

CHAIRMAN'S STATEMENT



Dear Valued Shareholders,

On behalf of the Board of Directors of Ni Hsin Group Berhad (“NHG” or “the Company”), I am pleased to present you the Annual Report and Audited Financial Statements of NHG and its subsidiaries (“the Group”) for the financial year ended 31 December 2022 (“FY2022”).

Global economy in 2022 underwent a slowdown amid fresh threats from COVID-19 variants, persistent supply-chain disruptions, inflationary pressures, higher interest rates, volatile commodity prices and the Russia Ukraine crisis. International Monetary Fund (“IMF”) projected global growth slowed from 6% in 2021 to 3.4% in 2022 and further down to 2.9% for 2023.

The Malaysian economy is expected to continue to grow in 2023 on the back of a recovery in domestic demand, the resumption of tourism, the recovery of exports in selected segments, inflation having peaked in 2022 and the reopening of China’s economy.

Against this backdrop, the Group recorded a total revenue of RM34.73 million in FY2022 an increase of 13% over the total revenue achieved in FY2021 attributed to higher sales in the Cookware Division in the Japanese market. Gross Profit (“GP”) margin achieved during the year increased by 5% compared to the previous year due to higher GP margin of the Cookware Division. The Group recorded a Loss Before Taxation (“LBT”) of RM4.45 million in FY2022 against a LBT of RM7.28 million in FY2021 as a result of better GP in the Cookware Division. A more detailed review of the Group’s financial performance is covered under the section on Management Discussion and Analysis in this Annual Report.

The Group achieved two new milestones in FY2022 with the opening of our maiden BLACKBIXON Café & Restaurant in Kuala Lumpur on 28 July 2022 and the launch of two models of electric motorcycles (“EV motorcycles”), TAILG EBIXON BOLD and TAILG EBIXON TORQ for personal and commercial markets respectively on 22 November 2022. The launch of the EV motorcycles was graced by Yang Berbahagia Dato’ Paduka Zailani Hj Hashim, Ketua Pengarah Jabatan Pengangkutan Jalan.

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NHG's venture into the electric vehicle division began with the idea of selling coffee out of a motorcycle in line with BLACKBIXON's concept of cafe@home@office@anywhere mooted by our Principal Officer Mr Khoo Chee Kong. Harnessing green technology and in line with our ESG objectives our intensive research and experiments led us to the development of our proprietary BLACKBIXON Coffee Bike – brewing coffee out of an electric motorcycle.

Working with our partner, a well-established manufacturer from China, Dongguan Tailing Motor Vehicle Co., Ltd. ("TAILG") we researched and developed the EV motorcycles TAILG EBIXON BOLD and TAILG EBIXON TORQ which were successfully launched in November 2022. Ni Hsin EV Tech Sdn Bhd ("NHEVT"), a wholly owned subsidiary of NHG procured the necessary licences and permits from the relevant authorities to import the completely knocked down components from TAILG and assemble the EV motorcycles at our factory premise in Seri Kembangan for distribution to the Malaysian and ASEAN markets. NHEVT has also received conditional approval from Malaysian Investment Development Authority (MIDA) for pioneer status for the assembly of electric vehicle bike granting tax exemption on 70% of NHEVT's income for a period of 5 years.

NHEVT has commenced commercial production of the EV motorcycles and is actively conducting educational workshops and discussions with various government departments and agencies, GLCs, Cooperatives and private entities to market the EV motorcycles. Global electric motorcycles and scooters market size surpassed USD 30 billion in 2020 and is anticipated to grow at around 4% CAGR between 2021 and 2027. We envisage a significant surge in demand for EV motorcycles in Malaysia and the ASEAN region. The government is targeting a total of 1.5 million electric vehicles (EVs) in the country by 2040 and motorcycles account for a sizeable portion. Government initiatives in the form of subsidies, grants, and tax rebates offered on the purchase of electric two-wheelers will create market opportunities.

In these times of severe impacts from climate change NHG is taking the responsible path by engaging in the combat to reduce carbon emission playing a small but meaningful role in Malaysia's aim to become a carbon-neutral nation by 2050 as set under the 12th Malaysia Plan. This venture is the game changer for NHG.

Premised on the above we are excited and cautiously optimistic of the Group's financial performance and prospect in the foreseeable future while building the Group's resilience in overcoming the challenges.

ACKNOWLEDGEMENT AND APPRECIATION

I wish to extend my heartfelt gratitude to the Board of Directors, the Management and Staff of our Group for their contribution, dedication and commitment. I would like to take this opportunity to express my heartiest gratitude to our previous Independent Non-Executive Directors, Dato' Seri Rosman Bin Mohamed and Mr Leow Chan Kiang, for their excellent contribution to the Group and a warm welcome to Mr Tung Fook Heng, Independent Non-Executive Director.

Our gratitude and sincere thanks is also extended to our valued customers, bankers, business associates, suppliers and regulatory bodies for their invaluable support, assistance and confidence in the Group. We are also grateful to our valued shareholders for their continued commitment in the Group.

SOFIYAN BIN YAHYA

Independent Non-Executive Chairman

