase and resale of treasury shares during the financial year.

## 24. RESERVES

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Non-distributable** | | | | | |
| Merger reserve | (a) | (147,391,284) | (147,391,284) | – | – |
| Revaluation reserve | (b) | 7,529,486 | 6,268,981 | – | – |
| Foreign currency translation reserve | (c) | 585,481 | 403,024 | – | – |
| **Distributable** | | | | | |
| Retained earnings | | 324,321,546 | 275,681,399 | 119,042,043 | 54,180,580 |
| | | 185,045,229 | 134,962,120 | 119,042,043 | 54,180,580 |

The nature of reserves of the Group and of the Company are as follows:

(a) Merger reserve

The merger reserve arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries acquired under the merger method of accounting.

(b) Revaluation reserve

This is in respect of revaluation surplus net of tax arising from the revaluation of the Group's buildings and is non-distributable.

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| At 1 January | 6,268,981 | 9,413,437 |
| Revaluation surplus | 1,912,906 | – |
| Realisation of revaluation reserve upon disposal of properties | – | (3,122,836) |
| Realisation of revaluation reserve | (167,873) | (83,937) |
| Effect due to changes in tax rate | (484,528) | 62,317 |
| At 31 December | 7,529,486 | 6,268,981 |

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 25. TRADE PAYABLES

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Non-current** | | |
| Retention sums | 6,605,541 | 6,681,175 |
| **Current** | | |
| Trade payables | | |
| - Third parties | 285,459,281 | 187,908,362 |
| - Related parties | 17,249,941 | 16,225,210 |
| Retention sums | 9,966,440 | 3,391,993 |
| | 312,675,662 | 207,525,565 |
| | 319,281,203 | 214,206,740 |

The normal trade credit term granted to trade payables of the Group range from 14 to 120 days (2021: 14 to 120 days) depending on the term of the contracts. Whereas, retention sums are payable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months.

Included in trade payables is an amount of RM14,762,324 and RM163,304 (2021: RM14,762,324 and RMNil) due to Platinium Eminent Sdn. Bhd. ("**Platinium Eminent**") and Signature Metal Treatment Sdn. Bhd. respectively, companies in which certain Directors of the Company have significant financial interests.

Related parties refer to companies in which certain Directors of the Company have substantial financial interests.

## 26. LEASE LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| At 1 January | 9,687,652 | 5,110,252 | 180,814 | 70,653 |
| Acquisition through business combination | 924,142 | 2,566,406 | – | – |
| Additions | 8,131,871 | 7,573,256 | 87,239 | 218,769 |
| Lease modifications | (1,787) | (65,019) | – | – |
| Payments | (8,512,361) | (5,907,712) | (140,600) | (112,000) |
| Accretion of interests | 467,461 | 410,469 | 7,177 | 3,392 |
| Disposal of subsidiaries | (194,567) | – | – | – |
| At 31 December | 10,502,411 | 9,687,652 | 134,630 | 180,814 |
| Presented as: | | | | |
| Non-current | 4,112,442 | 5,324,182 | 18,726 | 72,067 |
| Current | 6,389,969 | 4,363,470 | 115,904 | 108,747 |
| | 10,502,411 | 9,687,652 | 134,630 | 180,814 |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 26. LEASE LIABILITIES (CONT'D)

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Within one year | 6,666,373 | 4,779,856 | 118,800 | 114,000 |
| Later than one year and not later than two years | 3,153,143 | 3,819,670 | 19,000 | 73,200 |
| Later than two years and not later than five years | 1,145,934 | 1,583,235 | – | – |
| | 10,965,450 | 10,182,761 | 137,800 | 187,200 |
| Less: Future finance charges | (463,039) | (495,109) | (3,170) | (6,386) |
| Present value of lease liabilities | 10,502,411 | 9,687,652 | 134,630 | 180,814 |

The Group and the Company lease various land and buildings, machineries and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The weighted average incremental borrowing rate applied to lease liabilities of the Group and of the Company at the reporting date range from 2.30% to 4.70% and 4.00% to 4.30% (2021: 2.30% to 4.70% and 4.00%) respectively.

## 27. BANK BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Non-Current** | | | | |
| **Secured** | | | | |
| Term loans | 350,967,510 | 298,766,572 | 114,655,592 | 118,907,261 |
| **Current** | | | | |
| **Secured** | | | | |
| Bank overdrafts | 12,809,440 | 9,838,895 | – | – |
| Revolving credits | 72,647,793 | 141,177,081 | – | – |
| Bankers' acceptance | 352,832,000 | 291,494,000 | – | – |
| Invoice financing | 1,961,767 | 516,132 | – | – |
| Term loans | 59,698,942 | 49,095,409 | 32,331,278 | 21,348,120 |
| Bill discounting | 4,923,512 | – | – | – |
| Margin facility | 18,816,729 | – | 18,816,729 | – |
| | 523,690,183 | 492,121,517 | 51,148,007 | 21,348,120 |
| | 874,657,693 | 790,888,089 | 165,803,599 | 140,255,381 |

## 27. BANK BORROWINGS (CONT'D)

The bank borrowings are secured by the following:

(a) Legal charge over the freehold land and buildings, leasehold land and buildings, investment properties, land held for development and land held under property development costs of the subsidiaries as disclosed in Notes 4(a), 5(a), 6(e) and 13(a) and 13(b)(ii) respectively;

(b) Debenture incorporating a fixed specific charge over freehold land and land held for development of the subsidiaries;

(c) Pledge of fixed deposits of the Group as disclosed in Note 20;

(d) Corporate guarantee by the Company;

(e) Joint and several guaranteed by certain Company's Directors;

(f) Corporate guarantee by certain subsidiaries;

(g) Charge over securities of acquired subsidiary's shares owned by a subsidiary as disclosed in Note 8;

(h) Charge over securities of acquired subsidiaries and associates' shares owned by the Company as disclosed in Notes 8 and 9 respectively; and

(i) Debentures incorporating fixed charges over all present and future assets of the certain subsidiaries.

The maturity of bank borrowings are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Within one year | 523,690,183 | 492,121,517 | 51,148,007 | 21,348,120 |
| Later than one year and not later than two years | 83,857,218 | 51,359,055 | 31,991,892 | 23,732,292 |
| Later than two years and not later than five years | 220,109,547 | 132,397,323 | 69,118,600 | 25,680,292 |
| Later than five years | 47,000,745 | 115,010,194 | 13,545,100 | 69,494,677 |
| | 874,657,693 | 790,888,089 | 165,803,599 | 140,255,381 |

The range of interest rates per annum are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 % | 2021 % | 2022 % | 2021 % |
| Bank overdrafts | 5.60 - 7.56 | 6.15 - 7.90 | – | – |
| Revolving credits | 2.43 - 5.65 | 2.00 - 4.40 | – | – |
| Bankers' acceptance | 3.44 - 5.40 | 2.06 - 4.15 | – | – |
| Invoice financing | 5.64 | 6.42 - 7.44 | – | – |
| Term loans | 3.62 - 6.68 | 2.75 - 6.35 | 3.85 - 6.68 | 3.45 - 4.46 |
| Bill discounting | 6.70 - 6.90 | – | – | – |
| Margin facility | 6.20 | – | 6.20 | – |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 28. OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Other payables | | | | |
| - Third parties | 17,196,307 | 20,824,683 | 196,732 | 682,370 |
| - Related parties | 43,709,812 | 10,798,790 | – | – |
| - Associate | – | 10,720,000 | – | – |
| | 60,906,119 | 42,343,473 | 196,732 | 682,370 |
| Advance payment received | – | 8,339,632 | – | – |
| Deferred income | 50,000 | 35,397 | – | – |
| Dividends payable | – | 8,847,068 | – | 8,847,068 |
| Deposits received | 16,140,196 | 28,779,451 | – | – |
| Accruals | 74,406,402 | 34,128,974 | 949,685 | 526,604 |
| Goods and Services Tax payable | 361,190 | 131,695 | – | – |
| | 151,863,907 | 122,605,690 | 1,146,417 | 10,056,042 |

Included in the Group's other payables is an amount of RM26,807,700 (2021: RM10,720,000) due to joint venture companies and deposit received consist an amount of RM12,897,626 (2021: RM27,481,378) are related to deposit received for the purchase of goods and are non-refundable.

Related parties refer to companies in which certain Directors of the Company have substantial financial interests. The amount due to related parties are unsecured, non-interest bearing and repayable on demand.

## 29. AMOUNT DUE TO DIRECTORS

These represent unsecured advances, non-interest bearing and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 30. REVENUE

| | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|
| **Revenue from contracts with customers** | | | | |
| Sales of goods | 1,290,746,431 | 1,055,850,362 | – | – |
| Services rendered | 7,930,874 | 8,554,361 | – | – |
| Construction contract revenue | 226,591,101 | 33,186,194 | – | – |
| Management fees received | – | – | 7,686,000 | 6,949,000 |
| Sales of commercial vehicles and bodyworks | 99,000,617 | 48,274,923 | – | – |
| Rental and fleet management service income | 2,916,788 | 1,182,318 | – | – |
| Property development | 1,617,439 | 2,407,214 | – | – |
| | 1,628,803,250 | 1,149,455,372 | 7,686,000 | 6,949,000 |
| **Revenue from other sources:** | | | | |
| Interest income | 1,073 | 1,035 | – | – |
| Lease income from investment properties | 850,725 | 860,378 | – | – |
| | 851,798 | 861,413 | – | – |
| | 1,629,655,048 | 1,150,316,785 | 7,686,000 | 6,949,000 |

| | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|
| **Revenue from contracts with customers:** | | | | |
| Timing of revenue recognition | | | | |
| - At a point in time | 1,400,594,710 | 1,116,269,178 | – | – |
| - Over time | 228,208,540 | 33,186,194 | 7,686,000 | 6,949,000 |
| Total revenue from contracts with customers | 1,628,803,250 | 1,149,455,372 | 7,686,000 | 6,949,000 |

## 30. REVENUE (CONT'D)

Breakdown of the Group's revenue from contract with customers:

| | Investment holding and management services RM | Manufacturing of fire rated and wooden door RM | Distribution of building materials and provision of logistics RM | Ready-mixed concrete RM | Manufacturing of AAC and precast concrete products RM | Manufacturing of wire mesh RM | Modular building solutions RM | Balance carried down RM |
|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | |
| **Major goods and services:** | | | | | | | | |
| Sales of goods | – | 9,709,416 | 729,310,522 | 91,830,981 | 319,404,990 | 139,272,554 | – | 1,289,528,463 |
| Services rendered | – | – | 6,892,374 | – | – | – | – | 6,892,374 |
| Construction contract revenue | – | – | – | – | 3,034,783 | – | 83,302 | 3,118,085 |
| Sales of commercial vehicles and bodyworks | – | – | – | – | – | – | – | – |
| Rental and fleet management service income | – | – | – | – | – | – | – | – |
| Property development | – | – | – | – | – | – | – | – |
| Total revenue from contracts with customers | – | 9,709,416 | 736,202,896 | 91,830,981 | 322,439,773 | 139,272,554 | 83,302 | 1,299,538,922 |

## 30. REVENUE (CONT'D)

Breakdown of the Group's revenue from contract with customers: (Cont'd)

| | Balance brought down RM | Sanitaryware and bathroom fittings solutions RM | Manufacturing and trading commercial vehicles and bodyworks RM | Rental and fleet management services RM | Property development RM | Construction RM | Others RM | Total RM |
|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | |
| **Major goods and services:** | | | | | | | | |
| Sales of goods | 1,289,528,463 | 1,217,968 | – | – | – | – | – | 1,290,746,431 |
| Services rendered | 6,892,374 | – | – | – | – | – | 1,038,500 | 7,930,874 |
| Construction contract revenue | 3,118,085 | – | – | – | – | 223,473,016 | – | 226,591,101 |
| Sales of commercial vehicles and bodyworks | – | – | 99,000,617 | – | – | – | – | 99,000,617 |
| Rental and fleet management service income | – | – | – | 2,916,788 | – | – | – | 2,916,788 |
| Property development | – | – | – | – | 1,617,439 | – | – | 1,617,439 |
| Total revenue from contracts with customers | 1,299,538,922 | 1,217,968 | 99,000,617 | 2,916,788 | 1,617,439 | 223,473,016 | 1,038,500 | 1,628,803,250 |

## 30. REVENUE (CONT'D)

Breakdown of the Group's revenue from contract with customers: (Cont'd)

| | Investment holding and management services RM | Manufacturing of fire rated and wooden door RM | Distribution of building materials and provision of logistics RM | Ready-mixed concrete RM | Manufacturing of AAC and precast concrete products RM | Manufacturing of wire mesh RM | Modular building solutions RM | Balance carried down RM |
|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | |
| **Geographical market:** | | | | | | | | |
| Malaysia | – | 9,709,416 | 736,202,896 | 91,830,981 | 253,457,175 | 132,895,998 | 83,302 | 1,224,179,768 |
| Singapore | – | – | – | – | 63,181,075 | 6,376,556 | – | 69,557,631 |
| Maldives | – | – | – | – | 6,333 | – | – | 6,333 |
| New Zealand | – | – | – | – | 32,064 | – | – | 32,064 |
| Hong Kong | – | – | – | – | 1,730 | – | – | 1,730 |
| Philippines | – | – | – | – | 5,761,396 | – | – | 5,761,396 |
| Total revenue from contracts with customers | – | 9,709,416 | 736,202,896 | 91,830,981 | 322,439,773 | 139,272,554 | 83,302 | 1,299,538,922 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECECMBER 2022
(CONT'D)

## 30. REVENUE (CONT'D)

Breakdown of the Group's revenue from contract with customers: (Cont'd)

| | Balance brought down RM | Sanitaryware and bathroom fittings solutions RM | Manufacturing and trading commercial vehicles and bodyworks RM | Rental and fleet management services RM | Property development RM | Construction RM | Others RM | Total RM |
|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | |
| **Geographical market:** | | | | | | | | |
| Malaysia | 1,224,179,768 | 1,217,968 | 99,000,617 | 2,916,788 | 1,617,439 | 223,473,016 | 1,038,500 | 1,553,444,096 |
| Singapore | 69,557,631 | – | – | – | – | – | – | 69,557,631 |
| Maldives | 6,333 | – | – | – | – | – | – | 6,333 |
| New Zealand | 32,064 | – | – | – | – | – | – | 32,064 |
| Hong Kong | 1,730 | – | – | – | – | – | – | 1,730 |
| Philippines | 5,761,396 | – | – | – | – | – | – | 5,761,396 |
| Total revenue from contracts with customers | 1,299,538,922 | 1,217,968 | 99,000,617 | 2,916,788 | 1,617,439 | 223,473,016 | 1,038,500 | 1,628,803,250 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECECMBER 2022
(CONT'D)

## 30. REVENUE (CONT'D)

Breakdown of the Group's revenue from contract with customers: (Cont'd)

| | Investment holding and management services RM | Manufacturing of fire rated and wooden door RM | Distribution of building materials and provision of logistics RM | Ready-mixed concrete RM | Manufacturing of AAC and precast concrete products RM | Manufacturing of wire mesh RM | Modular building solutions RM | Balance carried down RM |
|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | |
| **Major goods and services:** | | | | | | | | |
| Sales of goods | – | 25,777,447 | 587,434,913 | 51,741,197 | 267,685,848 | 121,492,419 | – | 1,054,131,824 |
| Services rendered | 26,671 | – | 8,527,690 | – | – | – | – | 8,554,361 |
| Construction contract revenue | 236,667 | – | – | – | 1,975,818 | – | 43,804 | 2,256,289 |
| Sales of commercial vehicles and body works | – | – | – | – | – | – | – | – |
| Rental and fleet management service income | – | – | – | – | – | – | – | – |
| Property development | – | – | – | – | – | – | – | – |
| Total revenue from contracts with customers | 263,338 | 25,777,447 | 595,962,603 | 51,741,197 | 269,661,666 | 121,492,419 | 43,804 | 1,064,942,474 |

## 30. REVENUE (CONT'D)

Breakdown of the Group's revenue from contract with customers: (Cont'd)

| | Balance brought down RM | Sanitaryware and bathroom fittings solutions RM | Manufacturing and trading commercial vehicles and bodyworks RM | Rental and fleet management services RM | Property development RM | Construction RM | Others RM | Total RM |
|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | |
| **Major goods and services:** | | | | | | | | |
| Sales of goods | 1,054,131,824 | 98,883 | – | – | – | 1,496,837 | 122,818 | 1,055,850,362 |
| Services rendered | 8,554,361 | – | – | – | – | – | – | 8,554,361 |
| Construction contract revenue | 2,256,289 | – | – | – | – | 30,929,905 | – | 33,186,194 |
| Sales of commercial vehicles and body works | – | – | 48,209,393 | 65,530 | – | – | – | 48,274,923 |
| Rental and fleet management service income | – | – | – | 1,182,318 | – | – | – | 1,182,318 |
| Property development | – | – | – | – | 2,407,214 | – | – | 2,407,214 |
| Total revenue from contracts with customers | 1,064,942,474 | 98,883 | 48,209,393 | 1,247,848 | 2,407,214 | 32,426,742 | 122,818 | 1,149,455,372 |

## 30. REVENUE (CONT'D)

Breakdown of the Group's revenue from contract with customers: (Cont'd)

| | Investment holding and management services RM | Manufacturing of fire rated and wooden door RM | Distribution of building materials and provision of logistics RM | Ready-mixed concrete RM | Manufacturing of AAC and precast concrete products RM | Manufacturing of wire mesh RM | Modular building solutions RM | Balance carried down RM |
|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | |
| **Geographical market:** | | | | | | | | |
| Malaysia | 263,338 | 25,777,447 | 595,962,603 | 51,741,197 | 233,061,892 | 118,253,059 | 43,804 | 1,025,103,340 |
| Singapore | – | – | – | – | 31,628,855 | 3,239,360 | – | 34,868,215 |
| Australia | – | – | – | – | 26,166 | – | – | 26,166 |
| Philippines | – | – | – | – | 4,944,753 | – | – | 4,944,753 |
| Total revenue from contracts with customers | 263,338 | 25,777,447 | 595,962,603 | 51,741,197 | 269,661,666 | 121,492,419 | 43,804 | 1,064,942,474 |

## 30. REVENUE (CONT'D)

Breakdown of the Group's revenue from contract with customers: (Cont'd)

| | Balance brought down RM | Sanitaryware and bathroom fittings solutions RM | Manufacturing and trading commercial vehicles and bodyworks RM | Rental and fleet management services RM | Property development RM | Construction RM | Others RM | Total RM |
|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | |
| **Geographical market:** | | | | | | | | |
| Malaysia | 1,025,103,340 | 98,883 | 48,209,393 | 1,247,848 | 2,407,214 | 32,426,742 | 122,818 | 1,109,616,238 |
| Singapore | 34,868,215 | – | – | – | – | – | – | 34,868,215 |
| Australia | 26,166 | – | – | – | – | – | – | 26,166 |
| Philippines | 4,944,753 | – | – | – | – | – | – | 4,944,753 |
| Total revenue from contracts with customers | 1,064,942,474 | 98,883 | 48,209,393 | 1,247,848 | 2,407,214 | 32,426,742 | 122,818 | 1,149,455,372 |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 31. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Interest expenses on:** | | | | |
| Bank overdrafts | 627,127 | 265,285 | – | – |
| Bankers' acceptance | 10,835,990 | 7,719,007 | – | – |
| Bank guarantee | – | 850,773 | – | – |
| Revolving credits | 5,055,928 | 4,208,822 | 75,047 | – |
| Term loans | 12,240,362 | 4,569,930 | 7,641,179 | 1,005,637 |
| Invoice financing | 328,236 | 12,943 | – | – |
| Lease liabilities | 467,461 | 410,469 | 7,177 | 3,392 |
| Advance from subsidiaries | – | – | 3,316,868 | 2,386,693 |
| Unwinding of discount on: | | | | |
| - Other receivable | 802,503 | – | 802,503 | – |
| - Trade payables | – | 152,275 | – | – |
| Others | 40,197 | 154,953 | – | – |
| | 30,397,804 | 18,344,457 | 11,842,774 | 3,395,722 |

## 32. PROFIT BEFORE TAX

Profit before tax is arrived after charging/(crediting):

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Amortisation of other investments | – | 936 | – | – |
| Auditors'remuneration | | | | |
| - Statutory | | | | |
| - Current year | 636,832 | 574,854 | 65,000 | 60,000 |
| - Over provision in prior years | (1,000) | (17,000) | – | – |
| - Non-statutory | 45,000 | 50,000 | 5,000 | 5,000 |
| Bad debts written off | | | | |
| - Trade | 1,717,900 | 1,530,528 | – | – |
| Deposit written off | 139,805 | – | – | – |
| Depreciation of: | | | | |
| - Property, plant and equipment | 29,248,424 | 28,552,836 | 173,044 | 280,976 |
| - Right-of-use assets | 9,698,113 | 6,700,499 | 134,892 | 108,463 |
| Fair value adjustment on investment properties | 631,600 | 370,000 | – | – |
| Non-executive Directors' remunerations: | | | | |
| - Fees | 246,000 | 200,000 | 180,000 | 180,000 |
| - Other emoluments | 44,650 | 41,300 | 38,250 | 36,500 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 32. PROFIT BEFORE TAX (CONT'D)

Profit before tax is arrived after charging/(crediting): (Cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Impairment losses on: | | | | |
| - Goodwill on consolidation | 166,667 | 10,918,103 | – | – |
| - Trade receivables | 22,491,955 | 18,101,214 | – | – |
| - Other receivables | 822,777 | 477,704 | – | – |
| - Contract assets | 321,862 | – | – | – |
| - Amount due from subsidiairies | – | – | 2,092,842 | – |
| - Investment in associates | 23,892 | – | – | – |
| Inventories written down to net realisable value | 3,053,986 | 496,513 | – | – |
| Inventories written off | 175,786 | 163,509 | – | – |
| Lease expenses relating to short-term leases | 1,853,056 | 1,545,957 | 34,672 | 29,864 |
| Lease expenses relating to low-value assets | 387,786 | 302,224 | 34,860 | 41,160 |
| Property, plant and equipment written off | 554,197 | 61,544 | 74,253 | – |
| Bad debts recovered | (101,010) | (32,170) | – | – |
| Loss/(Gain) on foreign exchange: | | | | |
| - Realised | 343,715 | (467,377) | – | – |
| - Unrealised | 375,216 | 268,690 | – | – |
| Management fee income | – | (20,000) | – | – |
| Fair value gain on other investments | (2,192,000) | – | (2,192,000) | – |
| (Gain)/Loss on disposal of: | | | | |
| - Assets held for sale | – | (150,000) | – | – |
| - Investment in subsidiaries | (4,138,667) | (168,317) | 8,324,265 | – |
| - Investment in associates | (76,320,574) | (9,679,426) | (95,428,853) | (9,679,426) |
| - Investment in associate's warrants | – | (25,999,671) | – | (25,999,671) |
| - Land held for development | (481,547) | – | – | – |
| - Property, plant and equipment | (1,048,629) | (37,412) | – | – |
| - Right-of-use assets | – | 36,438 | – | – |
| Gain on bargain purchase | (2,751,600) | – | – | – |
| Gain on strike off of a subsidiary | (176,013) | – | – | – |
| Gain on modification on lease contract | – | (63,889) | – | – |
| Interest income from: | | | | |
| - Banks | (1,093,976) | (94,196) | (60,887) | (11,579) |
| - Fixed deposits | (260,610) | (601) | (1,233) | – |
| - Inter-company loan | – | – | (1,349,344) | (959,307) |
| - Overdue account | (1,842,798) | (2,328,889) | – | – |
| Lease income | (395,640) | (156,590) | – | – |
| Net effect of unwinding of interest from discounting arising from: | | | | |
| - Trade receivables | – | (252,541) | – | – |
| - Other financial assets | (34,338) | – | (20,803) | – |
| Other income from solar power panels | (2,668,999) | (2,823,469) | – | – |
| Reversal of impairment losses on: | | | | |
| - Trade receivables | (12,576,654) | (12,582,891) | – | – |
| - Other receivables | (452,454) | – | – | – |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 33. TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Tax expenses recognised in profit or loss** | | | | |
| Current year taxation | 15,993,434 | 10,716,078 | 551,200 | 181,300 |
| Under/(Over) provision in prior years | 1,606,802 | (557,080) | 265,130 | (12,104) |
| | 17,600,236 | 10,158,998 | 816,330 | 169,196 |
| **Real property gains tax** | 349,088 | 348,000 | – | – |
| **Deferred tax (Note 16)** | | | | |
| Relating to origination and reversal of temporary differences | (629,294) | 2,101,820 | (69,269) | 7,876 |
| (Over)/Under provision in prior years | (1,728,708) | (1,834,396) | 8,681 | 1,050 |
| | (2,358,002) | 267,424 | (60,588) | 8,926 |
| Tax expenses for the financial year | 15,591,322 | 10,774,422 | 755,742 | 178,122 |

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

## 33. TAXATION (CONT'D)

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Profit before tax | 116,563,530 | 41,743,632 | 74,464,273 | 31,515,761 |
| At Malaysian statutory tax rate of 24% (2021: 24%) | 27,975,247 | 10,018,472 | 17,871,426 | 7,563,783 |
| Non taxable income | (26,376,658) | (10,142,962) | (23,434,534) | (8,575,026) |
| Expenses not deductible for tax purposes | 9,793,657 | 6,213,668 | 5,933,472 | 1,200,419 |
| Utilisation of current year reinvestment allowances | (559,041) | (672,083) | – | – |
| Real property gains tax | 349,088 | 348,000 | – | – |
| Deferred tax assets not recognised | 824,698 | 5,434,644 | 111,567 | – |
| Income under partial tax exemption scheme | (110,068) | (81,813) | – | – |
| Effect of differentiate of tax rate | (91,408) | (83,130) | – | – |
| Effect of share of results of associates | 4,512,356 | 2,066,171 | – | – |
| Effect of share of results of joint ventures | (604,643) | 64,931 | – | – |
| Under/(Over) provision of taxation in prior years | 1,606,802 | (557,080) | 265,130 | (12,104) |
| (Over)/Under provision of deferred tax in prior years | (1,728,708) | (1,834,396) | 8,681 | 1,050 |
| Tax expenses for the financial year | 15,591,322 | 10,774,422 | 755,742 | 178,122 |

The Group and the Company have the following estimated unutilised capital allowances, unutilised reinvestment allowances and unused tax losses available to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Unutilised capital allowances | 91,314,941 | 98,364,493 |
| Unutilised reinvestment allowances | 4,100,350 | 5,208,700 |
| Unused tax losses | 62,656,535 | 60,053,200 |
| | 158,071,826 | 163,626,393 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 34. EARNINGS PER SHARE

The basic earnings per share is calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year. The weighted average number of ordinary shares in issue excludes the weighted average of treasury shares held by the Company.

| | Group | |
|---|---|---|
| | **2022** **RM** | **2021** **RM** |
| Profit attributable to owners of the parent | 96,826,823 | 30,700,449 |
| Weighted average number of ordinary shares in issue | | |
| - Issued ordinary shares as at 1 January | 885,081,996 | 556,388,000 |
| - Treasury shares held as 1 Janauary | (375,150) | – |
| - Bonus issue on ordinary shares | 885,081,996 | 1,163,275,992* |
| - Effect of bonus issue of treasury shares | (375,150) | (500,200)* |
| - Effect of private placement | – | 20,753,425 |
| - Effect of treasury shares issued during the financial year | – | (243,150) |
| Weighted average number of ordinary shares in issue as at 31 December | 1,769,413,692 | 1,739,674,067 |
| Basic earnings per ordinary share (sen) | | |
| - Before issuance of bonus shares | 11 | 4 |
| - After issuance of bonus shares | 5 | 2 |

* *The weighted average number of ordinary shares issued as at 31 December 2021 has been restated to reflect the retrospective adjustment arising from bonus issue which was completed during the financial year ended 31 December 2022 as disclosed in Note 22.*

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any dilutive potential ordinary shares in issue.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 35. DIVIDENDS

| | Group and Company | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Dividends recognised as distribution to ordinary shareholders of the Company:** | | |
| A single-tier second interim dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2020 | – | 5,561,379 |
| A single-tier first interim dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2021 | – | 8,847,068 |
| A single-tier first interim dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2022 | 8,847,068 | – |
| | 8,847,068 | 14,408,447 |

The Directors do not recommend any final dividend in respect of the current financial year.

## 36. INTEREST IN JOINT OPERATION

The details of the joint operation are as follows:

| Name of Company | Place of Business/ Country of Incorporation | Effective Interest 2022 % | Effective Interest 2021 % | Principal Activities |
|---|---|---|---|---|
| Platinum Eminent Sdn. Bhd.* | Malaysia | 38.4@ | 33 | Property development |

* Joint ventures not audited by UHY
@ Due to changes of shareholdings in CHGP

On 29 June 2017, BKG Development Sdn. Bhd. ("**BKGD**"), a wholly-owned subsidiary of Chin Hin Group Property Berhad, had entered into a joint venture development agreement with Platinum Eminent Sdn. Bhd. ("**Platinum Eminent**"), a wholly-owned subsidiary of Aera Property Group Sdn. Bhd., for the implementation and completion of a mixed residential and commercial development project.

Under the Proposed Joint Development, Platinum Eminent shall implement and complete the Development Project in its capacity as the developer for the Development Project and BKGD shall facilitate the implementation and completion of the Development Project. BKGD is required to pay Platinum Eminent the Participation Fees. In return, BKGD shall be effectively entitled to 60% of the gross development profits of the Development Project estimated at RM93.5 million.

The following are recognised in profit or loss in respect of interest in joint operations:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Revenue | – | 2,407,214 |
| Cost of sales | – | (2,412,828) |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 37. STAFF COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 RM** | **2021 RM** | **2022 RM** | **2021 RM** |
| Salaries, wages and other emoluments | 75,872,128 | 59,380,287 | 4,217,762 | 4,312,031 |
| Defined contribution plans | 8,337,012 | 6,792,755 | 505,824 | 490,834 |
| Social security contributions | 695,160 | 594,548 | 26,729 | 24,998 |
| Employment insurance scheme | 74,906 | – | 3,056 | – |
| Other benefits | 1,978,912 | 2,169,903 | 135,439 | 89,470 |
| | 86,958,118 | 68,937,493 | 4,888,810 | 4,917,333 |

Included in staff costs is aggregate amount of remuneration received and receivables by the Executive Directors of the Company and of the subsidiaries during the financial year as below:

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 RM** | **2021 RM** | **2022 RM** | **2021 RM** |
| **Directors of the Company** | | | | |
| Salaries and other emoluments | 3,397,841 | 2,066,414 | 246,667 | – |
| Defined contribution plans | 385,057 | 272,571 | 28,800 | – |
| Social security contributions | 13,318 | 10,918 | 899 | – |
| Employment insurance scheme | 1,247 | 1,181 | 103 | – |
| | 3,797,463 | 2,351,084 | 276,469 | – |
| **Directors of the subsidiaries** | | | | |
| Salaries and other emoluments | 2,301,901 | 2,139,630 | – | – |
| Defined contribution plans | 274,396 | 251,671 | – | – |
| Social security contributions | 4,986 | 6,109 | – | – |
| Employment insurance scheme | 570 | 699 | – | – |
| | 2,581,853 | 2,398,109 | – | – |
| | 6,379,316 | 4,749,193 | 276,469 | – |

## 38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes:

| | At 1 January 2022 RM | Financing cash flows (i) RM | Dividend Declared RM | Non-cash changes: Acquisition through business combination RM | Non-cash changes: Lease modifications RM | Non-cash changes: New leases [Note 5(d)] RM | Non-cash changes: Disposal of subsidiaries RM | At 31 December 2022 RM |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| Dividend payable | 8,847,068 | (17,694,136) | 8,847,068 | – | – | – | – | – |
| Amount due to Directors | 5,672 | 7,020,992 | – | – | – | – | – | 7,026,664 |
| Lease liabilities | 9,687,652 | (8,044,900) | – | 924,142 | (1,787) | 8,131,871 | (194,567) | 10,502,411 |
| Term loans | 347,861,981 | 61,896,311 | – | 908,160 | – | – | – | 410,666,452 |
| Other borrowings | 433,187,213 | 4,923,856 | – | 13,070,732 | – | – | – | 451,181,801 |
| | 799,589,586 | 48,102,123 | 8,847,068 | 14,903,034 | (1,787) | 8,131,871 | (194,567) | 879,377,328 |
| **Company** | | | | | | | | |
| Dividend payable | 8,847,068 | (17,694,136) | 8,847,068 | – | – | – | – | – |
| Amount due to subsidiaries | 197,307,167 | 36,163,967 | – | – | – | – | – | 233,471,134 |
| Lease liabilities | 180,814 | (133,423) | – | – | – | 87,239 | – | 134,630 |
| Term loans | 140,255,381 | 6,731,489 | – | – | – | – | – | 146,986,870 |
| Other borrowings | – | 18,816,729 | – | – | – | – | – | 18,816,729 |
| | 346,590,430 | 43,884,626 | 8,847,068 | – | – | 87,239 | – | 399,409,363 |

## 38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes: (Cont'd)

| | | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|---|
| | At 1 January 2021 RM | Financing cash flows (i) RM | Dividend Declared RM | Acquisition through business combination RM | Lease modifications RM | New leases [Note 5(d)] RM | At 31 December 2021 RM |
| **Group** | | | | | | | |
| Dividend payable | – | (5,561,379) | 14,408,447 | – | – | – | 8,847,068 |
| Amount due to Directors | 770,033 | (1,534,655) | – | 770,294 | – | – | 5,672 |
| Lease liabilities | 5,110,252 | (5,497,243) | – | 2,566,406 | (65,019) | 7,573,256 | 9,687,652 |
| Term loans | 88,332,512 | 257,785,113 | – | 1,744,356 | – | – | 347,861,981 |
| Other borrowings | 324,175,138 | 27,612,075 | – | 81,400,000 | – | – | 433,187,213 |
| | 418,387,935 | 272,803,911 | 14,408,447 | 86,481,056 | (65,019) | 7,573,256 | 799,589,586 |
| **Company** | | | | | | | |
| Dividend payable | – | (5,561,379) | 14,408,447 | – | – | – | 8,847,068 |
| Amount due to subsidiaries | 136,504,906 | 60,802,261 | – | – | – | – | 197,307,167 |
| Lease liabilities | 70,653 | (108,608) | – | – | – | 218,769 | 180,814 |
| Term loans | – | 140,255,381 | – | – | – | – | 140,255,381 |
| | 136,575,559 | 195,387,655 | 14,408,447 | – | – | 218,769 | 346,590,430 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

(i) The financing cash flows include the payment of lease liabilities and net amount of proceeds from or repayment of dividend paid, amount due to subsidiaries, amount due to Directors, term loans and other borrowings in the statements of cash flows.

## 39. RELATED PARTY DISCLOSURES

(a) Identifying 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 joint 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. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances as disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company during the reporting periods are as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| **Transactions with companies in which Directors of the Company has substantial financial interests** | | |
| - Transportation services rendered | (2,854,895) | (3,003,574) |
| - Sales of goods | 2,312,124 | 5,303,461 |
| - Purchase of goods | (8,309,806) | (6,386,645) |
| - Progress billing receivable | 9,422,847 | 2,356,953 |
| - Contract cost payable | (12,686,258) | (2,034,463) |
| - Lease income received/receivables | 157,690 | 308,480 |
| - Lease expenses paid/payables | (2,887,960) | (2,782,594) |
| - Other income | 221,187 | 239,124 |
| | (14,625,071) | (5,999,258) |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 39. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions (Cont'd)

| | Company | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Transactions with subsidiaries** | | |
| - Management fee income | 7,686,000 | 6,949,000 |
| - Lease expenses | (157,700) | (84,300) |
| - Interest expenses paid/payable | (3,316,868) | (2,386,693) |
| - Interest income received/receivable | 1,349,344 | 959,307 |
| | 5,560,776 | 5,437,314 |
| **Transactions with companies in which the Directors of the Company has substantial financial interests** | | |
| - Lease expenses paid | (48,960) | (28,000) |

(c) Compensation of key management personnel

Remuneration of Directors and other member of key management are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Salaries, fees and other emoluments | 3,862,225 | 4,710,453 | 218,250 | 216,500 |
| Defined contribution plans | 460,188 | 562,468 | – | – |
| Social security contributions | 10,441 | 12,974 | – | – |
| Employment insurance scheme | 1,166 | 1,484 | – | – |
| | 4,334,020 | 5,287,379 | 218,250 | 216,500 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 40. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has 12 (2021: 12) reportable segments as follows:

| | | | |
|---|---|---|---|
| (a) | Investment holding and management services | | Investment holding and provision of management services |
| (b) | Building material division | | |
| | (i) | Manufacturing of fire rated and wooden door | Manufacturing and sales of fire rated and wooden door |
| | (ii) | Distribution of building materials and provision of logistics | Wholesale of construction materials, hardware, plumbing, heating equipment and supplies of NEC products |
| | (iii) | Ready-mixed concrete | Distribution of ready-mixed concrete |
| | (iv) | Manufacturing of AAC and precast concrete products | Manufacturing and sales of precast concrete products |
| | (v) | Manufacturing of wire mesh | Manufacture and sales of wire mesh |
| | (vi) | Modular building solutions | Manufacture of prefabricated buildings mainly of metal |
| | (vii) | Sanitaryware and bathroom fittings solutions | Trading of sanitaryware and fittings |
| (c) | Vehicle division | | |
| | (i) | Manufacturing and trading of commercial vehicles and bodyworks | Manufacturing and trading of rebuilt and new commercial vehicles and the manufacture of body works and their related services |
| | (ii) | Rental and fleet management services | Rental of commercial vehicles and provision of fleet management and other related services |
| (d) | Property development division | | Property development activities |
| (e) | Construction division | | Construction |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 40. SEGMENT INFORMATION (CONT'D)

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Investment holding and provision of management services are being managed by three different companies within the Group. These operating segments have been aggregated to form a reportable segment as management services taking into account the following factors:

- These operating segments have similar long-term gross profit margin;
- The nature of the services and production processes are similar; and
- The methods used to render the services to the customers are similar.

Other non-reportable segments comprise operations related to rental of investment properties. None of these segments met the quantitative thresholds for reporting segments in 31 December 2021 and 2022.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

## 40. SEGMENT INFORMATION (CONT'D)

| | Investment holding and management services RM | Manufacturing of fire rated and wooden door RM | Distribution of building materials and provision of logistics RM | Ready-mixed concrete RM | Manufacturing of AAC and precast concrete products RM | Manufacturing of wire mesh RM | Modular building solutions RM | Balance carried down RM |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **2022** | | | | | | | | |
| **Revenue** | | | | | | | | |
| External customers | 1,073 | 9,709,416 | 737,101,485 | 91,830,981 | 322,439,773 | 139,272,554 | 83,302 | 1,300,438,584 |
| Inter-segment | 7,692,300 | 1,191,115 | 11,822,200 | 1,542,826 | 50,179,051 | 39,185,957 | 1,442 | 111,614,891 |
| Total revenue | 7,693,373 | 10,900,531 | 748,923,685 | 93,373,807 | 372,618,824 | 178,458,511 | 84,744 | 1,412,053,475 |
| **Results** | | | | | | | | |
| Segment results | 83,835,698 | (1,270,815) | 11,660,199 | (1,131,955) | 17,400,222 | 3,730,163 | (460,469) | 113,763,043 |
| Interest income | 1,411,463 | 3,238 | 4,520,201 | 315,052 | 1,276,268 | 989,866 | 57,822 | 8,573,910 |
| Finance costs | (12,838,435) | (16,220) | (7,030,445) | (471,435) | (10,544,508) | (1,456,142) | (1,184,465) | (33,541,650) |
| Share of results of associates | – | – | – | – | – | – | – | – |
| Share of results of joint ventures | – | – | – | – | – | – | – | – |
| Profit/(Loss) before tax | 72,408,726 | (1,283,797) | 9,149,955 | (1,288,338) | 8,131,982 | 3,263,887 | (1,587,112) | 88,795,303 |
| Taxation | (682,272) | – | (3,522,146) | (183,040) | (323,963) | (1,049,447) | – | (5,760,868) |
| Profit/(Loss) for the financial year | 71,726,454 | (1,283,797) | 5,627,809 | (1,471,378) | 7,808,019 | 2,214,440 | (1,587,112) | 83,034,435 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 40. SEGMENT INFORMATION (CONT'D)

| | Balance brought down RM | Sanitaryware and bathroom fittings solutions RM | Manufacturing and trading commercial vehicles and bodyworks RM | Rental and fleet management services RM | Property development RM | Construction RM | Others RM | Adjustments and elimination RM | As per consolidated financial statements RM |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **2022** | | | | | | | | | |
| **Revenue** | | | | | | | | | |
| External customers | 1,300,438,584 | 1,217,968 | 99,000,617 | 2,868,924 | 1,617,439 | 223,473,016 | 1,038,500 | – | 1,629,655,048 |
| Inter-segment | 111,614,891 | – | – | 47,864 | – | – | 90,000 | (111,752,755) | – |
| Total revenue | 1,412,053,475 | 1,217,968 | 99,000,617 | 2,916,788 | 1,617,439 | 223,473,016 | 1,128,500 | (111,752,755) | 1,629,655,048 |
| **Results** | | | | | | | | | |
| Segment results | 113,763,043 | (864,953) | 6,286,769 | 846,907 | (7,751,494) | 7,967,612 | (550,683) | (7,141,833) | 112,555,368 |
| Interest income | 8,573,910 | 271 | 722 | 10,343 | 4,909 | 1,151,259 | 74 | (6,544,104) | 3,197,384 |
| Finance costs | (33,541,650) | (16,734) | (467,300) | (28,827) | (2,065,374) | (809,709) | (37,923) | 6,569,713 | (30,397,804) |
| Share of results of associates | – | – | – | – | – | (127,002) | – | 20,883,620 | 20,756,618 |
| Share of results of joint venture | – | – | – | – | – | 2,519,347 | – | 7,932,617 | 10,451,964 |
| Profit/(Loss) before tax | 88,795,303 | (881,416) | 5,820,191 | 828,423 | (9,811,959) | 10,701,507 | (588,532) | 21,700,013 | 116,563,530 |
| Taxation | (5,760,868) | – | (645,153) | (277,422) | (426,959) | (4,141,115) | – | (4,339,805) | (15,591,322) |
| Profit/(Loss) for the financial year | 83,034,435 | (881,416) | 5,175,038 | 551,001 | (10,238,918) | 6,560,392 | (588,532) | 17,360,208 | 100,972,208 |

## 40. SEGMENT INFORMATION (CONT'D)

| | Investment holding and management services RM | Manufacturing of fire rated and wooden door RM | Distribution of building materials and provision of logistics RM | Ready-mixed concrete RM | Manufacturing of AAC and precast concrete products RM | Manufacturing of wire mesh RM | Modular building solutions RM | Balance carried down RM |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **2022** | | | | | | | | |
| **Assets** | | | | | | | | |
| Segment assets | 1,101,641,529 | 36,588,806 | 552,340,629 | 68,400,459 | 688,486,662 | 139,521,539 | 177,510,441 | 2,764,490,065 |
| Capital expenditure | 308,429 | 34,831 | 1,382,853 | 2,072,018 | 10,951,726 | 288,571 | – | 15,038,428 |
| Total assets | 1,101,949,958 | 36,623,637 | 553,723,482 | 70,472,477 | 699,438,388 | 139,810,110 | 177,510,441 | 2,779,528,493 |
| Total liabilities | 442,281,863 | 15,142,108 | 343,398,305 | 38,495,310 | 432,241,118 | 77,147,584 | 182,376,531 | 1,531,082,819 |
| **Non-cash items** | | | | | | | | |
| Depreciation | 396,316 | 298,190 | 2,444,177 | 2,768,119 | 22,303,124 | 5,396,296 | 172,570 | 33,778,792 |
| Other non-cash items | (87,150,295) | 99,728 | 6,976,686 | (358,771) | 9,366,182 | 110,076 | – | (70,956,394) |

## 40. SEGMENT INFORMATION (CONT'D)

| | Balance brought down RM | Sanitaryware and bathroom fittings solutions RM | Manufacturing and trading commercial vehicles and bodyworks RM | Rental and fleet management services RM | Property development RM | Construction RM | Others RM | Adjustments and elimination RM | As per consolidated financial statements RM |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **2022** | | | | | | | | | |
| **Assets** | | | | | | | | | |
| Segment assets | 2,764,490,065 | 936,891 | 122,350,773 | 11,160,706 | 461,644,545 | 283,087,681 | 566,430 | (1,620,169,218) | 2,024,067,873 |
| Capital expenditure | 15,038,428 | 335,486 | 1,176,804 | 602,180 | 4,648,241 | 3,759,125 | 41,450 | 2,109,075 | 27,710,789 |
| Total assets | 2,779,528,493 | 1,272,377 | 123,527,577 | 11,762,886 | 466,292,786 | 286,846,806 | 607,880 | (1,618,060,143) | 2,051,778,662 |
| Total iabilities | 1,531,082,819 | 1,455,961 | 61,556,391 | 1,383,341 | 385,186,314 | 202,849,521 | 2,986,913 | (805,034,862) | 1,381,466,398 |
| **Non-cash items** | | | | | | | | | |
| Depreciation | 33,778,792 | 52,440 | 700,376 | 403,972 | 1,017,269 | 1,803,320 | 5,842 | 1,184,526 | 38,946,537 |
| Other non-cash items | (70,956,394) | 84,444 | (1,068,496) | 227,559 | (1,102,648) | 1,119,439 | 247,788 | 1,751,475 | (69,696,833) |

## 40. SEGMENT INFORMATION (CONT'D)

| | Investment holding and management services RM | Manufacturing of fire rated and wooden door RM | Distribution of building materials and provision of logistics RM | Ready-mixed concrete RM | Manufacturing of AAC and precast concrete products RM | Manufacturing of wire mesh RM | Modular building solutions RM | Balance carried down RM |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **2021** | | | | | | | | |
| **Revenue** | | | | | | | | |
| External customers | 264,373 | 25,777,447 | 596,822,981 | 51,741,197 | 269,661,666 | 121,492,419 | 43,804 | 1,065,803,887 |
| Inter-segment | 7,296,120 | 3,794,107 | 1,731,299 | 92,158 | 46,373,853 | 43,426,244 | 415,121 | 103,128,902 |
| Total revenue | 7,560,493 | 29,571,554 | 598,554,280 | 51,833,355 | 316,035,519 | 164,918,663 | 458,925 | 1,168,932,789 |
| **Results** | | | | | | | | |
| Segment results | 31,728,000 | (5,895,579) | 13,683,147 | (2,653,753) | 12,150,468 | 5,583,549 | (3,259,043) | 51,336,789 |
| Interest income | 1,486,998 | 11,835 | 3,175,987 | 1,276,044 | 976,888 | 769,314 | 31,962 | 7,729,028 |
| Finance costs | (3,642,233) | (53,945) | (5,003,709) | (370,659) | (9,657,055) | (1,319,521) | (938,961) | (20,986,083) |
| Share of results of associates | – | – | – | – | – | – | – | – |
| Share of results of joint venture | – | – | – | – | – | – | – | – |
| Profit/(Loss) before tax | 29,572,765 | (5,937,689) | 11,855,425 | (1,748,368) | 3,470,301 | 5,033,342 | (4,166,042) | 38,079,734 |
| Taxation | (302,455) | 83,185 | (3,036,851) | 1,174,378 | (1,994,365) | (1,166,204) | - | (5,242,312) |
| Profit/(Loss) for the financial year | 29,270,310 | (5,854,504) | 8,818,574 | (573,990) | 1,475,936 | 3,867,138 | (4,166,042) | 32,837,422 |

## 40. SEGMENT INFORMATION (CONT'D)

| | Balance brought down RM | Sanitaryware and bathroom fittings solutions RM | Manufacturing and trading commercial vehicles and bodyworks RM | Rental and fleet management services RM | Property development RM | Construction RM | Others RM | Adjustments and elimination RM | As per consolidated financial statements RM |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **2021** | | | | | | | | | |
| **Revenue** | | | | | | | | | |
| External customers | 1,065,803,887 | 98,883 | 48,209,393 | 1,247,848 | 2,407,214 | 32,426,742 | 122,818 | – | 1,150,316,785 |
| Inter-segment | 103,128,902 | – | 4,775 | – | – | – | 7,492 | (103,141,169) | – |
| Total revenue | 1,168,932,789 | 98,883 | 48,214,168 | 1,247,848 | 2,407,214 | 32,426,742 | 130,310 | (103,141,169) | 1,150,316,785 |
| **Results** | | | | | | | | | |
| Segment results | 51,336,789 | (27,490) | 1,828,298 | 90,998 | (1,455,169) | 8,451,191 | (279,582) | (9,808,478) | 50,136,557 |
| Interest income | 7,729,028 | 2 | 114,693 | 62,001 | 91,586 | 50,124 | 41 | (5,623,789) | 2,423,686 |
| Finance costs | (20,986,083) | (510) | (230,422) | (14,021) | (1,722,428) | (1,043,952) | – | 5,652,959 | (18,344,457) |
| Share of results of associates | – | – | – | – | – | (16,244) | – | 7,059,754 | 7,043,510 |
| Share of results of joint venture | – | – | – | – | – | 484,336 | – | – | 484,236 |
| Profit/(Loss) before tax | 38,079,734 | (27,998) | 1,712,569 | 138,978 | (3,086,011) | 7,925,455 | (279,541) | (2,719,554) | 41,743,632 |
| Taxation | (5,242,312) | 11,500 | (605,457) | (140,865) | (629,400) | (2,097,409) | – | (2,070,479) | (10,774,422) |
| Profit/(Loss) for the financial year | 32,837,422 | (16,498) | 1,107,112 | (1,887) | (3,715,411) | 5,828,046 | (279,541) | (4,790,033) | 30,969,210 |

NOTES TO THE FINANCIAL STATEMENTS
31 DECECMBER 2022
(CONT'D)

## 40. SEGMENT INFORMATION (CONT'D)

| | Investment holding and management services RM | Manufacturing of fire rated and wooden door RM | Distribution of building materials and provision of logistics RM | Ready-mixed concrete RM | Manufacturing of AAC and precast concrete products RM | Manufacturing of wire mesh RM | Modular building solutions RM | Balance carried down RM |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **2021** | | | | | | | | |
| **Assets** | | | | | | | | |
| Segment assets | 983,269,330 | 37,730,486 | 484,412,701 | 58,013,221 | 695,404,571 | 142,796,591 | 167,512,973 | 2,569,139,873 |
| Capital expenditure | 467,912 | 1,009,031 | 3,595,130 | 1,519,028 | 12,228,145 | 4,405,248 | – | 23,224,494 |
| Total assets | 983,737,242 | 38,739,517 | 488,007,831 | 59,532,249 | 707,632,716 | 147,201,839 | 167,512,973 | 2,592,364,367 |
| Total liabilities | 396,677,076 | 15,974,191 | 283,778,391 | 26,083,704 | 443,461,239 | 86,753,753 | 170,791,951 | 1,423,520,305 |
| **Non-cash items** | | | | | | | | |
| Amortisation | – | 936 | – | – | – | – | – | 936 |
| Depreciation | 449,435 | 1,352,031 | 2,394,769 | 2,650,198 | 22,676,522 | 5,402,996 | 172,561 | 35,098,512 |
| Other non-cash items | (35,608,809) | 1,119,870 | 3,535,739 | (1,463,646) | 3,153,395 | 1,527,001 | 2,800,000 | (24,936,450) |

## 40. SEGMENT INFORMATION (CONT'D)

| | Balance brought down RM | Sanitaryware and bathroom fittings solutions RM | Manufacturing and trading commercial vehicles and bodyworks RM | Rental and fleet management services RM | Property development RM | Construction RM | Others RM | Adjustments and elimination RM | As per consolidated financial statements RM |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **2021** | | | | | | | | | |
| **Assets** | | | | | | | | | |
| Segment assets | 2,569,139,873 | 1,220,024 | 114,032,263 | 11,239,219 | 346,098,035 | 119,464,879 | 59,303 | (1,403,871,023) | 1,757,382,573 |
| Capital expenditure | 23,224,494 | – | 10,683 | 11,000 | 314,763 | 242,147 | – | (2,357,875) | 21,445,212 |
| Total assets | 2,592,364,367 | 1,220,024 | 114,042,946 | 11,250,219 | 346,412,798 | 119,707,026 | 59,303 | (1,406,228,898) | 1,778,827,785 |
| Total liabilities | 1,423,520,305 | 522,193 | 59,042,357 | 1,421,674 | 265,500,026 | 60,822,930 | 338,724 | (653,806,336) | 1,157,361,873 |
| **Non-cash items** | | | | | | | | | |
| Amortisation | 936 | – | – | – | – | – | – | – | 936 |
| Depreciation | 35,098,512 | 798 | 260,901 | 178,685 | 166,969 | 145,789 | – | (598,319) | 35,253,335 |
| Other non-cash items | (24,936,450) | – | (721,297) | 215,131 | 313,841 | 132,071 | – | 8,486,800 | (16,509,904) |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 40. SEGMENT INFORMATION (CONT'D)

(A) Other non-cash items consist of following as presented in the respective notes to the financial statements:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| **Other non-cash items:** | | |
| Bad debts written off - Trade | 1,717,900 | 1,530,528 |
| Deposit written off | 139,805 | – |
| Fair value adjustment on investment properties | 631,600 | 370,000 |
| Impairment loss on: | | |
| - Goodwill on consolidation | 166,667 | 10,918,103 |
| - Trade receivables | 22,491,955 | 18,101,214 |
| - Other receivables | 822,777 | 477,704 |
| - Contract assets | 321,862 | – |
| - Investment in associates | 23,892 | – |
| Inventories written down to net realisable value | 3,053,986 | 496,513 |
| Inventories written off | 175,786 | 163,509 |
| Property, plant and equipment written off | 554,197 | 61,544 |
| Fair value gain on other investments | (2,192,000) | – |
| Unrealised loss on foreign exchange | 375,216 | 268,690 |
| (Gain)/Loss on disposal of: | | |
| - Assets held for sale | – | (150,000) |
| - Investment in subsidiaries | (4,138,667) | (168,317) |
| - Investment in associates | (76,320,574) | (9,679,426) |
| - Investment in an associate's warrants | – | (25,999,671) |
| - Land held for development | (481,547) | – |
| - Property, plant and equipment | (1,048,629) | (37,412) |
| - Right-of-use assets | – | 36,438 |
| Gain on bargain purchase | (2,751,600) | – |
| Gain on strike off of a subsidiary | (176,013) | – |
| Gain on modification of lease contract | – | (63,889) |
| Net effect of unwinding of interest from discounting arising from: | | |
| - Trade receivables | – | (252,541) |
| - Other financial assets | (34,338) | – |
| Reversal of impairment losses on: | | |
| - Trade receivables | (12,576,654) | (12,582,891) |
| - Other receivables | (452,454) | – |
| | (69,696,833) | (16,509,904) |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 40. SEGMENT INFORMATION (CONT'D)

(A) Other non-cash items consist of following as presented in the respective notes to the financial statements: (Cont'd)

Adjustment and eliminations

Capital expenditure consists of additions of property, plant, right-of-use assets and equipment and investment properties.

Inter-segment revenues are eliminated on consolidation.

Major customers

No disclosure on major customer information as no customer represents equal or more than ten percent of Group's revenue.

Geographical information

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

| | Revenue | | Non-current assets | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Group** | | | | |
| Malaysia | 1,554,295,894 | 1,110,477,651 | 907,453,692 | 945,740,837 |
| Singapore | 69,557,631 | 34,868,215 | – | 3 |
| Australia | – | 26,166 | – | – |
| Maldives | 6,333 | – | – | – |
| New Zealand | 32,064 | – | – | – |
| Hong Kong | 1,730 | – | – | – |
| Philippines | 5,761,396 | 4,944,753 | – | – |
| | 1,629,655,048 | 1,150,316,785 | 907,453,692 | 945,740,840 |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 41. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

| | Financial asset at FVTPL RM | Financial assets at amortised cost RM | Financial liabilities at amortised cost RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **2022** | | | | |
| **Financial Assets** | | | | |
| Other investments | 10,472,000 | – | – | 10,472,000 |
| Trade receivables | – | 507,010,476 | – | 507,010,476 |
| Other receivables | – | 66,440,594 | – | 66,440,594 |
| Net investment in lease | – | 69,406 | – | 69,406 |
| Fixed deposits with licensed banks | – | 23,524,328 | – | 23,524,328 |
| Cash and bank balances | – | 126,802,151 | – | 126,802,151 |
| | 10,472,000 | 723,846,955 | – | 734,318,955 |
| **2021** | | | | |
| **Financial Assets** | | | | |
| Trade receivables | – | 498,707,099 | – | 498,707,099 |
| Other receivables | – | 67,646,492 | – | 67,646,492 |
| Net investment in lease | – | 69,406 | – | 69,406 |
| Fixed deposits with licensed banks | – | 13,036,735 | – | 13,036,735 |
| Cash and bank balances | – | 89,113,316 | – | 89,113,316 |
| | – | 668,573,048 | – | 668,573,048 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

| | Financial asset at FVTPL RM | Financial assets at amortised cost RM | Financial liabilities at amortised cost RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **2022** | | | | |
| **Financial Liabilities** | | | | |
| Trade payables | – | – | 319,281,203 | 319,281,203 |
| Other payables | – | – | 151,452,717 | 151,452,717 |
| Amount due to Directors | – | – | 7,026,664 | 7,026,664 |
| Lease liabilities | – | – | 10,502,411 | 10,502,411 |
| Bank borrowings | – | – | 874,657,693 | 874,657,693 |
| | – | – | 1,362,920,688 | 1,362,920,688 |
| **2021** | | | | |
| **Financial Liabilities** | | | | |
| Trade payables | – | – | 214,206,740 | 214,206,740 |
| Other payables | – | – | 114,098,966 | 114,098,966 |
| Amount due to Directors | – | – | 5,672 | 5,672 |
| Lease liabilities | – | – | 9,687,652 | 9,687,652 |
| Bank borrowings | – | – | 790,888,089 | 790,888,089 |
| | – | – | 1,128,887,119 | 1,128,887,119 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

| | Financial asset at FVTPL RM | Financial assets at amortised cost RM | Financial liabilities at amortised cost RM | Total RM |
|---|---|---|---|---|
| **Company** | | | | |
| **2022** | | | | |
| **Financial Assets** | | | | |
| Other investments | 10,472,000 | – | – | 10,472,000 |
| Other receivables | – | 18,180,956 | – | 18,180,956 |
| Amount due from subsidiaries | – | 119,625,634 | – | 119,625,634 |
| Cash and bank balances | – | 3,104,539 | – | 3,104,539 |
| | 10,472,000 | 140,911,129 | – | 140,911,129 |
| **2021** | | | | |
| **Financial Assets** | | | | |
| Other receivables | – | 21,697 | – | 21,697 |
| Amount due from subsidiaries | – | 104,128,435 | – | 104,128,435 |
| Cash and bank balances | – | 7,801,655 | – | 7,801,655 |
| | – | 111,951,787 | – | 111,951,787 |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

| | Financial asset at FVTPL RM | Financial assets at amortised cost RM | Financial liabilities at amortised cost RM | Total RM |
|---|---|---|---|---|
| **Company** | | | | |
| **2022** | | | | |
| **Financial Liabilities** | | | | |
| Other payables | – | – | 1,146,417 | 1,146,417 |
| Amount due to subsidiaries | – | – | 233,471,134 | 233,471,134 |
| Lease liabilities | – | – | 134,630 | 134,630 |
| Bank borrowings | – | – | 165,803,599 | 165,803,599 |
| | – | – | 400,555,780 | 400,555,780 |
| **2021** | | | | |
| **Financial Liabilities** | | | | |
| Other payables | – | – | 10,056,042 | 10,056,042 |
| Amount due to subsidiaries | – | – | 197,307,167 | 197,307,167 |
| Lease liabilities | – | – | 180,814 | 180,814 |
| Bank borrowings | – | – | 140,255,381 | 140,255,381 |
| | – | – | 347,799,404 | 347,799,404 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) 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 its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from deposits with bank, loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group assessed whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk except for bankers' guarantee issued in favour of third parties for securing contract performance and financial guarantees provided to banks for banking facilities granted to certain subsidiaries and corporate guarantee by a subsidiary for credit facilities granted to a joint venture company. The Group's maximum exposure in this respect is RM66,914,072 and RM11,550,000 (2021: RM81,342,842 and RMNil) respectively while the Company's maximum exposure is RM548,064,270 (2021: RM483,152,256), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credit risk except for amount due from subsidiaries where the risks of default is assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

| | **On demand or within 1 year RM** | **1 to 2 years RM** | **2 to 5 years RM** | **After 5 years RM** | **Total contractual cash flows RM** | **Total carrying amount RM** |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **2022** | | | | | | |
| Non-deriviative financial liabilities | | | | | | |
| Trade payables | 312,675,662 | 6,605,541 | – | – | 319,281,203 | 319,281,203 |
| Other payables | 151,452,717 | – | – | – | 151,452,717 | 151,452,717 |
| Amount due to Directors | 7,026,664 | – | – | – | 7,026,664 | 7,026,664 |
| Lease liabilities | 6,666,373 | 3,153,143 | 1,145,934 | – | 10,965,450 | 10,502,411 |
| Bank borrowings | 534,071,426 | 100,403,093 | 240,885,791 | 50,393,674 | 934,753,984 | 874,657,693 |
| Financial guarantee* | 78,464,072 | – | – | – | 78,464,072 | – |
| | 1,099,356,914 | 110,161,777 | 242,031,725 | 50,393,674 | 1,501,944,090 | 1,362,920,688 |

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

| | **On demand or within 1 year RM** | **1 to 2 years RM** | **2 to 5 years RM** | **After 5 years RM** | **Total contractual cash flows RM** | **Total carrying amount RM** |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **2021** | | | | | | |
| Non-deriviative financial liabilities | | | | | | |
| Trade payables | 207,525,565 | 2,948,682 | 3,732,493 | – | 214,206,740 | 214,206,740 |
| Other payables | 114,098,966 | – | – | – | 114,098,966 | 114,098,966 |
| Amount due to Directors | 5,672 | – | – | – | 5,672 | 5,672 |
| Lease liabilities | 4,779,856 | 3,819,670 | 1,583,235 | – | 10,182,761 | 9,687,652 |
| Bank borrowings | 508,808,068 | 62,206,703 | 200,201,755 | 73,818,709 | 845,035,235 | 790,888,089 |
| Financial guarantee* | 81,342,842 | – | – | – | 81,342,842 | – |
| | 916,560,969 | 68,975,055 | 205,517,483 | 73,818,709 | 1,264,872,216 | 1,128,887,119 |

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

| | On demand or within 1 year RM | 1 to 2 years RM | 2 to 5 years RM | After 5 years RM | Total contractual cash flows RM | Total carrying amount RM |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| **2022** | | | | | | |
| Non-deriviative financial liabilities | | | | | | |
| Other payables | 1,146,417 | – | – | – | 1,146,417 | 1,146,417 |
| Amount due to subsidiaries | 233,471,134 | – | – | – | 233,471,134 | 233,471,134 |
| Lease liabilities | 118,800 | 19,000 | – | – | 137,800 | 134,630 |
| Bank borrowings | 57,958,655 | 37,036,969 | 75,372,957 | 14,081,901 | 184,450,482 | 165,803,599 |
| Financial guarantee* | 548,064,270 | – | – | – | 548,064,270 | – |
| | 840,759,276 | 37,055,969 | 75,372,957 | 14,081,901 | 967,270,103 | 400,555,780 |

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

| | On demand or within 1 year RM | 1 to 2 years RM | 2 to 5 years RM | After 5 years RM | Total contractual cash flows RM | Total carrying amount RM |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| **2021** | | | | | | |
| Non-deriviative financial liabilities | | | | | | |
| Other payables | 10,056,042 | – | – | – | 10,056,042 | 10,056,042 |
| Amount due to subsidiaries | 69,789,312 | 127,517,855 | – | – | 197,307,167 | 197,307,167 |
| Lease liabilities | 114,000 | 73,200 | – | – | 187,200 | 180,814 |
| Bank borrowings | 26,525,920 | 27,994,977 | 79,711,006 | 23,434,550 | 157,666,453 | 140,255,381 |
| Financial guarantee* | 483,152,256 | – | – | – | 483,152,256 | – |
| | 589,637,530 | 155,586,032 | 79,711,006 | 23,434,550 | 848,369,118 | 347,799,404 |

* Based on the maximum amount that can be called for under the financial guarantee contract.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("**USD**"), Singapore Dollar ("**SGD**"), Euro ("**EUR**"), Chinese Renminbi ("**RMB**"), Hong Kong Dollar ("**HKD**"), Japan Yen ("**JPY**"), UK Pound ("**GBP**"), Indian Rupiah ("**IDR**") and Swiss Franc ("**CHF**").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

| | Monetary assets | | | Monetary liabilities | | |
|---|---|---|---|---|---|---|
| | **Cash and bank balances** | **Trade receivables** | **Other receivables** | **Trade payables** | **Other payables** | **Total** |
| **Group** | | | | | | |
| **2022** | | | | | | |
| **Denominated in** | | | | | | |
| USD | 64,764 | 5,231,408 | 93 | (1,175,028) | – | 4,121,237 |
| SGD | 3,205,731 | 1,633,143 | 11,244 | (3,266,505) | (466,558) | 1,117,055 |
| EUR | – | – | 31,524 | (18,828) | (95) | 12,601 |
| RMB | 69,826 | – | 23,492 | (148,344) | – | (55,026) |
| HKD | 26,290 | – | – | (152,420) | – | (126,130) |
| JPY | 41 | – | 22,534 | (10,543,851) | – | (10,521,276) |
| GBP | 291 | – | – | (110,246) | – | (109,955) |
| IDR | 17 | – | – | – | – | 17 |
| CHF | – | – | – | – | (9,316) | (9,316) |
| | 3,366,960 | 6,864,551 | 88,887 | (15,415,222) | (475,969) | (5,570,793) |

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows: (Cont'd)

| | Monetary assets | | | Monetary liabilities | | |
|---|---|---|---|---|---|---|
| | **Cash and bank balances** | **Trade receivables** | **Other receivables** | **Trade payables** | **Other payables** | **Total** |
| **Group** | | | | | | |
| **2021** | | | | | | |
| **Denominated in** | | | | | | |
| USD | 156,662 | 6,356,689 | 131,354 | (3,566) | – | 6,641,139 |
| SGD | 4,436,777 | 14,626,271 | 269,660 | (4,096,958) | (467,917) | 14,767,833 |
| EUR | – | – | 2,305,139 | (27,832) | (4,033) | 2,273,274 |
| RMB | 72,275 | – | 23,492 | (148,208) | – | (52,441) |
| HKD | 24,931 | – | – | (187,433) | – | (162,502) |
| JPY | 44 | – | 17,390,223 | (3,554,328) | – | 13,835,939 |
| GBP | 310 | – | 2,426,328 | (202,991) | – | 2,223,647 |
| IDR | 18 | – | – | – | – | 18 |
| | 4,691,017 | 20,982,960 | 22,546,196 | (8,221,316) | (471,950) | 39,526,907 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risks (Cont'd)

Foreign currency 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.

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD, SGD, EUR, RMB, HKD, JPY, GBP, IDR and CHF exchange rates against RM, with all other variables held constant.

| Group | 2022 Change in currency rate RM | Effect on profit before tax RM | 2021 Change in currency rate RM | Effect on profit before tax RM |
|---|---|---|---|---|
| USD | Strengthened 10% | 412,124 | Strengthened 10% | 664,114 |
| | Weakened 10% | (412,124) | Weakened 10% | (664,114) |
| SGD | Strengthened 10% | 111,706 | Strengthened 10% | 1,476,783 |
| | Weakened 10% | (111,706) | Weakened 10% | (1,476,783) |
| EUR | Strengthened 10% | 1,260 | Strengthened 10% | 227,327 |
| | Weakened 10% | (1,260) | Weakened 10% | (227,327) |
| RMB | Strengthened 10% | (5,503) | Strengthened 10% | (5,244) |
| | Weakened 10% | 5,503 | Weakened 10% | 5,244 |
| HKD | Strengthened 10% | (12,613) | Strengthened 10% | (16,250) |
| | Weakened 10% | 12,613 | Weakened 10% | 16,250 |
| JPY | Strengthened 10% | (1,052,128) | Strengthened 10% | 1,383,594 |
| | Weakened 10% | 1,052,128 | Weakened 10% | (1,383,594) |
| GBP | Strengthened 10% | (10,996) | Strengthened 10% | 222,365 |
| | Weakened 10% | 10,996 | Weakened 10% | (222,365) |
| IDR | Strengthened 10% | 2 | Strengthened 10% | 2 |
| | Weakened 10% | (2) | Weakened 10% | (2) |
| CHF | Strengthened 10% | (932) | Strengthened 10% | – |
| | Weakened 10% | 932 | Weakened 10% | – |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risks

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| **Fixed rate instruments** | | |
| **Financial asset** | | |
| Fixed deposits with licensed banks | 23,524,328 | 13,036,735 |
| **Financial liability** | | |
| Lease liabilities | 10,502,411 | 9,687,652 |
| **Floating rate instrument** | | |
| **Financial liability** | | |
| Bank borrowings | 874,657,693 | 790,888,089 |

| | Company | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| **Fixed rate instrument** | | |
| **Financial liability** | | |
| Lease liabilities | 134,630 | 180,814 |
| **Floating rate instrument** | | |
| **Financial liability** | | |
| Bank borrowings | 165,803,599 | 140,255,381 |

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risks (Cont'd)

**Interest rate risk sensitivity analysis**

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's profit before tax by RM8,746,577 and RM1,658,036 (2021: RM7,908,881 and RM1,402,554), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term loans and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long-term floating rate loans and borrowings approximately their fair value as the loans will be re-priced to market interest rate on or near reporting date.

It was not practical to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value, together with their fair value and carrying amounts shown in the statements of financial position.

| | Fair value of financial instruments carried at fair value | | | Carrying amount |
|---|---|---|---|---|
| | Level 1 RM | Level 2 RM | Level 3 RM | RM |
| **Group/Company** | | | | |
| **2022** | | | | |
| **Financial asset** | | | | |
| Other investments | 10,472,000 | – | – | 10,472,000 |

The fair value of the trust funds was determined by reference to the quoted prices provided by the financial intermediaries.

**Transfer between levels of fair value hierarchy**

There is no transfer between levels of fair value hierarchy during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 42. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitors capital using gearing ratio, which is the net debts divided by total equity. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 RM** | **2021 RM** | **2022 RM** | **2021 RM** |
| Lease liabilities | 10,502,411 | 9,687,652 | 134,630 | 180,814 |
| Bank borrowings | 874,657,693 | 790,888,089 | 165,803,599 | 140,255,381 |
| Total debts | 885,160,104 | 800,575,741 | 165,938,229 | 140,436,195 |
| Less: Fixed deposits with licensed banks | (23,524,328) | (13,036,735) | – | – |
| Less: Cash and bank balances | (126,802,151) | (89,113,316) | (3,104,539) | (7,801,655) |
| Net debts | 734,833,625 | 698,425,690 | 162,833,690 | 132,634,540 |
| Total equity | 670,312,264 | 621,465,912 | 500,554,584 | 435,693,121 |
| Gross gearing ratio (times) | 1.32 | 1.29 | 0.33 | 0.32 |
| Net searing ratio (times) | 1.10 | 1.12 | 0.33 | 0.30 |

There were no changes in the Group's and the Company's approach to capital management during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 43. CAPITAL COMMITMENTS

Capital expenditure

As at the reporting date, the Group has the following commitments:

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| Authorised and contracted for: | | |
| - Acquisition of a subsidiary | 17,825,000 | – |
| - Property, plant and equipment | 1,090,515 | 1,105,798 |
| - Land held for property development | 50,223,330 | 50,223,330 |
| Contracted and subject to shareholders' approval: | | |
| - Land held for property development | – | 85,000,000 |

## 44. FINANCIAL GUARANTEES

| | Group 2022 RM | Group 2021 RM |
|---|---|---|
| **Unsecured** | | |
| Bankers' guarantee issued in favour of third parties | 66,914,072 | 81,342,842 |
| Corporate guarantees by a subsidiary for credit facilities granted to a joint venture company | 11,500,000 | – |
| | 78,464,072 | 81,342,842 |

| | Company 2022 RM | Company 2021 RM |
|---|---|---|
| **Unsecured** | | |
| Corporate guarantees given to the licensed banks for credit facility granted to subsidiaries | 548,064,270 | 483,152,256 |

# NOTES TO THE FINANCIAL STATEMENTS
# 31 DECECMBER 2022
# (CONT'D)

## 45. SIGNIFICANT EVENTS

(a) Acquisition of land

(i) On 8 February 2021, CHGP announced that Boon Koon Capital Sdn. Bhd. ("**BKC**"), a wholly owned subsidiary of the BKGD, entered into a conditional sale and purchase agreement ("**SPA**") with SMD Real Estate Sdn. Bhd. to purchase a parcel of land identified as HSD 52600, PT No. 65618, Bandar Cyberjaya, Daerah Sepang, Negeri Selangor for cash considerations of RM50,223,330.

On 6 December 2021, the parties agreed to extend the conditional period of the SPA 1 to 5 June 2022, then further extend to 6 March 2023, to provide the Group with sufficient time to secure the required funding for the proposed acquisition.

The Group has obtained financing from OCBC Bank (Malaysia) Berhad vide its offer letter dated 5 December 2022. With financing in place, the Group is in the midst of seeking further extension of time to complete the transaction.

However, due to the unfortunate passing of Dawn Chu Wei Wern, the liquidator of the Vendor, the extension time is pending the approval of the Jabatan Insolvency of Malaysia or the new liquidator to be appointed by the High Court of Malaysia.

(ii) On 28 October 2021, BKSP, a wholly-owned subsidiary of BKGD, which in turn is a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement ("**SPA**") with Frazel Luxe Sdn. Bhd. ("**FLSB**") to acquire a freehold land identified as Geran Mukim 98, Lot 797, Mukim Petaling, Tempat 9 3/4 Mile, Kuchai Road, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan for a cash consideration of RM85,000,000.

The proposed acquistion was completed on 12 August 2022.

(b) Disposal of land

(i) On 20 September 2022, BKHS Capital Sdn. Bhd. ("**BKHS**"), a wholly-owned subsidiary of BKGD, which in turn is a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement ("**SPA**") with YJ Valley Sdn. Bhd. ("**YJ Valley**") for the disposal of a unit of freehold land identified as GM 132, Lot 4590 & 4592, Tempat Padang Lalang, Mukim Bagan Samak, Daerah Bandar Baharu, Negeri Kedah for a total consideration of RM2,789,925.

The disposal was completed on 28 October 2022.

(c) Proposed acquisition of subsidiary

(i) On 25 August 2022, BKGD entered into a share sale agreement with Aera Property Group Sdn. Bhd. ("**Aera**") to acquire 11,500,000 ordinary shares in Quaver Sdn. Bhd. ("**Quaver**"), representing 100% equity interest in Quaver, for a cash consideration of RM1,250,000.

The acquisition of Quaver was completed on 13 March 2023, settled by cash consideration of RM1,250,000.

(ii) On 25 August 2022, the Company entered into a share sale agreement with Chan Kin Keong to acquire 3,000,000 ordinary shares in Kayangan, representing 30% equity interest in Kayangan for a cash consideration of RM16.70 million.

Approval from the shareholders was obtained at an extraordinary general meeting ("**EGM**") convened on 30 December 2022.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 46. SUBSEQUENT EVENTS

(a) Subscription of Shares in NCT Alliance Berhad

On 23 March 2023, CHGP accepted the offer letter from AmInvestment Bank Berhad, the placement agent appointed by NCT Alliance Berhad ("**NCT**") to subscribe 75,045,000 ordinary shares in NCT via private placement ("**Placement Shares**") at RM0.32 per Placement Share, representing 5.61% voting shares in NCT for a total consideration of RM24,129,600 only.

On 27 March 2023, NCT had allotted the Placement Shares to the Company.

(b) Additional investment in CHGP subsequent to the financial year

In 11 April 2023, the Company acquired an additional 920,000 ordinary shares of CHGP for a total cash consideration of RM964,227. However, subsequent to the financial year, CHGP has issued 45,167,620 new ordinary shares pursuant to the Private Placement exercise and converted 1,845,700 warrants to 1,845,700 new ordinary shares respectively. As a result, the shareholdings of the Company in CHGP has diluted to 58.40% as at the date of report.

(c) Increase in paid up share capital

Subsequent to the financial year, CHGP increased its issued and paid-up ordinary share capital from RM134,813,102 to RM151,068,093, by the way of:

(i) Conversion of Warrants

On 11 January 2023, 17 January 2023, 26 January 2023, 21 February 2023, 24 Feburary 2023, 7 March 2023, 27 March 2023, 10 April 2023 and 13 April 2023, CHGP issued 1,845,700 ordinary shares through conversion of Warrants at an exercise price of RM0.20 for a total cash consideration of RM 369,140, and;

(ii) Private Placements

On 29 November 2022, Bursa Malaysia Securities Berhad approved the listing and quotation of up to 75,952,650 new shares of CHGP to be issued pursuant to the Private Placement.

On 17 January 2023, the first tranche of the Private Placement shares of 8,500,000 was issued at an issue price of RM1.00 per share, total proceeds raised was RM8,500,000.

On 22 February 2023, the second tranche of the Private Placement shares of 7,680,000 was issued at an issue price of RM0.95 per share, total proceeds raised was RM7,296,000.

On 6 April 2023, the third tranche of the Private Placement shares of 17,000,000 was issued at an issue price of RM0.90 per share, total proceeds raised was RM15,300,000.

On 20 April 2023, the forth tranche of the Private Placement shares of 11,987,620 was issued at an issue price of RM0.93 per share, total proceeds raised was RM11,148,487.

# NOTES TO THE FINANCIAL STATEMENTS 31 DECECMBER 2022 (CONT'D)

## 47. COMPARATIVE FIGURES

Certain comparatives were reclassified to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2022.

| | As previously stated RM | Reclassification RM | As restated RM |
|---|---|---|---|
| **Group** | | | |
| **Statements of Financial Position** | | | |
| **Non-Current** | | | |
| Property, plant and equipment | 381,934,937 | 173,100 | 382,108,037 |
| Investment in associates | 229,963,207 | (45,953,807) | 184,009,400 |
| Investment in joint ventures | 1,590,226 | 45,953,807 | 47,544,033 |
| Inventories | 159,539,724 | (173,100) | 159,366,624 |
| **Current** | | | |
| Contract assets | 21,175,710 | 6,087,109 | 27,262,819 |
| Trade receivables | 511,878,279 | (16,356,892) | 495,521,387 |
| Other receivables | 69,265,620 | 10,269,783 | 79,535,403 |
| **Statements of Profit or Loss and Other Comprehensive Income** | | | |
| Share of results of associates | 7,257,302 | (213,792) | 7,043,510 |
| Share of results of joint ventures | 270,544 | 213,792 | 484,336 |
| **Statements of Cash Flows** | | | |
| **Operating Activities** | | | |
| Adjustments for: | | | |
| Share of results of associates | 7,257,302 | (213,792) | 7,043,510 |
| Share of results of joint ventures | 270,544 | 213,792 | 484,336 |
| Changes in working capital: | | | |
| Inventories | (153,914,346) | 173,100 | (153,741,246) |
| Trade receivables | (18,605,029) | 16,356,892 | (2,248,137) |
| Other receivables | 15,275,723 | (10,269,783) | 5,005,940 |
| Contract assets/liabilities | (6,443,981) | (6,087,109) | (12,531,090) |
| **Investing Activity** | | | |
| Purchase of property, plant and equipment | (13,202,705) | (173,100) | (13,375,805) |

## 48. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 25 April 2023.

# LIST OF TOP 10 PROPERTIES

| No. | Title No: | Property Address: | Tenure | Description of property/ Existing use | Category of land use/Land area/Built-up area (sq metre) | Revaluation Date | Approximate Age of Building | Audited Net Book Value |
|---|---|---|---|---|---|---|---|---|
| 1 | GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor | GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor | Freehold | Description of property: Land & factory building<br>Existing use: Starken AAC 2 Factory | Category of land use: N/A<br>Land area: 204,745m$^2$<br>Built-up area: 26,709m$^2$ | 31/12/2018 | 5 years | 53,780,179 |
| 2 | GM 975, Lot No. 1804<br>GM 454, Lot No. 1808<br>GM 455, Lot No. 1809<br>GM 456, Lot No. 1810<br>H.S. (M) 592, Lot No. 5025, Mukim 9, District of Seberang Perai Selatan, Pulau Pinang | 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Pulau Pinang | Freehold | Description of property: office & factory building erected on the adjoining parcels of land comprising of large single storey factory building with 3 storey office building and 2 storey sales & marketing office building | Category of land use: Industrial<br>Land area: 42,007 m$^2$ | 16/2/2023 | 18-24 years | 38,720,000 |
| 3 | Individual title held under PN 97898, Lot 40023 (formerly known as HS(D)) 45098, PT No. 16047), Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Selangor | Plot 6, Jalan Bunga Azalea 1/2, Kawasan Industri Jalan Bunga Azalea, 48200 Serendah, Selangor | Leasehold 99 years expiring 7 July 2109 | Description of property: Land and factory building<br>Existing use: Starken AAC & G-Cast Concrete Factory | Category of land use: Industrial<br>Land area: 83,190.5m$^2$<br>Built-up area: 17,554m$^2$ | 31/12/2018 | 8 years | 34,623,934 |
| 4 | Lot No. 240 (Title No. GM 266)<br>Lot No. 44506 (Title No. : GM 755)<br>Mukim Tebrau, District of Johor Bahru, Johor | 44506, Jalan Kangkar Tebrau, Kampung Kangkar Tebrau, Off The Pasir Gudang Highway, 81100 Johor Bahru, Johor | Freehold | Description of property: Land and building<br>Existing use: Boon Koon Fleet Management workshop & office premises | Category of land use: Industrial<br>Land area: 22,383 m$^2$ | 31/12/2022 | 12 years | 28,800,000 |
| 5 | GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor | GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor | Freehold | Description of property: Land & factory building<br>Existing use: G-Cast Concrete Factory | Category of land use: N/A<br>Land area: 204,745m$^2$<br>Built-up area: 6,413m$^2$ | 31/12/2018 | 4 years | 8,055,725 |

# LIST OF TOP 10 PROPERTIES (CONT'D)

| No. | Title No: | Property Address: | Tenure | Description of property/ Existing use | Category of land use/Land area/Built-up area (sq metre) | Revaluation Date | Approximate Age of Building | Audited Net Book Value |
|---|---|---|---|---|---|---|---|---|
| 6 | PN 218833, Lot 12473, Mukim Bidor, Batang Padang, Perak | Lot 12461, Kawasan Perusahaan Bidor, Perak, 35500 Bidor, Perak | Leasehold 99 years expiring 5 March 2096 | Description of property: Factory Building<br>Existing use: Factory | Category of land use: Industrial<br>Land area: 75,072m$^2$<br>Built-up area: 3,613m$^2$ | 31/12/2018 | 6 years | 5,281,335 |
| 7 | PN 218731, Lot 12448, Mukim Bidor, Batang Padang, Perak | Lot 12461, Kawasan Perusahaan Bidor, Perak, 35500 Bidor, Perak | Leasehold 99 years expiring 5 March 2096 | Description of property: Factory Building<br>Existing use: Factory | Category of land use: Industrial<br>Land area: 75,072m$^2$<br>Built-up area: 3,617m$^2$ | 31/12/2018 | 5 years | 4,434,082 |
| 8 | GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor | GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor | Freehold | Description of property: Land & factory building<br>Existing use: Factory | Category of land use: Industrial<br>Land area: 12,800m$^2$<br>Built-up area: 2,045m$^2$ | N/A | 2 years | 4,104,207 |
| 9 | H.S.(D) 56274, PTD 47840, Mukim Simpang Kanan, Daerah Batu Pahat, Johor | PLO 321, Jalan Wawasan 15, Taman Perindustrian, Sri Gading, 83300 Batu Pahat, Johor | Leasehold 60 years expiring 23 January 2067 | Description of property: Land & factory building<br>Existing use: Factory | Category of land use: Industrial<br>Land area: 4,047m$^2$<br>Built-up area: 2,197m$^2$ | 31/12/2018 | 6 years | 2,831,888 |
| 10 | PN 46794, Lot 30118, No. Bangunan M1-B, No. Tingkat 1, No. Petak 47, Mukim Setapak, Negeri Wilayah Persekutuan Kuala Lumpur | No. 15-0, No. 15-1, No. 15-2; and No. 15-3, Blok B, Platinum Walk, No. 2, Jalan Langkawi, Danau Kota 53300 Setapak, Kuala Lumpur | Leasehold 99 years expiring 20 November 2106 | Description of property: Four Storey Shophouse unit<br>Existing use: Partly Tenanted By Third Parties and Partly vacant | Category of land use: Building<br>Land area: 112.5m$^2$<br>Built-up area: 450m$^2$ | 31/12/2022 | 15 years | 2,810,000 |

# STATISTICS OF SHAREHOLDINGS
AS AT 31 MARCH 2023

## SHARE CAPITAL

| | | |
|---|---|---|
| Total Number of Issued Shares | : | 1,770,163,992 |
| Issued Share Capital | : | RM381,850,595.00 |
| Class of Shares | : | Ordinary Shares |
| Voting Rights | : | One vote for each ordinary share held |

## DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2023

| Size of Holdings | No. of Holders | % of Shareholders | No. of Share Held | % of Shares Held |
|---|---|---|---|---|
| 1 – 99 | 21 | 1.124 | 436 | 0.000 |
| 100 - 1,000 | 463 | 24.773 | 266,502 | 0.015 |
| 1,001 - 10,000 | 702 | 37.560 | 2,986,232 | 0.169 |
| 10,001 - 100,000 | 281 | 15.035 | 9,585,232 | 0.542 |
| 100,001 to less than 5% of issued shares | 401 | 21.455 | 1,648,782,790 | 93.182 |
| 5% and above of issued shares | 1 | 0.054 | 107,792,500 | 6.092 |
| | **1,869** | **100** | **1,769,413,692** [(a)] | **100** |

*(a) Excluding a total of 750,300 shares bought-back by the Company and retained as treasury shares as at 31 March 2023.*

## SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2023

| | | Direct | | Indirect | |
|---|---|---|---|---|---|
| No. | Name | No. of Shares Held | % | No. of Shares Held | % |
| 1. | Divine Inventions Sdn Bhd | 662,414,700 | 37.437 | – | – |
| 2. | PP Chin Hin Realty Sdn Bhd | – | – | 662,414,700 [(a)] | 37.437 |
| 3. | Datuk Seri Chiau Beng Teik, JP | 372,919,700 | 21.076 | 662,414,700 [(a)] | 37.437 |
| 4. | Chiau Haw Choon | 101,373,600 | 5.729 | 662,414,700 [(a)] | 37.437 |

*(a) Deemed interested interest in the shares held by Divine Inventions Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

# STATISTICS OF SHAREHOLDINGS (CONT'D)

## DIRECTORS' INTERESTS IN SHARES AS AT 31 MARCH 2023

| | | Direct | | Indirect | |
|---|---|---|---|---|---|
| No. | Name | No. of Shares Held | % | No. of Shares Held | % |
| 1. | Datuk Seri Chiau Beng Teik, JP | 372,919,700 | 21.076 | 662,414,700 [(a)] | 37.437 |
| 2. | Chiau Haw Choon | 101,373,600 | 5.729 | 662,414,700 [(a)] | 37.437 |
| 3. | Shelly Chiau Yee Wern | 1,000,000 | 0.057 | – | – |
| 4. | Yeoh Chin Hoe | 300,000 | 0.017 | – | – |
| 5. | Datuk Cheng Lai Hock | 300,000 | 0.017 | – | – |
| 6. | Datuk Hj Mohd Yusri Bin Md Yusof | – | – | – | – |

(a) Deemed interested interest in the shares held by Divine Inventions Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

## LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 31 MARCH 2023)

| No. | Name | No. of Shares Held | % |
|---|---|---|---|
| 1. | DIVINE INVENTIONS SDN BHD | 107,792,500 | 6.092 |
| 2. | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD<br>FOR DIVINE INVENTIONS SDN BHD (SMART) | 76,100,000 | 4.301 |
| 3. | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DIVINE INVENTIONS SDN BHD (MY3789) | 75,000,000 | 4.239 |
| 4 | SJ SEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT - AL RAJHI BANK<br>FOR DIVINE INVENTIONS SDN BHD | 74,000,000 | 4.182 |
| 5. | DATUK SERI CHIAU BENG TEIK, JP | 73,075,600 | 4.130 |
| 6. | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DIVINE INVENTIONS SDN BHD (THIRD PARTY) | 70,000,000 | 3.956 |
| 7. | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DIVINE INVENTIONS SDN BHD (50-00023-000) | 70,000,000 | 3.956 |
| 8. | DATUK SERI CHIAU BENG TEIK, JP | 68,733,540 | 3.885 |
| 9. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DATUK SERI CHIAU BENG TEIK, JP | 51,201,600 | 2.894 |
| 10. | M & A NOMINEE (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DIVINE INVENTIONS SDN BHD (015151) | 45,000,000 | 2.543 |
| 11. | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD<br>FOR DIVINE INVENTIONS SDN BHD | 44,000,000 | 2.487 |
| 12. | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD<br>PEMBANGUNAN SUMBER MANUSIA BERHAD | 41,666,000 | 2.355 |
| 13. | MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DATUK SERI CHIAU BENG TEIK, JP (MGN-CBT0006M) | 31,686,300 | 1.791 |

# STATISTICS OF SHAREHOLDINGS (CONT'D)

## LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 31 MARCH 2023)

| No. | Name | No. of Shares Held | % |
|---|---|---|---|
| 14. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DATUK SERI CHIAU BENG TEIK, JP (514440532080) | 30,000,000 | 1.695 |
| 15. | MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DIVINE INVENTIONS SDN BHD (MGN-CBT0006M) | 28,898,400 | 1.633 |
| 16. | AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DATUK SERI CHIAU BENG TEIK, JP | 27,314,700 | 1.544 |
| 17. | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DATUK SERI CHIAU BENG TEIK, JP | 26,795,800 | 1.514 |
| 18. | MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR CHIAU HAW CHOON (MGN-CHC0007M) | 25,000,000 | 1.413 |
| 19. | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR DATO' ONG CHOO MENG (PB) | 24,000,000 | 1.356 |
| 20. | M & A NOMINEE (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DIVINE INVENTIONS SDN BHD (M&A) | 22,123,800 | 1.250 |
| 21. | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD<br>FOR DATUK SERI CHIAU BENG TEIK, JP (SMART) | 21,100,000 | 1.192 |
| 22. | MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DIVINE INVENTIONS SDN BHD (MGN - DIS0002M) | 19,500,000 | 1.102 |
| 23. | HLB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON | 18,000,000 | 1.017 |
| 24. | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DATUK SERI CHIAU BENG TEIK, JP (MY2975) | 15,000,000 | 0.848 |
| 25. | M & A NOMINEE (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DIVINE INVENTIONS SDN BHD | 15,000,000 | 0.848 |
| 26. | RHB NOMINEES (TEMPATAN) SDN BHD<br>BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES<br>ACCOUNT FOR DIVINE INVENTIONS SDN BHD | 15,000,000 | 0.848 |
| 27. | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR DESIRAN REALITI SDN BHD (7000431) | 14,093,000 | 0.796 |
| 28. | AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT<br>FOR CHIAU HAW CHOON | 13,642,300 | 0.771 |
| 29. | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>AMBANK (M) BERHAD | 12,628,400 | 0.714 |
| 30. | DATO' ONG CHOO MENG | 11,244,000 | 0.635 |
| | **TOTAL** | **1,167,595,940** | **65.988** |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Ninth (9th) Annual General Meeting ("**AGM**") of Chin Hin Group Berhad ("**Chin Hin**" or "**the Company**") will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue at Chin Hin Culture Centre, F-0-1 & F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Tuesday, 30 May 2023 at 10.00 a.m. or any adjournment thereof, for the purpose of transacting the following businesses:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the payment of Directors' fees of up to RM300,000 to be divided amongst the Directors in such manner as the Directors may determine and others benefits payable of up to RM200,000 for the period commencing from 9th AGM until the conclusion of the next Annual General Meeting of the Company. **(Ordinary Resolution 1)**

3. To re-elect Chiau Haw Choon who retires pursuant to Clause 105 of the Company's Constitution. **(Ordinary Resolution 2)**

4. To re-elect Shelly Chiau Yee Wern who retires pursuant to Clause 114 of the Company's Constitution. **(Ordinary Resolution 3)**

5. To re-appoint Messrs UHY as External Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 4)**

**As Special Business:**

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

6. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016** **(Ordinary Resolution 5)**

   THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

   AND THAT pursuant to Section 85 of the Act to be read together with Clause 61 of the Constitution of the Company, approval be and is hereby given for the Company to waive the statutory pre-emptive rights of the shareholders and empowered the Directors of the Company to issue and allot new ordinary shares pursuant to Sections 75 and 76 of the Act without offering them to the existing members to maintain their relative voting and distribution right and such new shares shall rank pari passu in all respects with the existing class of ordinary shares."

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Part A, Section 2.4 of the Circular to Shareholders dated 28 April 2023 for the purposes of Paragraph 10.09, Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), subject to the following:

(i) the transactions are necessary for the day to day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;

(ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340 (2) of the Companies Act, 2016 ("**the Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or

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

whichever is the earlier.

(iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:

(a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or

(b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the higher;

and amongst other, based on the following information:

(a) the type of the Recurrent Related Party Transactions made; and

(b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with Chin Hin Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8. **Proposed Renewal of Share Buy-Back Authority for the Purchase of its Own Ordinary Shares ("Proposed Share Buy-Back Authority")** **(Ordinary Resolution 7)**

   THAT subject to the compliance with Section 127 of the Companies Act, 2016 ("the Act") and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("**Bursa Securities**") as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing issued share capital of the Company including the shares previously purchased and retained as treasury shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Circular to Shareholders dated 28 April 2023.

   AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") and any other relevant authorities.

   AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Listing Requirements and any other relevant authorities.

   AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company.

9. To transact any other ordinary business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

**Tan Tong Lang**
**(MAICSA7045482/SSM PC No. 202208000250)**
**Chong Voon Wah**
**(MAICSA 7055003/SSM PC No. 202008001343)**
**Company Secretaries**

Kuala Lumpur
Date: 28 April 2023

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## NOTES ON APPOINTMENT OF PROXY

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at https://web.vote2u.my.

2. A member entitled to participate and vote at the general meeting may appoint up to two (2) proxies to participate and vote in his stead. A proxy may but need not be a member of the Company.

3. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.

4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

5. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.

6. The Form of Proxy or other instruments of appointment must be deposited at the office of the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

7. For the purpose of determining a member who shall be entitled to attend the meeting, only a member whose name appear in the Record of Depositors as at 23 May 2023 will be entitled to participate, speak and vote at the said meeting or appoint proxies to participate, speak and vote on his stead.

8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out above will be put to vote by way of poll.

## EXPLANATORY NOTES:

**1. Audited Financial Statements for the Financial Year Ended 31 December 2022**

The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and does not require formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

**2. Ordinary Resolution 1: To Approve the Payment of Directors' Fees and Other Benefits Payable**

The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and its Committees held for the period commencing from 9th AGM until the next Annual General Meeting for the Company.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## EXPLANATORY NOTES: (CONT'D)

**3. Ordinary Resolutions 2 and 3: Re-election of Directors**

The following Directors are standing for re-election as Directors of the Company pursuant to the following clauses of the Company's Constitution at the 9th AGM of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution:

(a) Chiau Haw Choon (Clause 105); and
(b) Shelly Chiau Yee Wern (Clause 114).

(collectively referred to as "**Retiring Directors**")

The Board of Directors through the Nomination Committee ("**NC**") has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the Retiring Directors) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

**4. Ordinary Resolution 5: Re-appointment of External Auditors**

The Board, through the Audit Committee, had conducted an assessment on the suitability, objectivity and independence of Messrs UHY in respect of the financial year ended 31 December 2022. The Board was satisfied with the performance of Messrs UHY and recommended the re-appointment of Messrs UHY as External Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company in accordance with Section 271 of the Companies Act, 2016.

**5. Ordinary Resolution 5: Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016**

The proposed Ordinary Resolution 5, if passed, is the renewal of general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company ("**General Mandate**"). This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

Pursuant to Section 85(1) of the Companies Act, 2016 read together with Clause 61 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company.

***Section 85(1) of the Companies Act, 2016 states:***

*Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.*

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## EXPLANATORY NOTES: (CONT'D)

**5. Ordinary Resolution 5: Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 (Cont'd)**

***Clause 61 of the Company's Constitution provides as follows:***

*Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may, likewise, also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause.*

In order for the Board to issue any new shares free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 5, if passed, will exclude your pre-emptive rights over all new shares in the Company to be issued under the general mandate.

As at the date of this Notice, the Company has not issued any new shares pursuant to the General Mandate granted to the Directors at the Eighth ($8^{th}$) Annual General Meeting held on 3 June 2022 and which the said General Mandate will lapse at the conclusion of the Ninth ($9^{th}$) Annual General Meeting.

**6. Ordinary Resolution 6: Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 6, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

**7. Ordinary Resolution 7: Proposed Renewal of Share Buy-Back Authority for the Purchase of its Own Ordinary Shares**

The proposed Ordinary Resolution 7, if passed, will empowers the Company to purchase its own ordinary shares of up to 10% of the total issued share capital of the Company for the time being by utilising the funds allocated out of the retained profits of the Company. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

As at the date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03 (3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 5 as stated in the Notice of Annual General Meeting of the Company for the details.

# ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

## NINTH (9TH) ANNUAL GENERAL MEETING

| | | |
|---|---|---|
| **Date** | **:** | **Tuesday, 30 May 2023** |
| **Time** | **:** | **10.00 a.m.** |
| **Virtual Meeting accessible at** | **:** | **https://web.vote2u.my** |
| **Domain Registration No. with MYNIC** | **:** | **D6A471702** |

The Ninth (9th) Annual General Meeting ("**AGM**") will be held virtually and online remote voting using the Remote Participation and Voting Facilities ("**RPV**").

We strongly encourage our shareholders whose names appear on the Record of Depositors as at 23 May 2023 and holders of proxy for those shareholders to participate in the virtual AGM and vote remotely at this AGM. In line with the Malaysian Code on Corporate Governance Practice 13.3, this virtual AGM will facilitate greater shareholder's participation (including posting questions to the Board of Directors and/or Management of the Company) and vote at the AGM without being physically present at the venue. For shareholders who are unable to participate in this virtual AGM, you may appoint proxy(ies) or the Chairman of the Meeting as your proxy to attend and vote on your behalf at the AGM.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants (shareholders and proxies). Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained while using RPV provided by Agmo Digital Solutions Sdn. Bhd. ("**AGMO**") via its **Vote2U Online** website at https://web.vote2u.my.

## PROCEDURES TO PARTICIPATE IN RPV

Please follow the Procedure to Participate in RPV as summarized below:

**BEFORE AGM DAY**

**A: REGISTRATION**

**Individual Shareholders**

| | Description | Procedure |
|---|---|---|
| i. | Shareholders to register with Vote2U online | The registration will open from the day of notice<br>a. Access website at https://web.vote2u.my<br>b. Click "***Sign Up***" to sign up as a user.<br>c. Read the 'Privacy Policy' and 'Terms & Conditions' and indicate your acceptance of the 'Privacy Policy' and 'Terms & Conditions' on a small box [ ] . Then click "***Next***".<br>d. *Fill-in your details (note: create your own password). Then click "***Continue***".<br>e. Upload softcopy of your identification card (MYKAD) (front only) (for Malaysian) or Passport (for non-Malaysian).<br>f. Click "***Submit***" to complete the registration.<br>g. Your registration will be verified and an email notification will be sent to you. Please check your email.<br><br>Note:<br>If you have registered as a user with Vote2U Online previously, you are not required to register again.<br><br>* Check your email address is keyed in correctly.<br>* Remember the password you have keyed-in. |

# ADMINSTRATIVE GUIDE FOR SHAREHOLDERS (CONT'D)

## PROCEDURES TO PARTICIPATE IN RPV (CONT'D)

**BEFORE AGM DAY (CONT'D)**

**B: REGISTER PROXY**

**Individual Shareholder / Corporate Shareholder / Nominees Company**

| | Description | Procedure |
|---|---|---|
| i. | Submit Form of Proxy (hardcopy) | The closing time to submit your hardcopy Form of Proxy is at **10.00 a.m. on Monday, 29 May 2023**.<br><br>a. *Fill-in details on the hardcopy Form of Proxy and ensure to provide the following information:<br>o MYKAD (for Malaysian) / Passport (for non-Malaysian) number of the Proxy<br>o *Email address of the Proxy<br><br>b. Submit/Deposit the hardcopy Form of Proxy to the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.<br><br><u>Note:</u><br>After verification, an email notification will be sent to the Proxy and will be given a temporary password. The Proxy could use the temporary password to log in to Vote2U.<br><br>* Check the email address of Proxy is written down correctly. |

Shareholders who appoint proxy(ies) to participate in the AGM must ensure that the hardcopy Form of Proxy is submitted not less than 24 hours before the time for holding the AGM or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

**ON AGM DAY**

**A: WATCH LIVE STREAMING**

**Individual Shareholders & Proxies**

| | Description | Procedure |
|---|---|---|
| i. | Login to virtual meeting portal - Vote2U online & watch Live Streaming. | The Vote2U online portal will open for log in starting from **9.00 a.m. on Tuesday, 30 May 2023,** one (1) hour before the commencement of the AGM.<br><br>a. Login with your email and password.<br>b. Select the General Meeting event (for example, "**AGM**").<br>c. Check your details.<br>d. Click "***Watch Live***" button to view the live streaming. |

# ADMINSTRATIVE GUIDE FOR SHAREHOLDERS (CONT'D)

## PROCEDURES TO PARTICIPATE IN RPV (CONT'D)

**ON AGM DAY (CONT'D)**

**B: ASK QUESTION**

**Individual Shareholders & Proxies**

| | Description | Procedure |
|---|---|---|
| i. | Ask Question during AGM (real-time) | Questions submitted online using typed text will be moderated before being forwarded to the Chairman of the AGM to avoid repetition. Every question and message will be presented with the full name of the Shareholder or proxy raising the question.<br><br>a. Click "***Ask Question***" button to post question(s).<br>b. Type in your question and click "***Submit***".<br><br>The Chairperson / Board of Director will endeavor to respond to questions submitted by remote shareholders and proxies during the AGM. |

**C: VOTING REMOTELY**

**Individual Shareholders & Proxies**

| | Description | Procedure |
|---|---|---|
| i. | Online Remote Voting | Once the Chairman announces the opening of remote voting:<br><br>a. Click "***Confirm Details & Start Voting***".<br>b. To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click "***Next***" to continue voting for all resolutions.<br>c. To change your vote, click "***Back***" and select another voting choice.<br>d. After you have completed voting, a Voting Summary page appears to show all the resolutions with your voting choices. Click "***Confirm***" to submit your vote.<br><br>[Please note that you are not able to change your voting choices after you have confirmed and submitted your votes.] |

# ADMINSTRATIVE GUIDE FOR SHAREHOLDERS (CONT'D)

## ADDITIONAL INFORMATION

**Voting Procedure**

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

**No Door Gift or e-Voucher or Food Voucher**

There will be no door gift or e-Voucher or food voucher given at this AGM.

**Enquiry**

a. For enquiries relating to the general meeting, please contact our **Investor Relation** during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) as follows:

   Email: info@chinhingroup.com

b. For enquiries relating to RPV facilities or issues encountered during registration, log in, connecting to the live streaming and online voting facilities, please contact Vote2U helpdesk during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) as follows:

   Telephone Number: 03-7664 8520 / 03-7664 8521
   Email: vote2u@agmostudio.com

This page has been intentionally left blank

**CHIN HIN GROUP BERHAD**
**Company Registration No. 201401021421 (1097507-W)**

| NUMBER OF SHARES HELD | CDS ACCOUNT NO. |
|---|---|
| | |

## Form of Proxy

I / We (Full Name in Block Letters) ______________________________

NRIC No. / Passport No. / Company Registration No. ______________________________

of ______________________________

email address ______________________________ Mobile No. ______________________________

being a member / members of CHIN HIN GROUP BERHAD hereby appoint:

| Full Name (in Block) | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| Address :<br><br>Contact No. :<br>Email Address : | | | |

and / or* (*delete as appropriate)

| Full Name (in Block) | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| Address :<br><br>Contact No. :<br>Email Address : | | | |

**#** ***You are required to fill in the contact no. and email address to participate the Ninth (9th) Annual General Meeting, otherwise, we are unable to register you as the participate of the meeting.***

or failing *him/her, the Chairman of the meeting as my / our proxy to vote and act on my / our behalf at the Ninth (9th) Annual General Meeting of Chin Hin Group Berhad ("Chin Hin" or "the Company") will to be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting ("RPV") Facilities from the broadcast venue at Chin Hin Culture Centre, F-0-1 & F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Tuesday, 30 May 2023 at 10.00 a.m. and at any adjournment thereof.

| No. | Resolutions | | For | Against |
|---|---|---|---|---|
| **1.** | To approve the payment of Directors' fees and other benefits payable. | **Ordinary Resolution 1** | | |
| **2.** | To re-elect Chiau Haw Choon as Director. | **Ordinary Resolution 2** | | |
| **3.** | To re-elect Shelly Chiau Yee Wern as Director. | **Ordinary Resolution 3** | | |
| **4.** | To re-appoint Messrs UHY as External Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | **Ordinary Resolution 4** | | |
| **5.** | To approve the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016. | **Ordinary Resolution 5** | | |
| **6.** | To approve the Proposed Shareholders' Mandate. | **Ordinary Resolution 6** | | |
| **7.** | To approve the Proposed Share Buy-Back Authority. | **Ordinary Resolution 7** | | |

***(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolution as he/she may think fit.)***

Signed this ____________ day of ______________________, 2023.

Signature : ______________________________
(If shareholder is a corporation, this form should be executed under seal)

**NOTES ON APPOINTMENT OF PROXY**

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at https://web.vote2u.my.
2. A member entitled to participate and vote at the general meeting may appoint up to two (2) proxies to participate and vote in his stead. A proxy may but need not be a member of the Company.
3. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.
6. The Form of Proxy or other instruments of appointment must be deposited at the office of the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
7. For the purpose of determining a member who shall be entitled to attend the meeting, only a member whose name appear in the Record of Depositors as at 23 May 2023 will be entitled to participate, speak and vote at the said meeting or appoint proxies to participate, speak and vote on his stead.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out above will be put to vote by way of poll.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

**THE SHARE REGISTRAR OF**
**CHIN HIN GROUP BERHAD**
**COMPANY REGISTRATION NO. 201401021421 (1097507-W)**
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor

1st fold here

**CHIN HIN GROUP BERHAD**
201401021421 (1097507-W)

A-1-9, Pusat Perdagangan Kuchai
No. 2, Jalan 1/127, off Jalan Kuchai Lama
58200 Kuala Lumpur, Wilayah Persekutuan

**T:** +603-7981 7878 **F:** +603-7981 7575 **E:** info@chinhingroup.com

***www.chinhingroup.com***