



**N I H S I N**

**Your Global Partner**

**SINCE 1989**

**Annual Report 2020**

# CONTENTS

<b>02</b>	Corporate Information	
<b>03</b>	Corporate Structure	
<b>04</b>	Five-Year Group Financial Highlights	
<b>06</b>	Management Discussion and Analysis	
<b>10</b>	Board of Directors' Profile	
<b>13</b>	Key Senior Management Profile	
<b>17</b>	Corporate Governance Overview Statement	
<b>26</b>	Additional Compliance Information	
<b>28</b>	Audit and Risk Management Committee Report	
<b>31</b>	Statement on Risk Management and Internal Control	
<b>36</b>	Sustainability Statement	
<b>42</b>	Directors' Responsibility Statement	
<b>43</b>	Financial Statements	
<b>121</b>	Statement of Shareholdings	
<b>124</b>	Statement of Warrantholdings	
<b>126</b>	Statement of Redeemable Convertible Preference Shares Holdings	
<b>128</b>	List of Properties	
<b>129</b>	Notice of Annual General Meeting	
	Proxy Form	



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

SOFIYAN BIN YAHYA  
Independent Non-Executive Chairman

RIZVI BIN ABDUL HALIM  
Executive Director

NG SHWU CHING  
Executive Director

LAI KIAN HUAT  
Executive Director

DATUK SERI TAN CHOON HWA  
Independent Non-Executive Director

LEOW CHAN KHIANG  
Independent Non-Executive Director



### COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)  
Tan Ai Ning (MAICSA 7015852)

### REGISTERED OFFICE

12th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel : 03 - 7890 4800  
Fax : 03 - 7890 4650

### BUSINESS ADDRESS

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

### SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel : 03 - 7784 3922  
Fax : 03 - 7784 1988

### AUDITORS

KPMG PLT  
Level 10, KPMG Tower  
8, First Avenue  
Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

### PRINCIPAL BANKERS

CIMB Bank Berhad  
2468, Jalan Mutiara Timur Satu  
Taman Mutiara Cheras  
56100 Kuala Lumpur  
Malaysia

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

### STOCK EXCHANGE LISTING

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



# CORPORATE STRUCTURE



**NI HSIN**  
**Your Global Partner**

**SINCE 1989**

Ni Hsin Resources Berhad ("NHR")  
(Registration No. 200401014850 (653353-W))  
Incorporated in Malaysia

Investment Holding Company



100%

**Ni Hsin Corporation Sdn. Bhd. ("NHC")**  
(Registration No. 198901008276 (185578-V))  
Incorporated in Malaysia

## Cookware Division

Design, manufacture and sale of stainless steel kitchenware and cookware

100%

**Ever-Grow Advanced Materials Sdn. Bhd. ("EGAM")**  
(Registration No. 200101009808 (545564-A))  
Incorporated in Malaysia

## Stainless Steel Products Division

Research, development and manufacturing of stainless steel products

100%

**Ni Hsin Marketing Sdn. Bhd. ("NHM")**  
(Registration No. 201501044196 (1169517-K))  
Incorporated in Malaysia

General merchandiser, distribution and marketing of cookware, kitchenware, marketing and trading in all kind of personal protective equipment, foodstuffs and dairy products

100%

**Pentoli Sdn. Bhd. ("Pentoli")**  
(Registration No. 201501035662 (1160982-V))  
Incorporated in Malaysia

Distribution and marketing of cookware, kitchenware, water filters, stainless steel products and related products and accessories

100%

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

Trading and assembly of kitchenware, cookware and stainless steel products

100%

**Ni Hsin Marketing (HK) Limited ("NHHK")**  
(Company No. 2805491)  
Incorporated in Hong Kong

General merchandiser and other commodities of all kinds and descriptions and retailer

100%

**Ni Hsin Food & Beverages Sdn. Bhd. ("NHF&B")**  
(Registration No. 202001019734 (1376054-U))  
Incorporated in Malaysia

Research, development and manufacturing of food and beverages products

100%

**BlackBixon Sdn. Bhd. ("BBSB")**  
(Registration No. 202001022371 (1378691-W))  
Incorporated in Malaysia

Direct sales business in all kind of home appliances, food and beverages products and energy drinks

# FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

## GROUP INCOME STATEMENTS

The table below sets out a summary of consolidated results of the Ni Hsin Resources ("NHR") Group for the financial year ended 31 December 2016 to 31 December 2020:-

	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
<b>Key Operating Results</b>					
Revenue	37,817	39,612	33,195	31,117	25,289
Earnings/(Loss) before interest, taxation, depreciation and amortisation ("EBITDA")	(1,743)	5,155	4,102	(4,381)	3,955
Depreciation	(2,774)	(2,528)	(2,354)	(2,361)	(1,975)
Interest expense	(49)	(54)	(60)	(93)	(132)
Interest income	6	20	81	71	25
Profit/(Loss) Before Taxation ("PBT/(LBT)")	(4,560)	2,593	1,769	(6,764)	1,873
Taxation	(459)	(526)	396	609	49
Profit/(Loss) After Taxation ("PAT/(LAT)")	(5,019)	2,067	2,165	(6,155)	1,922
Non-controlling interests ("NCI")	105	18	2	-	-
Profit/(loss) for the financial year attributable to owners of the Company	(4,914)	2,085	2,167	(6,155)	1,922
Total assets	84,844	90,571	103,386	95,197	97,661
Total borrowings	254	-	1,755	1,646	2,431
Shareholders' equity	74,444	80,118	92,737	86,508	88,516
<b>Other Key Data</b>					
PBT/(LBT) margin (%)	(12.06)	6.55	5.33	(21.74)	7.41
PAT/(LAT) after NCI margin (%)	(12.99)	5.26	6.53	(19.78)	7.60
Weighted average ordinary shares ('000)	218,671	220,243	291,148	315,937	313,844
Share price as at the financial year end (RM)	0.280	0.230	0.250	0.150	0.280
Gross Earnings/(Loss) Per Share ("EPS/(LPS)") (sen) <sup>1</sup>	(2.04)	1.19	0.61	(2.14)	0.60
Net EPS/(LPS) (sen) <sup>1</sup>	(2.25)	0.95	0.74	(1.95)	0.61
Tax-exempt Dividends Per Share (sen)	-	-	-	28.00	-
Return on total assets (%)	(5.32)	2.90	1.69	(7.08)	2.03
Return on equity (%)	(6.07)	3.28	1.88	(7.79)	2.24

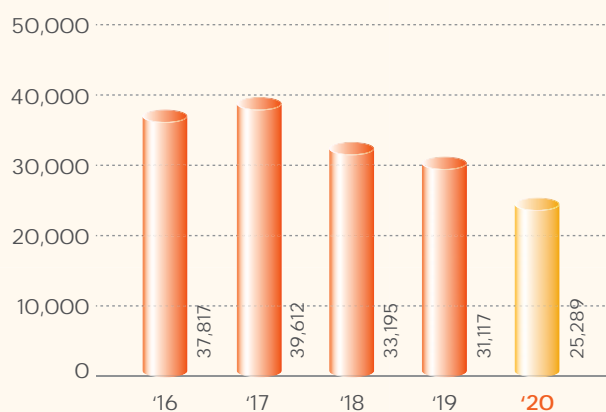
1 The gross and net EPS have been calculated by dividing PBT/LBT and PAT/LAT attributable to the owners of the Company respectively for the financial years by the number of weighted average ordinary shares assumed in issue for the financial year.

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

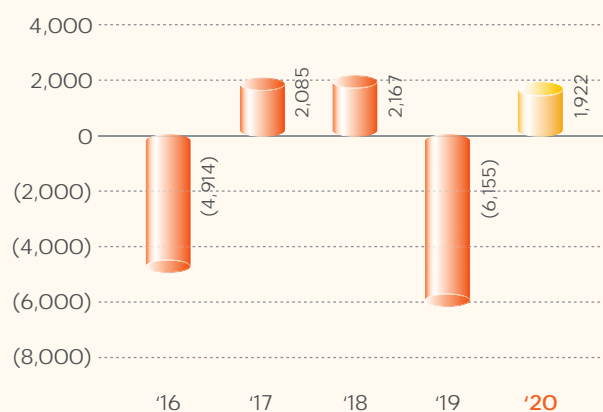
# FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

(CONT'D)

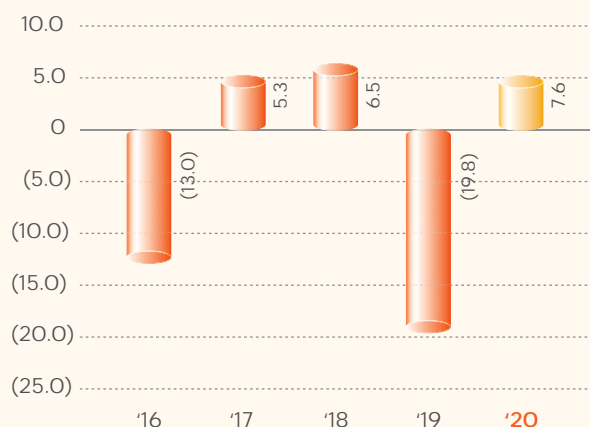
**Revenue (RM'000)**



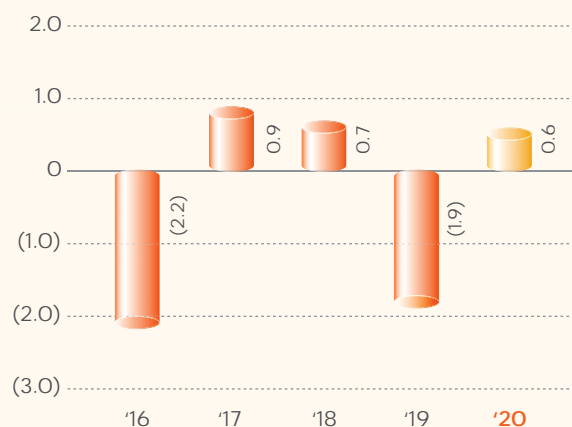
**Profit/(Loss) Attributable to Owners of the Company (RM'000)**



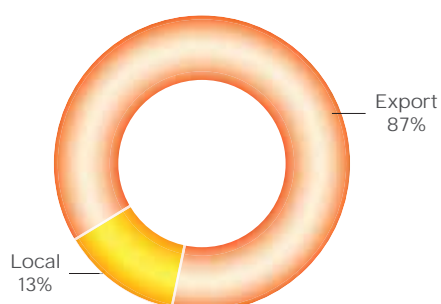
**Profit/(Loss) Attributable to Owners of the Company Margin (%)**



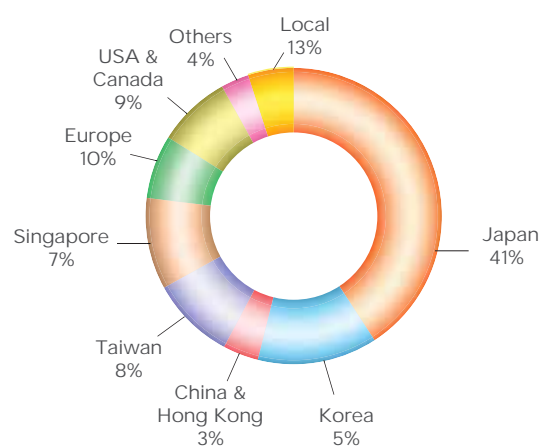
**Net Earnings Per Share (Sen)**



**Local vs Export Sales 2020**



**Group Revenue by Country 2020**



# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

NI HSIN Group of Companies had its humble beginning in 1989 with the establishment of Ni Hsin Corporation Sdn Bhd ("NHC"), principally engaged in the design, manufacture and sale of premium stainless steel kitchenware and cookware. Ever-Grow Advanced Materials Sdn Bhd ("EGAM") was incorporated in 2001 to embark on research and development and manufacture of clad metals and stainless steel convex mirrors. Ni Hsin Resources Berhad ("NI HSIN") was incorporated in 2004 as a public limited company to be the investment holding company of NHC and EGAM in conjunction with NI HSIN's listing on the Second Board of Bursa Securities in 2005.

The Group's business is categorised into two segments:-

- Cookware
- Stainless steel products

The Group provides Original Equipment Manufacturing ("OEM") and Original Design Manufacturing ("ODM") services to our customers who sell the cookware in their own brandnames. Our manufacturing and production facilities are located in Seri Kembangan, Selangor.

The products manufactured and sold under the cookware segment include premium multi-ply stainless steel cookware and pressure cookers which are sold locally and exported overseas. Our stainless steel cookware has a strong track record in the Japanese market which demands very high standards in respect of quality and safety. Our products have attained SG IH, SG and CE certifications. Besides the OEM/ODM cookware products the Group also distributes cookware under the brand Wonderchef from Japan and Pentoli which is our in-house brand.

In the stainless steel products segment are our proprietary multi-ply clad metal and stainless steel convex mirror. The multi-ply clad metal is used internally in the manufacture of our stainless steel cookware as well as sold to cookware manufacturers worldwide. The stainless steel convex mirror is produced using our proprietary polishing process to achieve a highly reflective mirror-like finish. It is virtually unbreakable, with long lasting shine, can withstand extreme weather conditions and is thus virtually maintenance free. It is a formidable substitute to the conventional glass, polycarbonate and acrylic types which are vulnerable to cracks and are not durable.

The Group had on 16 July 2020 announced our intention to undertake the diversification into the food and beverage ("F&B") business, which was subsequently approved by our shareholders on 18 November 2020. Seeing the heightened health awareness among Malaysians in their dietary needs/habits and the increasing consumption of non-alcoholic beverage (including coffee) in the midst of the COVID-19 pandemic, our Group has decided to focus our first foray into the F&B Business on the manufacturing and distribution of health and bioenergy beverages which includes, but not limited to, capsule energy coffee and nutritional coffee under our own brand called BLACKBIXON. Our BLACKBIXON Energy and Nutritional coffee products which promote health and wellness are the firsts in the world and in line with the "stay safe, stay healthy and stay at home" new lifestyle and we have our BLACKBIXON coffee machines to complete the equation. Our BLACKBIXON coffee machines are provided to our customers without charge, subject to terms and conditions.

## KEY MARKETS

Our key markets are as follows:

Japan – 40.6%	Asia Pacific (exclude Japan) – 41.1%	Europe – 9.8%	USA & Canada – 8.5%
---------------	--------------------------------------	---------------	---------------------

# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

## FINANCIAL PERFORMANCE REVIEW

For the financial year ended 31 December 2020 ("FY2020"), the Group achieved a total revenue of RM25.29 million which was 18.6% lower than the total revenue achieved in FY2019 of RM31.11 million. The lower revenue recorded during FY2020 was mainly due to a significant decline in sales of the Group. The ongoing turbulent global market conditions coupled with the trade war between USA and China has significant impact on business sentiments.

Gross Profit ("GP") margin achieved during the year increased by 6.1% compared to the previous year due to sales of products with higher profit margins and cost cutting throughout the year. The Group recorded a Profit Before Taxation ("PBT") of RM1.87 million in FY2020 against a Loss Before Taxation ("LBT") of RM6.76 million in FY2019. This is mainly due to gain on disposal of quoted shares in open market during FY2020. The Group incurred a Profit After Taxation ("PAT") of RM1.92 million in FY2020 compared to a Loss After Taxation ("LAT") of RM6.16 million recorded in FY2019.

The Group's non-current assets decreased marginally to RM48.78 million compared with the non-current assets of RM50.36 million as at 31 December 2019. Inventories decreased slightly to RM20.13 million as at 31 December 2020. Receivables, deposits and prepayments increased by RM4.70 million to RM7.53 million mainly due to deposits and prepayments paid for the new food and beverages business. The Group's net current assets was RM42.46 million as at 31 December 2020. The Group is in a positive net cash position as at 31 December 2020 with cash and cash equivalent of RM18.18 million after deducting all borrowings of the Group.

The Group's net operating cash outflow for FY2020 was RM5.43 million. The net cash inflow from investing activities was RM14.24 million, mainly due to proceeds from disposal of quoted shares after deducting the cost of acquisition of quoted shares. Net cash outflow from financing activities was RM0.54 million, mainly attributable to repayment of bankers' acceptances and repurchase of treasury shares less proceeds from exercise of warrants. The net resultant impact to the Group's cash flow was an increase in cash of RM8.27 million during 12M2020. Net cash and cash equivalents amounted to RM19.30 million as at 31 December 2020.

## SALES PERFORMANCE BY DIVISION

The Group's performance by each Division for the financial year ended 31 December 2020 is as follows:

### (i) Cookware

The Cookware Division's revenue for FY2020 decreased by RM3.77 million or 26.8% to RM10.30 million compared with the revenue achieved in FY2019 of RM14.07 million as sales to Japan decreased significantly by RM4.66 million. However, the sales to USA & Canada and Europe increased by RM1.21 million and RM0.09 million respectively. The cookware revenue by geographical market for 12M2020 is as follows:

	FY2020	FY2019	Increase/ (Decrease)	
	RM'000	RM'000	RM'000	%
Japan	2,843	7,500	(4,657)	(62.1%)
Asia Pacific (exclude Japan)	5,025	5,453	(428)	(7.8%)
USA & Canada	2,029	817	1,212	148.3%
Europe	402	304	98	32.2%
	10,299	14,074	(3,775)	(26.8%)



# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

## SALES PERFORMANCE BY DIVISION (CONTINUED)

### (ii) Stainless Steel Products

The Stainless Steel Products Division's revenue for FY2020 decreased by RM3.35 million or 19.9% to RM13.46 million compared with the revenue achieved in FY2019 of RM16.81 million as sales to Europe and Korea decreased significantly by RM0.91 million and RM0.79 million respectively. However, the sales to Australia has increased by RM0.21 million. The revenue for the Stainless Steel Products Division by geographical market for the period is as follows:

	FY2020	FY2019	Increase/ (Decrease)	
	RM'000	RM'000	RM'000	%
Japan	7,426	7,550	(124)	(1.6%)
Asia Pacific (exclude Japan)	3,824	5,923	(2,099)	(35.4%)
USA & Canada	130	348	(218)	(62.6%)
Europe	2,084	2,992	(908)	(30.3%)
	13,464	16,813	(3,349)	(19.9%)

## PROSPECTS AND STRATEGIES

The global economy started to recover in the third quarter of 2020. As many major advanced and emerging economies eased COVID-19 containment measures, the resumption in production and trade activity led to an improvement in labour market conditions, and consequently private sector expenditure.

In line with the reopening of the economy from COVID-19 containment measures and improving external demand conditions, the Malaysian economy recorded a smaller contraction of 2.7% in the third quarter of 2020 (Q2 2020: -17.1%). This recovery is seen across most economic sectors, particularly in the manufacturing sector, which turned positive following strong electrical and electronics production activity. On the expenditure side, domestic demand contracted at a slower pace, while net exports rebounded. On a quarter-on-quarter seasonally-adjusted basis, the economy turned around to register an expansion of 18.2% (Q2 2020: -16.5%).

The recent resurgence of COVID-19 cases and targeted containment measures could affect the momentum of the recovery in the final quarter of the year. However, as most economic sectors have been allowed to continue to operate subject to compliance with standard operating procedures, the impact is expected to be less severe compared to the containment measures during previous periods. Going into 2021, growth is expected to recover, benefitting from the recovery in global demand and spillovers onto the domestic sectors, continued policy support including the recent KITA PRIHATIN and 2021 Budget measures, as well as higher production from existing and new facilities. However, the pace of recovery will be uneven across sectors with some industries expected to remain below pre-pandemic levels, and a slower improvement in the labour market. The balance of risks is tilted to the downside, emanating mainly from ongoing uncertainties surrounding COVID-19 globally and domestically. However, the economy could benefit from a larger-than-expected positive impact from various policy measures, and better-than-expected recovery in global economy. (Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, Bank Negara Malaysia)

# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

## PROSPECTS AND STRATEGIES (CONTINUED)

In 2020, the coffee market in Malaysia continues to be driven by the move to in-home coffee consumption trend, owing to the outbreak of the COVID-19 and resulting in different phases of national lockdown measures. In addition, the increasing fast-paced lifestyles that are characterised by the need for convenience and at the same time desiring enjoyable living environment is changing Malaysian's expectations and choices on coffee, particularly barista-brewed coffee experience at home or at the workplace. Hence, the demand for coffee machines that brings premium-like cafe coffees to homes and offices is likely to grow owing to the expansion of coffee culture. *(Source: IMR Report by Protégé Associates)*

The outbreak of COVID-19 has severely disrupted macro-economic conditions around the world. Outlook for the near future remains challenging as the full impact of the COVID-19 pandemic has not been ascertained. Despite the uncertainties, our Directors are cautiously optimistic of the performance of our current business going forward in view of our Group's product quality, service and innovative capabilities to meet customers' requirements.

The Board sees the global health and wellness food market is poised for an encouraging growth as the new normal has made people realise the importance of adopting healthier social habits and diets. Following this change in consumer preference, the Board believes the capsule energy and nutritional coffee will attract healthy demand and expects the Group's new F&B business to provide positive contribution to the business of our Group from 2021 onwards.



## BOARD OF DIRECTORS' PROFILE

### **Sofiyani Bin Yahya**

*Independent Non-Executive Chairman*

Sofiyani Bin Yahya, a Malaysian, aged 63, male, was appointed as our Independent Non-Executive Chairman on 22 November 2017. He serves as the Chairman of the Nomination Committee, Chairman of the Remuneration Committee and is a member of the Audit and Risk Management Committee.

Encik Sofiyani holds a Bachelor Degree in Mechanical Engineering from the City University of London. He is also a Professional Technologist (Ts.) under the Malaysian Board of Technologists (MBOT) and Fellow of the Institute of Materials Malaysia (IMM).

Encik Sofiyani has more than forty (40) years of experience in the oil and gas industry, in Malaysia and internationally. He began his career in 1979 as a graduate engineer in the Production Department of PETRONAS, obtaining his first exposure to the oil and gas industry. He later joined other companies as engineer and progressed into management positions, largely involved in engineering, construction and project management projects. He has gained exposure and accumulated extensive experience in various aspects of technical, operational, administration, projects, contractual, business development (including international business) and senior management.

Currently, he is the Chief Executive Officer and Director of SEAMOG Group Sdn. Bhd. and Executive Chairman of Cekap Technical Services Sdn. Bhd..

He attended four (4) out of five (5) Board meetings held during the financial year. Other than Ni Hsin Resources Berhad, he does not hold any other directorship in any other public company or listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company, and has no conflict of interest with the Company.

### **Ng Shwu Ching**

*Executive Director*

Ng Shwu Ching, a Malaysian, aged 53, female, was appointed as our Executive Director on 19 March 2005. She graduated from Cheng Chi University in Taiwan with a Bachelor of Finance. She also holds a Diploma in Taxation from Help Institute and Master in Finance from RMIT University obtained in 2002.

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

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

Ms Ng attended all the five (5) Board meetings held during the financial year. Other than Ni Hsin Resources Berhad, she does not hold any other directorship in any other public company or listed issuer in Malaysia. She does not have any family relationship with any Director and/or major shareholder of the Company, and has no conflict of interest with the Company.

# BOARD OF DIRECTORS' PROFILE

(CONT'D)

---

## **Rizvi Bin Abdul Halim** *Executive Director*

---

Rizvi Bin Abdul Halim, a Malaysian, aged 51, male, was first appointed as our Independent Non-Executive Director on 10 October 2014 and was subsequently re-designated as Independent Non-Executive Chairman on 1 March 2017. On 22 November 2017, he was re-designated as Executive Director.

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

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

Currently, Encik Rizvi is the shareholder and Director of Cascade Crest Sdn. Bhd., a company involved in construction and engineering works, and an Independent Non-Executive Director of Southern Cable Group Berhad.

Encik Rizvi attended all the five (5) Board meetings held during the financial year. Other than the directorship as disclosed above, he does not hold any other directorship in any other public company or listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company, and has no conflict of interest with the Company.

---

## **Lai Kian Huat** *Executive Director*

---

Lai Kian Huat, a Malaysian, aged 54, male, was appointed as our Executive Director on 1 December 2020. Mr Lai is a Fellow Member of the Association of International Accountants in United Kingdom.

Mr Lai has over 25 years of experience in accounting, audit, taxation and management matters as well as corporate exercise, treasury and cash management, investigation audit and due diligence assignments.

Mr Lai held various senior positions in several public and private companies, notably as Non-Independent Non-Executive Director of Caely Holdings Bhd, Independent Non-Executive Director of Ta Win Holdings Berhad, Independent Non-Executive Director of Ideal Jacobs (Malaysia) Corporation Berhad, Executive Director and Chief Financial Officer of SMTrack Berhad, Senior Finance Manager of Perwaja Steel Sdn. Bhd., a subsidiary of Perwaja Holdings Berhad and Senior Finance Manager of Megasteel Sdn. Bhd., a subsidiary of Lion Corporation Berhad.

Currently, Mr Lai is an Executive Director of the subsidiaries of the Group, namely Ni Hsin Food & Beverages Sdn. Bhd. and BlackBixon Sdn. Bhd..

Mr Lai did not attend any Board meeting held in the financial year as there were no Board meeting held after his appointment as Executive Director on 1 December 2020. Other than Ni Hsin Resources Berhad, he does not hold any other directorship in any other public company or listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company, and has no conflict of interest with the Company.



# BOARD OF DIRECTORS' PROFILE

(CONT'D)

## **Datuk Seri Tan Choon Hwa** *Independent Non-Executive Director*

Datuk Seri Tan Choon Hwa, a Malaysian, aged 63, male, was appointed as our Non-Independent Non-Executive Director on 21 January 2015 and was subsequently re-designated as Independent Non-Executive Director on 22 November 2017. He is a member of the Audit and Risk Management Committee.

Datuk Seri Tan is a businessman with more than twenty (20) years of experience in various industries such as timber, mining, hotel resort, housing, land development and finance investment holding. He is the Executive Chairman of TCH Group. He also holds directorships in Wazlian Group. He also holds other chairmanships in several associations - President of Malaysia China Chamber of Commerce (Kelantan Branch) and Central Committee Member, Vice President of Malaysia Volleyball Association, Advisor to Malaysia Chinese Business Association and Deputy Treasurer of Kelantan Amateur Football Association (KAFA).

Currently, Datuk Seri Tan also sits on the Board of Inix Technologies Holdings Berhad as a Non-Independent Non-Executive Director, Metronic Global Berhad as an Independent Non-Executive Director, and JianKun International Berhad as an Executive Director, all of which are public companies listed on Bursa Malaysia Securities Berhad.

Datuk Seri Tan attended four (4) out of five (5) Board meetings held during the financial year. Other than the directorships as disclosed above, he does not hold any other directorship in any other public company or listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company, and has no conflict of interest with the Company.

## **Leow Chan Khiang** *Independent Non-Executive Director*

Leow Chan Khiang, a Malaysian, aged 54, male, was appointed as our Independent Non-Executive Director on 26 October 2015. He serves as the Chairman of the Audit and Risk Management Committee and is a member of the Nomination Committee and Remuneration Committee.

Mr Leow is a Fellow Member of the Association of Chartered Certified Accountants and a Chartered Accountant with the Malaysian Institute of Accountants. He obtained a Bachelor Degree in Economics from the University of Malaya in 1990 and a Master's degree in Business Administration from Universiti Utara Malaysia in 1999.

Mr Leow began his career in 1991 as an executive in Hong Leong Bank Berhad and was promoted to Assistant Manager in 1994. In 1996, he left Hong Leong Bank Berhad and joined Malaysian International Merchant Bankers Berhad as an Assistant Manager where he was responsible for various corporate fund raising exercises as well as general advisory work until 2001. Subsequently, he joined a logistic company until 2002. In 2002, he joined CAB Cakaran Corporation Berhad ("CAB") as a Director of Corporate Finance, and subsequently, was appointed as an Executive Director in 2003 where he was responsible for corporate planning, accounting and tax as well as joint-venture matters. He resigned from his position as an Executive Director of CAB in 2007 and was appointed to the Board of SLP Resources Berhad as Non-Independent Non-Executive Director in the same year.

Currently, Mr Leow sits on the Board of Salutica Berhad as an Independent Non-Executive Director, Tek Seng Holdings Berhad as an Independent Non-Executive Director and Iconic Worldwide Berhad (formerly known as Sanbuni Holdings Berhad) as an Independent Non-Executive Director, all of which are public companies listed on Bursa Malaysia Securities Berhad.

Mr Leow attended all the five (5) Board meetings held during the financial year. Other than the directorships as disclosed above, he does not hold any other directorship in any other public company or listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company.

## OTHER INFORMATION

- (i) **Conflict of Interest**  
The Company has entered into recurrent related party transactions with party in which the Director of the Company, namely Mr Leow Chan Khiang has direct interest.
- (ii) **Conviction of Offences**  
None of the Directors has convicted of any offences (other than traffic offences, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT PROFILE

### **Khoo Chee Kong**

*Managing Director*

*Ni Hsin Corporation Sdn. Bhd., Ever-Grow Advanced Materials Sdn. Bhd., Pentoli Sdn. Bhd., Ni Hsin Marketing Sdn. Bhd., Ni Hsin Food & Beverages Sdn. Bhd. and BlackBixon Sdn. Bhd.*

Khoo Chee Kong, a Malaysian, aged 59, male, was appointed as Managing Director of the subsidiary companies of the Group namely, Ni Hsin Corporation Sdn. Bhd., Ever-Grow Advanced Materials Sdn. Bhd., both on 1 October 2016, Pentoli Sdn. Bhd. on 31 January 2017, Ni Hsin Marketing Sdn. Bhd. on 23 October 2017, Ni Hsin Food & Beverages Sdn. Bhd. on 21 July 2020 and BlackBixon Sdn. Bhd. on 6 August 2020.

Mr Khoo is an Accountant by training. He began his career with Messrs. BDO Binder in 1979 as an Audit Assistant and was subsequently promoted as an Audit Senior in 1980. He left Messrs. BDO Binder and subsequently joined United Industries group of companies as an Internal Auditor in 1981. While he was with United Industries group of companies, he was seconded to its subsidiaries holding various finance related positions. He joined Kopenda Holdings Sdn. Bhd. as Financial Accountant in 1984, Innovest Hart Engineering Sdn. Bhd. as the Finance Manager in 1988 and Lyman Group of Indonesia as the Head of Corporate Finance and Business Development Department in 1990.

Mr Khoo gained wide business and financial experience in both the domestic and international market place from his previous employments, he started the Kyeros Kebab business in 1997 which soon grew into an international fast food chain. Kyeros Kebab then merged with CAB Cakaran Corporation Group Berhad ("CAB") and was listed in the Bursa Malaysia Stock Exchange in 2003. He was an Executive Director of CAB from 2003 to 2006.

Mr Khoo is a major shareholder of the Company. He is not a Director in any other public company and listed issuer in Malaysia. He does not have any family relationship with any Director and/or other major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any), within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

### **Lim Kam Ten**

*Marketing Director*

*Ni Hsin Corporation Sdn. Bhd., Ever-Grow Advanced Materials Sdn. Bhd. and Ni Hsin Marketing Sdn. Bhd.*

Lim Kam Ten, a Malaysian, aged 48, male, graduated from Takushoku University in Japan with a Degree in Bachelor of Arts in Commerce. He joined Ni Hsin Corporation Sdn. Bhd. in 1999 as an Assistant Officer in Sales & Marketing Department, in charge of the market development and customer service for Japan and Asian countries in respect of cookware.

Recognised for his outstanding performance, he was promoted to the position of Business Development Executive in February 2004 and subsequently on 1 September 2006, he was promoted as Market Development Manager.

In 2014, Mr Lim was also tasked with the sales and marketing of convex mirrors and clad metals in Ever-Grow Advanced Materials Sdn. Bhd.. During his tenure of service, he has successfully developed major customers and/or markets for stainless steel cookware, convex mirror, non-stick cookware and clad metal products. On 1 February 2020, he was promoted as Marketing Director to oversee the Group's marketing activities.

Mr Lim does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He is not a Director in any other public company and listed issuer in Malaysia. He has not been convicted of any offences (other than traffic offences, if any), within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

# KEY SENIOR MANAGEMENT PROFILE

(CONT'D)

## **Chia Hoon Ang**

*Quality Management Manager  
Ni Hsin Corporation Sdn. Bhd. and Ever-Grow  
Advanced Materials Sdn. Bhd.*

Chia Hoon Ang, a Malaysian, aged 45, female, joined Ni Hsin Corporation Sdn. Bhd. in 1999 as an Assistant Officer immediately after her graduation from University Putra Malaysia with Bachelor of Science.

Ms Chia obtained further qualification as a Lead Auditor from Authorised Registered Authority in 2000. She gained vast experience in multi disciplines working in various positions in Quality Assurance, Document Control Center, and as Secretary to the General Manager.

Ms Chia was actively involved in several main projects in Ni Hsin Corporation Sdn. Bhd. which included re-organising the operations in the Quality Assurance ("QA") Section in 2004 and shop-floor re-engineering in 2005. She was promoted to QA Manager in 2007. On 1 January 2017, she was appointed as the Head of QA to oversee the functions of the Quality Management System, QA. On 1 October 2019, she was tasked with the QA of convex mirror and clad metals in Ever-Grow Advanced Materials Sdn. Bhd..

Ms Chia was also appointed as the Chairman of the Safety & Health Committee for the period from 2009 to 2011 and Employee Welfare and Sports (EWS) Chairman for year 2012. She is also a First Aid Team member since 2012.

Ms Chia does not have any family relationship with any Director and/or major shareholder of the Company, nor does she have any conflict of interest with the Company. She is not a Director in any other public company and listed issuer in Malaysia. She has not been convicted of any offences (other than traffic offences, if any), within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

## **Hoo Yoke Fong**

*Human Resources and General Affairs Manager  
Ni Hsin Corporation Sdn. Bhd., Ever-Grow  
Advanced Materials Sdn. Bhd., Ni Hsin Marketing  
Sdn. Bhd., Ni Hsin Food & Beverages Sdn. Bhd. and  
BlackBixon Sdn. Bhd.*

Hoo Yoke Fong, a Malaysian, aged 48, female, joined Ni Hsin Corporation Sdn. Bhd. in 1991 as Production Assistant after completing her secondary studies. In 1992, she was promoted from Junior Secretary to Factory Manager. With her initiative and astute learning capability, she accumulated various experience and skills in production, secretarial, purchasing and human resource functions. She was appointed as Secretary to the General Manager in 1996. Capitalising on her multi-skills, she took on the position of Human Resource and General Affairs Executive in 2001. She obtained a Diploma in Business Administration from the Institute of Business Administration and Management through her part-time studies in the same year. Ms Hoo was promoted to her current position of Human Resource and General Affairs Manager on 1 May 2012.

Ms Hoo was awarded with the Best Employee and Perfect Attendance accolades throughout her years of service with the Group. She was appointed as the Safety & Health Committee Chairman for the period from 2012 to 2014.

Ms Hoo does not have any family relationship with any Director and/or major shareholder of the Company, nor does she have any conflict of interest with the Company. She is not a Director in any other public company and listed issuer in Malaysia. She has not been convicted of any offences (other than traffic offences, if any), within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

# KEY SENIOR MANAGEMENT PROFILE

(CONT'D)

**Low Meng Chai**

*Factory Manager  
Ni Hsin Corporation Sdn. Bhd.*

Low Meng Chai, a Malaysian, aged 45, male, graduated with an Advanced Diploma in Business Administrative from Amset Institute. He joined Ni Hsin Corporation Sdn. Bhd. in 1998 as a System Analyst in Management Information System department where he developed skills in computer system maintenance, manufacturing management from initial stage of forecast until the output operation of production system and implementation. Due to his capable performance, he was transferred to the Factory Department as Production Controller in 2001 and was promoted to Material Control Executive in 2013. His excellent dedication and performance in carrying out his duties and responsibilities earned him a promotion to Production Control Executive in March, 2005.

Mr Low diligently worked his way through the ranks and was promoted as Factory Manager in May 2012. He was also appointed as the Chairman of the Safety & Health Committee for years 2015 and 2016.

Mr Low does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He is not a Director in any other public company and listed issuer in Malaysia. He has not been convicted of any offences (other than traffic offences, if any), within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

**Yeo Boon Kwong**

*Assistant Production Manager  
Ever-Grow Advanced Materials Sdn. Bhd.*

Yeo Boon Kwong, a Malaysian, aged 42, male, graduated from Tunku Abdul Rahman College with a Degree in Information System Engineering. He joined Ni Hsin Corporation Sdn. Bhd. in 2001 as Management Information System Assistant and in 2005, he was transferred to Ever-Grow Advanced Materials Sdn. Bhd. as Production Control Officer.

Mr Yeo had accumulated more than ten (10) years' experience in the production function and in 2017, he was promoted to the position of Assistant Production Manager to lead the clad metal and convex mirror production department. Besides that, he is also overseeing the inventory management and purchasing of raw materials. Mr Yeo is a member of the Safety & Health Committee and also an Emergency & Evacuation Team Member.

Mr Yeo does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He is not a Director in any other public company and listed issuer in Malaysia. He has not been convicted of any offences (other than traffic offences, if any), within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.



## KEY SENIOR MANAGEMENT PROFILE

(CONT'D)

### **Hamdan Bin Esa**

*Technical Manager*

*Ni Hsin Corporation Sdn. Bhd.*

Hamdan Bin Esa, a Malaysian, aged 49, male, joined Ni Hsin Corporation Sdn. Bhd. in 1991 as Machine Operator. Due to potential and capable performance, he has progressed from the position of Drawing Technician through Technical Leader and Section Leader in Forming Section, Technical Coordinator, Assistant Engineer to Production Engineer. With his technical knowledge and intensive experience gained in the technical field, he was awarded with the Best Technical Staff in 1999. Encik Hamdan is now leading the Production Engineering Team and contributing to the enhancement of the production performance and effectiveness of Ni Hsin Corporation Sdn. Bhd..

In July 2018, Encik Hamdan was promoted to Technical Manager and was tasked to extend his support and leadership to Ever-Grow Advanced Materials Sdn. Bhd.'s Technical Team for convex mirror and clad metal production in the technical and related engineering processes troubleshooting and improvement aspect.

Encik Hamdan does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He is not a Director in any other public company and listed issuer in Malaysia. He has not been convicted of any offences (other than traffic offences, if any), within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**the Board**”) of Ni Hsin Resources Berhad (“**NHR**” or “**the Company**”) is pleased to present its Corporate Governance Overview Statement (“**Statement**”) for the financial year 2020 based on the principles and guidance as set out in the Malaysian Code on Corporate Governance (“**MCCG**”) issued by Securities Commission Malaysia.

This Statement is prepared in compliance with Paragraph 15.25(1) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and guided by Practice Note 9 of the MMLR of Bursa Securities and the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia Berhad. This Statement should also be read together with the Corporate Governance Report 2020 of the Company (“**CG Report**”) which is available on NHR website: [www.ni-hsin.com](http://www.ni-hsin.com) as well as via an announcement on the website of Bursa Securities and in conjunction with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Audit and Risk Management Committee (“**ARMC**”) Report and Sustainability Statement) as the application of certain governance enumerations may be more evidently expressed in the context of the respective statements.

The CG Report provides details on how the Company has applied each Practice as set out in the MCCG during the financial year 2020.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 1. Board Responsibilities

#### a. Board of Directors

The Group is headed by an experienced and effective Board. The Board assumes overall responsibility in leading the strategic direction, future expansion, corporate governance, risk management, human resource planning and development, investments made by the Company and overseeing the proper conduct of business of the Group.

In discharging its duties, the Board delegates certain of its responsibilities to the Board Committees, namely ARMC, Nomination Committee (“**NC**”) and Remuneration Committee (“**RC**”) which operate within defined Terms of Reference (“**TOR**”). The Chairman of the respective Board Committees report to the Board on key matters deliberated at the respective Board Committee meetings and make recommendations to the Board for final decision, where necessary.

#### b. Separation of Position of Chairman and Chief Executive Officer

The Company does not have a Chief Executive Officer, the Board was assisted by three (3) Executive Directors. The Chairman is an Independent Non-Executive Director who is responsible for overseeing the effective discharge of the Board’s supervisory role emphasising on governance and compliance while the Executive Directors are responsible for the day-to-day operation of the Group’s business. The role of the Chairman and Executive Directors are distinct and separate to engender accountability and facilitate clear division of responsibilities to ensure there is a balance of power and authority in the Company.

#### c. Company Secretaries

The Board is supported by two (2) qualified and competent Company Secretaries. The Board has direct access to the advice and services of the Company Secretaries. The Company Secretaries play an advisory role to the Board in relation to the Company’s Constitution, Board’s policies and procedures, corporate governance and compliance with the relevant regulatory requirements and legislations.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 1. Board Responsibilities (continued)

#### d. Board Meeting

The Board conducts at least five (5) meetings in each financial year. An annual meeting calendar is prepared and circulated to the Directors before the beginning of each year to help the Directors to plan their schedule ahead. Additional meetings are also held as and when required. Board and Board Committees papers prepared by the Management provide the relevant facts and analysis for the Directors' information. The meeting agenda, the relevant reports and Board papers are furnished to the Directors and Board Committee members at least five (5) business days before the meeting to allow the Directors sufficient time to read them for effective discussion and decision making at the meetings.

The breakdown of the Directors' attendance at the Board and Board Committees meetings during the financial year 2020 is set out below:-

Name	Board	ARMC	NC	RC
Sofiyani Bin Yahya <i>Independent Non-Executive Chairman</i>	4/5	4/5	2/2	1/1
Rizvi Bin Abdul Halim <i>Executive Director</i>	5/5	NA	NA	NA
Ng Shwu Ching <i>Executive Director</i>	5/5	NA	NA	NA
Lai Kian Huat <sup>+</sup> <i>Executive Director</i>	NA	NA	NA	NA
Datin Ida Suzaini Binti Abdullah* <i>Non-Independent Non-Executive Director</i>	3/3	NA	NA	NA
Datuk Seri Tan Choon Hwa <sup>^</sup> <i>Independent Non-Executive Director</i>	4/5	2/3	NA	NA
Leow Chan Kiang <i>Independent Non-Executive Director</i>	5/5	5/5	2/2	1/1
Rithauddin Hussein Jamalattiff Bin Jamaluddin <sup>#</sup> <i>Independent Non-Executive Director</i>	1/1	1/1	NA	NA

<sup>+</sup> Appointed on 1 December 2020

<sup>\*</sup> Retired at Sixteenth Annual General Meeting held on 29 July 2020

<sup>^</sup> Appointed as member of ARMC on 19 June 2020

<sup>#</sup> Resigned on 5 March 2020

The minutes of meetings of Board and Board Committees will be circulated to all Directors and Board Committee members for review and comments within a reasonable timeframe prior to the Chairman's confirmation at the next Board and Board Committees meeting.

#### e. Board Charter

The Company has established a Board Charter to promote high standards of corporate governance which is designed to provide guidance and clarity to Directors and the management with regards to the role of the Board and its Committees. The Board Charter clearly sets out the key values and principles of the Company and further sets out the duties and responsibilities of the Board, the Chairman, the Executive Directors, the Independent Director and the Board Committees.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 1. Board Responsibilities (continued)

#### e. Board Charter (continued)

The Board Charter is reviewed annually by the Board to ensure it complies with legislations and best practices, and remains effective and relevant to the Board's objectives. The Board has a formal schedule of matters reserved for the deliberation of the Board.

The Board Charter is available at the Company's website.

#### f. Code of Conduct

The Company has set out a Code of Conduct for Directors, officers and employees of the Group to promote an environment of integrity and engender ethical behaviour within the Group.

The Code of Conduct is available at the Company's website.

#### g. Whistle Blowing Policies and Procedures

The Company has established the Whistle Blowing Policies and Procedures ("WPP") which serves as a guide to employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner.

The WPP outlines the relevant procedures such as when, how and to whom a concern may be properly raised about the genuinely suspected or instances of wrongdoing at the Company and its subsidiaries.

The WPP is available at the Company's website.

#### h. Anti-Bribery and Anti-Corruption Policy and Procedure

The Company has adopted the Anti-Bribery and Anti-Corruption Policy and Procedure ("ABACPP") following the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The ABACPP serves as a guideline to all Directors, employees and stakeholders on their obligation to prevent and mitigate any forms of bribery and corruption that may arise in the ordinary course of business, and to promote highest standards of ethical conduct of business within the Group.

### 2. Board Composition

#### a. Composition and Diversity

The Board is well balanced, comprising experienced businessmen and qualified professionals of diverse knowledge, skill, extensive experience and expertise in areas such as strategic planning, business development, finance, corporate affairs, marketing and operations.

The Board currently has six (6) members, comprising three (3) Independent Non-Executive Directors and three (3) Executive Directors. This complies with Paragraph 15.02(1) of the MMLR of Bursa Securities which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors. The Board also complied with Practice 4.1 of MCCG that at least half of the Board is comprised of Independent Directors. There is approximately 17% women representation on the Board for the financial year 2020.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2. Board Composition (continued)

#### b. NC Composition

The role of the NC is to assist the Board in ensuring that the Board comprises individuals with the requisite skills, knowledge, professional expertise and character.

The NC comprises exclusively Non-Executive Directors who are independent. Currently, the members are as follows:

Sofiyan Bin Yahya (*Chairman*)

Leow Chan Khiang (*Member*)

Rithaiddin Hussein Jamalattiff Bin Jamaluddin (*Member*)(*Ceased on 5 March 2020*)

The Board does not consider it is necessary to appoint a Senior Independent Director as all current members of the Board are always available and issues are discussed openly in Board meetings.

#### c. Tenure of Independent Director

The Board will justify and seek shareholders' approval in the event it retains an Independent Director who has served in that capacity for a cumulative period of more than nine (9) years.

As at the date of this statement, none of the Independent Directors has served the Company beyond nine (9) years.

#### d. Appointment to the Board

The NC will identify and recommend candidates to the Board if there is any vacancy arising from resignation, retirement or any other reasons or if there is a need to appoint additional Director with the required criteria based on recommendation from existing Directors, Senior Management or major shareholders.

The NC will review the suitability of candidates based on skills, knowledge, character, integrity, expertise and experience, competency, commitment (including time commitment) and where appropriate, the independence of candidates for appointment as Independent Non-Executive Directors.

The assessment of the Independent Directors is in accordance with the criteria as set out in the Board Charter and MMLR of Bursa Securities.

#### e. Re-election of Directors

In accordance with the Company's Constitution, an election of Directors shall take place each year at an Annual General Meeting ("**AGM**") and one-third (1/3) of the Directors are subject to retirement by rotation, in any event, each Director shall retire from office once in every three (3) years. The Directors to retire in each year are the Directors who have been longest in office since their last appointment or re-election. The Directors appointed by the Board during the financial year are subject to retirement at the next AGM held following their appointments in accordance with the Company's Constitution. All retiring Directors are eligible for re-election. The re-election of each Director is voted on separate resolution during the AGM of the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2. Board Composition (continued)

#### e. Re-election of Directors (continued)

Based on the schedule of rotation, the following Directors are subject to retirement by rotation pursuant to the Company's Constitution at the forthcoming Seventeenth AGM:-

- (1) Encik Sofiyan Bin Yahya (*Clause 95*)
- (2) Datuk Seri Tan Choon Hwa (*Clause 95*)
- (3) Mr Lai Kian Huat (*Clause 98*)

The aforesaid Directors have expressed their intention to seek for re-election at the forthcoming Seventeenth AGM.

#### f. Annual Evaluation

The assessment criteria of the Board and Board committees include an evaluation of the size and composition of the Board and Board committees, access to information, accountability, processes, performance of the Board and Board committees in relation to discharging its principal responsibilities, communication with Management and standards of conduct by the Directors and committee members.

The internally facilitated evaluation process is led by the NC Chairman who is an Independent Director and supported by the Company Secretaries. The evaluation process is conducted via questionnaires to review the effectiveness of the Board and its committees, and based on self-review and peer assessment. The NC reviews the outcome of the assessment and report to the Board, in particular, areas for improvement and also used as the basis of recommending relevant Director for re-election at the AGM.

#### g. Professional Development of Directors

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

During the financial year 2020, the Directors have attended various training programmes and seminars, amongst others, the following:-

- Fraud Risk Management;
- Outstation Special Budget 2021; and
- Tax Crisis.

The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time and update the Board on the same at Board meeting. The external auditors also briefed the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2. Board Composition (continued)

#### h. NC's Activities

During the financial year under review, the activities undertaken by the NC include:-

- a) Assessed and was satisfied with the effectiveness of the Board as a whole and the Board committees and the contribution of each Director.
- b) Reviewed and was satisfied with the mix of skills, knowledge, expertise and experience, composition and size of the Board in terms of gender, ethnicity and age.
- c) Assessed the independence of Independent Directors and concluded that the Independent Directors are independent and have complied with the criteria of independence as set out in MMLR of Bursa Securities.
- d) Assessed and was satisfied with the character, experience, integrity, competence and time commitment of Directors.
- e) Reviewed the term of office and performance of the ARMC and each of its members and concluded that the ARMC and each of its members have carried out their duties and responsibilities.
- f) Evaluated the performance of Ms Ng Shwu Ching and recommended her re-election at the Sixteenth AGM of the Company to the Board.
- g) Reviewed the Directors' training programme for the financial year ended 31 December 2020.
- h) Reviewed and recommended to the Board the Directors and Senior Management Succession Plans.
- i) Reviewed and recommended to the Board the TOR of the NC in alignment with the MCGG and MMLR of Bursa Securities.
- j) Recommended to the Board the appointment of Datuk Seri Tan Choon Hwa as member of ARMC after having reviewed his profile.
- k) Recommended to the Board the appointment of Mr Lai Kian Huat as Executive Director after having reviewed the character, experience, knowledge, integrity, competency and time commitment of Mr Lai Kian Huat.

### 3. Remuneration

The RC currently comprises the following members:-

Sofiyan Bin Yahya (*Chairman*)

Leow Chan Khiang (*Member*)

Rithaiddin Hussein Jamalattiff Bin Jamaluddin (*Member*) (*Ceased on 5 March 2020*)

The RC is responsible for recommending the remuneration framework and policy as well as the remuneration package of the Executive Directors to ensure rewards commensurate with their contributions to the profit and growth of the Group. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken.

In consideration of the drastic decline in Company's Sales due to the outbreak of Covid-19 Pandemic, the Board took the initiative to reduce the Directors' fees for each Director effective 1 March 2020 in order to ease the impact to the Group. Notwithstanding that, Ms Ng Shwu Ching, the Executive Director at the Group and the Company, had agreed to reduce her salaries (inclusive contributions to state plans) from RM577,000 to RM337,000 during the financial year under review which represents a decrease of 41% in her salaries as compared with the proceeding financial year.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 3. Remuneration (continued)

Details of the remuneration of Directors (both the Group and the Company) who served during the financial year ended 31 December 2020 are as follows:-

#### The Group

Name	Fees (RM'000)	Meeting Allowance (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Benefit in Kind	Other emoluments (RM'000)
Rizvi Bin Abdul Halim	46	-	-	-	-	-
Datin Ida Suzaini Binti Abdullah	14	-	-	-	-	-
Sofiyan Bin Yahya	46	-	-	-	-	-
Datuk Seri Tan Choon Hwa	24	-	-	-	-	-
Leow Chan Kiang	30	-	-	-	-	-
Rithauddin Hussein Jamalattiff Bin Jamaluddin	6	-	-	-	-	-
Lai Kian Huat	4	-	-	-	-	-

#### The Company

Name	Fees (RM'000)	Meeting Allowance (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Benefit in Kind	Other emoluments (RM'000)
Rizvi Bin Abdul Halim	46	-	-	-	-	-
Datin Ida Suzaini Binti Abdullah	14	-	-	-	-	-
Sofiyan Bin Yahya	46	-	-	-	-	-
Datuk Seri Tan Choon Hwa	24	-	-	-	-	-
Leow Chan Kiang	30	-	-	-	-	-
Rithauddin Hussein Jamalattiff Bin Jamaluddin	6	-	-	-	-	-
Lai Kian Huat	4	-	-	-	-	-

There is no separate disclosure on the remuneration of the Senior Management as the Executive Directors are the Senior Management and have been disclosed as above and on page 112 of the Audited Financial Statements.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1. ARMC

During the financial year under review, the ARMC comprises three (3) Independent Non-Executive Directors. The Chairman of the ARMC is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the ARMC's findings and recommendation remains intact. The ARMC assesses the performance (including independence) and recommends to the Board annually the appointment or re-appointment of the external auditors guided by the factors as prescribed under Paragraph 15.21 of the MMLR of Bursa Securities. The external auditors 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 Malaysian Institute of Accountants.

Throughout the ARMC, the Board maintains a transparent relationship with the external auditors in seeking professional advice on the internal control and ensuring compliance with the appropriate accounting standards.

The TOR of ARMC sets out its rights, duties, responsibilities and criteria on the composition of ARMC, which includes former key audit partner of the Group to observe cooling-off period of at least two (2) years before being able to be appointed as member of ARMC.

The NC reviews the composition of the ARMC annually and recommends to the Board for approval ensuring that only Independent Non-Executive Directors who are financially literate and have the required knowledge, skill and experience are considered for membership of ARMC.

The composition of the ARMC, including its roles and responsibilities, number of meetings and attendance of ARMC, summary of ARMC activities and Internal Auditors' activities during the financial year under review are set out in ARMC Report of this Annual Report.

### 2. Risk Management and Internal Control Framework

The Board acknowledges the significance of a sound system of risk management and internal control to manage the overall risk exposure of the Group. The Group has an internal audit function which is outsourced to IBDC (Malaysia) Sdn. Bhd. and reports directly to the ARMC. Details of the internal audit function together with the staffs of the Group's internal control are set out in the Statement on Risk Management and Internal Control and ARMC Report of the Annual Report 2019. The Board affirms its overall responsibility with established and clear functional responsibilities and accountabilities which are carried out and monitored by the Risk Management Working Committee ("RMWC"). RMWC reports directly to the ARMC. The adequacy and effectiveness of the internal controls and risk management framework were reviewed by the ARMC. The Board is satisfied with the performance of the RMWC and ARMC in discharging their responsibilities in accordance with their TOR.

The Board obtained assurance from the Executive Director (who is in charge of Financial and Corporate Affairs) and the Managing Director of the major subsidiaries of the Company that the internal control and risk management framework are adequate and effective in all material aspect. The details of the Risk Management and Internal Control Framework are described in the Statement on Risk Management and Internal Control of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

### 1. Communication with Stakeholders

The Board has formalised a Corporate Disclosure Guide to ensure that communication with stakeholders is executed in a timely, concise and transparent manner through announcements via Bursa LINK, on NHR's website and the media.

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

Members of Senior Management are directly involved in investor relations through investor briefings with financial analysts, institutional shareholders and fund managers.

### 2. Conduct of General Meetings

The Company's AGM is the principal forum for dialogue with its shareholders, as it provides shareholders the opportunity to ask questions about the resolutions being proposed or about the Group's operations in general. The Share Registrar is available to attend to matters relating to shareholders' interests. At the Sixteenth AGM, majority of Directors were present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company. The Directors and external auditors were in attendance to respond to the shareholders' queries.

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

Notice of the Sixteenth AGM and Annual Report were sent out to shareholders more than twenty-eight (28) days before the date of the Sixteenth AGM. The voting at the Sixteenth AGM was conducted by way of poll and an independent scrutineer was appointed to validate the votes cast.

## FOCUS AREA ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group in the year 2020 against the backdrop of regulatory changes in the domestic corporate governance realm and a relatively challenging economic environment that is characterised by volatile market conditions and Covid-19 pandemic. Against the aforementioned setting, during the financial year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders.

In light of the improvements in the corporate governance regulations, the Board has reviewed and updated its existing policies and procedures to ensure they are kept contemporaneous whilst equally kept relevant to the Company's needs. The Board will look into the enhancements or developments of corporate governance policies and procedures, as the case may be.

This Statement together with the CG Report was approved by the Board of Directors of NHR on 24 March 2021.

## ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### 1.1 UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2020.

### 1.2 AUDIT FEE AND NON-AUDIT FEES

During the financial year, the amount incurred by the Company and by the Group in respect of audit fees and non-audit related fees for services rendered by the external auditors are as follows:-

	Company (RM'000)	Group (RM'000)
Audit services	28	144
Non-audit services	21	56
<b>Total</b>	<b>49</b>	<b>200</b>

The non-audit services comprised the following assignments:-

- a) Review of the Statement of Risk Management and Internal Control
- b) Tax compliance services
- c) Review of overseas subsidiaries management accounts for the financial year ended 31 December 2020

### 1.3 MATERIAL CONTRACTS

There were no material contracts or loans entered into by the Group involving interests of Directors, Chief Executives and major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

### 1.4 REVALUATION POLICY ON LANDED PROPERTIES

During the financial year, the Group elected to measure the landed properties using the revaluation model under Malaysian Financial Reporting Standards (MFRS) 116 Property, Plant and Equipment.

The Group revalues its property comprising freehold land and factory buildings every five (5) years or at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. The latest revaluation was carried out in December 2016.

# ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

## 1.5 RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions of a revenue and trading nature ("RRPTs") of the Group during the financial year ended 31 December 2020.

Since the end of the previous financial year, the following RRPTs were entered into by the Group:-

Related Parties involved with Ni Hsin and/or its subsidiaries	Relationship	Nature of Transactions	Amount (RM)
Leow Chan Khiang ("Mr Leow")	Mr Leow is an Independent Non-Executive Director of Ni Hsin.	1) Rental paid by BlackBixon Sdn. Bhd. ("BlackBixon") to Ushimi Asia Sdn. Bhd. ("Ushimi") for the use of factory and warehouse	11,056.50
	Mr Leow holds voting shares representing 75% of equity interest in Ushimi.	2) Ushimi supply manpower services to Blackbixon	26,812.98



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors is pleased to present the report of the Audit and Risk Management Committee (“**ARMC**”) for the financial year ended 31 December 2020.

## 1. MEMBERS

The members of ARMC are Non-Executive Directors with all of them being Independent Directors.

During the financial year ended 31 December 2020, the ARMC held a total of five (5) meetings. The members of the ARMC together with their attendance are set out below:-

Name	Position	Attendance
Leow Chan Khiang	Chairman (Independent Non-Executive Director)	5/5
Rithauddin Hussein Jamalattiff Bin Jamaluddin ^	Member (Independent Non-Executive Director)	1/1
Sofiyan Bin Yahya	Member (Independent Non-Executive Director)	4/5
Datuk Seri Tan Choon Hwa *	Member (Independent Non-Executive Director)	2/3

^ Ceased as member of ARMC following his resignation as an Independent Non-Executive Director of the Company on 5 March 2020.

\* Appointed as member of ARMC of the Company on 19 June 2020.

Mr Leow Chan Khiang, who is the Chairman of the ARMC, is a Fellow Member of the Association of Chartered Certified Accounts and a Chartered Accountant with the Malaysian Institute of Accountants. The ARMC, therefore, meets the requirements of Paragraph 15.09(1) of the MMLR of Bursa Securities.

All members of the ARMC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as member of ARMC.

The Terms of Reference of the ARMC has been drawn up and approved by the Board and is available online in the Investor Relations section of the Company's website at [www.ni-hsin.com](http://www.ni-hsin.com).

## 2. SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

During the financial year ended 31 December 2020 in line with the Terms of Reference, the ARMC carried out the following work in discharging its function and duties:-

### 2.1 Financial Reporting

- a) reviewed the unaudited quarterly reports and the annual audited financial statements of the Group and the Company including the announcements pertaining thereto prior to submission to the Board for consideration and approval; and
- b) monitored the compliance requirements in line with the new updates of Bursa Securities, Securities Commission Malaysia, Malaysian Accounting Standards Board and other legal and regulatory bodies.

### 2.2 Related Party Transactions and Conflict of Interest

- a) reviewed the related party transactions or conflict of interest situation whenever it arises on a quarterly basis to ascertain that the review procedures established to monitor the related party transactions or conflict of interest situation have been complied with.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

## 2. SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)

### 2.3 External Audit

- a) met with the external auditors during the year to review the external auditors' independence, scope of work and the audit plan, their audit fees, the results of their examination in the external audit reports and management's responses, as well as weaknesses in the internal control;
- b) reviewed the audit recommendations and representations made and corrective actions taken by Management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis;
- c) monitored the implementation of mitigating measures by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed;
- d) met with the external auditors on the updates of new Malaysian Financial Reporting Standards ("MFRS") and the impact on the Group as well as new developments on regulatory requirements;
- e) met with the external auditors (without the presence of the Management staff or any Executive Directors) for the financial year ended 31 December 2020 on the following dates:
  - 28 February 2020 to discuss audit findings for the financial year ended 31 December 2019; and
  - 18 November 2020 to discuss Audit Plan and Strategy for the financial year ending 31 December 2020.

### 2.4 Internal Audit

- a) met with the internal auditors to review and approve the Group's internal audit plan, scope of work and audit fees;
- b) met with the internal auditors to review the internal audit reports and findings on the adequacy and effectiveness of the internal control and risk management framework as well as other compliance and governance processes;
- c) met with the internal auditors (without the presence of the Management staff or any Executive Directors) for the financial year ended 31 December 2020 on the following dates:
  - 28 February 2020 to discuss the Internal Audit Strategy and Planning Memorandum for financial year ended 31 December 2020 and to discuss the internal audit findings; and
  - 19 August 2020 to discuss the internal audit findings.
- d) reviewed the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.

### 2.5 Others

- a) reviewed the ARMC Report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, Corporate Governance Report and Corporate Sustainability Statement before submission to the Board for consideration and approval for inclusion in the Company's Annual Report for the financial year ended 31 December 2019; and
- b) Reviewed and recommended to the Board for approval of the Terms of Reference to ensure it is always updated with the changes in the regulatory requirements.
- c) Reviewed and recommended to the Board for adoption of the Anti-Bribery and Anti-Corruption Policy and Procedure following the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009, which outlines the relevant principles and procedures in preventing and mitigating the occurrence of bribery and corruption in all forms.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

## 3. TRAINING

During the financial year ended 31 December 2020, the ARMC Chairman and the members attended the following training programmes, seminars, forums and discussions to enhance their knowledge to enable them to discharge their duties more effectively:-

- Related/Recurrent Related Part Transactions, and General Understanding of Section 17A, Malaysian Anti-Corruption Commission Act, 2009;
- ACI Virtual Roundtable 2020 ESG perspective: Managing Recovery and Resilience; and
- Tax and Business Summit 2020.

## 4. INTERNAL AUDIT FUNCTION

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

The Company has outsourced its internal audit function to a professional service firm, namely IBDC (Malaysia) Sdn. Bhd. ("IBDC") whose primary responsibility is to independently assess and report to the Board, through the ARMC, the systems of internal control of the Group. The internal audit functions are as set out in the Statement on Risk Management and Internal Control on pages 31 to 35 of the Annual Report.

Details of the head of internal audit personnel from IBDC that carried out the internal audit work for the financial year ended 31 December 2020 is as follows:-

Name	Qualification & Accreditation
Mr Wong Een Joon <i>Director-In-Charge</i>	<ul style="list-style-type: none"> <li>• Member of Association of Chartered Certified Accountants (ACCA)</li> <li>• Member of Malaysia Institute of Accountants (MIA)</li> <li>• Professional Member of the Institute of Internal Auditors Malaysia (CMILA)</li> <li>• Certified Fraud Examiner (CFE)</li> </ul>

During the financial year under review, the Internal Auditors carried out internal audit reviews based on an annual audit plan approved by the ARMC to assess the adequacy and integrity of the system of internal control as established by the Management, so as to provide reasonable assurance that:-

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

The scope of work, as approved by the ARMC, was essentially based on the risk profiles of companies in the Group, where areas of higher risk were included for internal audit. The internal audit covered key operational, financial and compliance controls, including the risk management process deployed by Management. Audit findings and areas of concern that need improvements were highlighted in the internal audit reports and reviewed at the ARMC meetings. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. The Internal Auditors conducted follow-up audits on key engagement to ensure that the corrective actions were implemented appropriately. During the Board meetings, the Chairman of the ARMC briefed the Board on audit matters and the minutes of the ARMC meetings were duly noted by the Board.

The cost incurred in outsourcing of the internal audit function to an independent professional firm during the financial year amounted to approximately RM33,000 which included expenses.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

**The Board of Directors is pleased to present the following Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2020 in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”.**

## RESPONSIBILITY

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

For the reporting period the Board has received assurance from the Managing Director of major subsidiaries and the Executive Director (who is in charge of Financial and Corporate Affairs) who are members of the Risk Management Working Committee (“RMWC”) that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. Following the review of the risk management and internal control system in accordance with the guidelines for directors on risk management and internal control, the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies, it was decided that the functions of the RMWC shall come under the purview of the Audit and Risk Management Committee (“ARMC”).

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

## RISK MANAGEMENT

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

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

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## RISK MANAGEMENT (CONTINUED)

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

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

## INTERNAL AUDIT FUNCTION

The internal audit function is carried out in accordance with The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The primary objective of the internal audit function is to carry out reviews of the internal control system to determine if the internal control procedures have been complied with as well as to make recommendations to strengthen the internal control system so as to foster a strong management control environment.

The Board is fully aware of the importance of the internal audit function and has outsourced this function to an independent professional service firm, namely IBDC (Malaysia) Sdn. Bhd. ("IBDC") to provide an independent assurance the Board requires on the effectiveness and efficiency of the Group's system of internal control.

Three (3) audit personnel are assigned to carry out the internal audit work for the financial year ended 31 December 2020 with the profile of head of the internal audit function as disclosed below:

Name	Qualification & Accreditation
Wong Een Joon <i>Director-In-Charge</i>	<ul style="list-style-type: none"> <li>• Member of Association of Chartered Certified Accountant (ACCA)</li> <li>• Member of Malaysia Institute of Accountants (MIA)</li> <li>• Professional Member of the Institute of Internal Auditors Malaysia (CMIIA)</li> <li>• Certified Fraud Examiner (CFE)</li> </ul>

The internal audit adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles from the comprehensive risk assessment of the specific business units of the Group. Scheduled internal audits are carried out by the internal auditors based on the annual internal audit plan presented to and approved by the ARMC. On a quarterly basis, the internal auditors present to the ARMC the internal audit reports which summarise the audit approach, scope, key risks, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations, and the follow-up review reports on the internal audit cycles previously conducted to confirm the actions taken by the management on the recommendations are appropriate. The cost of internal audit function for the financial year ended 31 December 2020 was approximately RM33,000, which included expenses.

The review of the adequacy and effectiveness of the internal control process has been undertaken by the internal audit function, and necessary actions have been taken to remedy significant failing or weaknesses identified for the financial year 2020.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

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

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

- An organisational structure with defined responsibilities and delegation of authorities for Committees of the Board and Operational Committees;
- Company's Policies and Procedures, which set out the guidelines and expected standards for the Group's operations, are under regular review and update so as to maintain its effectiveness at all times;
- A strategic planning and an annual budgeting process has been established, whereby all key operating subsidiaries of the Group are required to prepare budgets and business plans for the coming year;
- Operational review meetings are held and attended by the Executive Directors and the department heads to assess the performance of the Group's operations;
- Monthly financial reporting by the subsidiaries to the holding company. Actual performance compared with budget is reviewed monthly with major variances being followed up and management action taken where necessary;
- Each department measures its performance against its business objectives and monitors the identified risks associated with the achievability of its objectives;
- The public releases of quarterly financial reports are made after the review by the ARMC and the approval of the Board;
- There are guidelines within the Group for hiring and termination of staff. Appointment of staff is based on the required level of qualification, experience and competency to fulfil their responsibilities. Training and development are provided for selected employees to enhance their competency in carrying out their responsibilities;
- A formal employee appraisal to evaluate and measure employee's performance and their competency is performed at least once a year;
- A centralised accounting and disbursement function ensures compliance with the procedures and approval authority;
- A co-ordinated procurement function for major purchases and maintenance expenditures that ensures adherence to approval procedures as well as to leverage on economies of scale;
- Regular production meetings, which involve the senior production management and related units to promptly address any production problems faced; and
- ISO 9001:2015 Quality Management System has been implemented for a subsidiary, Ni Hsin Corporation Sdn. Bhd. Documented internal procedures and standard operating procedures have been put in place and internal quality audits are carried out by the management and annual surveillance audits are conducted by a certification body to provide assurance of compliance with the procedures.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

The key aspects of the risk management process are:

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

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

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

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

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this Statement on Risk Management and Internal Control (the "Statement") pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2020, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR (CONTINUED)

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

APPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.



# SUSTAINABILITY STATEMENT

The Board is pleased to present this detailed Sustainability Statement (“Statement”).

This Statement covers Ni Hsin Resources Berhad and two of its subsidiaries, namely Ni Hsin Corporation Sdn Bhd (“NHC”) and Ever-Grow Advanced Materials Sdn Bhd (“EGAM”) located in Malaysia, collectively referred to as the “Group”. Our business activities comprise of manufacturing and sale of multi-ply stainless steel cookware and stainless steel products.

The Board is primarily responsible for the Group’s sustainability practices and performance and is assisted by the ARMC, which in turn is supported by the Executive Directors and Management in managing sustainability related matters.

This Statement is prepared on a best effort basis and as we progress on our sustainability journey we would look into improving our reporting for the coming years.

## OUR COMMITMENT TO SUSTAINABILITY

Sustainability has been core to the way we do business and an essential element of how we operate. We embrace a holistic approach to sustainability, which is focused on continuous improvement and meaningful positive economic, social and environmental impact through active engagement with both internal and external stakeholders. To ensure the effectiveness of our sustainability efforts a materiality assessment was carried out to identify the sustainability matters that are of priority to our organisation. The material sustainability matters identified are:

- Product quality and Customer Satisfaction
- Corporate Governance & Ethical Behaviour
- Occupational Health and Safety
- Environmental Management

### Product Quality and Customer Satisfaction

At NI HSIN we strive to provide reliable, innovative and user-friendly products. We also place high emphasis on ensuring effective communication with our customers and regularly conduct surveys to gather feedback from our customers in respect of our services, delivery, product quality, technical support and cost management.

We have an established system of Scorecard Review to monitor customers’ feedback and opinions for NHC. The results are reported at management meetings where issues are deliberated and improvement plans, where necessary, are drawn up and subsequently implemented.

The table below shows the results of the survey for FY2019 and FY2020.

	2019	2020	Variance
Customer satisfaction	77.50%	73.33%	(4.17%)
Product performance	73.93%	74.92%	0.99%
Staff performance	79.00%	77.78%	(1.22%)

The results showed an improvement in product quality with a slight drop in customer satisfaction and staff performance in FY2020 as compared to FY2019. We take heed of the feedback and will strive to further improve our product quality by reviewing our quality control procedures and implementing more effective processes, improve our delivery times and provide training to our staff to improve their customer service and communication skills.

# SUSTAINABILITY STATEMENT

(CONT'D)

## OUR COMMITMENT TO SUSTAINABILITY (CONTINUED)

### Corporate Governance & Ethical Behaviour

We strongly believe that good corporate governance and ethical practices are essential to building and maintaining a sustainable business, earning the trust and confidence of our customers, suppliers, business partners, employees and shareholders.

Our business practices are governed by:

- Code of Conduct, which is applicable to directors, officers and employees of NI HSIN in their dealings with each other and all stakeholders of the Group; and
- Whistle Blowing Policies and Procedures.

#### *Code of Conduct*

This Corporate Code Of Conduct (“Code”) sets out the standards which the directors, officers and employees (together “Personnel”) of NHR and its subsidiaries are expected to comply in relation to the affairs of NHR’s businesses when dealing with each other, shareholders and the broader community.

This Code is intended to focus on the Board and management on areas of ethical risk, provide guidance to personnel to help them to recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability.

The Code also sets out the prohibited activities or misconduct involving gifts, gratuities, bribes and corruption, insider trading and money laundering.

#### *Whistle Blowing Policies and Procedures*

The Company’s Whistle Blowing Policies and Procedures (“WPP”) promotes an environment of integrity and ethical behaviour within the Group.

The WPP provides an avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group’s policies and guidelines, in a safe and confidential manner.

Our policies, which can be viewed on our website [www.ni-hsin.com](http://www.ni-hsin.com), are reviewed regularly to ensure they reflect any changes in legislative requirements and the business environment.

No cases of breaches in ethics and integrity practices were reported during the Financial Year 2020 (“FY 2020”).

In view of the recent amendment to the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act 2009”) which introduces corporate liability in relation to the prevention of bribery for the purpose of obtaining or retaining business or business advantage, which came into effect in June 2020, NI HSIN Group has taken and will continue to undertake the necessary actions to ensure adequate procedures are in place to prevent the conduct of bribery activities in relation to Section 17A of the MACC Act 2009.

### Occupational Health and Safety (“OHS”)

Our ideal state is zero work-related illnesses and injuries and improved health and well-being for all employees. We uphold strong health, safety and security standards within NI HSIN’s areas of operations, whether it is within NI HSIN’s premises or offsite to reduce opportunities for health or safety hazards and prevent workplace fatalities.

# SUSTAINABILITY STATEMENT

(CONT'D)

## OUR COMMITMENT TO SUSTAINABILITY (CONTINUED)

### Occupational Health and Safety (“OHS”) (continued)

To accomplish this, NI HSIN has implemented the following measures:

- operate facilities safely and ensure that processes are safe and healthy for our employees. We will accomplish this by following uniform corporate safety standards. Safe operations have been a long-standing part of NI HSIN culture, reflecting the belief that our employees are our most important asset;
- construct our facilities so as not to compromise on the safety and health features designed into them;
- monitor progress toward our objective of preventing injuries, illnesses, and incidents. We will continually assess and improve our safety and health technologies and programs;
- have every employee understand and be responsible for incorporating safe behaviour in daily business activities. Every employee is trained to work in a safe and healthy manner;
- have operating standards, practices, systems, and resources in place to implement this policy.

The Group's Safety and Health Policy sets out the Group's commitment towards the establishment and maintenance of an Occupational safety and Health Management System which includes hazard identification, risk management and risk control processes, compliance to the relevant laws and regulations, prevention of occupational diseases, incidents and accidents and continual improvement.

The safety practice and performance of each key business operations are governed and monitored by the Safety and Health Committee which consists of staff, supervisors or managers as well as personnel with qualified and competent safety and health experience and knowledge of the respective operating units. The Group has a process to review the occurrence of every recorded accident or incident to enable a continual improvement process for the Group's safety controls and procedures. The root causes for each injury case are inquired into and reported for further actions to be undertaken, which may include further improvements in safety controls, enhanced monitoring and disciplinary actions where misconduct has been determined as the cause of the accident.

For the financial under review the Group's incidents record and safety and health programs and activities undertaken are as follows:

#### OHS Incidents Table

Severity	Year	
	2019	2020
Fatal	-	-
Major	2	6
Minor	6	3
Total Cases	8	9



# SUSTAINABILITY STATEMENT

(CONT'D)

## OUR COMMITMENT TO SUSTAINABILITY (CONTINUED)

### Occupational Health and Safety (“OHS”) (continued)

#### Health, Safety and Security Events Table

Events / Activities	Year		Participation
	2019	2020	
World OSH Day Campaign	-	-	All Employees
Emergency Evacuation Program	-	-	All Employees
Safety & Health Meeting	Quarterly	Quarterly	SHC Committees
Safety Talk	Every week	Every week	All Employees
Noise Exposure & Audiometric Test	07/12/2019	09/01/2021	Production & Supporting Workers
SHC Workplace Inspection & Safety Tour	Quarterly	Quarterly	SHC Committee
Fire Extinguisher Renewal	Feb & Aug	Mar & Sept	EET & HR&GA
Machinery Maintenance	06/09/2019	Mar & Dec	-
Chimney Inspection	15/10/2019	16/07/2020	Engineering
Smoke Fogging	Mar/Sep/Dec	May/Sep	Engineering/HR&GA
<b>Training</b>			
Safety & Health Internal Audit	06/07/2019	-	SHC Committees
Chemical safety and Spillage Control	30/11/2019	-	SHC Committees
First aid and CPR	-	17/01/2020	SHC Committees
Hazard identification, risk assessment and risk control	-	12/09/2020	SHC Committees

#### Environmental Management

Our Group is committed to managing our operations in an environmentally sustainable way incorporating the following measures:

- Recycling of raw material wastage for re-use.
- Ensuring compliance to all relevant environmental legal and other requirements and raising environmental awareness among employees.
- Minimising air, water, land and noise pollution in the workplace and surroundings.
- Integrating environmental and quality management systems together to strive for continual improvement.

Our cookware products are developed to be eco-friendly - efficient in heat distribution through the usage of our proprietary multi-ply stainless steel clad metals and our unique multi-stacking feature allows for different food to be cooked simultaneously thus saving time and energy.

Our employees are also trained to practise other conservation measures like recycling of office stationery and paper, switching off the lights and air conditioners when not in use. We also send such items to a social welfare organisation which collects items for recycling or charity purposes.

# SUSTAINABILITY STATEMENT

(CONT'D)

## OUR COMMITMENT TO SUSTAINABILITY (CONTINUED)

### Environmental Management (continued)

#### *Energy Efficiency*

With the serious global warming phenomenon, environmental protection has become an important aspect of daily life. In response to this, Ni Hsin has created a product to aide in the fight against global warming. With its thickness varied design, energy consumption can be reduced; with its even heat distribution water usage can be reduce whilst still allowing for perfect cooking conditions. Last but not least, with a product made to last, it reduces manufacturing requirement thus reducing carbon emissions and unnecessary wastage.



#### *Recycling of Raw Material*

Stainless steel materials are recycled because they are valued and because most of them share the inherent quality of recycleability. Stainless steel scrap that is collected for recycling is material that does not have to be managed as a waste. It is a valuable resource that is converted into value-added commodities. Recycled metal substitutes or displaces the necessity to mine new metal. In NI HSIN, we recycled all of our stainless steel. This is because stainless steel is made up of many raw materials, including iron, nickel, chromium, and molybdenum, which are in high demand. We utilise this additional income to compensate our employees via performance bonuses and other benefits.

#### *ISO Certification*

NHC is ISO 9001:2015 certified. This shows the commitment of the Group to ensuring high standards of business and corporate governance by embracing transparency, integrity, accountability and discipline in all activities of the Group.



### COVID-19

Following the MCO implemented by the Government, the Group has adopted the “work from home” arrangement from 18 March 2020 till 3 May 2020. During that period our Group’ operations were suspended in March 2020 until April 2020. the Group resumed operations in the office in stages from 4 May 2020 in a controlled manner and in compliance with the standard operating procedures (“SOPs”) issued by the Government. Staff from different divisions returned to office on rotation during the Conditional MCO (“CMCO”) phase.

During the Recovery MCO (“RMCO”) phase from 10 June 2020 to 31 August 2020, working hours in the office returned to normal. Due to the resurgence of COVID-19 cases from September 2020 the CMCO phase was re-enforced to curb the spread of the infection. However, the Group was allowed to to continue to operate subject to SOPs.

# SUSTAINABILITY STATEMENT

(CONT'D)

## OUR COMMITMENT TO SUSTAINABILITY (CONTINUED)

### COVID-19 (continued)

The safeguards and precautionary measures implemented by the Group during the CMCO and RMCO phases in compliance with the guidelines and SOPs issued by the Malaysian Government and health authorities include:

- a) Body temperature screening and registration at the entrance to our premise for all staff and visitors;
- b) Provision of hand sanitiser at all common public areas;
- c) Physical distancing protocols for office seating, common areas, meeting rooms, production areas and canteen;
- d) Provision of face masks to employees; and
- e) Virtual meeting facilities.

### Moving Forward

The Group will continue its efforts on improving its sustainability framework and assessment of the EES impacts in line with the guidelines of Bursa Malaysia Securities Berhad's Main Market Listing requirements on sustainability reporting.



## DIRECTORS' RESPONSIBILITY STATEMENT

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

The Board is responsible for ensuring that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and applicable Malaysian Financial Reporting Standards ("MFRS") approved by the Malaysian Accounting Standards Board ("MASB") in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2020 and of the results and cash flows of the Group and the Company for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2020, the Group and the Company have adopted suitable accounting policies in accordance with applicable MFRSs approved by the MASB in Malaysia and applied them consistently and reasonably.





# FINANCIAL STATEMENTS

<b>44</b>	Directors' Report
<b>49</b>	Statements of Financial Position
<b>50</b>	Statements of Profit or Loss and Other Comprehensive Income
<b>51</b>	Consolidated Statement of Changes in Equity
<b>53</b>	Statement of Changes in Equity
<b>54</b>	Statements of Cash Flows
<b>57</b>	Notes to the Financial Statements
<b>114</b>	Statement by Directors
<b>114</b>	Statutory Declaration
<b>115</b>	Independent Auditors' Report



# DIRECTORS' REPORT

for the year ended 31 December 2020

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	1,922	3,188

## RESERVES AND PROVISIONS

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

## DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any final dividend for the financial year ended 31 December 2020.

## DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Ng Shwu Ching  
 Rizvi Bin Abdul Halim  
 Datuk Seri Tan Choon Hwa  
 Leow Chan Khiang  
 Sofiyan Bin Yahya  
 Lai Kian Huat (Appointed on 1 December 2020)  
 Rithauddin Hussein Jamalattiff Bin Jamaluddin (Resigned on 5 March 2020)  
 Datin Ida Suzaini Binti Abdullah (Retired on 29 July 2020)



# DIRECTORS' REPORT

for the year ended 31 December 2020  
(CONT'D)

## DIRECTORS OF THE SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the Director of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year and during the period from the end of the financial year to the date of the Report is Khoo Chee Kong.

## DIRECTORS' INTERESTS IN SHARES

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

Number of ordinary shares					
	At 1.1.2020	Bought	Dividend in specie	Sold	At 31.12.2020
Interests in the holding company:					
Datuk Seri Tan Choon Hwa					
- own	3,670,332	-	-	(3,670,332)	-
Sofiyan Bin Yahya					
- own	3,366,666	-	-	-	3,366,666
Number of warrants					
	At 1.1.2020	Bought	Granted	Sold	At 31.12.2020
Interests in the holding company:					
Datuk Seri Tan Choon Hwa					
- own	1,835,166	-	-	(1,835,166)	-
Sofiyan Bin Yahya					
- own	1,408,332	-	-	-	1,408,332

None of the other Directors holding office at 31 December 2020 had any interest in the ordinary shares and options over shares of the Company and of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

# DIRECTORS' REPORT

for the year ended 31 December 2020  
(CONT'D)

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 2,694,341 new ordinary shares for cash arising from the exercise of warrants at an exercise price of RM0.138 per ordinary share amounting to RM371,819. As at 31 December 2020, the total ordinary shares issued by the Company was 324,209,251.

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

## TREASURY SHARES

The repurchased shares are held as treasury shares and carried at cost. During the financial year, the Company sold 1,000,000 treasury shares amounting to RM219,034 at the open market at an average price of RM0.22 and repurchased 6,018,000 of its owned shares from the open market costing RM494,955. The average price paid for the shares repurchased was RM0.08 per share including transaction costs. The total treasury shares held at the financial year end is 9,461,536 (2019: 4,443,536) shares. The number of outstanding shares in issue after deducting treasury shares held at the financial year end is 314,747,715 (2019: 317,071,374) ordinary shares. Treasury shares have no rights to voting, dividends and participation in other distribution.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

During the financial year, the warrant exercised by registered warrant holders to new ordinary shares at exercise price of RM0.138 were 2,694,341. The number of warrants unexercised at the end of the reporting period was 155,840,924 (2019: 158,535,265).

## INDEMNITY AND INSURANCE COSTS

During the financial year, there was no insurance effected for Directors, officers and auditor of the Company.

# DIRECTORS' REPORT

for the year ended 31 December 2020  
(CONT'D)

## OTHER STATUTORY INFORMATION

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The details of such events are disclosed in Note 27 to the financial statements.

# DIRECTORS' REPORT

for the year ended 31 December 2020  
(CONT'D)

## AUDITORS

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

The auditors' remuneration is disclosed in Note 19 to the financial statements.

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

.....  
**Rizvi Bin Abdul Halim**  
Director

.....  
**Ng Shwu Ching**  
Director

Selangor Darul Ehsan

Date: 5 April 2021

## STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

		Group		Company	
	Note	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
<b>Assets</b>					
Property, plant and equipment	3	42,455	44,030	-	-
Investment property	5	1,198	1,225	1,198	1,225
Goodwill	6	5,105	5,105	-	-
Investments in subsidiaries	7	-	-	56,590	56,590
Deferred tax assets	8	17	4	-	-
<b>Total non-current assets</b>		48,775	50,364	57,788	57,815
Inventories	9	20,125	20,437	-	-
Other investments	10	-	9,946	-	9,946
Current tax assets		617	365	139	68
Right-of-use assets	4	-	102	-	-
Trade and other receivables	11	7,535	2,835	6,407	465
Cash and cash equivalents	12	20,609	11,148	16,049	8,832
<b>Total current assets</b>		48,886	44,833	22,595	19,311
<b>Total assets</b>		97,661	95,197	80,383	77,126
<b>Equity</b>					
Share capital		66,495	66,123	66,495	66,123
Reserves		22,021	20,385	13,735	10,823
<b>Equity attributable to owners of the Company</b>	13	88,516	86,508	80,230	76,946
<b>Total equity</b>		88,516	86,508	80,230	76,946
<b>Liabilities</b>					
Loans and borrowings	14	-	73	-	-
Deferred tax liabilities	8	2,721	2,989	-	-
<b>Total non-current liabilities</b>		2,721	3,062	-	-
Trade and other payables	15	3,993	3,948	153	180
Loans and borrowings	14	2,431	1,573	-	-
Lease liabilities		-	106	-	-
<b>Total current liabilities</b>		6,424	5,627	153	180
<b>Total liabilities</b>		9,145	8,689	153	180
<b>Total equity and liabilities</b>		97,661	95,197	80,383	77,126

The notes on pages 57 to 113 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Revenue</b>	16	25,289	31,117	240	470
Cost of sales		(18,867)	(25,113)	-	-
<b>Gross profit</b>		6,422	6,004	240	470
Other income		5,327	653	4,975	35
Distribution expenses		(787)	(1,140)	-	-
Administrative expenses		(8,982)	(12,259)	(2,084)	(3,387)
<b>Results from operating activities</b>		1,980	(6,742)	3,131	(2,882)
Finance costs	17	(132)	(93)	-	-
Finance income		25	71	52	69
<b>Profit/(Loss) before tax</b>		1,873	(6,764)	3,183	(2,813)
Tax income	18	49	609	5	-
<b>Profit/(Loss) for the year</b>	19	1,922	(6,155)	3,188	(2,813)
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations	20	(10)	71	-	-
<b>Other comprehensive (expense)/income for the year, net of tax</b>		(10)	71	-	-
<b>Total comprehensive income/(expense) for the year</b>		1,912	(6,084)	3,188	(2,813)
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		1,922	(6,155)	3,188	(2,813)
Non-controlling interests		-	-	-	-
<b>Profit/(Loss) for the year</b>		1,922	(6,155)	3,188	(2,813)
<b>Total comprehensive income (expense) attributable to:</b>					
Owners of the Company		1,912	(6,084)	3,188	(2,813)
Non-controlling interests		-	-	-	-
<b>Total comprehensive income/(expense) for the year</b>		1,912	(6,084)	3,188	(2,813)
Earnings/(Loss) per ordinary share (sen)					
Basic	21	0.61	(1.95)		
Diluted	21	0.55	(1.86)		

The notes on pages 57 to 113 are an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Attributable to owners of the Company				Distributable		
	Non-distributable				Retained earnings/ (Accumulated losses)		
Group	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	Total RM'000	Total RM'000
At 1 January 2019	66,123	(7,924)	90	16,386	9,206	8,856	92,737
Foreign currency translation differences for foreign operations	-	-	71	-	-	-	71
Total other comprehensive income for the year	-	-	71	-	-	-	71
Loss for the year	-	-	-	-	-	(6,155)	(6,155)
Total comprehensive income/ (expense) for the year	-	-	71	-	-	(6,155)	(6,084)
Contributions by and distributions to owners of the Company							
Own shares acquired	-	(145)	-	-	-	-	(145)
Dividend to owners of the Company	-	6,824	-	-	-	(6,824)	-
Total transactions with owners of the Company	-	6,679	-	-	-	(6,824)	(145)
At 31 December 2019	66,123	(1,245)	161	16,386	9,206	(4,123)	86,508
	Note 13.1	Note 13.2	Note 13.3	Note 13.4	Note 13.5		

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020  
(CONT'D)

	Attributable to owners of the Company					Distributable	
	Non-distributable					Retained earnings/	Total
Group	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	(Accumulated losses) RM'000	RM'000
<b>At 1 January 2020</b>	66,123	(1,245)	161	16,386	9,206	(4,123)	86,508
Foreign currency translation differences for foreign operations	-	-	(10)	-	-	-	(10)
Total other comprehensive income for the year	-	-	(10)	-	-	-	(10)
Profit for the year	-	-	-	-	-	1,922	1,922
<b>Total comprehensive (expense)/ income for the year</b>	-	-	(10)	-	-	1,922	1,912
<i>Contributions by and distributions to owners of the Company</i>							
Own shares acquired	-	(495)	-	-	-	-	(495)
Own shares sold	-	166	-	-	-	53	219
Exercise of warrants	372	-	-	-	-	-	372
<b>Total transactions with owners of the Company</b>	372	(329)	-	-	-	53	96
<b>At 31 December 2020</b>	66,495	(1,574)	151	16,386	9,206	(2,148)	88,516
	Note 13.1	Note 13.2	Note 13.3	Note 13.4	Note 13.5		

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

Company	Attributable to owners of the Company			Total RM'000
	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	
<b>At 1 January 2019</b>	66,123	(7,924)	21,705	79,904
Loss and total comprehensive expense for the year	-	-	(2,813)	(2,813)
Contributions by and distributions to owners of the Company				
Own shares acquired	-	(145)	-	(145)
Dividend to owners of the Company	-	6,824	(6,824)	-
<b>Total transactions with owners of the Company</b>	-	6,679	(6,824)	(145)
<b>At 31 December 2019/1 January 2020</b>	66,123	(1,245)	12,068	76,946
Profit and total comprehensive income/ (expense) for the year	-	-	3,188	3,188
Contributions by and distributions to owners of the Company				
Own shares acquired	-	(495)	-	(495)
Own shares sold	-	166	53	219
Exercise of warrants	372	-	-	372
<b>Total transactions with owners of the Company</b>	372	(329)	53	96
<b>At 31 December 2020</b>	66,495	(1,574)	15,309	80,230
	Note 13.1	Note 13.2		

The notes on pages 57 to 113 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>					
Profit/(Loss) before tax		1,873	(6,764)	3,183	(2,813)
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	3	1,873	2,259	-	-
Depreciation of right-of-use assets	4	102	102	-	-
Depreciation of investment property	5	27	27	27	27
Dividend income		(240)	(230)	(240)	(230)
Finance costs	17	132	93	-	-
Finance income		(25)	(71)	(52)	(69)
Gain on disposal of other investment	19	(4,361)	-	(4,361)	-
Loss/(Gain) on unrealised foreign exchange	19	113	9	(4)	-
(Gain)/Loss on disposal of property, plant and equipment	19	(1)	52	-	-
Net loss in fair value of other investments measured at fair value	19	-	2,335	-	2,335
Net loss/(gain) in fair value of fixed income trust funds measured at fair value	19	22	(35)	22	(35)
Property, plant and equipment written off	19	14	44	-	-
Reversal of impairment on amount due from subsidiaries		-	-	(82)	-
Impairment loss on amount due from subsidiaries	11	-	-	23	72
<b>Operating loss before changes in working capital</b>		(471)	(2,179)	(1,484)	(713)
Change in inventories		312	171	-	-
Change in trade and other receivables		(4,719)	1,844	(5,902)	(440)
Change in trade and other payables		35	(1,045)	(26)	109
<b>Cash used in operations</b>		(4,843)	(1,209)	(7,412)	(1,044)

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

Note	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities (continued)</b>				
Interest paid	(128)	(81)	-	-
Interest received	25	71	52	69
Income tax paid	(484)	(570)	(66)	(79)
Income tax refund	-	600	-	134
<b>Net cash used in operating activities</b>	<b>(5,430)</b>	<b>(1,189)</b>	<b>(7,426)</b>	<b>(920)</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(312)	(261)	-	-
Dividend received	240	230	240	230
Proceeds from disposal of property, plant and equipment	1	127	-	-
Acquisition of subsidiary	*	-	-	(51)
Proceeds from disposal of other investments	17,251	-	17,251	-
Acquisition of other investments	(2,944)	(314)	(2,944)	(314)
<b>Net cash generated from/ (used in) investing activities</b>	<b>14,236</b>	<b>(218)</b>	<b>14,547</b>	<b>(135)</b>
<b>Cash flows from financing activities</b>				
(Repayment of)/Proceeds from bankers' acceptances	(386)	95	-	-
Payment of finance lease liabilities	(141)	(204)	-	-
Payment of lease liabilities	(110)	(110)	-	-
Repurchase of treasury shares	(495)	(145)	(495)	(145)
Proceeds from sales of treasury shares	219	-	219	-
Proceeds from exercise of warrants	372	-	372	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(541)</b>	<b>(364)</b>	<b>96</b>	<b>(145)</b>
<b>Net increase in/(decrease) cash and cash equivalents</b>	<b>8,265</b>	<b>(1,771)</b>	<b>7,217</b>	<b>(1,200)</b>

\*Denotes RM1

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2020  
(CONT'D)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Effect of exchange rate fluctuations on cash held		(116)	31	-	-
Cash and cash equivalents at 1 January		11,148	12,888	8,832	10,032
<b>Cash and cash equivalents at 31 December</b>	(i)	19,297	11,148	16,049	8,832

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

## Cash outflows for leases as a lessee

### Included in net cash from operating activities

Payment relating to short-term leases	19	-	26	-	-
Interest paid in relation to lease liabilities	17	4	12	-	-

### Included in net cash used in financing activities

Payment of lease liabilities		110	110	-	-
<b>Total cash outflows for leases</b>		114	148	-	-

## (i) Cash and cash equivalents

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

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	12	20,609	11,148	16,049	8,832
Bank overdrafts	14	(1,312)	-	-	-
		19,297	11,148	16,049	8,832

The notes on pages 57 to 113 are an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

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

**Principal place of business**

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

**Registered office**

12th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2020 do not include other entities.

The Company is principally engaged in investment holding activities while the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 5 April 2021.

## 1. BASIS OF PREPARATION

**(a) Statement of compliance**

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

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

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020***

- Amendment to MFRS 16, *Leases* – Covid-19-Related Rent Concessions

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases* – Interest Rate Benchmark Reform – Phase 2

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 1. BASIS OF PREPARATION (CONTINUED)

### (a) Statement of compliance (continued)

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)\**
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)\**

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

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

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

- from the annual period beginning on 1 January 2021 for the amendment that is effective for annual periods beginning on or after 1 June 2020 and 1 January 2021;
- from the annual period beginning on 1 January 2021 for the amendment that is effective for annual periods beginning on or after 1 June 2020 and 1 January 2021; and from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for those marked (“\*”) which are not applicable to the Group and the Company; and
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group and the Company.

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 1. BASIS OF PREPARATION (CONTINUED)

### (b) Basis of measurement

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

### (c) Functional and presentation currency

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

### (d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 6 - Goodwill
- Note 7 - Investments in subsidiaries
- Note 9 - Inventories

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of consolidation

#### (i) Subsidiaries

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### (ii) Business combinations

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

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

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

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

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

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

#### (iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

#### (iv) Loss of control

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

#### (v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### (vi) Transactions eliminated on consolidation

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

### (b) Foreign currency

#### (i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

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

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

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

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments

#### (i) Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

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

##### ***Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes 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 of the business model.

##### **(a) Amortised cost**

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows 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 financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

##### **(b) Fair value through profit or loss**

All financial assets not measured at amortised cost or fair value through other comprehensive income as described are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(k)(i)).



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

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

##### (b) Fair value through profit or loss (continued)

###### *Financial liabilities*

###### *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 and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

#### (iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

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

Liabilities arising from financial guarantees are presented together with other provisions.

#### (iv) Derecognition

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

#### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Property, plant and equipment

#### (i) Recognition and measurement

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

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

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

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

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

#### ***Property, plant and equipment under the revaluation model***

The Group revalues its property comprising freehold land and factory buildings every 5 years or at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

#### (ii) Subsequent costs

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Property, plant and equipment (continued)

#### (iii) Depreciation

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

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

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

• Factory buildings	33 years
• Hostels	50 years
• Plant and machinery	14 years
• Moulds	14 years
• Factory equipment	10 years
• Office equipment, furniture, fixtures and fittings	5 - 10 years
• Motor vehicles	5 years
• Renovation	10 years

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

### (e) Leases

#### (i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Leases (continued)

#### (ii) Recognition and initial measurement

##### As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use 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 the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these as an expense on a straight-line basis over the lease term.

##### As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Leases (continued)

#### (iii) Subsequent measurement

##### As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

### (f) Intangible assets

#### Goodwill

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

#### Amortisation

Goodwill with indefinite useful life is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Investment property

#### (i) Investment property carried at cost

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

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

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

#### (ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, the transfer is stated at the carrying amount of the item immediately prior to transfer.

### (h) Inventories

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

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

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

### (i) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments*.

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### (j) Cash and cash equivalents

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



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Impairment

#### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables on an individual basis.

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

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Impairment (continued)

#### (ii) Other assets

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Equity instruments

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

#### (i) Issue expenses

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

#### (ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

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.

### (m) Employee benefits

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

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

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

#### (ii) State plans

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

### (n) Provisions

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Revenue and other income

#### (i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

#### (ii) Dividend income

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

#### (iii) Interest income

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

#### (iv) Rental income

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

### (p) Borrowing costs

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

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Borrowing costs (continued)

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.

### (q) Income tax

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value 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. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) Earnings per ordinary share

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

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

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

### (s) Operating segments

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

### (t) Contingent liabilities

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

### (u) Fair value measurement

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Factory buildings RM'000	Hostels RM'000	Plant and machinery RM'000	Moulds RM'000	Factory equipment RM'000	Office equipment, furniture, fixtures and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<b>Cost/Revalued</b>										
At 1 January 2019	26,700	11,300	102	36,013	8,980	1,718	2,879	3,017	679	91,388
Additions	-	-	-	2	60	34	37	128	-	261
Disposals	-	-	-	-	-	-	(6)	(500)	-	(506)
Written off	-	-	-	(576)	(17)	(14)	(24)	-	(7)	(638)
At 31 December 2019/ 1 January 2020	26,700	11,300	102	35,439	9,023	1,738	2,886	2,645	672	90,505
Additions	-	-	-	133	34	28	117	-	-	312
Disposals	-	-	-	-	-	-	(2)	-	-	(2)
Written off	-	-	-	(322)	(167)	(18)	(27)	-	-	(534)
At 31 December 2020	26,700	11,300	102	35,250	8,890	1,748	2,974	2,645	672	90,281
<b>Accumulated depreciation</b>										
At 1 January 2019	-	856	53	31,947	7,112	1,385	2,345	782	657	45,137
Depreciation for the year	-	412	2	795	306	74	136	528	6	2,259
Disposals	-	-	-	-	-	-	(6)	(321)	-	(327)
Written off	-	-	-	(534)	(17)	(13)	(23)	-	(7)	(594)
At 31 December 2019/ 1 January 2020	-	1,268	55	32,208	7,401	1,446	2,452	989	656	46,475
Depreciation for the year	-	412	2	537	326	72	137	383	4	1,873
Disposals	-	-	-	-	-	-	(2)	-	-	(2)
Written off	-	-	-	(322)	(167)	(6)	(25)	-	-	(520)
At 31 December 2020	-	1,680	57	32,423	7,560	1,512	2,562	1,372	660	47,826



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land		Factory buildings		Hostels		Plant and machinery		Moulds		Factory equipment		Office equipment, furniture, fixtures and fittings		Motor vehicles		Renovation		Total	
	RM'000		RM'000		RM'000		RM'000		RM'000		RM'000		RM'000		RM'000		RM'000		RM'000	
<b>Carrying amounts</b>																				
At 1 January 2019	26,700		10,444		49		4,066		1,868		333		534		2,235		22		46,251	
At 31 December 2019/ 1 January 2020	26,700		10,032		47		3,231		1,622		292		434		1,656		16		44,030	
At 31 December 2020	26,700		9,620		45		2,827		1,330		236		412		1,273		12		42,455	

### 3.1 Property, plant and equipment under the revaluation model

Freehold land and factory buildings were revalued in the financial year ended 31 December 2016 by independent professional valuers using comparison approach.

Had the freehold land and factory buildings been carried the cost model, their carrying amounts would have been RM11,445,000 (2019: RM11,445,000) and RM6,685,000 (2019: RM6,971,000) respectively.

### 3.2 Assets under finance lease

Included in property, plant and equipment of the Group are motor vehicles under finance leases with carrying amount of RM335,000 (2019: RM457,000).

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 4. RIGHT-OF-USE ASSETS

Group	Buildings RM'000
At 1 January 2020	102
Depreciation	(102)
At 31 December 2020	-

The Group leases an office unit that run between 1 year and 3 years, with an option to renew the lease after that date.

### 4.1 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

## 5. INVESTMENT PROPERTY

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cost</b>				
At 1 January/31 December	1,333	1,333	1,333	1,333
<b>Accumulated depreciation</b>				
At 1 January	(108)	(81)	(108)	(81)
Depreciation for the year	(27)	(27)	(27)	(27)
At 31 December	(135)	(108)	(135)	(108)
<b>Carrying amounts</b>	1,198	1,225	1,198	1,225

Included in the above are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost:				
Building	1,198	1,225	1,200	1,198

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 5. INVESTMENT PROPERTY (CONTINUED)

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Direct operating expenses:				
- non-income generating investment property	18	38	18	38

### 5.1 Fair value information

Fair value of investment properties are categorised as follows:

	2020	2019
	Level 3	Level 3
	RM'000	RM'000
<b>Group and Company</b>		
Building	3,317	2,720

### Level 3 fair value

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

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method: The valuation method considers the sales and listing of comparable properties recorded in the area and adjustments are made between the subject properties and those similar properties. The adjustments are made in relation to location and accessibility, size of the lot, legal and legislation constraints, supply and demand. The most significant input into this valuation approach is price per square foot.	Price per square foot (2020: RM600 - RM1,150) (2019: RM943 - RM1,000)	The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 6. GOODWILL

	Group	
	2020	2019
	RM'000	RM'000
<b>Cost</b>	5,105	5,105
<b>Carrying amounts</b>	5,105	5,105

### 6.1 Impairment testing for cash-generating unit containing goodwill

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

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

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

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan. Cash flows for period after the 5th year were extrapolated using a constant growth rate of 3% (2019: 4.5%), which represent management's assessment on the growth rate for clad metals and convex mirror industry using both external sources and internal sources (historical data). Management believes that this cash flows forecast period was justified as there is no future event or condition that may cause the unit to cease to continue as a going concern.
- Revenue growth rate in the 5-year business plans is ranging from 3% to 19% per annum (2019: 3% to 6% per annum)
- Gross profit margin in the 5-year business plans is ranging from 22.3% to 24.2% (2019: 21%)
- A pre-tax discount rate of 10.0% (2019: 8.0%)

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

The above estimates are particularly sensitive in future planned revenue. A decrease to 6.15% (annual average) in the future planned revenue would result in an impairment loss of RM40,000.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 7. INVESTMENTS IN SUBSIDIARIES

	Note	Company	
		2020 RM'000	2019 RM'000
Unquoted shares, at cost		56,705	56,705
Less: Impairment loss	7.2	(115)	(115)
		56,590	56,590
Amount due from a subsidiary	7.1	2,871	2,871
Less: Impairment loss	7.2	(2,871)	(2,871)
		-	-
		56,590	56,590

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

7.2 Impairment loss on investment in subsidiaries and amount due from a subsidiary

The total impairment loss as of 31 December 2020 of RM2,986,000 (2019: RM2,986,000) was mainly attributable to the investment and amount due from an overseas subsidiary amounting to RM2,916,000 (2019: RM2,916,000) as the management is of the view that the business is affected by geopolitical factors in Europe which is beyond the management's control.

The recoverable amount of the investment in subsidiary was RM Nil (2019: RM Nil) which was based on the fair value less cost to disposal by estimating the fair value of the underlying assets and liabilities of the subsidiary. Following an impairment of cost of investment in subsidiary, the recoverable amount is equal to the carrying amount.

7.3 Incorporation of new subsidiary

In July 2020, the Company had incorporated a wholly-owned subsidiary, known as Ni Hsin Food and Beverages Sdn. Bhd. ("NHF&B"). The issued and paid-up capital of NHF&B is RM2 comprising 2 ordinary shares only. Its intended to carry out the business of research, development and manufacturing of food and beverages products.

7.4 Acquisition of new subsidiary

In September 2020, NHF&B, a wholly-owned subsidiary of the Company completed the acquisition of 1 ordinary share, representing 100% of the issued and paid up share capital of BlackBixon Sdn. Bhd. ("BBSB") from Mr Khoo Chee Kong, for a cash consideration of RM1. In November 2020, NHF&B has further subscribed 1,999,999 ordinary shares at RM1 each in BBSB for a total consideration of RM1,999,999 only. Its intended to carry out direct sales business in all kind of home appliances, food and beverages products and energy drinks.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### 7.5 Disposal of subsidiary

In February 2020, Inoco Resources Sdn Bhd, a wholly-owned dormant subsidiary of the Company was disposed to an independent party for RM2. The disposal would not have any financial impact on the Company and its subsidiaries for the financial year ending 31 December 2020.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective ownership interest	
			2020 %	2019 %
Ni Hsin Corporation Sdn. Bhd. ("NHC")	Design, manufacture and sale of stainless steel kitchenware and cookware	Malaysia	100	100
Ever-Grow Advanced Materials Sdn. Bhd. ("EGAM")	Research, development and manufacturing of stainless steel products	Malaysia	100	100
Steel Crafts Europa S.R.L. ("SCE")*	Trading and assembly of kitchenware, cookware, and stainless steel products	Italy	100	100
Inoco Resources Sdn. Bhd. ("Inoco")@+	General merchandiser and other commodities of all kinds and descriptions and retailer	Malaysia	-	100
Ni Hsin Marketing Sdn. Bhd. ("NHM")@	General merchandiser, distribution and marketing of cookware, kitchenware, marketing and trading in all kinds of personal protective equipment, foodstuffs and dairy products	Malaysia	100	100
Pentoli Sdn. Bhd. ("PSB")@	Distribution and marketing of cookware, kitchenware, water filters, stainless steel products and related products and accessories	Malaysia	100	100
Ni Hsin Marketing (HK) Limited ("NHHK")@^	General trading of all kinds and descriptions and retailer	Hong Kong	100	100
Ni Hsin Food & Beverages Sdn. Bhd. (NHF&B)\$	Research, development and manufacturing of food and beverages products.	Malaysia	100	-
<u>Subsidiary of NHF&amp;B</u> BlackBixon Sdn. Bhd. (BBSB)&	Direct sales business in all kind of home appliances, food and beverages products and energy drinks	Malaysia	100	-

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- \* Subsidiary incorporated in Italy has not been audited as it is exempted from statutory audit under Italian Company Laws. It is prepared based on unaudited management accounts for the year ended 31 December 2020.
- + Wholly-owned dormant subsidiary of the Company was disposed during February 2020.
- ^ Subsidiary incorporated in Hong Kong has not been audited as it has not commenced any operations.
- \$ New wholly-owned subsidiary incorporated in Malaysia during July 2020.
- & Subsidiary acquired during September 2020. This subsidiary has been newly incorporated in Malaysia during August 2020.
- @ Not audited by KPMG.

## 8. DEFERRED TAX ASSETS/(LIABILITIES)

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Group</b>						
Property, plant and equipment	-	-	(4,325)	(4,486)	(4,325)	(4,486)
Right-of-use assets	-	1	-	-	-	1
Provisions	71	47	-	-	71	47
Unabsorbed capital allowances carried forward	530	388	-	-	530	388
Tax losses carried forward	864	930	-	-	864	930
Others	156	135	-	-	156	135
Tax assets/(liabilities)	1,621	1,501	(4,325)	(4,486)	(2,704)	(2,985)
Set off of tax	(1,604)	(1,497)	1,604	1,497	-	-
Net tax assets/(liabilities)	17	4	(2,721)	(2,989)	(2,704)	(2,985)



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

### Unrecognised deferred tax assets/(liabilities)

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2020	2019
	RM'000	RM'000
Tax losses carried forwards	239	269
Other deductible temporary differences	-	2
	<u>239</u>	<u>271</u>

The deductible temporary difference do not expire except for the unutilised tax losses which will expire in 2025 under the current tax legislation. Any amount of tax losses which is not deducted at the end of the said period shall be disregarded.

Deferred tax assets have not been recognised in respect for the above items because it is not probable that future taxable profits will be available against which the Company can utilise the benefits therefrom.

### Movement in temporary differences during the year

	At 1.1.2019	Recognised in profit or loss (Note 18)	At 31.12.2019/ 1.1.2020	Recognised in profit or loss (Note 18)	At 31.12.2020
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
Property, plant and equipment	(4,527)	41	(4,486)	161	(4,325)
Right-of-use assets	-	1	1	(1)	-
Provisions	43	4	47	24	71
Unabsorbed capital allowances carried forward	180	208	388	142	530
Tax losses carried forward	331	599	930	(66)	864
Other items	138	(3)	135	21	156
	<u>(3,835)</u>	<u>850</u>	<u>(2,985)</u>	<u>281</u>	<u>(2,704)</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 9. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
Raw materials and component parts	10,774	12,968
Indirect materials	852	879
Work-in-progress	1,104	616
Manufactured inventories	7,395	5,974
	<u>20,125</u>	<u>20,437</u>
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	18,867	25,113
	<u>18,867</u>	<u>25,113</u>

## 10. OTHER INVESTMENTS

	Group and Company Quoted shares	
	2020 RM'000	2019 RM'000
<b>Current</b>		
Financial assets at fair value through profit or loss		
- Held for trading	-	9,946
	<u>-</u>	<u>9,946</u>

## 11. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade receivables		1,953	1,060	-	-
<b>Non-trade</b>					
Subsidiary	11.3	-	-	7,044	699
Less: provision for doubtful debt		-	-	(640)	(699)
		-	-	6,404	-
Other receivables	11.1	4,110	518	-	10
Deposits	11.2	1,180	595	3	452
Prepayments		292	662	-	3
		<u>5,582</u>	<u>1,775</u>	<u>6,407</u>	<u>465</u>
		<u>7,535</u>	<u>2,835</u>	<u>6,407</u>	<u>465</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

### Group

11.1 Included in other receivables are advanced payments made for purchases of equipment amounting to RM2,185,000 (2019: RMNil), advanced payments made for purchases of inventories amounting to RM420,000 (2019: RMNil) and club memberships in the Klang Valley, which are valued at their fair value of RM128,000 (2019: RM128,000).

11.2 Included in deposits are deposits for product and software development amounting to RM484,000 (2019: RMNil) and for acquisition of motor vehicle amounting to RM405,000 (2019: RMNil).

### Company

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

## 12. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits with licensed banks		211	206	190	186
Fixed income trust funds, at fair value through profit or loss	12.1	15,440	8,242	15,440	8,242
Cash and bank balances		4,958	2,700	419	404
		20,609	11,148	16,049	8,832

12.1 Deposit in fixed income trust funds represents short term investment in highly liquid money market. These investments are readily convertible to cash and have insignificant risk of changes in value.

## 13. SHARE CAPITAL AND RESERVES

### 13.1 Share capital

	Group and Company			
	Amount	Number of shares	Amount	Number of shares
	2020 RM'000	2020 '000	2019 RM'000	2019 '000
Ordinary shares, issued and fully paid:				
At 1 January	66,123	321,515	66,123	321,515
Exercise of warrant	372	2,694	-	-
At 31 December	66,495	324,209	66,123	321,515

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 13. SHARE CAPITAL AND RESERVES (CONTINUED)

### 13.1 Share capital

#### Ordinary shares

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 meetings of the Company.

### 13.2 Treasury shares

Treasury shares comprises cost of acquisition of the Company's own shares. For the financial year ended 31 December 2020, the Company repurchased 6,018,000 units (2019: 561,600) of its issued share capital from the open market costing RM494,955 (2019: RM145,340). The average price paid for the shares repurchased was RM0.08 (2019: RM0.26) per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

During the financial year, the Company sold 1,000,000 treasury shares amounting to RM219,034 at the open market at an average price of RM0.22. As at 31 December 2020, the total number of treasury shares is 9,461,536 (2019: 4,443,536).

The number of outstanding shares in issue after deducting treasury shares held at the financial year end is 314,747,715 (2019: 317,071,374) ordinary shares. Treasury shares have no rights to voting, dividends and participation in other distribution.

### 13.3 Translation reserve

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

### 13.4 Revaluation reserve

Revaluation reserve relates to the revaluation of property in property, plant and equipment.

### 13.5 Other reserve

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

### 13.6 Warrants

In May 2019, the Company issued 158,535,265 free warrants on the basis of one (1) free Warrant for every two (2) ordinary shares of the Company. The Warrant is constituted by a Deed Poll dated 24 April 2019 and were listed on Bursa Malaysia Securities Berhad on 21 May 2019.

The main features of the Warrant are as follows:

- (i) Each Warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, which has been fixed at RM0.138 per share subject to adjustments in accordance with the provisions of the Deed Poll dated 24 April 2019 constituting the Warrant;
- (ii) The tenure of Warrant is for a period of three (3) years and may be exercised at any time on or after 21 May 2019. Warrant not exercised during the exercise period shall thereafter lapse and cease to be valid for any purpose; and

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 13. SHARE CAPITAL AND RESERVES (CONTINUED)

### 13.6 Warrants (continued)

- (iii) The new ordinary shares to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company, save and except that the new ordinary shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new ordinary shares arising from the exercise of the Warrants.

During the financial year, 2,694,341 (2019: Nil) warrants were exercised by registered warrant holders at exercise price of RM0.138 (2019: RM0.138). The number of warrants unexercised at the end of the reporting period was 155,840,924 (2019: 158,535,265).

## 14. LOANS AND BORROWINGS

	Group	
	2020	2019
	RM'000	RM'000
<b>Non-current</b>		
Finance lease liabilities	-	73
<b>Current</b>		
Bankers' acceptances (unsecured)	974	1,360
Bank overdrafts	1,312	-
Finance lease liabilities	145	213
	2,431	1,573
	2,431	1,646

### Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	2020	2020	2020	2019	2019	2019
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	148	3	145	221	8	213
Between one and three years	-	-	-	74	1	73
	148	3	145	295	9	286

Included in the Group's finance lease liabilities are lease of motor vehicles with carrying amount of RM335,000 (2019: RM457,000) under the finance lease expiring within three years.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 14. LOANS AND BORROWINGS (CONTINUED)

### 14.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 31 December 2019/ 1 January 2020 RM'000	Acquisition of new leases RM'000	Net changes from financing cash flows RM'000	Interest expense RM'000	Interest paid RM'000	At 31 December 2020 RM'000
Bankers' acceptances	1,360	-	(386)	57	(57)	974
Finance lease liabilities	286	-	(141)	7	(7)	145
Total liabilities from financing activities	1,646	-	(527)	64	(64)	1,119

Group	At 1 January 2019 RM'000	Acquisition of new leases RM'000	Net changes from financing cash flows RM'000	Interest expense RM'000	Interest paid RM'000	At 31 December 2019 RM'000
Bankers' acceptances	1,265	-	95	57	(57)	1,360
Finance lease liabilities	490	-	(204)	18	(18)	286
Total liabilities from financing activities	1,755	-	(109)	75	(75)	1,646

## 15. TRADE AND OTHER PAYABLES

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
<b>Current</b>					
<b>Trade</b>					
Trade payables		1,222	1,349	-	-
Contract liabilities	15.1	635	537	-	-
		1,857	1,886	-	-
<b>Non-trade</b>					
Other payables		1,247	925	102	129
Accrued expenses		889	1,137	-	-
Amount due to subsidiary		-	-	51	51
		2,136	2,062	153	180
		3,993	3,948	153	180

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 15. TRADE AND OTHER PAYABLES (CONTINUED)

### 15.1 Contract liabilities

The contract liability relates to advance consideration received from customers, which will be recognised as revenue when goods are delivered and accepted by the customers.

## 16. REVENUE

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Sales of goods	25,049	30,887	-	-
Dividend income	240	230	240	230
Management fees	-	-	-	240
	25,289	31,117	240	470

### 16.1 Nature of goods and services

The Group main products are cookware and stainless steel products and the following information reflects the typical transactions of the Group:

Nature of goods or services	Cookware and stainless steel products
Timing of recognition or method used to recognised revenue	Revenue is recognised when the goods are delivered and accepted by the customers.
Significant payment terms	Partial or full advance payment upon confirmation of order from customers or issuance of Bill of Lading.
Variable element in consideration	Not applicable.
Obligation for returns or refunds	The Group allows returns only on manufacturing defect for exchange with new goods (i.e. no cash refunds are offered).
Warranty	Not applicable.

## 17. FINANCE COSTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
Bank overdrafts	64	6	-	-
Bankers' acceptances	57	57	-	-
Finance lease liability	7	18	-	-
Interest expense on lease liabilities	4	12	-	-
	132	93	-	-



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 18. TAX INCOME

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expense</b>				
- current	199	204	1	11
- under/(over) provision in prior years	33	37	(6)	(11)
Total current tax recognised in profit or loss	232	241	(5)	-
<b>Deferred tax expense</b>				
- origination and reversal of temporary differences	(346)	(1,042)	-	-
- under provision in prior years	65	192	-	-
Total deferred tax recognised in profit or loss	(281)	(850)	-	-
Total income tax income	(49)	(609)	(5)	-
<b>Recognised in other comprehensive income</b>				
Revaluation surplus of property at tax rate of 10% (2019: 10%)	-	-	-	-
<b>Reconciliation of effective tax expense</b>				
Profit/(Loss) for the year	1,922	(6,155)	3,188	(2,813)
Tax expense	(49)	(609)	(5)	-
Profit/(Loss) excluding tax	1,873	(6,764)	3,183	(2,813)
<b>Reconciliation of effective tax expense</b>				
Income tax calculated using Malaysian tax rate of 24% (2019: 24%)	449	(1,623)	764	(675)
Non-deductible expenses	467	894	284	735
Non-taxable income	-	-	-	-
Tax exempt income	(1,047)	(49)	(1,047)	(49)
Tax incentives	(16)	(65)	-	-
	(147)	(843)	1	11
Current year losses for which no deferred tax asset was recognised	-	5	-	-
Under/(Over) provision in prior years	98	229	(6)	(11)
Tax income	(49)	(609)	(5)	-
<b>Recognised in other comprehensive income</b>				
Revaluation surplus of property at tax rate of 10% (2019: 10%)	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 19. PROFIT/(LOSS) FOR THE YEAR

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Profit/(Loss) for the year is arrived at after charging:</b>				
<b>Auditors' remuneration</b>				
- Audit fees				
KPMG PLT	137	140	28	30
Other auditor	7	6	-	-
- Non-audit fees				
KPMG PLT	56	51	21	21
<b>Material expenses</b>				
Depreciation of property, plant and equipment	1,873	2,259	-	-
Depreciation of investment property	27	27	27	27
Depreciation of right-of-use assets	102	102	-	-
Impairment loss on amount due from subsidiaries	-	-	23	72
Net loss on foreign exchange - unrealised	113	9	-	-
Net loss in fair value of other investments measured at fair value	-	2,335	-	2,335
Net loss in fair value of fixed income trust fund measured at fair value	22	-	22	-
Loss on disposal of property, plant and equipment	-	52	-	-
Property, plant and equipment written off	14	44	-	-
Personnel expenses (including key management personnel)				
- Contributions to state plans	493	737	-	-
- Wages, salaries and others	7,373	10,659	170	300

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 19. PROFIT/(LOSS) FOR THE YEAR (CONTINUED)

		Group		Company	
	Note	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
<b>Material income</b>					
Gain on disposal of property, plant and equipment	1	-	-	-	-
Gain on disposal of other investments	4,361	-	-	4,361	-
Reversal of impairment on amount due from subsidiaries	-	-	-	82	-
Net gain in fair value of fixed income trust fund measured at fair value	-	35	-	-	35
Dividend income from fixed income trust funds	240	230	240	230	
Net gain on foreign exchange - unrealised	-	-	4	-	-
Net gain on foreign exchange - realised	409	338	-	-	-
Rental income from land and buildings	-	173	-	-	-
<b>Expenses arising from leases</b>					
Expenses relating to short-term leases	19.1	-	26	-	-

19.1 The Group leases office and factory with contract term of 1 year. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

## 20. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
<b>Group</b>			
<b>2020</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations	(10)	-	(10)
<b>2019</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations	71	-	71

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 21. EARNINGS/(LOSS) PER ORDINARY SHARE

### Group

#### *Basic earnings/(loss) per ordinary share*

The calculation of basic earnings/(loss) per ordinary share at 31 December 2020 was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Profit/(Loss) for the year attributable to owners of the Company

Group	2020 RM'000	2019 RM'000
Profit/(Loss) for the year attributable to owners of the Company	1,922	(6,155)
<b>Group</b>	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares at 31 December	313,844,003	315,936,527
Basic earnings per ordinary share (sen)	0.61	(1.95)

#### *Diluted earnings/(loss) per ordinary share*

The calculation of diluted earnings/(loss) per ordinary share at 31 December 2020 was based on profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Profit/(Loss) for the year attributable to owners of the Company

Group	2020 RM'000	2019 RM'000
Profit/(Loss) for the year attributable to owners of the Company	1,922	(6,155)
<b>Group</b>	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares at 31 December (basic)	313,844,003	315,936,527
Effect of share warrants on issue	34,815,532	15,374,530
Weighted average number of ordinary shares at 31 December (diluted)	348,659,535	331,311,057

The average market value of the Company's shares for purpose of calculating the dilutive effect of share warrants for the financial year ended 31 December 2020 was based on quoted market prices for the period during which the warrants were outstanding.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 22. OPERATING SEGMENTS

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

- |                               |  |
|-------------------------------|--|
| (i) Cookware                  | Design, manufacture and sale of stainless steel kitchenware and cookware             |
| (ii) Stainless steel products | Research, development and manufacture of stainless steel products                    |
| (iii) Others                  | Trading in all kinds of personal protective equipment, foodstuffs and dairy products |

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

### Segment assets

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

### Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total liabilities is used to measure the operating liabilities that are attributable to or can be allocated to each segment.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 22. OPERATING SEGMENTS (CONTINUED)

### Geographical segments

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

	Cookware RM'000	Stainless steel products RM'000	Others RM'000	Elimi- nations RM'000	Total RM'000
<b>2020</b>					
<b>Business segments</b>					
Revenue	10,299	13,464	1,526	-	25,289
Inter-segment revenue	370	4,816	-	(5,186)	-
Total revenue	10,669	18,280	1,526	(5,186)	25,289
<b>2019</b>					
<b>Business segments</b>					
Revenue	14,074	16,813	230	-	31,117
Inter-segment revenue	3	6,727	-	(6,730)	-
Total revenue	14,077	23,540	230	(6,730)	31,117

### Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue		Segment
	2020 RM'000	2019 RM'000	
Customer A	4,562	4,346	Stainless steel products
Customer B	-	3,714	Cookware
	4,562	8,060	

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 22. OPERATING SEGMENTS (CONTINUED)

	Cookware RM'000	Stainless steel products RM'000	Others RM'000	Elimi- nations RM'000	Total RM'000
<b>2020 Results</b>					
Segment results	(1,212)	276	(51)	32	(955)
Unallocated corporate Income/(expenses)					2,935
Interest expense					(132)
Interest income					25
Loss before tax					1,873
Tax expense					49
Loss for the year					1,922
<b>Assets</b>					
Segment assets	55,335	22,365	11,106	(12,248)	76,558
Unallocated corporate assets					21,103
Total assets					97,661
<b>Liabilities</b>					
Segment liabilities	8,903	4,859	5,016	(12,354)	6,424
Unallocated corporate liabilities					2,721
Total liabilities					9,145
<b>Other information</b>					
Capital expenditure	90	165	57	-	312
Depreciation	1,300	572	1	-	1,873
Non-cash expenses other than depreciation	3	11	-	-	14
					<b>Revenue RM'000</b>
<b>2020 Results</b>					
<b>Geographical segments</b>					
Japan and Korea					11,485
Malaysia and Singapore					4,982
China, Taiwan and Hong Kong					2,663
Thailand and Indonesia					424
Europe					2,486
USA and Canada					2,159
Australia					395
Others					695
					25,289



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 22. OPERATING SEGMENTS (CONTINUED)

	Cookware RM'000	Stainless steel products RM'000	Others RM'000	Elimi- nations RM'000	Total RM'000
<b>2019 Results</b>					
Segment results	(3,880)	159	194	111	(3,416)
Unallocated corporate expenses					(3,326)
Interest expense					(93)
Interest income					71
Loss before tax					(6,764)
Tax expense					609
Loss for the year					(6,155)
<b>Assets</b>					
Segment assets	51,829	23,861	11,688	(3,698)	83,680
Unallocated corporate assets					11,517
Total assets					95,197
<b>Liabilities</b>					
Segment liabilities	4,008	4,923	623	(3,854)	5,700
Unallocated corporate liabilities					2,989
Total liabilities					8,689
<b>Other information</b>					
Capital expenditure	182	79	-	-	261
Depreciation	1,400	859	-	-	2,259
Non-cash expenses other than depreciation	1	95	-	-	96
					<b>Revenue RM'000</b>
<b>2019 Results</b>					
<b>Geographical segments</b>					
Japan and Korea					17,056
Malaysia and Singapore					5,114
China, Taiwan and Hong Kong					2,479
Thailand and Indonesia					924
Europe					3,297
USA and Canada					1,166
Australia					102
Others					979
					31,117

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 22. OPERATING SEGMENTS (CONTINUED)

The carrying amount of segment assets and cost to acquire property, plant and equipment by location of assets are not provided. The assets of the Group are located and capital expenditure incurred for these assets, are principally in Malaysia. The Clad Metal and Convex Mirror sections were reported as separate segments in the previous audited financial statements. The management is of the view that in order to present a more reflective view of the manner in which the operating and financial performance are managed within the Group, both sections should be merged and reported in the financial statements as one business operation under "Stainless Steel Products".

## 23. FINANCIAL INSTRUMENTS

### 23.1 Categories of financial instruments

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

- (a) Amortised cost ("AC") and
- (b) Fair value through profit or loss ("FVTPL")

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
<b>2020</b>			
<b>Financial assets</b>			
<b>Group</b>			
Receivables and deposits (excluding prepayments)	7,243	7,115	128
Cash and cash equivalents	20,609	5,169	15,440
	<u>27,852</u>	<u>12,284</u>	<u>15,568</u>
<b>Company</b>			
Receivables and deposits (excluding prepayments)	6,407	6,407	-
Cash and cash equivalents	16,049	609	15,440
	<u>22,456</u>	<u>7,016</u>	<u>15,440</u>
<b>Financial Liabilities</b>			
<b>Group</b>			
Loan and borrowings	(2,431)	(2,431)	-
Trade and other payables	(3,993)	(3,993)	-
	<u>(6,424)</u>	<u>(6,424)</u>	<u>-</u>
<b>Company</b>			
Trade and other payables	(153)	(153)	-

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### 23.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
<b>2019</b>			
<b>Financial assets</b>			
<b>Group</b>			
Receivables and deposits (excluding prepayments)	2,173	2,045	128
Other investments	9,946	-	9,946
Cash and cash equivalents	11,148	2,906	8,242
	<u>23,267</u>	<u>4,951</u>	<u>18,316</u>
<b>Company</b>			
Receivables and deposits (excluding prepayments)	462	462	-
Other investments	9,946	-	9,946
Cash and cash equivalents	8,832	590	8,242
	<u>19,240</u>	<u>1,052</u>	<u>18,188</u>
<b>Financial Liabilities</b>			
<b>Group</b>			
Loan and borrowings	(1,646)	(1,646)	-
Trade and other payables	(3,948)	(3,948)	-
	<u>(5,594)</u>	<u>(5,594)</u>	<u>-</u>
<b>Company</b>			
Trade and other payables	(180)	(180)	-

### 23.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	219	298	52	69
Financial liabilities measured at amortised cost	(30)	11	4	-
Financial assets at fair value through profit or loss				
- held for trading	-	(2,335)	-	(2,335)
- fixed income trust fund	(22)	35	(22)	35
- dividend income from fixed income trust fund	240	230	240	230
	<u>407</u>	<u>(1,761)</u>	<u>274</u>	<u>(2,001)</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### 23.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

### 23.4 Credit risk

Credit risk is the risk of a financial loss 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 the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

#### Trade receivables

*Risk management objectives, policies and processes for managing the risk*

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

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk for the Group is arising from trade receivables that are represented by the carrying amounts in the statement of financial position.

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

*Concentration of credit risk*

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

	Group	
	2020	2019
	RM'000	RM'000
Domestic	443	405
Others	1,510	655
	1,953	1,060

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### 23.4 Credit risk (continued)

#### Trade receivables (continued)

##### *Recognition and measurement of impairment losses*

In managing credit risk of trade receivables, the management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable value. Generally, trade receivables will pay within 60 days.

The management measures loss allowance on an individual basis.

The following table provides information about the exposure to credit risk for trade receivables as at 31 December 2020.

	Gross carrying amount RM'000	Individual impairment RM'000	Net balance RM'000
<b>Group</b>			
<b>2020</b>			
Not past due	1,181	-	1,181
Past due 1 - 30 days	618	-	618
Past due 31 - 60 days	154	-	154
	1,953	-	1,953
<b>2019</b>			
Not past due	985	-	985
Past due 1 - 30 days	55	-	55
Past due 31 - 60 days	-	-	-
Past due 61 - 90 days	-	-	-
Past due over 90 days	20	-	20
	1,060	-	1,060

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

#### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks have low credit risks.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### 23.4 Credit risk (continued)

#### Trade receivables (continued)

##### *Recognition and measurement of impairment losses (continued)*

#### Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

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

As at the end of the reporting period, the Group did not recognised any allowance for impairment losses.

#### Financial guarantees

##### *Risk management objectives, policies and processes for managing the risk*

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

As at the end of the reporting period, the Company provided total corporate guarantees amounting to RM26,140,000 (2019: RM26,140,000).

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM2,431,000 (2019: RM1,646,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

#### Inter-company loans and advances

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loan and advances on an individual basis.

##### *Exposure to credit risk, credit quality and collateral*

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

Loans and advances are not secured by any collateral or supported by any other credit enhancements.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### 23.4 Credit risk (continued)

#### Inter-company loans and advances (continued)

##### *Recognition and measurement of impairment losses*

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk for subsidiaries' advances as at 31 December 2020.

Company	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
<b>2020</b>			
Credit impaired	9,915	(3,511)	6,404
<b>2019</b>			
Credit impaired	3,570	(3,570)	-



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### 23.4 Credit risk (continued)

#### Inter-company loans and advances (continued)

The movements in the allowance for impairment in respect of subsidiaries' advances during the year is as follows:

Company	2020 Lifetime ECL RM'000
Balance at 1 January	3,570
Decrease in allowance loss	(59)
Balance at 31 December	<u>3,511</u>

### 23.5 Liquidity risk

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### 23.5 Liquidity risk (continued)

#### Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<b>Group</b>						
<b>2020</b>						
<i>Non-derivative financial liabilities</i>						
Bank overdrafts	1,312	6.51%-7.59%	1,312	1,312	-	-
Bankers' acceptances	974	3.27%-3.39%	974	974	-	-
Finance lease liabilities	145	2.35%-2.36%	145	145	-	-
Trade and other payables	3,993	-	3,993	3,993	-	-
<b>2019</b>						
<i>Non-derivative financial liabilities</i>						
Lease liabilities	106	5.00%	106	106	-	-
Bankers' acceptances	1,360	4.67%-4.71%	1,360	1,360	-	-
Finance lease liabilities	286	2.35%-2.36%	286	213	73	-
Trade and other payables	3,948	-	3,948	3,948	-	-
<b>Company</b>						
<b>2020</b>						
<i>Non-derivative financial liabilities</i>						
Payables and accruals	153	-	153	153	-	-
Financial guarantee	-	-	26,140	26,140	-	-
<b>2019</b>						
<i>Non-derivative financial liabilities</i>						
Payables and accruals	180	-	180	180	-	-
Financial guarantee	-	-	26,140	26,140	-	-

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### 23.6 Market risk

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

#### 23.6.1 Currency risk

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

*Risk management objectives, policies and processes for managing the risk*

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

*Exposure to foreign currency risk*

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

	Denominated in		
	USD RM'000	EUR RM'000	JPY RM'000
<b>Group</b>			
<b>2020</b>			
Trade and other receivables	2,367	242	176
Trade payables	(452)	(59)	-
<b>Net exposure</b>	<b>1,915</b>	<b>183</b>	<b>176</b>
<b>2019</b>			
Trade and other receivables	413	226	181
Trade payables	(201)	(46)	-
<b>Net exposure</b>	<b>212</b>	<b>180</b>	<b>181</b>

#### Company

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### 23.6 Market risk (continued)

#### 23.6.1 Currency risk (continued)

##### *Currency risk sensitivity analysis*

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

A 10% (2019: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

	Equity and profit or loss	
	2020 RM'000	2019 RM'000
<b>Group</b>		
USD	(146)	(16)
JPY	(14)	(14)
EUR	(13)	(14)

A 10% (2019: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

#### 23.6.2 Interest rate risk

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

##### *Risk management objectives, policies and processes for managing the risk*

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### 23.6 Market risk (continued)

#### 23.6.2 Interest rate risk (continued)

##### *Exposure to interest rate risk*

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Fixed rate instruments</b>				
Financial assets	211	206	190	186
Financial liabilities	1,119	1,646	-	-
<b>Floating rate instruments</b>				
Financial liabilities	1,312	-	-	-

##### *Interest rate risk sensitivity analysis*

##### *Fair value sensitivity analysis for fixed rate instruments*

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

##### *Cash flow sensitivity analysis for variable rate instruments*

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

	Profit or loss			
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	2020	2020	2019	2019
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments	(10)	10	-	-

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### 23.7 Fair value information

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

The tables below analyses other financial instruments at fair value.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
2020										
Financial assets										
Investments in club memberships	-	128	-	128	-	-	-	-	128	128
Fixed income trust fund	15,440	-	-	15,440	-	-	-	-	15,440	15,440
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	-	(145)	(145)	(145)	(145)
Group										
2019										
Financial assets										
Investments in club memberships	-	128	-	128	-	-	-	-	128	128
Fixed income trust fund	8,242	-	-	8,242	-	-	-	-	8,242	8,242
Other investments	9,946	-	-	9,946	-	-	-	-	9,946	9,946
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	-	(284)	(284)	(284)	(286)

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### 23.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Company</b>				
<b>2020</b>				
<b>Financial assets</b>				
Fixed income trust fund	15,440	-	-	15,440
<b>2019</b>				
<b>Financial assets</b>				
Fixed income trust fund	8,242	-	-	8,242
Other investments	9,946	-	-	9,946

#### Level 2 fair value

##### *Investments in club memberships*

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

#### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2019: no transfer in either directions).

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial liabilities.

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

#### Financial instruments carried not at fair value

Type	Description of valuation technique and inputs used
Finance lease liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 24. CAPITAL MANAGEMENT

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

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

## 25. CAPITAL AND OTHER COMMITMENTS

	Group	
	2020	2019
	RM'000	RM'000
Contracted but not provided for		
Property, plant and equipment	1,142	13
Coffee machines	2,308	-
	3,450	13

## 26. RELATED PARTIES

### Identity of related parties

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 26. RELATED PARTIES (CONTINUED)

### Significant related party transactions

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

	Transaction value for year ended 31 December		Balance outstanding as at 31 December	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Company</b>				
Management fees from subsidiaries	-	(240)	-	-
Administration fee paid on behalf of subsidiary	23	72	23	-
Acquisition of shares in a company owned by key management personnel who is also a substantial shareholder	*	-	-	-

- Denotes RM1

The key management personnel compensations are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors:				
- Fees	355	537	170	300
- Remuneration	668	977	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	24	24	-	-
	1,047	1,538	170	300

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) In February 2020, Inoco Resources Sdn Bhd, a wholly-owned dormant subsidiary of the Company was disposed to an independent party for RM2. The disposal would not have any financial impact on the Company and its subsidiaries for the financial year ending 31 December 2020.
- (ii) In July 2020, the Company has incorporated a new wholly-owned subsidiary, known as Ni Hsin Food and Beverages Sdn. Bhd. ("NHF&B"). The issued and paid-up capital of NHF&B is RM2 comprising 2 ordinary shares only. Its intended to carry out the business of research, development and manufacturing of food and beverages products.
- (iii) In September 2020, NHF&B, a wholly-owned subsidiary of the Company has completed the acquisition of 1 ordinary shares, representing 100% of the issued and paid up share capital of BlackBixon Sdn. Bhd. ("BBSB") from Mr Khoo Chee Kong, for a cash consideration of RM1. In November 2020, NHF&B has further subscribed 1,999,999 ordinary shares at RM1 each in BBSB for a total consideration of RM1,999,999 only. Its intended to carry out direct sales business in all kind of home appliances, food and beverages products and energy drinks.
- (iv) In October 2020, the Company proposed a renounceable rights issue of up to 960,100,350 redeemable convertible preference shares ("RCPS") at issue price of RM0.01 per RCPS on the basis of 2 RCPS for every 1 existing ordinary share in the Company held by the entitled shareholders of the Company on an entitlement date. In March 2021, the Company issued 675,863,030 pursuant to the rights issue of RCPS at issue price of RM0.01 per RCPS on the basis of 2 RCPS for every 1 existing ordinary share held by the entitled shareholders of the Company. The RCPS was admitted to the Official List of Bursa Malaysia Securities Berhad in March 2021.

## STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 49 to 113 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 of 31 December 2020 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:

.....  
**Rizvi Bin Abdul Halim**  
Director

.....  
**Ng Shwu Ching**  
Director

Kuala Lumpur

Date: 5 April 2021

## STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Ng Shwu Ching**, the Director primarily responsible for the financial management of Ni Hsin Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 113 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Ng Shwu Ching, NRIC: 670803-10-6136, at Kuala Lumpur on 5 April 2021.

.....  
**Ng Shwu Ching**

Before me:

Commissioner for Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

to the members of Ni Hsin Resources Berhad

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Ni Hsin Resources Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 113.

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 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

# INDEPENDENT AUDITORS' REPORT

to the members of Ni Hsin Resources Berhad  
(CONT'D)

## The key audit matter of the Group

Goodwill of investment in subsidiaries	
Refer to Note 2 (a)(i) and Note 2 (f) - Significant accounting policy: Subsidiaries and Goodwill and Note 6 Goodwill	
The key audit matter	How the matter was addressed in our audit
<p>The Group has RM5.1million of goodwill and is solely attributable to the subsidiary which is involved in stainless steel products business cash-generating unit ("CGU") as at 31 December 2020.</p> <p>This CGU is tested for impairment annually. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of CGU. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses.</p> <p>The recoverable amounts are determined based on management estimates and assumptions on inputs as disclosed in Note 6 to the financial statements.</p> <p>This is a key audit matter because of the significant judgement required from us to evaluate the assumptions and estimates used in determining the recoverable amount of CGU.</p>	<p>We performed the following audit procedures, among others, around the impairment of goodwill:</p> <ul style="list-style-type: none"> <li>• We reviewed the basis and assumptions used by the management in the preparation of 5 years cash flow projections.</li> <li>• We challenged the assumptions used in deriving the value-in-use models based on our knowledge of the CGU's operations, and compared them against historical forecast and performance.</li> <li>• We used sensitivity analysis to determine those factors that were most sensitive within the valuation model.</li> <li>• We considered the adequacy of the Group's disclosure about the sensitivity of the outcome of the impairment assessment to changes in key assumptions.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

to the members of Ni Hsin Resources Berhad  
(CONT'D)

## Key Audit Matters (continued)

### The key audit matter of the Group (continued)

Valuation of inventories	
Refer to Note 2(h) - Significant accounting policy: Inventories and Note 9 Inventories	
The key audit matter	How the matter was addressed in our audit
<p>The Group has RM20.1 million of inventories as at 31 December 2020. Inventories are measured at the lower of cost and net realisable value. Valuation of inventories is a key audit matter due to a significant amount of inventories of the Group are slow moving and there is a significant level of judgement required in:</p> <ul style="list-style-type: none"> <li>- assessing the Group's assessment that inventories are stated at the lower of cost and net realisable values as the transaction price that could be referenced may not be current and readily available.</li> <li>- assessing the adequacy of the Group's provision for slow-moving inventories.</li> </ul>	<p>We performed the following audit procedures, among others, around the valuation of inventories:</p> <ul style="list-style-type: none"> <li>• We tested the accuracy of the aging of inventories by testing the age profile of the inventory balances to the respective Goods Received Notes, Work Orders, and Handover documents.</li> <li>• We evaluated the Group's inventory net realisable values for finished goods as at 31 December 2020 by comparing the carrying value of the inventories to sales made to external customers subsequent to year end to test whether these exceeded the carrying value of inventory at year end.</li> <li>• For those inventories without sales subsequent to year end, we evaluated the Group's basis of provisioning for slow-moving inventories as at 31 December 2020 based on our understanding of the utilisation and scrap sales of each components of these inventories.</li> <li>• Based on the inventory aging, we assessed the Group's adequacy of provision for slow-moving inventories as at 31 December 2020 by comparing the Group's provision amount to provision computed by us based on our work performed above.</li> </ul>



# INDEPENDENT AUDITORS' REPORT

to the members of Ni Hsin Resources Berhad  
(CONT'D)

## Key Audit Matters (continued)

### The key audit matter of the Company

Valuation of investment in subsidiaries	
Refer to Note 2(a)(i) - Significant accounting policy: Subsidiaries and Note 7 Investments in subsidiaries	
The key audit matter	How the matter was addressed in our audit
<p>The carrying value of investment in subsidiaries amounted to RM56.59million, which accounted for more than 70% of the Company's total asset as at 31 December 2020.</p> <p>Management determines at the end of each reporting period the existence of an objective evidence through which the Company's investment in subsidiaries may be impaired. If there are indicators of impairment, the deficit between recoverable amount of the subsidiary and its carrying value would be recognised in profit or loss.</p> <p>This is a key audit matter because of the significant judgement required from us to evaluate management assumptions and estimates used in determining the recoverable amount of the subsidiary especially when value in use is applicable.</p>	<p>We performed the following audit procedures, among others, around the impairment of subsidiaries:</p> <ul style="list-style-type: none"> <li>• We compared the carrying amount of the investment in subsidiaries with the respective subsidiaries' net assets value to identify whether the net assets values, being an approximation of their maximum recoverable amount, were in excess of the carrying amount for indication whether the investment cost may be impaired.</li> <li>• We reviewed the basis and assumptions used by the management in the preparation of 5 years cash flow projections.</li> <li>• We challenged the assumptions used in deriving the value-in-use models based on our knowledge of the subsidiaries' operations, and compared them against historical forecast and performance.</li> <li>• We used sensitivity analysis to determine those factors that were most sensitive within the valuation model.</li> </ul>

### 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 Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

# INDEPENDENT AUDITORS' REPORT

to the members of Ni Hsin Resources Berhad  
(CONT'D)

## 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 ability of the Group and of the Company 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company 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 gives a true and fair view.

# INDEPENDENT AUDITORS' REPORT

to the members of Ni Hsin Resources Berhad  
(CONT'D)

## Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' 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 7 to the financial statements.

## OTHER MATTER

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

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya

**Ow Peng Li**  
Approval Number: 02666/09/2021 J  
Chartered Accountant

## STATEMENT OF SHAREHOLDINGS

As at 31 March 2021

Total number of issued shares	459,314,099 ordinary shares (including shares held as treasury shares)
Class of shares	Ordinary Share
Voting rights	One vote per ordinary share

## SIZE OF SHAREHOLDINGS AS AT 31 MARCH 2021

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of shares held	% of issued capital
Less than 100 shares	402	8.99	17,042	0.00
100 to 1,000 shares	438	14.31	156,496	0.04
1,001 to 10,000 shares	1,257	28.12	7,242,137	1.64
10,001 to 100,000 shares	1,889	42.26	70,458,744	15.97
100,001 to 22,965,703*	482	10.78	292,965,844	66.42
22,965,704 and above **	2	0.04	70,236,000	15.92
<b>Total</b>	<b>4,470</b>	<b>100.00</b>	<b>441,076,263<sup>#</sup></b>	<b>100.00</b>

**Notes:**

# Excluding a total of 18,237,836 shares bought-back by the Company and retained as treasury shares as at 31 March 2021

\* Less than 5% of issued shares (excluding treasury shares)

\*\* 5% and above of issued shares (excluding treasury shares)

## DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2021

(As per Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Deemed Interest	
	No. of shares held	% of issued capital*	No. of shares held	% of issued capital*
1 Sofiyan Bin Yahya	4,366,666	0.99	-	-
2 Rizvi Bin Abdul Halim	-	-	-	-
3 Ng Shwu Ching	-	-	-	-
4 Lai Kian Huat	-	-	-	-
5 Datuk Seri Tan Choon Hwa	-	-	-	-
6 Leow Chan Kiang	-	-	-	-

**Note:**

\* Excluding a total of 18,237,836 shares bought-back by the Company and retained as treasury shares as at 31 March 2021.

# STATEMENT OF SHAREHOLDINGS

As at 31 March 2021  
(CONT'D)

## 30 LARGEST SHAREHOLDERS AS AT 31 MARCH 2021

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

	Name of Shareholders	No. of shares held	% of issued capital*
1	M & A Nominee (Tempatan) Sdn Bhd <i>Pledged securities account for Khoo Chee Kong</i>	40,131,000	9.10
2	TA Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Khoo Chee Kong</i>	30,105,000	6.83
3	Hsiao, Chih-Che	13,514,570	3.06
4	Toh Ean Hai	13,322,600	3.02
5	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Khoo Chee Kong</i>	10,770,000	2.44
6	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Khoo Chee Kong</i>	9,500,000	2.15
7	Tee Tiam Lee	8,356,600	1.89
8	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Chia Kee Siong</i>	7,053,041	1.60
9	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Soo Yoke Mun</i>	6,648,951	1.51
10	Enrich Transaction Sdn. Bhd.	6,232,700	1.41
11	Teh Beng Hock	5,500,000	1.25
12	Hsiao Chih Chien	4,809,667	1.09
13	Sofiyah Bin Yahya	4,258,333	0.97
14	Koh Kin Lip	4,000,000	0.91
15	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lew Chong Kiat</i>	3,610,000	0.82
16	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Khoo Chee Kong</i>	3,517,000	0.80
17	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Jayne Qi</i>	3,499,700	0.79
18	Ti Bon Poy	3,000,000	0.68
19	Yeoh Weii Syuen	2,719,333	0.62
20	Soo Yoke Mun	2,621,932	0.59
21	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Soh Eng Choong</i>	2,600,000	0.59
22	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Zulkifli Bin Ismail</i>	2,563,833	0.58
23	Chen Chee Seang	2,474,000	0.56
24	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Chong June Wei</i>	2,450,000	0.56
25	Loo Chai Lai	2,360,000	0.54
26	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lee Yuen Wan</i>	2,256,727	0.51
27	Yoong Sin Kuen	2,256,400	0.51
28	Lim Jit Hai	2,060,000	0.47
29	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Koh Kin Lip</i>	2,000,000	0.45
30	Hsiao Tung Wei	2,000,000	0.45
	<b>Total</b>	<b>206,191,387</b>	<b>46.75</b>

**Note:**

\* Excluding a total of 18,237,836 shares bought-back by the Company and retained as treasury shares as at 31 March 2021.

## STATEMENT OF SHAREHOLDINGS

As at 31 March 2021  
(CONT'D)**SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2021**

(As per Register of Substantial Shareholders)

Name of Substantial Shareholder	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	No. of shares held	% of issued capital*	No. of shares held	% of issued capital*
1 Khoo Chee Kong	94,023,000	21.32	-	-

**Note:**

\* Excluding a total of 18,237,836 shares bought-back by the Company and retained as treasury shares as at 31 March 2021.

# STATEMENT OF WARRANTHOLDINGS

As at 31 March 2021

No. of warrants in issue	107,814,599
Exercise price of warrants	RM0.05
Expiry date of the warrants	13 May 2022

## SIZE OF WARRANTHOLDINGS AS AT 31 MARCH 2021

Size of Warrantholdings	No. of Warrantholders	% of Warrantholders	No. of warrants held	% of issued warrants
Less than 100 warrants	802	33.57	40,886	0.04
100 to 1,000 warrants	329	13.77	156,166	0.14
1,001 to 10,000 warrants	526	22.02	2,467,857	2.29
10,001 to 100,000 warrants	557	23.32	19,507,350	18.09
100,001 to 5,390,728*	173	7.24	71,098,651	65.95
5,390,729 and above **	2	0.08	14,543,689	13.49
<b>Total</b>	<b>2,389</b>	<b>100.00</b>	<b>107,814,599</b>	<b>100.00</b>

### Notes:

\* Less than 5% of issued warrants

\*\* 5% and above of issued warrants

## DIRECTORS' WARRANTHOLDINGS AS AT 31 MARCH 2021

(As per Register of Directors' Warrantholdings)

Name of Directors	Direct Interest		Deemed Interest	
	No. of warrants held	% of issued warrants	No. of warrants held	% of issued warrants
1 Sofiyan Bin Yahya	1,898,367	1.76	-	-
2 Rizvi Bin Abdul Halim	-	-	-	-
3 Ng Shwu Ching	-	-	-	-
4 Lai Kian Huat	-	-	-	-
5 Datuk Seri Tan Choon Hwa	-	-	-	-
6 Leow Chan Khiang	-	-	-	-

## STATEMENT OF WARRANTHOLDINGS

As at 31 March 2021

(CONT'D)

**30 LARGEST WARRANTHOLDERS AS AT 31 MARCH 2021**

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

	<b>Name of Warrantholders</b>	<b>No. of warrants held</b>	<b>% of issued warrants</b>
1	Hsiao, Chih-Che	9,108,515	8.45
2	Yeoh Weii Syuen	5,435,174	5.04
3	Su How Giong	4,785,000	4.44
4	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Chia Kee Siong</i>	3,389,612	3.14
5	Yoong Sin Kuen	2,471,705	2.29
6	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Beh Kim Ling</i>	2,000,000	1.86
7	Sofiyan Bin Yahya	1,825,354	1.69
8	Chen Chee Seang	1,678,000	1.56
9	Lee Joo Eng	1,521,932	1.41
10	Yong Siew Ngee	1,500,000	1.39
11	Sim Mui Khee	1,347,954	1.25
12	Hilmi Bin Hashim	1,209,789	1.12
13	Lim Guat Lay	1,078,363	1.00
14	Bijak Tulus Sdn Bhd	1,077,854	1.00
15	Teoh Hin Heng	1,038,014	0.96
16	Maybank Securities Nominees (Asing) Sdn Bhd <i>Pledged securities account for International Resourcehouse Limited</i>	1,021,760	0.95
17	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Zulkifli Bin Ismail</i>	932,334	0.86
18	Mohd Radzuan Bin Ab Halim	867,409	0.80
19	M & A Nominee (Asing) Sdn Bhd <i>Pledged securities account for Meng Bin</i>	836,069	0.78
20	Liew Tat Yang	833,800	0.77
21	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Siew Huang</i>	800,000	0.74
22	Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd for Lee Cheng Yuh</i>	787,000	0.73
23	Shaharul Azwan Bin Yahya	775,074	0.72
24	Palanivel A/L K.V.Sathasivam	747,954	0.69
25	Abdul Aziz Al-Akbar Bin Mohamed Noor	730,141	0.68
26	Loo Yee Mun	708,459	0.66
27	Lau Mei Tong Iris	700,000	0.65
28	Tan Hock Soon	700,000	0.65
29	Alasraff Bin Mohd Zainuri	673,977	0.63
30	HLIB Nominees (Tempatan) Sdn Bhd <i>Hong Leong Bank Bhd for Lim Huat Chye</i>	673,977	0.63
	<b>Total</b>	<b>51,255,220</b>	<b>47.54</b>



# STATEMENT OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") HOLDINGS

As at 31 March 2021

No. of RCPS in issue	637,809,730
Issue date of RCPS	3 March 2021
Maturity date of RCPS	2 March 2026

## SIZE OF RCPS HOLDINGS AS AT 31 MARCH 2021

Size of RCPS Holdings	No. of RCPS Holders	% of RCPS Holders	No. of RCPS held	% of issued RCPS
Less than 100 RCPS	5	0.55	246	0.00
100 to 1,000 RCPS	18	1.98	6,439	0.00
1,001 to 10,000 RCPS	126	13.86	738,002	0.12
10,001 to 100,000 RCPS	426	46.86	19,723,519	3.09
100,001 to 31,890,485*	330	36.30	405,419,056	63.56
31,890,486 and above **	4	0.44	211,922,468	33.23
<b>Total</b>	<b>909</b>	<b>100.00</b>	<b>637,809,730</b>	<b>100.00</b>

### Notes:

\* Less than 5% of issued RCPS

\*\* 5% and above of issued RCPS

## DIRECTORS' RCPS HOLDINGS AS AT 31 MARCH 2021

(As per Register of Directors' RCPS holdings)

Name of Directors	Direct Interest		Deemed Interest	
	No. of RCPS held	% of issued RCPS	No. of RCPS held	% of issued RCPS
1 Sofiyan Bin Yahya	9,459,800	1.48	-	-
2 Rizvi Bin Abdul Halim	-	-	-	-
3 Ng Shwu Ching	-	-	-	-
4 Lai Kian Huat	-	-	-	-
5 Datuk Seri Tan Choon Hwa	-	-	-	-
6 Leow Chan Khiang	-	-	-	-

# STATEMENT OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") HOLDINGS

As at 31 March 2021  
(CONT'D)

## 30 LARGEST RCPS HOLDERS AS AT 31 MARCH 2021

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

	Name of RCPS Holders	No. of RCPS held	% of issued RCPS
1	M & A Nominee (Tempatan) Sdn Bhd <i>Pledged securities account for Khoo Chee Kong</i>	89,138,968	13.98
2	TA Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Khoo Chee Kong</i>	56,848,700	8.91
3	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Khoo Chee Kong</i>	33,937,200	5.32
4	Tee Tiam Lee	31,997,600	5.02
5	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Quek See Kui</i>	25,000,000	3.92
6	AllianceGroup Nominees Sdn Bhd <i>Pledged securities account for Khoo Chee Kong</i>	21,102,900	3.31
7	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Gan Boon Guat</i>	20,000,000	3.14
8	Enrich Transaction Sdn Bhd	13,842,300	2.17
9	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Chia Kee Siong</i>	13,106,082	2.05
10	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Sun Ping</i>	12,000,000	1.88
11	Lim Jit Hai	11,289,000	1.77
12	Toh Ean Hai	10,000,000	1.57
13	Sofiyani Bin Yahya	9,459,800	1.48
14	Teh Beng Hock	9,000,000	1.41
15	Koh Kin Lip	8,000,000	1.25
16	Quek See Kui	7,500,000	1.18
17	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Khoo Chee Kong</i>	7,034,000	1.10
18	JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Seik Yee Kok</i>	6,814,600	1.07
19	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Soo Yoke Mun</i>	5,300,000	0.83
20	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Zulkifli Bin Ismail</i>	5,127,666	0.80
21	Ti Bon Poy	5,000,000	0.78
22	Chen Chee Seang	4,948,000	0.78
23	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Chong June Wei</i>	4,900,000	0.77
24	Loo Chai Lai	4,720,000	0.74
25	Hsiao Chih Chien	4,619,334	0.72
26	Chong Ching Yee	4,500,000	0.71
27	Yeoh Weii Syuen	4,328,700	0.68
28	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Koh Kin Lip</i>	4,000,000	0.63
29	Chan Hwa Ming	3,960,000	0.62
30	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tay Hock Soon</i>	3,700,000	0.58
	<b>Total</b>	<b>441,174,850</b>	<b>69.17</b>

# LIST OF PROPERTIES

As At 31 December 2020

No	Location	Description	Existing use	Tenure	Age of buildings (Years) #	Land Area (sq meters)	Built-up Area (sq meters)	Net Book Value RM'000	Year of Last Revaluation/ Acquisition
1	HS (D) 140097, PT No, 71214	Industrial Land with 2 Storey Office Building and 1 Storey Factory Building	Office Building and Factory	Freehold	30	9,854	6,320	36,320	2016 (revaluation)
*	(formerly HS(D) 38402, PT No. 20620) Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan								
*	(formerly HS(D) 23491, PT No. 20621 ) Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	Industrial Land with 3 Storey Office Building and 1 Storey Factory Building	Office Building, Factory and Warehouse	Freehold	23	7,865	7,682	-	
2	Unit No. 06, Block BB, 3rd Floor, Taman Taming Jaya held under Strata Title Geran 34049/M2/4/102, Lot 19716 for Parcel No. 102, Level No. 4, Building No. M2 Mukim of Kajang District of Hu lu Langat Selangor Darul Ehsan	1 unit flat housing	Staff accommodation	Freehold	28	-	62	15.00	1990
3	Unit No. 07, Block BB, 3rd Floor, Taman Taming Jaya held under Strata Title Geran 34049/M2/4/103, Lot 19716 for Parcel No. 103, Level No. 4, Building No. M2 Mukim of Kajang District of Hulu Langat Selangor Darul Ehsan	1 unit flat housing	Staff accommodation	Freehold	28	-	62	15.00	1990
4	Unit No. 08, Block BB, 3rd Floor, Taman Taming Jaya forming part of the land held under Master Title HS(D) 16865, PT No. 17962 Mukim of Kajang District of Hulu Langat Selangor Darul Ehsan	1 unit flat housing	Staff accommodation	Freehold	28	-	62	15.00	1990
5	Unit No. 368-4-1, 4th Floor, Bellisa Row, Jalan Burma, Pulau Pinang held under Strata Title Geran 58485/ M1/4/49, Parcel No. 49, Storey No. 4, Building No. M1, Parent Lot No. 2626 Town of Georgetown Section 1 District of North East Pulau Pinang	1 unit shop office	Rental	Freehold	20	-	268	1,198	2015

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

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

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of the Company will be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Malaysia on Wednesday, 23 June 2021 at 9.30 a.m. to transact the following businesses:-

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon. **(Please refer to Note 8)**
2. To approve the payment of Directors' fees and benefits payable to the Directors of the Company and its subsidiaries up to an aggregate amount of RM550,000.00 from 24 June 2021 until the next Annual General Meeting ("**AGM**") of the Company. **Ordinary Resolution 1**
3. To re-elect the following Directors who are retiring pursuant to Clause 95 of the Constitution of the Company:-
  - i) Encik Sofiyan Bin Yahya **Ordinary Resolution 2**
  - ii) Datuk Seri Tan Choon Hwa **Ordinary Resolution 3**
4. To re-elect Mr Lai Kian Huat who is retiring pursuant to Clause 98 of the Constitution of the Company. **Ordinary Resolution 4**
5. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

### As Special Business

To consider and, if thought fit, to pass the following resolutions with or without modifications:-

#### 6. Proposed Amendment to the Company's Constitution ("Proposed Amendment")

"THAT the proposed amendment to Clause 10(d) of the Company's Constitution as set out below, be and is hereby approved:-

Existing Clause	Proposed Clause
10. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, the Act and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-	10. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, the Act and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

<p>(a) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;</p> <p>(b) every issue of shares or options to employees and/or Directors shall be approved by members in general meeting and in respect of issuance of shares or options to Directors, such approval shall specifically detail the amount of shares or options to be issued to such Directors;</p> <p>(c) except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director, major shareholder, Chief Executive or person connected to any Director, major shareholder or Chief Executive of the Company shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares unless the shareholders of the Company in general meeting have approved the specific allotment to be made to the Director, major shareholder, Chief Executive or person connected to any Director, major shareholder or Chief Executive and the Director, major shareholder, Chief Executive or person connected to any Director, major shareholder or Chief Executive has abstained from voting on the relevant resolution;</p> <p>In this Clause, "Major Shareholder", "Chief Executive" and "Person connected to any Director, Major Shareholder or Chief Executive" shall have the same meaning described thereto in the Listing Requirements.</p>	<p>(a) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;</p> <p>(b) every issue of shares or options to employees and/or Directors shall be approved by members in general meeting and in respect of issuance of shares or options to Directors, such approval shall specifically detail the amount of shares or options to be issued to such Directors;</p> <p>(c) except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director, major shareholder, Chief Executive or person connected to any Director, major shareholder or Chief Executive of the Company shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares unless the shareholders of the Company in general meeting have approved the specific allotment to be made to the Director, major shareholder, Chief Executive or person connected to any Director, major shareholder or Chief Executive and the Director, major shareholder, Chief Executive or person connected to any Director, major shareholder or Chief Executive has abstained from voting on the relevant resolution;</p> <p>In this Clause, "Major Shareholder", "Chief Executive" and "Person connected to any Director, Major Shareholder or Chief Executive" shall have the same meaning described thereto in the Listing Requirements.</p>
---	---

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

<p>(d) without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares <u>if those shares or securities, when aggregated with any such shares or securities which the Company has issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company</u>, except where the shares or securities are issued with the prior shareholders' approval in a general meeting of the precise terms and conditions of the issue; and</p> <p>(e) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.</p>	<p>(d) <b>subject to the Listing Requirements and</b> without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares except where the shares or securities are issued with the prior shareholders' approval in a general meeting of the precise terms and conditions of the issue; and</p> <p>(e) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.</p>
--	---

AND THAT, the Directors of the Company be and are hereby authorised to assent to any conditions, variations, modifications and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Amendment for and on behalf of the Company."

## Special Resolution 1

### 7. Proposed Change of Name from "Ni Hsin Resources Berhad" to "Ni Hsin Group Berhad" ("Proposed Change of Company's Name")

"THAT the name of the Company be changed from "Ni Hsin Resources Berhad" to "Ni Hsin Group Berhad" with effect from the date of the Notice of Registration of New Name issued by the Companies Commission of Malaysia and the Constitution of the Company be hereby amended accordingly, wherever the name of the Company appears.

AND THAT the Directors and the Secretaries of the Company be and are hereby authorised to take all such necessary steps to give effect to the Proposed Change of Company's Name and to carry out all the necessary formalities in effecting the Proposed Change of Company's Name."

## Special Resolution 2

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## 8. Authority under Section 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares

"THAT, contingent upon the passing of the Special Resolution 1 and pursuant to Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company to such persons, at any time until the conclusion of the next AGM 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 (excluding treasury shares) to be issued does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance.

AND THAT such authority shall commence immediately upon passing of this Resolution and shall continue in force until the conclusion of the next Annual General Meeting of the Company."

## Ordinary Resolution 6

## 9. Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares ("Proposed Renewal of Share Buy-Back Authority")

"THAT subject to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to utilise an amount not exceeding the audited retained profits of 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 Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:-

- (a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time of the said purchase(s);
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company at the time of purchase; and
- (c) the authority conferred by this resolution shall continue to be in force until:-
  - (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
  - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
  - (iii) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

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

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:-

- (a) distribute the shares as share dividends to the shareholders; and/or
- (b) resell the shares or any of the shares on Bursa Securities; and/or
- (c) transfer the shares or any of the shares for the purposes of or under an employees' shares scheme; and/or
- (d) transfer the shares or any of the shares as purchase consideration; and/or
- (e) cancel all the ordinary shares so purchased; and/or
- (f) sell, transfer or otherwise use the shares for such other purposes as allowed by the Act.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including executing all such documents as may be required) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the said Directors may deem fit and expedient in the best interests of the Company."

## Ordinary Resolution 7

10. To transact any other business for which due notice shall have been given in accordance with the Act.

BY ORDER OF THE BOARD  
**TAI YIT CHAN (MAICSA 7009143)**  
**TAN AI NING (MAICSA 7015852)**  
Company Secretaries

Selangor Darul Ehsan

Date: 23 April 2021



# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## NOTES:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A member of the Company may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the office of the Company's Share Registrar, Bina Management (M) Sdn. Bhd. at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof, otherwise the instrument of proxy should not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the AGM or Adjourned AGM.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 14 June 2021 and only a Depositor whose name appears in such Record of Depositors shall be entitled to attend and vote at this meeting and entitled to appoint proxy or proxies.
8. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Act. Hence, this Agenda is not put forward for voting by shareholders of the Company.
9. The Seventeenth AGM of the Company will be conducted in compliance with the General Standard Operating Procedures to Government and Private Sector ("SOP") issued by Malaysian National Security Council. The number of attendees to be physically present at the venue of the AGM will be based on the size of the venue. The registration for the AGM shall on **first-come, first-served basis**.
10. Shareholders, proxies and corporate representatives who will be attending the AGM in person are required to pre-register themselves with the Company by providing their name, NRIC/Passport No. and CDS account no. to the Company via email at [info@ni-hsin.com](mailto:info@ni-hsin.com) not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. This is to allow the Company to make necessary arrangements for the AGM.
11. The Board wishes to highlight that the Seventeenth AGM may be re-scheduled and/or postponed in view of the current COVID-19 Outbreak and the Malaysian Government's announcements or guidelines made from time to time. Rest assured, all members/proxies including attendees shall be kept informed of any unexpected changes.

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## 12. EXPLANATORY NOTES ON SPECIAL BUSINESS

### (i) ***Special Resolution 1 - Proposed Amendment to the Company's Constitution***

The Proposed Amendment to the Company's Constitution under item 6 of the Agenda, if approved, will allow the Company to seek any increase in general mandate limit for new issue of securities to be granted by Bursa Securities and other regulatory bodies from time to time as well as provide more flexibility for the Company.

### (ii) ***Special Resolution 2 - Proposed Change of Name from "Ni Hsin Resources Berhad" to "Ni Hsin Group Berhad"***

The Proposed Change of Name is to reflect the group status for the Company's future development.

The explanatory notes on Special Resolution 2 are set out in Part A of the Circular to Shareholders dated 23 April 2021.

### (iii) ***Ordinary Resolution 6 - Authority under Section 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares***

The Company had, during its Sixteenth AGM held on 29 July 2020, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to the Section 76 of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 6 proposed under item 8 of the Agenda is to seek shareholders' approval of the general mandate for issuance of shares by the Company under Section 76 of the Act.

Bursa Securities had vide its letter dated 16 April 2020 granted several additional temporary relief measures, amongst others, listed issuers are allowed to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirements of not more than 20% of the total number of issued shares for issue of new securities ("20% General Mandate"), provided that the following are being complied with:-

- (a) procure shareholders' approval for the 20% General Mandate at a general meeting; and
- (b) complies with all relevant applicable legal requirements, including its Constitution or relevant constituent document.

This 20% General Mandate may be utilised by the Company to issue new securities until 31 December 2021 and thereafter, the 10% general mandate pursuant to paragraph 6.03 of the Main Market Listing Requirements will be reinstated unless extended by Bursa Securities pursuant to their letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers.

The Board of Directors, having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, is of the opinion that this 20% General Mandate is in the best interests of the Company and its shareholders.

This proposed Ordinary Resolution 6, if passed, will provide additional flexibility for the Company for fund raising and enable the Company, should it required to do so, to meet its funding requirements for working capital or strategic development of the Group and operational expenditure, expeditiously and efficiently during this challenging time to ensure the long-term sustainability of the Company and safeguard the interest of the Company and the shareholders. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

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

**(iv) Ordinary Resolution 7 - Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares**

The explanatory notes on Ordinary Resolution 7 are set out in the Statement to Shareholders dated 23 April 2021.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**Public Health Preventive Measures**

- a. In light of the recent COVID-19 outbreak pandemic, we would appreciate the attendees take all necessary precautions and preventive as directed by our Ministry of Health Malaysia before attending the Meeting.
- b. If you are unwell with sore throat, fever, cough, loss of smell/taste or breathing difficulty, your attendance in person at the Meeting will be denied. You are hereby strongly advised and encouraged to submit your Form of Proxy prior to the Seventeenth AGM of the Company.
- c. To safeguard the health and safety of shareholders, proxies and invited guests who may be attending the Seventeenth AGM in person, the Company will also implement the following precautionary measures for the Seventeenth AGM:
  - attendees will have to go through a compulsory body temperature screening and will be required to provide his/her health declaration during the registration process, specifically to facilitate the Company in preventing any potential spread of COVID-19.
  - attendees with a body temperature of above 37.5°C or experiencing any symptoms of being unwell as stated above, will be prohibited from entering the Meeting Room and are highly encouraged to proceed with medical screening immediately.
  - the attendees who have a travel history to certain countries/regions in the specified period preceding the Seventeenth AGM, as announced by the Ministry of Health, must not attend the Seventeenth AGM in person, and instead are strongly encouraged to appoint Chairman of the Meeting as their proxy to attend and vote on their behalf.
- d. The attendees are strongly advised:
  - to wear face mask before attending and throughout the Meeting.
  - to maintain a good personal hygiene and use hand sanitiser whenever required.
- e. You may consider appointing Chairman of the Meeting as your proxy to attend and vote on your behalf at the forthcoming Seventeenth AGM of the Company.



**NI Hsin RESOURCES BERHAD**  
(Registration No. 200401014850 (653353-W))  
(Incorporated in Malaysia)

## PROXY FORM

No. of shares held	
CDS Account No.	

I/We\*, \_\_\_\_\_ (full name of shareholder, in capital letters)

NRIC No./Passport No./Company No.\* \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ (full address)

telephone no. \_\_\_\_\_ and email address \_\_\_\_\_

being a member/ members\* of **NI Hsin RESOURCES BERHAD**, hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

and/ or\*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

or failing him/her\*, the Chairman of the Meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Seventeenth Annual General Meeting of the Company to be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Malaysia on Wednesday, 23 June 2021 at 9.30 a.m. or at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

No.	Resolutions	For	Against
Ordinary Resolution 1	To approve the payment of Directors' fees and benefits payable to the Directors of the Company and its subsidiaries up to an aggregate amount of RM550,000.00 from 24 June 2021 until the next Annual General Meeting ("AGM") of the Company.		
Ordinary Resolution 2	To re-elect Encik Sofiyan Bin Yahya who is retiring pursuant to Clause 95 of the Constitution of the Company.		
Ordinary Resolution 3	To re-elect Datuk Tan Choon Hwa who is retiring pursuant to Clause 95 of the Constitution of the Company.		
Ordinary Resolution 4	To re-elect Mr Lai Kian Huat who is retiring pursuant to Clause 98 of the Constitution of the Company.		
Ordinary Resolution 5	To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Special Resolution 1	Proposed Amendment to the Company's Constitution		
Special Resolution 2	Proposed Change of Name from "Ni Hsin Resources Berhad" to "Ni Hsin Group Berhad"		
Ordinary Resolution 6	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.		
Ordinary Resolution 7	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.		

*\*Strike out whichever is not desired.*

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

\_\_\_\_\_  
Signature/Common Seal of Member/(s)

Number of shares held: \_\_\_\_\_

Date: \_\_\_\_\_

Fold this flap for sealing

**NOTES:**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A member of the Company may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the office of the Company's Share Registrar, Bina Management (M) Sdn. Bhd. at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof, otherwise the instrument of proxy should not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the AGM or Adjourned AGM.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

Then fold here

AFFIX  
STAMP

The Share Registrar  
**NI HSIN RESOURCES BERHAD (200401014850(653353-W))**  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

1<sup>st</sup> fold here

7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 14 June 2021 and only a Depositor whose name appears in such Record of Depositors shall be entitled to attend and vote at this meeting and entitled to appoint proxy or proxies.
8. The Seventeenth AGM of the Company will be conducted in compliance with the General Standard Operating Procedures to Government and Private Sector ("SOP") issued by Malaysian National Security Council. The number of attendees to be physically present at the venue of the AGM will be based on the size of the venue. The registration for the AGM shall on **first-come, first-served basis**.
9. Shareholders, proxies and corporate representatives who will be attending the AGM in person are required to pre-register themselves with the Company by providing their name, NRIC/Passport No. and CDS account no. to the Company via email at [info@ni-hsin.com](mailto:info@ni-hsin.com) not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. This is to allow the Company to make necessary arrangements for the AGM.
10. The Board wishes to highlight that the Seventeenth AGM may be re-scheduled and/or postponed in view of the current COVID-19 Outbreak and the Malaysian Government's announcements or guidelines made from time to time. Rest assured, all members/proxies including attendees shall be kept informed of any unexpected changes.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 23 April 2021.



**Ni Hsin Resources Berhad**

(Registration No. 200401014850 (653353-W))

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

T : (603) 8961 6815

F : (603) 8961 3941

E : [info@ni-hsin.com](mailto:info@ni-hsin.com)

[www.ni-hsin.com](http://www.ni-hsin.com)