

Your Global Partner

SINCE 1989

Annual Report 2022



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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

KHOO WUAN RU
Executive Director

POO CHII MIIN @ CHERMAINE POO
Independent Non-Executive Director

LER LEONG KEH
Independent Non-Executive Director

TUNG FOOK HENG
Independent Non-Executive Director

COMPANY SECRETARIES

Tai Yit Chan
(SSM PC No. 202008001023)
(MAICSA 7009143)

Tan Ai Ning
(SSM PC No. 202008000067)
(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

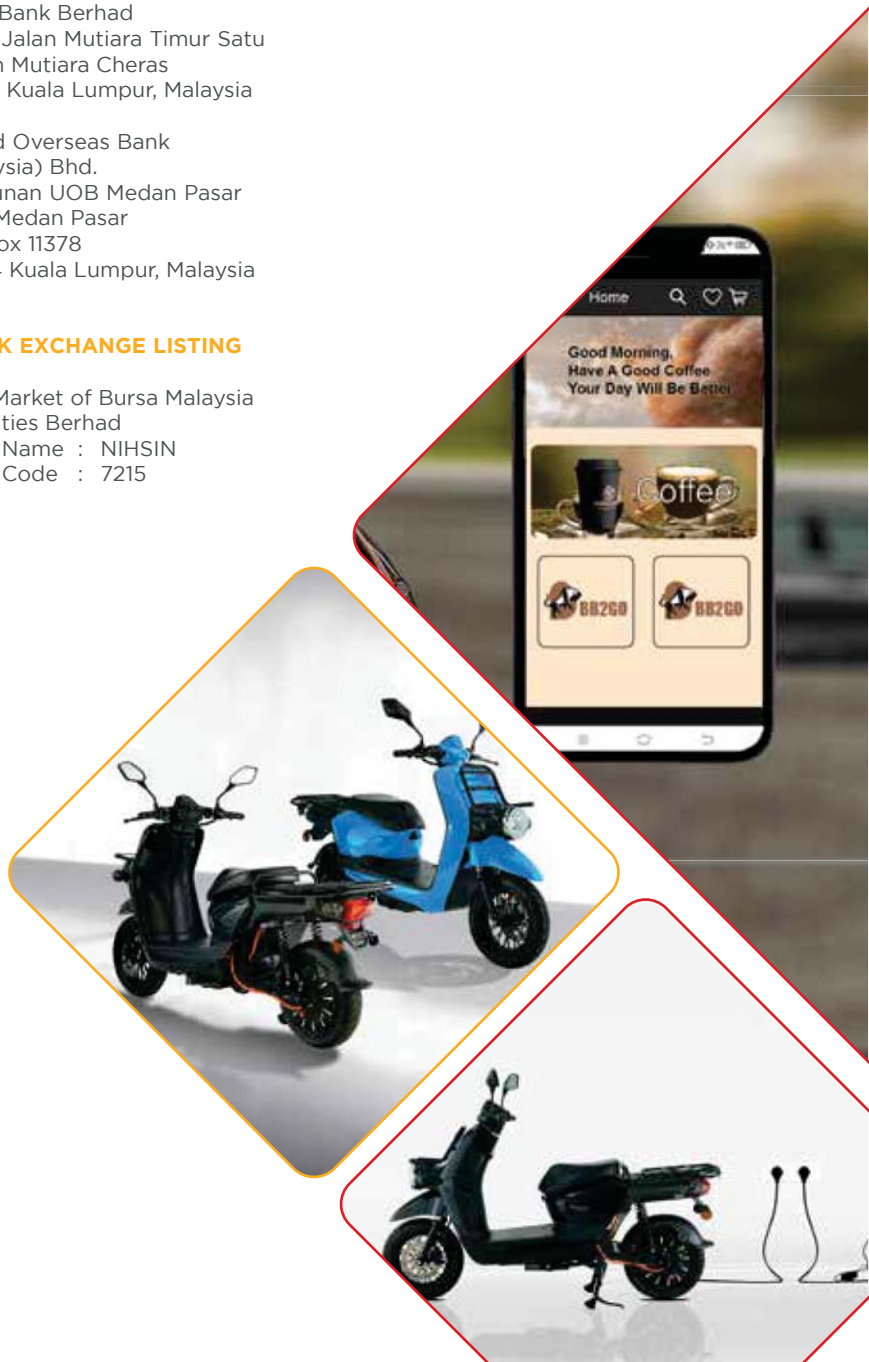
PRINCIPAL BANKERS

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 Group Berhad ("NHG")
(Registration No. 200401014850 (653353-W))
Incorporated in Malaysia
Investment Holding Company

Ni Hsin Corporation Sdn. Bhd. ("NHC")
(Registration No. 198901008276 (185578-V))
Incorporated in Malaysia
100%
Cookware Division
Design, manufacture and sale of stainless steel kitchenware and cookware

Ever-Grow Advanced Materials Sdn. Bhd. ("EGAM")
(Registration No. 200101009808 (545564-A))
Incorporated in Malaysia
100%
Stainless Steel Products Division
Research, development and manufacturing of stainless steel products

Ni Hsin Marketing Sdn. Bhd. ("NHM")
(Registration No. 201501044196 (1169517-K))
Incorporated in Malaysia
100%
General merchandiser, distribution and marketing of cookware, kitchenware, marketing and trading in all kind of personal protective equipment, foodstuffs and dairy products

Pentoli Sdn. Bhd. ("Pentoli")
(Registration No. 201501035662 (1160982-V))
Incorporated in Malaysia
100%
Distribution and marketing of cookware, kitchenware, water filters, stainless steel products and related products and accessories

Steel Crafts Europa S.R.L. ("SCE")
(Company No. BS-513499)
Incorporated in Italy
100%
Trading and assembly of kitchenware, cookware and stainless steel products

Ni Hsin Marketing (HK) Limited ("NHHK")
(Company No. 2805491)
Incorporated in Hong Kong
100%
General merchandiser and other commodities of all kinds and descriptions and retailer

Ni Hsin Food & Beverages Sdn. Bhd. ("NHFB")
(Registration No. 202001019734 (1376054-U))
Incorporated in Malaysia
100%
Research, development and manufacturing of food and beverages products

BlackBixon2Go Sdn. Bhd. ("BB2GO")
(Registration No. 202101010309 (1410608-V))
Incorporated in Malaysia
50%
Transporters and carriers of all kinds of foods and beverages and cafe.

BlackBixon Sdn. Bhd. ("BBSB")
(Registration No. 202001022371 (1378691-W))
Incorporated in Malaysia
100%
Direct sales business in all kind of home appliances, food and beverages products and energy drinks

Ni Hsin EV Tech Sdn. Bhd. ("NHEVT")
(Registration No. 202101027650 (1427950-M))
Incorporated in Malaysia
100%
Assembling, promoting and marketing of all kinds of electric vehicles (EV)

Ni Hsin Ecologistics Sdn. Bhd. ("NHECO")
(Registration No. 202101027651 (1427951-H))
Incorporated in Malaysia
71%
Eco-friendly logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor

EV Mobility Sdn. Bhd. ("EVM")
(Registration No. 202101038815 (1439115-T))
Incorporated in Malaysia
50%
Distribution, marketing, trading, leasing and retailing all kinds of electric vehicles (EV)

Pride Logistics Alliance Sdn. Bhd. ("PLA")
(Registration No. 201401044109 (1120296-X))
Incorporated in Malaysia
100%
Logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor

Digital Dagang Sdn. Bhd. ("DDSB")
(Registration No. 202001015531 (1371851-H))
Incorporated in Malaysia
31.65%
Digital business platform for online trading for consumer and industrial products and services

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

Group Income Statements

The table below sets out a summary of consolidated results of the Ni Hsin Group Berhad ("NHG") Group for the financial year ended 31 December 2018 to 31 December 2022:-

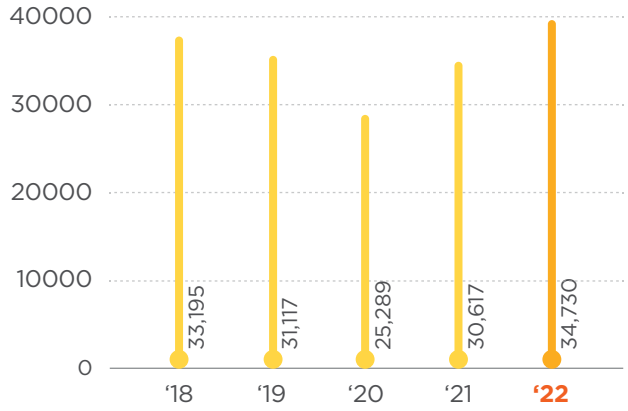
	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Key Operating Results					
Revenue	33,195	31,117	25,289	30,617	34,730
Earnings/(Loss) before interest, taxation, depreciation and amortisation ("EBITDA")	4,102	(4,381)	3,955	(4,644)	(783)
Depreciation	(2,354)	(2,361)	(1,975)	(2,249)	(3,097)
Interest expense	(60)	(93)	(132)	(278)	(388)
Interest income	81	71	25	4	6
Share of loss of equity-accounted associate, net of tax	-	-	-	(108)	(189)
Profit/(Loss) Before Taxation ("PBT/(LBT)")	1,769	(6,764)	1,873	(7,275)	(4,451)
Taxation	396	609	49	828	(556)
Profit/(Loss) After Taxation ("PAT/(LAT)")	2,165	(6,155)	1,922	(6,447)	(5,007)
Non-controlling interests ("NCI")	2	-	-	53	23
Profit/(loss) for the financial year attributable to owners of the Company	2,167	(6,155)	1,922	(6,394)	(4,984)
Total assets	103,386	95,197	97,661	117,032	116,016
Total borrowings	1,755	1,646	2,431	1,419	2,433
Shareholders' equity	92,737	86,508	88,516	101,082	98,195
Other Key Data					
PBT/(LBT) margin (%)	5.33	(21.74)	7.41	(23.76)	(12.82)
PAT/(LAT) after NCI margin (%)	6.53	(19.78)	7.60	(20.88)	(14.35)
Weighted average ordinary shares ('000)	291,148	315,937	313,844	430,491	513,592
Share price as at the financial year end (RM)	0.250	0.150	0.280	0.120	0.140
Gross Earnings/(Loss) Per Share ("EPS/(LPS)") (sen) [1]	0.61	(2.14)	0.60	(1.69)	(0.87)
Net EPS/(LPS) (sen) [1]	0.74	(1.95)	0.61	(1.49)	(0.97)
Tax-exempt Dividends Per Share (sen)	-	28.00	-	-	-
Return on total assets (%)	1.69	(7.08)	2.03	(5.89)	(3.34)
Return on equity (%)	1.88	(7.79)	2.24	(6.82)	(3.96)

1 The gross and net EPS/LPS 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.

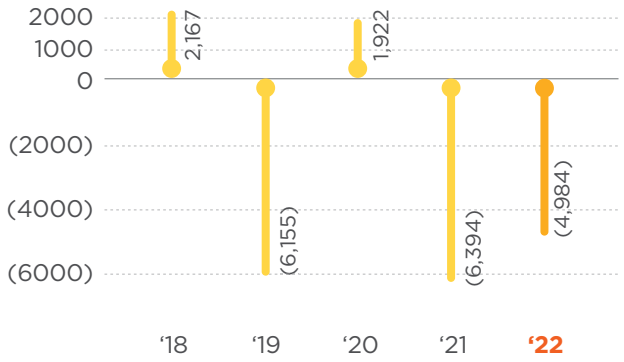
2 There were no extraordinary or exceptional items for the financial years under review.

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS
(CONT'D)

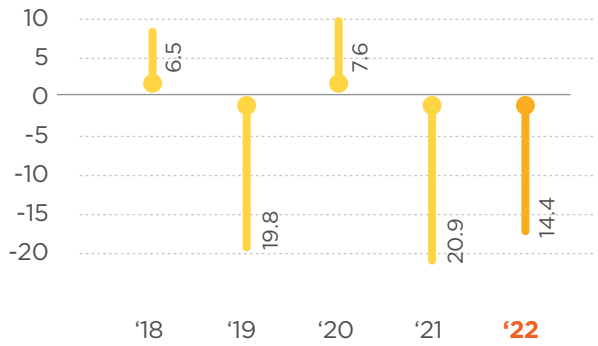
Revenue
(RM'000)



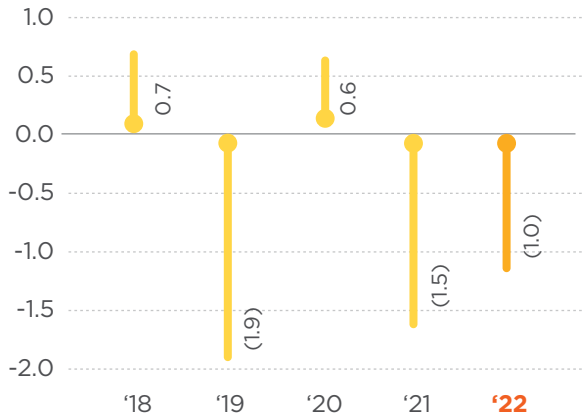
Profit/(Loss) Attributable to Owners of the Company
(RM'000)



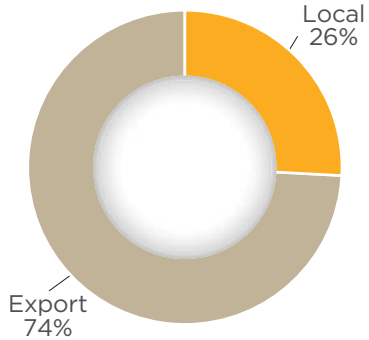
Profit/(Loss) Attributable to Owners of the Company Margin
(%)



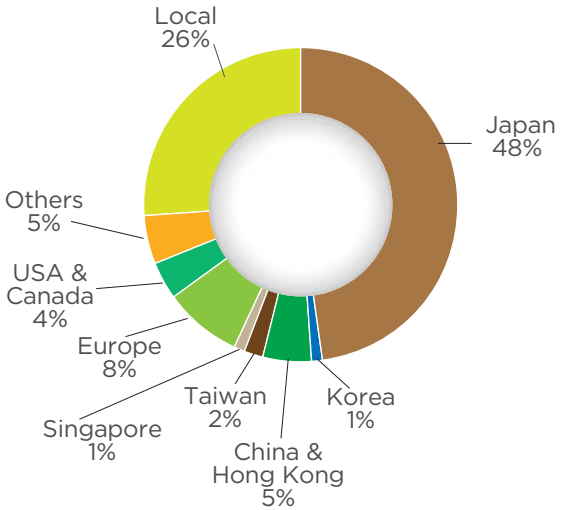
Net Earnings Per Share
(Sen)



Local vs Export Sales 2022



Group Revenue by Country 2022



CHAIRMAN'S STATEMENT



Dear Valued Shareholders,

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

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

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

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

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

CHAIRMAN'S STATEMENT
(CONT'D)

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

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

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

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

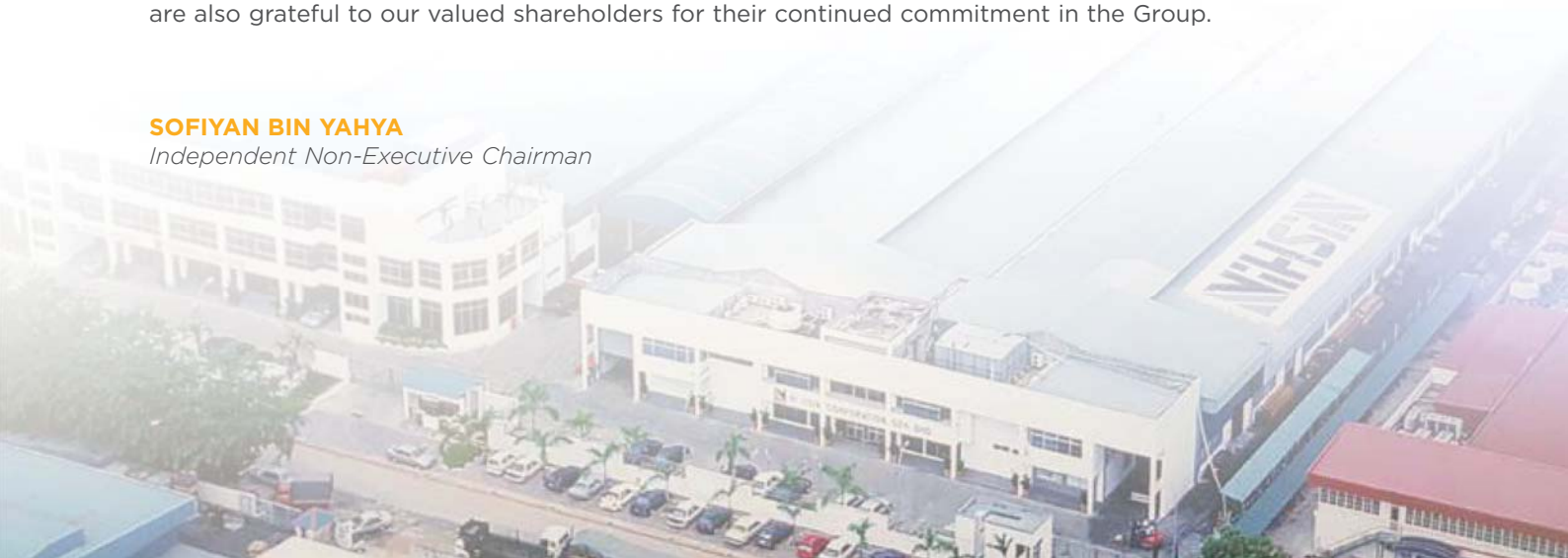
Premised on the above we are excited and cautiously optimistic of the Group's financial performance and prospect in the foreseeable future while building the Group's resilience in overcoming the challenges.

ACKNOWLEDGEMENT AND APPRECIATION

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

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

SOFIYAN BIN YAHYA
Independent Non-Executive Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

NI HSIN Group Berhad ("NHG" or "the Company") and its subsidiaries ("the Group") had its humble beginning in 1989 specialising in stainless steel products, namely multi-ply stainless steel premium cookware, multi-ply clad metals and stainless steel convex mirror. The Company was listed on Bursa Malaysia on 28 July 2005.

Currently, the Group's business is categorised into five divisions:

- Cookware
- Stainless steel products
- Food & beverage
- Logistics
- Electrical Vehicle

Our manufacturing and production facilities covering an area of approximately 4.5 acres are located in Seri Kembangan, Selangor.



COOKWARE DIVISION

The products manufactured under the cookware division include premium multi-ply stainless steel cookware and pressure cookers which are sold locally and exported overseas. Our multi-ply 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.

The Group provides Original Equipment Manufacturing ("OEM") and Original Design Manufacturing ("ODM") services to our customers who sell the cookware in their own brand names. 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.

STAINLESS STEEL PRODUCTS DIVISION

In the stainless steel products division 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.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Food & Beverage ("F&B") Division

The F&B business entails the manufacturing and distribution of health and bioenergy beverages in capsules and operation of café and restaurant. Customers are provided BLACKBIXON Coffee machines to brew the beverages under our cafe@home@office@anywhere concept.

In July 2022 the Group launched its maiden BLACKBIXON CAFÉ & RESTAURANT outlet in downtown Kuala Lumpur located along a tree-lined street on Jalan Inai, off Jalan Tun Razak, filled with old bungalows interspersed with offices. The café & restaurant caters to families as well as office workers looking for nourishing and tasty Western classics such as freshly prepared breads and pastries to a wide selection of hearty and delicious breakfast, lunch and dinner favourites accompanied by specialty coffees and must try Blackbixon signature drinks. The Cafe has a total area of 5993 sq ft occupying two floors and can accommodate up to 200 pax. The ground floor has an air-conditioned indoor dining area and a glass house dining area alfresco style. The first floor houses a VIP dining area, accommodating up to 50 pax, which can also be utilised for private functions like birthday parties, workshops or seminars. The Café is tastefully furnished with exquisite art pieces and Blackbixon themed wall graffities and has a roof top garden with spectacular view of the Kuala Lumpur skyline, especially the night view









MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Logistics Division

The Group's logistics business covers freight, forwarding, haulage & transportation, warehousing and international agency services.



The current market is mainly domestic with approximately 5% from other regional markets and are spread out over various sectors such as:

- Chemical industries (40%)
- PPE Glove industries (15%)
- Electronic Industries (15%)
- Personal Care Industries (10%)
- Plastic Industries (10%)
- Others (10%)

The Group's warehousing facility, strategically located in the Klang Valley, is equipped with Automated Storage and Retrieval System (ASRS). The ASRS is designed to buffer, store, and retrieve product and inventory on demand, well suited for the 5PL and Fulfilment Services business.

Electric Vehicle ("EV") Division

The pandemic has brought about a spike in e-commerce and hence the demand for delivery services. Motorcycle is a popular vehicle choice as it provides quicker delivery time and requires low maintenance. In the light of global warming EV motorcycle makes perfect sense. EV motorcycles are more energy efficient as they convert 77% of electrical energy from the grid to driving power while internal combustion engine ("ICE") only converts 12-30% of energy from gasoline. The running cost and maintenance of EV motorcycles is 70% cheaper than ICE motorcycles.

The transportation sector consistently remained the second largest Greenhouse Gas (GHG) emitting sector in Malaysia. Under the Paris Agreement, Malaysia communicated the country's Nationally Determined Contributions (NDC) intending to reduce 45% GDP emissions intensity by 2030 relative to the emissions intensity in base year 2005. With this national emissions target the government will implement regulations and initiatives to back them. These new regulations and initiatives will put pressure on as well as incentivise businesses to find ways to reduce their carbon footprint.

NHG saw an opportunity and together with our formidable partner, a well-established manufacturer from China, Dongguan Tailing Motor Vehicle Co., Ltd. ("TAILG") researched and developed electric motorcycles, personal and commercial models, for the Malaysian and ASEAN markets. TAILG specializes in R&D, manufacturing, sales and service of new energy electric vehicles. Its products cover electric bike, electric scooter, electric special bike, electric tricycle and other vehicles. TAILG, is ranked top 3 in China, and is recognised as a "Partner of UN Environment E-mobility Programme" and has 7,000 exclusive shops all around the world.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Ni Hsin EV Tech Sdn Bhd ("NHEVT"), a wholly owned subsidiary had obtained the manufacturing licence from the Ministry of Trade and Industry (MITI) for manufacturing and assembly of the EV motorcycles and received the Vehicle Type Approval for the said EV motorcycle models from Jabatan Pengangkutan Jalan (JPJ). The TAILG EBIXON EV Motorcycle models were jointly developed by NHEVT in collaboration with Dongguan Tailing Electric Vehicle Co., Ltd.. NHEVT had on 30 January 2023 received conditional approval from Malaysian Investment Development Authority (MIDA) for pioneer status for the assembly of EV motorcycle.

KEY MARKETS

Our key markets for the cookware and stainless steel products divisions are as follows:

Division	Japan	Asia Pacific (excluding Japan)	USA & Canada	Europe
Cookware	58%	35%	6%	1%
Stainless Steel Products	60%	23%	3%	14%

FINANCIAL PERFORMANCE REVIEW

For the financial year ended 31 December 2022 ("FY2022"), the Group achieved a total revenue of RM34.73 million an increase of 13% over the total revenue achieved in FY2021 of RM30.62 million. The improved revenue recorded during FY2022 was mainly due to higher sales in the Stainless Steel Products Division.

Gross Profit ("GP") margin achieved during the year increased by 5% compared to the previous year due to higher GP margin of the cookware division. The Group recorded a Loss Before Taxation ("LBT") of RM4.45million in FY2022 against a LBT of RM7.28 million in FY2021 as a result of better result in the cookware division. The Group incurred a Loss After Taxation ("LAT") of RM5.0 million in FY2022 compared to a LAT of RM6.45 million recorded in FY2021.

The Group's non-current assets increased to RM64.95million compared with the non-current assets of RM61.23million as at 31 December 2021 due to recognition of right-of-use asset of RM1.08 million and increase in other investment of RM1.23 million. Inventories increased slightly to RM23.54 million as at 31 December 2022 as the Group stocked up inventories for the F&B Division with the opening of the first Café & Restaurant outlet in Kuala Lumpur. Receivables, deposits and prepayments are consistent with 31 December 2021 which increased by RM0.10 million to RM5.08 million. The Group's net current assets was RM44.43 million as at 31 December 2022. The Group is in a positive net cash position as at 31 December 2022 with cash and cash equivalent of RM19.62 million after deducting all borrowings of the Group.

The Group's net operating cash outflow for the 12 months period ended 31 December 2022 ("12M2022") was RM2.96 million. The net cash outflow from investing activities was RM5.60 million, mainly due to investment in quoted shares and purchase of plant and equipment. Net cash inflow from financing activities was RM1.29 million, mainly attributable to proceeds from exercise of warrants and conversion of redeemable convertible preference shares, after deducting the cost of repurchase of treasury shares. The net resultant impact to the Group's cash flow was a decrease in cash of RM7.27 million during 12M2022. Net cash and cash equivalents amounted to RM20.87 million as at 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

SALES PERFORMANCE BY DIVISION

The Group's performance by each Division for 12M2022 is as follows:

Cookware Division

The Cookware Division's revenue for 12M2022 decreased by RM1.71 million or 11.8% to RM12.78 million compared with the revenue achieved in 12M2021 of RM14.49 million as sales to Asia Pacific (excluding Japan) and USA & Canada decreased by RM2.80 million and RM1.34 million respectively. However, the sales to Japan increased by RM2.35 million. The cookware revenue by geographical market for 12M2022 is as follows:

	FY2022	FY2021	Increase/ (Decrease)	
	RM'000	RM'000	RM'000	%
Japan	7,415	5,068	2,347	46.3
Asia Pacific (excluding Japan)	4,412	7,208	(2,796)	(38.8)
USA &Canada	798	2,137	(1,339)	(62.7)
Europe	156	75	81	108.0
	12,781	14,488	(1,707)	(11.8)

Stainless Steel Products Division

The Stainless Steel Products Division's revenue for 12M2022 increased by RM2.24 million or 17.3% to RM15.15 million compared with the revenue achieved in 12M2021 of RM12.91 million due to higher sales to Japan and Thailand. The revenue for the Stainless Steel Products Division by geographical market for the period is as follows:

	FY2022	FY2021	Increase/ (Decrease)	
	RM'000	RM'000	RM'000	%
Japan	9,115	7,181	1,934	26.9
Asia Pacific (excluding Japan)	3,551	3,705	(154)	(4.2)
USA &Canada	405	164	241	147.0
Europe	2,082	1,865	217	11.6
	15,153	12,915	2,238	17.3

F&B Division

The F&B Division's revenue for 12M2022 was RM2.28 million as compared to RM0.40 million in 12M2021. The Division generated a higher revenue for 12M2022 as the cafe and restaurant commenced business in end July 2022.

Logistics Division

The Logistics Division's revenue for 12M2022 was RM4.48 million as compared to RM0.76 million in 12M2021 as the Group acquired the logistics company in Q4 2021. FY2022 was a relatively good year for shipping and freight due to the shipping demand outstripping supply for the first three quarters. Demand in the fourth quarter demand was somewhat dampened as operations on selected shipping trade lines have begun normalising.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

EV Division

The Group's diversification of its business into the EV sector was realised with the successful launch of two (2) models of its TAILG EBIXON EV Motorcycles on 22 November 2022, the TAILG EBIXON BOLD for personal use and TAILG EBIXON TORQ for commercial use.



TAILG EBIXON BOLD



BLUE



RED

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

TAILG EBIXON TORQ



BLACK **BLUE**

NHEVT is in negotiations with several organisations, GLCs, government departments and agencies and dealers to promote, market and distribute our EV motorcycles in the region. Our business model includes outright sale and rent-to-own modules to businesses as well as consumers.

PROSPECTS AND STRATEGIES

World Economy Outlook

The World Bank said that after a strong rebound in 2021, growth in the East Asia and Pacific (EAP) region slowed markedly in 2022 to an estimated 3.2%, 1.2 percentage point below previous forecasts. It said the slowdown was almost entirely due to China (which accounts for about 85% of the region's GDP), where growth slowed sharply to 2.7%, 1.6 percentage points lower than projected in June.

Growth in the EAP region is projected to firm to 4.3% in 2023 as easing of pandemic-related restrictions allows activity in China to gradually recover.
(Source: FocusEconomics)

Malaysia Economic Outlook and Growth Prospects

The Malaysian economy is expected to grow between 4% and 5% in 2023, underpinned by firm domestic demand amid external headwinds. Further improvements in the employment and income level, as well as continued implementation of existing and new multi-year projects will underpin household spending and investment activities. While the risk to Malaysia's growth outlook is balanced, the downside risk for growth remains in the form of external headwinds which includes a sharp tightening in global financial market conditions, further escalation of geopolitical conflicts, and extreme weather events. Higher than expected domestic inflation and input costs could weigh on the growth outlook.
(Source:Bank Negara)

Cookware and Stainless Steel Products Divisions

The Group continues to leverage on its credentials, being an established, reputable and trustworthy player in the cookware and stainless steel products industries, excellent product quality with Japan SG certification and a Complete vertical integration of manufacturing – from materials production to product manufacturing to sales, to drive the business.

The Group is working hard on expanding its market networks in Europe, the Pacific region as well as penetrating new market in Indonesia via collaboration with strategic partners. To improve sales in the stainless steel products division the Group is expanding its product range to include road safety products in addition to convex mirror.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Product quality, innovation and broadening products portfolio, monitoring costs, broadening marketing networks and addressing the needs of customers to ensure business continuity remain the focus of the Management.

With the easing of social and economic restrictions and opening of borders following the transition into the endemic phase of COVID-19 the Board is confident that business will improve at a healthy pace.

F&B Division

Our BLACKBIXON Coffee Bike business model will be expanded to include other food items like nasi lemak, curry puffs, pastries, etc. This business model will be packaged as an entrepreneur program to the B40 in line with the strategies and objectives of the National Entrepreneurship Policy 2030. The Group is in discussions with various institutions such as the Cooperatives and Government Agencies to facilitate the financing packages for the program.

Our maiden BLACKBIXON CAFÉ & RESTAURANT at Jalan Inai has received very positive response from the public and is popular with office workers and families. The strength of the Café & Restaurant lies in competitive and affordable product pricing and excellent food and pastries using the best and freshest ingredients. The ambient environment and delicious offerings attracted customers to make reservations for private functions, birthday parties, anniversaries, etc. The Group plans to open several more similar outlets in the Klang Valley and in major towns in the country.

Logistics Division

Moving forward in 2023, the demand for shipping will remain cautious due to expectations of global recession. Downside risks in the international and regional freight forwarding and logistics industry as the volume of world merchandise trade has plateaued. Although the international price of global freight shipping is dropping, global freight rates continue to be highly elevated compared to pre-pandemic levels, partly because of higher fuel costs.

However, we are hopeful that business will pick up again in the third quarter of 2023.

EV Division

Malaysia, as one of the leading electrical and electronics (E&E) manufacturing hubs in ASEAN, is already taking steps to strengthen its EV position by crafting supportive policy measures. EVs are the intuitive solution for low carbon mobility and zero-emission vehicles, and the nascent global EV industry provides significant room for growth, particularly in ASEAN.

The motorcycle is the most efficient mode for personal motorised transport. Motorcycles have high vehicle kilometer travel (VKT) (42%) but consume only 12.3% of total energy and emit 12.4% of total GHG emission. This makes the motorcycle an attractive option for low carbon mobility.

To encourage investments and participation in EV mobility by the private sector the government is providing incentives in the form of direct and indirect tax relief for the manufacture or assembly of EVs or component parts, and the development of EV ecosystems such as charging facilities to encourage the use of EVs. The Government is also expected to lead the adoption of EV in government and GLC fleet to enable a workable business model for local EV manufacturing and maintenance.

The Group is actively participating in talks and educational programs with various government departments, agencies and GLCs to facilitate the adoption of EV mobility by the government.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY (MIDA) EV CONFERENCE – 14.2.23





UMNO ANNUAL GENERAL ASSEMBLY – 11.1.23

BOUSTEAD TECHNOLOGY SDN. BHD. SIGNING CEREMONY – 13.3.2





MAJLIS BANDARAYA IPOH (MBI) – 11.3.23 AND 12.3.23





The pioneer status approval from MIDA grants the Company tax exemption on 70% of the Company's income for a period of 5 years. The Group expects the EV division to make a positive contribution to its financial performance in the near future.

BOARD OF DIRECTORS' PROFILE

Sofiyan Bin Yahya
Independent Non-Executive Chairman

Nationality : Malaysian
Age/Gender : 65/Male
Date of Appointment : 22 November 2017

Sofiyan Bin Yahya, a Malaysian, aged 65, male, was appointed as our Independent Non-Executive Chairman on 22 November 2017.

Encik Sofiyan 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 Sofiyan 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 and now as a successful entrepreneur.

Currently, he is the Executive Chairman of Cekap Technical Services Sdn. Bhd., one of the leading technical services providers in Malaysian oil and gas industry. He also serves as an Independent Non-Executive Director in Malaysia Petroleum Resources Corporation (MPRC).

He attended all the five (5) Board meetings held during the financial year. Other than Ni Hsin Group Berhad, he does not hold any other directorship in any other public company or listed issuer in Malaysia.

Ng Shwu Ching
Executive Director

Nationality : Malaysian
Age/Gender : 55/Female
Date of Appointment : 19 March 2005

Ng Shwu Ching, a Malaysian, aged 55, 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 Group Berhad, she does not hold any other directorship in any other public company or listed issuer in Malaysia.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

Rizvi Bin Abdul Halim
Executive Director

Nationality : Malaysian
Age/Gender : 53/Male
Date of Appointment : 10 October 2014

Rizvi Bin Abdul Halim, a Malaysian, aged 53, 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 Ni Hsin Group Berhad and the directorships as disclosed above, he does not hold any other directorship in any other public company or listed issuer in Malaysia. blic company or listed issuer in Malaysia.

Lai Kian Huat
Executive Director

Nationality : Malaysian
Age/Gender : 56/male
Date of Appointment : 1 December 2020

Lai Kian Huat, a Malaysian, aged 56, 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 also sits on the Board of Globalink Investment Inc. as an Independent Non-Executive Director which is a public company listed on the Nasdaq Global Market (NASDAQ) in USA.

Mr Lai attended all the five (5) Board meetings held during the financial year. Other than Ni Hsin Group Berhad, he does not hold any other directorship in any other public company or listed issuer in Malaysia.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

Rebecca Khoo Wuan Ru
Executive Director

Nationality : Malaysian
Age/Gender : 30/Female
Date of Appointment : 2 August 2021

Rebecca Khoo Wuan Ru, a Malaysian, aged 30, female, was appointed as our Executive Director on 2 August 2021. She graduated from Newcastle University (United Kingdom) with BSc (Hons) Economics & Finance in 2015.

Ms Rebecca Khoo began her career as a Senior Internal Auditor in IBDC (Malaysia) Sdn. Bhd. from September 2015 to June 2018 where she was involved in providing consulting services to public companies on corporate governance and compliance matters. She leads a team conducting fieldwork on internal audit assignments for the company's clients. During the stints with Mercury Securities Sdn. Bhd. (June 2018 to October 2018), Covenant Equity Consulting Sdn. Bhd. (Jan 2019 to September 2019), SJ Securities Sdn. Bhd. (October 2019 to February 2020) and Inter-pacific Securities Sdn. Bhd. (March 2020 to July 2020), Ms Rebecca Khoo gained experience in preparation of consultation papers and information memorandum and providing consulting and advisory services on several corporate exercises such as Merger and Acquisition, Private Placement, Rights Issues, IPOs, etc.

Ms Rebecca Khoo attended all the five (5) Board meetings held during the financial year. Other than Ni Hsin Group Berhad, she does not hold any other directorship in any other public company or listed issuer in Malaysia.

Poo Chii Miin @ Chermaine Poo
Independent Non-Executive Director

Nationality : Malaysian
Age/Gender : 44/Female
Date of Appointment : 2 August 2021

Poo Chii Miin @ Chermaine Poo, a Malaysian, aged 44, female, was appointed as our Independent Non-Executive Director on 2 August 2021. She serves as the Chairperson of the Audit and Risk Management Committee, is a member of Nomination Committee and Remuneration Committee.

Ms Chermaine is a fellow of the Association of Chartered Certified Accountants and a Chartered Accountant of Malaysian Institute of Accountants. She was trained in advisory services with BDO from 2000 to 2003 and CIMB Investment Bank from 2004 to 2007. She was involved in corporate restructuring, merger and acquisition deals and several initial public offerings.

After winning four awards in the Miss Universe Malaysia pageant in 2005, she founded and managed a public relations firm, Chermaine Poo Productions from 2007 to 2014 she organised more than 100 press conferences, product launches, marketing and advertising campaigns and hosted over 600 corporate and charity events. She was a columnist of The Star, a host of over 20 television series, acted in a few movies, dramas and a theatre production, and an ambassador of several leading international brands.

Since 2015, she is the executive director of TH Architects Sdn. Bhd., an architecture company that has successfully completed 93 property development projects in 21 countries including USA, Germany and South Korea in addition to being appointed as the Regional Architect for Porsche Asia-Pacific. She oversees its finance and business development functions.

Ms Chermaine was awarded "Emerging Woman Entrepreneur of The Year" in 2012 by international accounting and advisory group, McMillan Woods Global.

Ms Chermaine attended all the five (5) Board meetings held during the financial year. Other than Ni Hsin Group Berhad, she does not hold any other directorship in any other public company or listed issuer in Malaysia.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

Ler Leong Keh
Independent Non-Executive Director

Nationality : Malaysian
Age/Gender : 63/Male
Date of Appointment : 29 December 2021

Mr Ler Leong Keh, a Malaysian, aged 63, male, was appointed as our Independent Non-Executive Director on 29 December 2021. He serves as the Chairman of the Nomination Committee and Remuneration Committee and is a member of Audit and Risk Management Committee.

Mr Ler is a member of and a Chartered Accountant with Malaysian Institute of Accountants. He qualified as a Certified Public Accountant with the Malaysian Institute of Certificate Public Accountant in 1985 and obtained a MBA in Finance (with distinction) from University of Hull, United Kingdom in 1994.

He began his career with PwC (formerly Price Waterhouse) in 1980 and has worked in Kuala Lumpur, Singapore and London offices and has exposure to local and multinational clients in various industries.

He left PwC in 1994 to join a large group of private companies in the food & beverages, entertainment and restaurant business based in Kuala Lumpur with business operations in Malaysia and several Asian countries and Australia as Head of Corporate Affairs and Corporate Finance. He was later involved in the listing of its investment businesses in Bursa Malaysia as TT Resources Berhad and was appointed as the Executive Director in 1997 and was subsequently promoted to Managing Director of the said listed company in 2000.

He left the listed company in 2003 to set up his own private corporate advisory firm, IBDC Asia Sdn Bhd as its managing director until present.

Currently, he is mainly involved in advising growth companies in their fund raising and merger and acquisition exercises.

Mr Ler attended all the five (5) Board meetings held during the financial year. Other than Ni Hsin Group Berhad, he does not hold any other directorship in any other public company or listed issuer in Malaysia.

Tung Fook Heng
Independent Non-Executive Director

Nationality : Malaysian
Age/Gender : 65/Male
Date of Appointment : 10 January 2023

Mr Tung Fook Heng, a Malaysian, aged 65, male, was appointed as our Independent Non-Executive Director on 10 January 2023. He serves as a member of Audit and Risk Management Committee.

Mr Tung is a Qualified Accountant and a Chartered Internal Auditor with the following credentials:

- Chartered Accountant, Malaysia
- Asean CPA
- Chartered Global Management Accountant, UK
- Chartered Management Accountant, UK
- Chartered Certified Accountant, UK
- Chartered Member of The Institute of Internal Auditors, Malaysia

Mr Tung's career path can be traced as follows:

- Hewlett Packard, Malaysia (electronics manufacturer) as Assistant Accountant from 1981 to 1990
- Ferringhi Beach Hotel, Malaysia (hotel operation) as Finance Executive from 1991 to 1994
- Bayview Beach Hotel, Malaysia (hotel operation) as Financial Controller from Jan 1995 to Nov 1995
- Universal Furniture, China as Financial Controller from Dec 1995 to May 2001
- Lyman Agro, Indonesia as Group Financial Controller from Jun 2001 to Jul 2009
- PT Khaleda Agroprima Malindo, Indonesia as GM Finance from Aug 2009 to Jan 2019
- Honda Myanmar, Myanmar as CFO/Group Financial Controller from Feb 2019 to Sep 2019
- TAR Riverwalk, Malaysia as Director of Finance from Oct 2019 to Nov 2021
- SBY Group, Malaysia as Director of Operations from Jan 2022 to Present

BOARD OF DIRECTORS' PROFILE
(CONT'D)

In the more than 25 years of business and managerial experience Mr Tung has acquired leadership skills and expertise that include:

- Driving business health and financial management
- Project management
- Funding, treasury and cash flow management
- Management and financial reporting
- Risks management, corporate governance and internal controls
- IPO and business acquisition
- Assets management and Internal Audit function
- Financial Modelling
- Ailing company repackaging
- Purchasing and HR function management
- FP&A, Budgeting and forecasting
- Regulatory compliance and reporting

Mr Tung did not attend any Board meeting held during the financial year as his appointment as Independent Non-Executive Director was effective 10 January 2023. Other than Ni Hsin Group Berhad, he does not hold any other directorship in any other public company or listed issuer in Malaysia.

OTHER INFORMATION

(i) Family Relationship with Director and/or Major Shareholder of the Company

Ms Rebecca Khoo Wuan Ru is the daughter of Mr Khoo Chee Kong who is the major shareholder of the Company.

Save for Ms Rebecca Khoo, none of the Directors have any family relationship with any Director and/or major shareholder of the Company.

(ii) Conflict of Interest

The Group has entered into related party transaction with Encik Sofiyan Bin Yahya, in which he has direct interest. The detailed disclosures of the said related party transaction are set out in Additional Compliance Information on page 35 of this Annual Report.

Save for Encik Sofiyan Bin Yahya, none of the Directors have any conflict of interest with the Group.

(iii) 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., BlackBixon Sdn. Bhd., BlackBixon2Go Sdn. Bhd., Ni Hsin EV Tech Sdn. Bhd. and Ni Hsin Ecologistics Sdn. Bhd.

Khoo Chee Kong, a Malaysian, aged 61, 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, BlackBixon Sdn. Bhd. on 6 August 2020, BlackBixon2Go Sdn. Bhd. on 22 March 2021, Ni Hsin EV Tech Sdn. Bhd. on 24 August 2021 and Ni Hsin Ecologistics Sdn. Bhd. on 24 August 2021.

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.

IAN THONG WING CHOONG

Managing Director
Pride Logistics Alliance Sdn. Bhd.

Ian Thong Wing Choong, a Malaysian aged 47, male, graduated from Monash University (Caulfield, VIC) Australia with a degree in Bachelor of Business (Accounting).

Mr Ian Thong began his career in logistics and freight industry since 1998 in Hecny Transportation Sdn. Bhd. as Management Trainee based in Kuala Lumpur International Airport which allowed him to gain full exposure in air freighting operations. After 2 years, he was promoted to the position of Customer Services Assistant Manager handling key account/customer namely Texas Instruments and Marks & Spencer for Air Freight until 2002. He worked in Freight Management Holdings Berhad as an Assistant Sales Manager taking charge of sales development and building a sales team from 2002 till 2005. In 2005, he joined Globelink Container Line (M) Sdn. Bhd. ("Globelink")(then subsidiary of Temasek Holdings Pte. Ltd.) as Sales Manager. He led a team of 10 sales personnel covering states of Selangor, Perak, Pahang, Negeri Sembilan and Melaka. Globelink is the pioneer and the largest sea freight consolidation in Malaysia and Singapore.

Mr Ian Thong subsequently established his own logistics company named Pride Logistics Alliance Sdn. Bhd. in 2013 and has helmed the company until present.

KEY SENIOR MANAGEMENT PROFILE
(CONT'D)

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 50, 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.

Low Meng Chai
Factory Manager
Ni Hsin Corporation Sdn. Bhd.

Low Meng Chai, a Malaysian, aged 47, 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.

KEY SENIOR MANAGEMENT PROFILE
(CONT'D)

Yeo Boon Kwong
Assistant Production Manager
Ever-Grow Advanced Materials Sdn. Bhd.

Yeo Boon Kwong, a Malaysian, aged 44, 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.

OTHER INFORMATION

(i) Family Relationship with Director and/or major shareholder of the Company

Mr Khoo Chee Kong is the major shareholder of the Company and the father of Ms Rebecca Khoo Wuan Ru, Executive Director of the Company.

Save for Mr Khoo, none of the Key Senior Management has any family relationship with any Director and/or major shareholder of the Company.

(ii) Conflict of Interest

None of the Key Senior Management has conflict of interest with the Group.

(iii) Directorships

None of the Key Senior Management holds any directorship in any public companies and listed issuers in Malaysia.

(iv) Conviction of Offences

None of the Key Senior Management 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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors ("**the Board**") of Ni Hsin Group Berhad ("**NHG**" or "**the Company**") is pleased to present the Corporate Governance Overview Statement ("**Statement**") for the financial year ended 2022 ("**FYE 2022**") which outlines the summary of application of corporate governance practices as promulgated by the Malaysian Code on Corporate Governance 2021 ("**MCCG**") issued by Securities Commission Malaysia.

This Statement is prepared in compliance with Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") and guided by Practice Note 9 of Listing Requirements and the Corporate Governance Guide (4th edition) issued by Bursa Securities.

This Statement should also be read together with the Corporate Governance Report 2022 of the Company ("**CG Report**") which is made available on the Company's website: 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.

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 Chairpersons 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.

The Board is cognisant that changes in strategy, personnel and the external environment may be necessary to drive changes in the way that we operate in order to maximise the Board's effectiveness. We therefore recognise the benefits of regularly evaluating our own effectiveness and that of our Committees (at least annually) so that we can take any actions necessary to ensure that we continue to perform effectively.

b. Separation of Position of Chairman and Chief Executive Officer

The Company does not have a Chief Executive Officer, the Board was assisted by four (4) 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. The ability to meet responsibilities is underpinned by having in place a balanced and effective Board which brings together a wide range of skills and expertise, and our governance framework which enables effective decision-making within a structure of clear accountabilities.

The Board concurred with the guidance of MCCG that the Chairman of the Board should not involve in any Board Committees to ensure check and balance as well as the objectivity will not be impaired or influenced by the Chairman of the Board who also sits on Board Committee(s). The Chairman of the Board is not a member of any Board Committees.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (continued)

c. Company Secretaries

The Board and Board Committee are supported by two (2) qualified and competent Company Secretaries. All Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties and responsibilities effectively. 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.

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 in planning their schedule ahead. Additional meetings will be held as and when required.

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. The meeting agenda, the relevant reports and Board papers are prepared and furnished to the Directors and Board Committee members at least five (5) business days before the meeting to allow the Directors to have sufficient time to read them for effective discussion and decision making at the meetings.

The record on the Directors' attendance at the Board and Board Committees meetings during the FYE 2022 is set out below:-

Director	Board	ARMC	NC	RC
Sofiyan Bin Yahya *Independent Non-Executive Chairman*	5/5	NA	NA	NA
Rizvi Bin Abdul Halim *Executive Director*	5/5	NA	NA	NA
Ng Shwu Ching *Executive Director*	5/5	NA	NA	NA
Lai Kian Huat *Executive Director*	5/5	NA	NA	NA
Khoo Wuan Ru *Executive Director*	5/5	NA	NA	NA
Leow Chan Khiang[1] *Independent Non-Executive Director*	3/3	3/3	2/2	1/1
Poo Chii Miin @ Chermaine Poo *Independent Non-Executive Director*	5/5	5/5	3/3	1/1
Dato' Seri Rosman Bin Mohamed[2] *Independent Non-Executive Director*	4/4	1/1	NA	NA
Ler Leong Keh *Independent Non-Executive Director*	5/5	5/5	3/3	1/1
Tung Fook Heng[3] *Independent Non-Executive Director*	N/A	N/A	N/A	N/A

(1) Retired as Director of the Company at the conclusion of Eighteenth Annual General Meeting held on 23 May 2022
(2) Resigned on 16 November 2022
(3) Appointed as Director on 10 January 2023

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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (continued)

e. Board Charter

The Board 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 sets out the key values and principles of the Company as well as the duties and responsibilities of the Board, the Chairman, the Executive Directors, the Independent Director and the Board Committees. The Board Charter also includes a formal schedule of matters reserved for the deliberation of the Board.

The Board Charter is regularly reviewed by the Board to ensure it complies with legislations and best practices, and remains effective and relevant to the Board's objectives.

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

f. Code of Conduct

The Board has adopted the 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.

The ABACPP is available at the Company's website.

i. Sustainability

The Company acknowledges the importance of sustainability performance of the Group which has been recognised as one of the considerations to stakeholders in their decision-making. The Board, together with the Management have integrated sustainability considerations into the day-to-day operations and ensure the sustainability strategies and plans are effectively implemented in the Group.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (continued)

i. Sustainability (continued)

Materiality assessment on the sustainability matters has been conducted on regular basis to ensure that the sustainability matters remain relevant to the stakeholders.

The Board continuously keep themselves abreast with and understanding to the sustainability issues relevant to the Group through periodical updates by Securities Commission Malaysia.

The detailed disclosures on the sustainability practices and performance of the Group are set out in the Sustainability Statement on pages 45 to 50 of this Annual Report.

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.

As at 31 December 2022, the Board comprised seven (7) members, comprising three (3) Independent Non-Executive Directors and four (4) Executive Directors. This complies with Paragraph 15.02(1) of the Listing Requirements which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors.

During FYE 2022, Mr Leow Chan Khiang retired from the Board at the conclusion of Eighteenth Annual General Meeting held on 23 May 2022 and Dato' Seri Rosman Bin Mohamed resigned from the Board on 16 November 2022.

Subsequent to FYE 2022, on 10 January 2023, Mr Tung Fook Heng was appointed as an Independent Non-Executive Director of the Company. Following the appointment of Mr Tung, the Board complies with Practice 5.2 of MCCG that at least half of the Board is comprised of Independent Directors.

As at 31 December 2022, there was approximately 43% women representation in the Board which complied with Practice 5.9 of MCCG.

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. During the financial year under review, the members are as follows:

Ler Leong Keh *(Chairman)*
Poo Chii Miin @ Chermaine Poo *(Member)*
Leow Chan Khiang *(Member)**

* *ceased as member following his retirement as Director of the Company at the conclusion of Eighteenth Annual General Meeting held on 23 May 2022.*

The Board does not consider it is necessary to appoint a Senior Independent Director as all existing members of the Board devote sufficient time commitment to the issues which are openly discussed during Board meetings.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

c. Tenure of Independent Director

The Board will provide justification and seek shareholders' approval should it decides to retain an Independent Director who has served in that capacity for a cumulative period of nine (9) years and more.

Notwithstanding that, the Board would adhere to the amendment to Listing Requirements that an Independent Director who has served a cumulative term of twelve (12) years and above must resign or be re-designated as a Non-Independent Director which shall effective 1 June 2023.

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.

During the financial year under review, the Board has adopted the Directors' Fit and Proper Policy, which serves as a guide to the NC and the Board in conducting assessment on potential candidates to be appointed as Directors / existing Directors seeking for re-election and to ensure the Directors possess the right blend of qualifications, expertise, track record, character and integrity, and time commitment to effectively discharge their roles and responsibilities as Directors of the Group.

In recommending the appointment of Directors, 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 Listing Requirements.

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.

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

(1) Encik Sofiyan Bin Yahya (Clause 95)
(2) Ms Ng Shwu Ching (Clause 95)
(3) Mr Tung Fook Heng (Clause 102)

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

e. Re-election of Directors (continued)

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

The NC had also taken into the consideration the outcome of the Directors' self-assessment before making recommendations to the Board for Directors who would be seeking for re-election at the Annual General Meeting, and whether the Directors are 'fit and proper' under the Fit and Proper Policy after receiving submissions from the aforesaid retiring Directors.

The NC took reasonable steps to conduct checks using external information as part of the assessment process on whether the directors have the (i) Character and Integrity; (ii) Experience and Competence; and (iii) Time Commitment to do the job in accordance with the Directors' Fit & Proper Policy. The fit and proper assessments are supported by relevant independent sources in relation to the persons being assessed.

The profile on directors who are standing for re-election are provided in the Annual Report to facilitate shareholders in making informed decision.

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 reviewed the outcome of the assessment and was satisfied with the composition of the Board and Board Committees in respect of their balanced mix of skills, experience and expertise as well as individual Directors' personal attributes and contribution to the Board.

The outcome of the assessment was then reported to the Board, in particular, areas for improvement and also used as part of the basis of recommending retiring 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 FYE 2022, the Directors have attended various training programmes and seminars, amongst others, the following:-

- Managing Culture to Prevent Misconduct
- Leading the Digital Transformation of the Accounting Profession in Malaysia
- Sharing on Digitalisation Grants
- Entering The 5G Era: Future Relevance of CFO
- MIA AccTech Conference 2022
- Assessing Your Organizational Culture
- Values as a Source of Competitive Advantage

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

g. Professional Development of Directors (continued)

- ISA 315 (Revised 2019) Identifying and Assessing the Risks of Material Misstatement
- Corporate Governance & Remuneration Practices For The ESG World
- Sustainability Is the Future
- Environmental, Social and Governance

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.

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 Listing Requirements.

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) Reviewed and recommended to the Board the re-election of Directors at the Eighteenth AGM of the Company pursuant to the Companies Act 2016 and the Company's Constitution.

g) Reviewed the Directors' training programme for the financial year ended 31 December 2021.

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 MCCG and Listing Requirements.

j) Review and recommended to the Board the Directors' Fit and Proper Policy in accordance with the Listing Requirements.

k) Review and recommended to the Board the changes in the composition of ARMC following the retirement of Mr Leow Chan Khiang as an Independent Director as well as the Chairman of ARMC.

l) Reviewed and recommended the appointment of Mr Tung Fook Heng as Independent Non-Executive Director of the Company after having reviewed his profile in detail.

m) Reviewed and recommended to the Board the appointment of Mr Tung Fook Heng as a member of ARMC after having reviewed his profile in detail.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

3. Remuneration

During the financial year under review, the RC comprises the following members:-

Ler Leong Keh *(Chairman)*
Poo Chii Miin @ Chermaine Poo *(Member)*
Leow Chan Khiang *(Member)**

* *ceased as member following his retirement as Director of the Company at the conclusion of Eighteenth Annual General Meeting held on 23 May 2022.*

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.

The disclosure for the remuneration of the Directors in both the Group and the Company who served during the financial year ended 31 December 2022 are disclosed in the CG Report of the Company.

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 130 of the Audited Financial Statements.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. ARMC

As at 31 December 2022, the ARMC comprises two (2) Independent Non-Executive Directors. On 10 January 2023, the Board, with assistance of NC, had recruited Mr Tung Fook Heng as Independent Director and a member of ARMC. Following the appointment, the ARMC has complied with the requirement of minimum three (3) members as prescribed under Listing Requirements.

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 Listing Requirements. 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 three (3) 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.

CORPORATE GOVERNANCE
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PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

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 2022. 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.

Subsequent to the financial year, the Group has established in-house internal audit function which will be helmed by Ms Bhavanpreet Kaur whose profile, qualification and competency were assessed by the ARMC prior to approving her appointment. The performance of internal audit function shall be assessed by the ARMC on annual basis.

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.

The Company has the following posted on the Company's website at www.ni-hsin.com, with the intention of building a communication channel between the Company and the stakeholders:-

(i) Announcements submitted to Bursa Securities and media press releases

The Company has all its material announcements submitted to Bursa Securities and media press releases posted on the Company's website and stakeholders may access the announcements and media press releases from the Company's website.

(ii) Investor section which provides relevant corporate information

The Company's website consists of an Investor section dedicated to provide corporate information to the stakeholders' such as share price, general corporate information, directors' profile, corporate structure and policies approved by our Board.

(iii) General telephone number and email address

The general line number and general enquiry email address of the Company are provided for the stakeholders to send in any enquiries to the Company directly.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

1. Communication with Stakeholders (continued)

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.

As part of the safety measures arising from the Covid-19 pandemic, the Eighteenth AGM was conducted virtually through live streaming via remote participation and voting facilities. The Directors were attending the Eighteenth AGM remotely.

In line with the good governance practice, the notice of the Eighteenth AGM and Annual Report were issued to shareholders at least twenty-eight (28) days before the date of the Eighteenth AGM to accord shareholders with sufficient time to review the Group's financial and operational performance as well as the resolutions proposed to be tabled at the Eighteenth AGM. Sufficient time has been allocated to shareholders to raise their queries and the Directors have addressed all the questions raised by the shareholders during the Eighteenth AGM.

The voting at the Eighteenth AGM was conducted by way of electronic poll and an independent scrutineer was appointed to validate the votes cast. All the resolutions set out in the Notice of Eighteenth AGM were duly carried. The full minutes of the Eighteenth AGM detailing the meeting proceedings, including the questions raised by shareholders with the responses from the Company were published on the Company's website within thirty (30) business days after the conclusion of the AGM.

FOCUS AREA ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group in the year 2022 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. 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 NHG on 10 April 2023.

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 2022.

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	41	218
Non-audit services	13	62
Total	**54**	**280**

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 oversea subsidiaries management accounts for the financial year ended 31 December 2022

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 2022 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 October 2021.

1.5 RELATED PARTY TRANSACTION AND RECURRENT RELATED PARTY TRANSACTIONS

During the financial year under review, the following related party transaction was entered into by the Group:-

Related Parties involved with Ni Hsin and/or its subsidiaries	Relationship	Nature of Transactions	Amount (RM)
Sofiyan Bin Yahya ("Encik Sofiyan")	Encik Sofiyan is an Independent Non-Executive Chairman of the Company. Encik Sofiyan is a Director and Major Shareholder of Digital Dagang.	Subscription of additional 160,000 Ordinary Shares in Digital Dagang Sdn. Bhd. ("Digital Dagang") by the Company.	160,000.00

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 2022.

1. MEMBERS

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

During the financial year ended 31 December 2022, 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 [1]	Chairman (Independent Non-Executive Director)	3/3
Poo Chii Miin @ Chermaine Poo [2]	Chairman (Independent Non-Executive Director)	5/5
Ler Leong Keh	Member (Independent Non-Executive Director)	5/5
Dato' Seri Rosman Bin Mohamed [3]	Member (Independent Non-Executive Director)	1/1
Tung Fook Heng [4]	Member (Independent Non-Executive Director)	N/A

[1] Ceased as Chairman of ARMC following his retirement as Independent Non-Executive Director of the Company at the conclusion of Eighteenth Annual General Meeting of the Company held on 23 May 2022.
[2] Redesignated as Chairman of ARMC on 16 August 2022.
[3] Appointed as member of ARMC on 16 August 2022 and ceased as member of ARMC following his resignation as Independent Non-Executive Director of the Company on 16 November 2022.
[4] Appointed as member of ARMC on 10 January 2023.

Ms Chermaine Poo, who is the Chairman of the ARMC, is a Fellow of the Association of Chartered Certified Accountants and a Chartered Accountant of the Malaysian Institute of Accountants. The ARMC, therefore, meets the requirements of Paragraph 15.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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.

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

During the financial year ended 31 December 2022 and in line with the Terms of Reference, the ARMC carried out the following works 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 Malaysia Securities Berhad, Securities Commission Malaysia, Malaysian Accounting Standards Board and other legal and regulatory bodies.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

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

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.

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 2022 on the following dates:-
- 24 February 2022 to discuss audit findings for the financial year ended 31 December 2021; and
- 29 November 2022 to discuss Audit Plan and Strategy for the financial year ending 31 December 2022.

f) reviewed the suitability, performance and effectiveness of the external auditors before recommending their re-appointment to the Board for consideration. The ARMC assessed among others, the adequacy of external auditors, experience and resources, their independence, objectivity and services rendered including non-audit services, quality of service, and experience of audit engagement partners.

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 2022 on the following dates:-
- 24 February 2022 to discuss the Internal Audit Strategy and Planning Memorandum for financial year ended 31 December 2022 and to discuss the internal audit findings; and
- 29 August 2022 to discuss the internal audit findings.
- 29 November 2022 to discuss the internal audit findings.

d) reviewed the adequacy of the scope, functions, competency and resources of the internal audit function.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

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

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 2021; 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.

3. TRAINING

During the financial year ended 31 December 2022, 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:-

- Environmental, Social and Governance (ESG)
- Managing Culture to Prevent Misconduct
- Leading the Digital Transformation of the Accounting Profession in Malaysia
- Sharing on Digitalisation Grants
- Entering The 5G Era: Future Relevance of CFO
- MIA AccTech Conference 2022
- Assessing Your Organizational Culture
- Values as a Source of Competitive Advantage
- ISA 315 (Revised 2019) Identifying and Assessing the Risks of Material Misstatement
- Corporate Governance & Remuneration Practices For The ESG World

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.

During the financial year under review, 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 40 to 44 of the Annual Report.

Details of the internal audit personnel from IBDC that carried out the internal audit work for the financial year ended 31 December 2022 are as follows:-

Name	Qualification & Accreditation
Mr Wong Een Joon *Director-In-Charge*	• Member of Association of Chartered Certified Accountants (ACCA) • Member of Malaysia Institute of Accountants (CA(M)) • Chartered Member of the Institute of Internal Auditors Malaysia (CMILA) • Certified Fraud Examiner (CFE)
Abdul Hakim bin Haslizan *Team Leader*	• Bachelor of Accounting (Hons.) • Associate Member of the Institute of Internal Auditors Malaysia (AIIA)

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

4. INTERNAL AUDIT FUNCTION (CONTINUED)

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.

On 27 February 2023, the ARMC has reviewed and approved the establishment of in-house internal audit function which will be helmed by Ms Bhavanpreet Kaur. Ms Bhavanpreet Kaur is a Certified Internal Auditor of The Institute of Internal Auditors Malaysia (IIAM). She shall be responsible for monitoring and managing risks and internal control systems of the Group moving forwards.

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 2022 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.

Four (4) audit personnel are assigned to carry out the internal audit work for the financial year ended 31 December 2022 with the profile of head of the internal audit function as disclosed below:

Name	Qualification & Accreditation
Wong Een Joon Director-In-Charge	• Member of Association of Chartered Certified Accountant (ACCA) • Member of Malaysia Institute of Accountants (MIA) • Professional Member of the Institute of Internal Auditors Malaysia (CMIIA) • Certified Fraud Examiner (CFE)
Abdul Hakim bin Haslizan Team Leader	• Bachelor of Accounting (Hons.) • Associate Member of the Institute of Internal Auditors Malaysia (AIIA)

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 2022 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 2022.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

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 2022, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(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 Group Berhad ("NHG" or "Company") and its subsidiaries, namely Ni Hsin Corporation Sdn Bhd ("NHC"), Ever-Grow Advanced Materials Sdn Bhd ("EGAM"), Blackbixon2go Sdn Bhd ("BB2GO"), Pride Logistics Alliance Sdn Bhd ("PLA") and Ni Hsin EV Tech Sdn Bhd ("NHEVT"), collectively referred to as the "Group". Our business activities comprise of manufacturing and sale of multi-ply stainless steel cookware, stainless steel products, food and beverage, logistics services and electric motorcycle.

The Board is primarily responsible for the Group's sustainability practices and performance and is supported by the ARMC and Management in managing sustainability related activities including sustainability strategies, priorities and targets.

The Board together with Management review and adopt the strategic plan supporting long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.

In order to drive the progress in formulating and implementing sustainability strategies of the Group, the Board and key management team are responsible in providing guidance while ensuring alignment of all activities and work streams with the Group's role in society and reviewing the ever-changing societal landscape as well as revising or instituting new policies and initiatives resulting from changes or developments relevant to the Group.

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 is embedded in the way we do business and an essential element of how we operate. The Group has incorporated sustainability factors into our investment decisions and strategy to ensure that they are aligned with our overall sustainability goals. 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. Furthering our pursuit of these goals the Group have diversified its operations into the green technology sector with the importing of completely knocked down components ("CKD") of electric motorcycles and assembling them in our manufacturing facility in Seri Kembangan for distribution in Malaysia and ASEAN markets.

STAKEHOLDER ENGAGEMENT

Stakeholders	Sustainability Topic	Type of Engagement	Frequency
Investors/ Shareholders	Business performance Operations in compliance with applicable laws and regulations Group business development	Quarterly result Annual Report and Annual/ Extraordinary General meetings Corporate website and investor relationship channel	Quarterly Annually/ On-going
Customers	Changing needs of customers Innovation Product design, quality and performance Competitive pricing Sustaining long term relationship	Website and social media Customer service Face-to-face interaction Customer satisfaction survey Business review Business ethics	On-going/ Annually
Employees	Job Security and compensation Conducive workplace Career development Health and safety	Competitive remuneration package Corporate culture Training and development programmes Healthy and safe working environment Employee performance appraisal	On-going/ Annually

SUSTAINABILITY STATEMENT
(CONT'D)

STAKEHOLDER ENGAGEMENT (CONTINUED)

Stakeholders	Sustainability Topic	Type of Engagement	Frequency
Suppliers	Sustaining long term relationship On time payment Business ethics	Regular meetings and correspondence Transparent procurement process Vendor evaluation procedures	On-going/ Annually
Government & Regulators	Regulatory compliance Product certification	Site visit, audit and meeting Participation in programs and workshops	As required
Media	On time and correct information	Press release	As required
Community	Environment protection Corporate Social Responsibility (CSR) Job opportunities	Waste management Energy conservation Minimise air and noise pollution Participation in CSR programmes Donations and sponsorships Creation of employment	On-going

MATERIALITY

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 design and quality and Customer Satisfaction
- Corporate Governance & Ethical Behaviour
- Workplace Management
- Environmental

Product Design and Quality and Customer Satisfaction

At NHG 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 FY2022 and FY2021.

	2022	2021	Variance
Customer satisfaction	82%	85%	-3%
Product performance	79%	75%	+4%
Staff performance	87%	98%	-11%

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)

MATERIALITY (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 the Group 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 NHG and its subsidiaries are expected to comply in relation to the affairs of NHG'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, workplace management

Our policies, which can be viewed on our website 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 2022 ("FY 2022").

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, NHG Group had adopted an Anti-Bribery and Anti-Corruption Policy and Procedure ("ABAC Policy") applicable to everyone within the Group to deal with improper solicitation, bribery and other corrupt activities that could arise in the course of business activities. The Company also provided adequate training to all staff in order for them to understand the ABAC Policy.

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIALITY (CONTINUED)

Workplace Management

Our employees are our most crucial asset in our operational structure. Hence, our workplace management initiatives are aimed at securing the long-term sustainability of our human capital. We recruit and retain the best talent available in order to attain our strategic objectives. It is also crucial that we ingrain them with the right mindset and code of conduct to ensure that they fit in with our corporate culture and represent us well in their dealings with stakeholders.

We recognise the importance of diversity in workforce and target to provide equal opportunity to without discrimination of race, religion, gender and sexual orientation.

We value loyalty and dedication and reward employees who have displayed long-term commitment to us. To this end, we have in place Service Recognition Awards that reward long-serving staff when they reach specific service.

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 NHG's areas of operations, whether it is within NHG's premises or offsite to reduce opportunities for health or safety hazards and prevent workplace fatalities.

To accomplish this, NHG 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 NHG 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 most recent review of the Safety and Health Policy was on 25 February 2020.

The safety practice and performance of each key business operations are governed and monitored by the Safety and Health Committee (SHC) 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.

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIALITY (CONTINUED)

Occupational Health and Safety ("OHS") (continued)

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

OHS Incidents Table

	Year	
Severity	**2022**	**2021**
Fatal	-	-
Major	-	-
Minor	1	1
Total Cases	1	1

Health, Safety and Security Events Table

	Year		
Events / Activities	**2022**	**2021**	**Participation**
Safety & Health Meeting	Quarterly	Quarterly	SHC
Safety Talk	Every week	Every week	All Employees
Noise Exposure & Audiometric Test	-	18/12/2021	Production & Supporting Workers
SHC Workplace Inspection & Safety Tour	Quarterly	Quarterly	SHC
Fire Extinguisher Renewal	Mar & Oct	Mar & Oct	EET & HR&GA
Machinery Maintenance	26/7/2022	Jun	Engineering
Chimney Inspection	21/7/2022	01/07/2021	Engineering
Smoke Fogging	Feb & Aug	Feb, May & Nov	Engineering/HR&GA
Training			
Safety & Health Internal Audit	-	-	SHC
Chemical safety and Spillage Control	17/12/2022	20/11/2021	SHC
Hearing Conservation Program	17/12/2022	-	SHC
First Aid and CPR	25/6/2022	-	SHC
Accident Prevention & Investigation	-	20/11/2021	SHC
Fire Fighting Knowledge & Enhancement	27/8/2022	-	SHC

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIALITY (CONTINUED)

Environmental

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.
- Diversification into green products manufacturing and distribution

The Group has incorporated sustainability factors into our investment decisions and strategy to ensure that they are aligned with our overall sustainability goals.

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.

To further drive our sustainability initiatives the Group diversified its operations and invested in the green technology sector – assembling and distribution of electric motorcycles. The transport sector is responsible for 14% of global greenhouse gas emissions. NHG intends to play its role in steering the market towards electromobility and zero-emission transport with the ultimate effect of reducing emissions in this sector and improving the health of the planet's population.

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.

Energy Efficiency

With the serious global warming phenomenon, environmental protection has become an important aspect of daily life. In response to this, NHG 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 recyclability. 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 NHG, 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.

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 2022 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 2022, 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.









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DIRECTORS' REPORT

For the year ended 31 December 2022

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The 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. 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	Company
	RM'000	RM'000
Loss for the year attributable to:		
Owners of the Company	(4,984)	(14,273)
Non-controlling interests	(23)	-
	(5,007)	(14,273)

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 2022.

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
Sofiyan Bin Yahya
Lai Kian Huat
Khoo Wuan Ru
Poo Chii Miin @ Chermaine Poo
Ler Leong Keh
Tung Fook Heng (Appointed on 10 January 2023)
Leow Chan Khiang (Retired on 23 May 2022)
Dato' Seri Rosman Bin Mohamed (Resigned on 16 November 2022)

DIRECTORS' REPORT

For the year ended 31 December 2022
(CONT'D)

DIRECTORS OF THE SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the Directors 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 this report is Khoo Chee Kong and Ian Thong Wing Choong.

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares and warrants 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 1.1.2022	Bought	Sold	At 31.12.2022
Interests in the Company:				
Sofiyan Bin Yahya				
- own	10,366,666	6,162,800	-	16,529,466
Khoo Wuan Ru				
- indirect*^	94,023,000	2,778,000	-	96,801,000
Ler Leong Keh				
- own	-	500,000	-	500,000
Ng Shwu Ching				
- indirect&	-	4,217,300	-	4,217,300

	Number of warrants				
	At 1.1.2022	Bought	Sold	Lapsed	At 31.12.2022
Interests in the Company:					
Sofiyan Bin Yahya					
- own	1,898,367	-	-	(1,898,367)	-
Ler Leong Keh					
- own	350,049	-	(350,049)	-	-
Khoo Wuan Ru					
- indirect^	500,000	-	(500,000)	-	-

DIRECTORS' REPORT

For the year ended 31 December 2022
(CONT'D)

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

	Number of Redeemable Convertible Preference Shares ("RCPS")				
	At 1.1.2022	Bought	Subscribed	Sold	At 31.12.2022
Interests in the Company:					
Sofiyan Bin Yahya					
- own	9,459,800	-	-	-	9,459,800
Ler Leong Keh					
- own	200,000	5,063,400	-	(200,000)	5,063,400
Khoo Wuan Ru					
- indirect^	208,061,768	-	-	(4,500,000)	203,561,768

* *Deemed interest by virtue of spouse, Mr Wilfred Wong Choo Yew's beneficial interest.*
^ *Deemed interest by virtue of father, Mr Khoo Chee Kong's beneficial interest.*
& *Deemed interest by virtue of spouse, Mr Shu Hang Sheong's beneficial interest.*

None of the other Directors holding office at 31 December 2022 had any interest in the ordinary shares and warrants 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 shown below) 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.

The directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

	From the Company	From subsidiary companies
	RM'000	RM'000
Directors of the Company:		
Fees	393	-
Remuneration	-	963
Estimated money value of any other benefits	-	38
	393	1,001

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 2022
(CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company had increased from 510,494,000 to 573,015,251 ordinary shares by way of:

i) the issuance of 59,090,281 ordinary shares for cash arising from the exercise of warrants amounting to RM2,955,000 at RM0.05 per share; and

ii) the issuance of 3,430,700 ordinary shares pursuant to the conversion of 3,430,700 units of Redeemable Convertible Preference Shares ("RCPS") at RM0.12 per share amounting to RM411,000. The salient terms of the RCPS are disclosed in Note 13 to the financial statement.

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 repurchased 12,628,900 of its issued ordinary shares from the open market for a consideration of RM1,234,459. The average price paid for the shares repurchased was RM0.10 per share including transaction costs. The total treasury shares held at the financial year end is 45,941,336 (2021: 33,312,436) shares. The number of outstanding shares in issue after deducting treasury shares held at the financial year end is 527,073,915 ordinary shares. Treasury shares have no rights to voting, dividends and participation in other distribution.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, the warrant exercised by registered warrant holders to new ordinary shares at exercise price of RM0.05 were 59,090,281. The number of warrants unexercised and lapsed on 13 May 2022 was 15,738,747.

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

INDEMNITY AND INSURANCE COSTS

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

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.

DIRECTORS' REPORT

For the year ended 31 December 2022
(CONT'D)

OTHER STATUTORY INFORMATION (CONTINUED)

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 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SUBSEQUENT EVENTS

The details of such events are disclosed in Note 29 to the financial statements.

DIRECTORS' REPORT

For the year ended 31 December 2022
(CONT'D)

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the year are RM216,000 and RM48,000 respectively. The details of auditors' remuneration are disclosed in Note 20 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: 19 April 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Company	
		2022	**2021**	**2022**	**2021**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Assets					
Property, plant and equipment	3	56,262	54,539	-	-
Right-of-use assets	4	1,076	163	-	-
Intangible assets	5	74	186	-	-
Goodwill	6	5,633	5,633	-	-
Investments in subsidiaries	7	-	-	59,590	61,590
Investment in an associate	8	153	182	450	290
Other investments	9	1,752	524	1,752	524
Total non-current assets		64,950	61,227	61,792	62,404
Inventories	10	23,536	21,961	-	-
Current tax assets		395	661	221	173
Trade and other receivables	11	5,081	4,999	8,742	14,228
Cash and cash equivalents	12	22,054	28,183	13,534	22,125
Total current assets		51,066	55,804	22,497	36,526
Total assets		116,016	117,031	84,289	98,930
Equity					
Share capital		84,428	81,062	84,428	81,062
Reserves		13,537	20,020	(6,652)	8,855
Equity attributable to owners of the Company	13	97,965	101,082	77,776	89,917
Non-controlling interests		230	-	-	-
Total equity		98,195	101,082	77,776	89,917

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022
(CONT'D)

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Liabilities					
Loans and borrowings	14	595	688	-	-
Redeemable Convertible Preference Shares ("RCPS")		6,246	6,065	6,246	6,065
Lease liabilities		868	126	-	-
Deferred tax liabilities	15	3,479	3,230	-	-
Total non-current liabilities		11,188	10,109	6,246	6,065
Trade and other payables	16	4,395	4,908	107	2,787
Loans and borrowings	14	1,838	731	-	-
Redeemable Convertible Preference Shares ("RCPS")		160	161	160	161
Lease liabilities		240	40	-	-
Total current liabilities		6,633	5,840	267	2,948
Total liabilities		17,821	15,949	6,513	9,013
Total equity and liabilities		116,016	117,031	84,289	98,930

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Revenue	17	34,730	30,617	277	379
Cost of sales		(24,640)	(23,237)	-	-
Gross profit		10,090	7,380	277	379
Other income		1,287	933	468	37
Distribution expenses		(805)	(1,029)	-	-
Administrative expenses		(14,451)	(14,001)	(3,025)	(1,365)
Net loss on impairment of financial instruments		-	-	(11,776)	(627)
Other expenses		(1)	(176)	-	(176)
Results from operating activities		(3,880)	(6,893)	(14,056)	(1,752)
Finance costs	18	(388)	(278)	(245)	(175)
Finance income		6	4	28	37
Share of loss of equity-accounted associate, net of tax	0	(189)	(108)	-	-
Loss before tax		(4,451)	(7,275)	(14,273)	(1,890)
Tax (expense)/income	19	(556)	828	-	1
Loss for the year	20	(5,007)	(6,447)	(14,273)	(1,889)
Other comprehensive (expense)/income for the year, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property		-	7,372	-	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations	21	(12)	12	-	-
Total other comprehensive (expense)/ income for the year, net of tax		(12)	7,384	-	-
Total comprehensive (expense)/income for the year		(5,019)	937	(14,273)	(1,889)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022
(CONT'D)

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Loss attributable to:					
Owners of the Company		(4,984)	(6,394)	(14,273)	(1,889)
Non-controlling interests		(23)	(53)	-	-
Loss for the year		(5,007)	(6,447)	(14,273)	(1,889)
Total comprehensive (expense)/ income attributable to:					
Owners of the Company		(4,996)	990	(14,273)	(1,889)
Non-controlling interests		(23)	(53)	-	-
Total comprehensive (expense)/ income for the year		(5,019)	937	(14,273)	(1,889)
Loss per ordinary share (sen)					
Basic	22	(0.97)	(1.49)		
Diluted	22	(0.97)	(1.49)		

The notes on pages 70 to 132 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

		← Attributable to owners of the Company →									
		← Non-distributable →						Distributable			
Group	Note	Share capital RM'000	Treasury shares RM'000	RCPS RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2021		66,495	(1,574)	-	151	16,386	9,206	(2,148)	88,516	-	88,516
Revaluation of property		-	-	-	-	7,372	-	-	7,372	-	7,372
Foreign currency translation differences for foreign operations		-	-	-	12	-	-	-	12	-	12
Total other comprehensive income for the year		-	-	-	12	7,372	-	-	7,384	-	7,384
Loss for the year		-	-	-	-	-	-	(6,394)	(6,394)	(53)	(6,447)
Total comprehensive income/(expense) for the year		-	-	-	12	7,372	-	(6,394)	990	(53)	937
Contributions by and distributions to owners of the Company											
Own shares acquired		-	(5,592)	-	-	-	-	-	(5,592)	-	(5,592)
Own shares sold		-	1,617	-	-	-	-	847	2,464	-	2,464
Exercise of warrants	13.7	7,817	-	-	-	-	-	-	7,817	-	7,817
Issuance of RCPS	13.3	-	-	147	-	-	-	-	147	-	147
Conversion of RCPS	13	6,750	-	(10)	-	-	-	-	6,740	-	6,740
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	-	-	53	53
Total transactions with owners of the Company		14,567	(3,975)	137	-	-	-	847	11,576	53	11,629
At 31 December 2021		81,062	(5,549)	137	163	23,758	9,206	(7,695)	101,082	-	101,082
		Note 13.1	Note 13.2	Note 13.3	Note 13.4	Note 13.5	Note 13.6				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022
(CONT'D)

		← Attributable to owners of the Company →									
		← Non-distributable →						Distributable			
Group	Note	Share capital RM'000	Treasury shares RM'000	RCPS RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2022		81,062	(5,549)	137	163	23,758	9,206	(7,695)	101,082	-	101,082
Foreign currency translation differences for foreign operations		-	-	-	(12)	-	-	-	(12)	-	(12)
Total other comprehensive expense for the year		-	-	-	(12)	-	-	-	(12)	-	(12)
Loss for the year		-	-	-	-	-	-	(4,984)	(4,984)	(23)	(5,007)
Total comprehensive expense for the year		-	-	-	(12)	-	-	(4,984)	(4,996)	(23)	(5,019)
Contributions by and distributions to owners of the Company											
Own shares acquired		-	(1,234)	-	-	-	-	-	(1,234)	-	(1,234)
Exercise of warrants	13.7	2,955	-	-	-	-	-	-	2,955	-	2,955
Conversion of RCPS	13	411	-	-	-	-	-	-	411	-	411
Changes in ownership interests in a subsidiary	28.2	-	-	-	-	-	-	(253)	(253)	253	-
Total transactions with owners of the Company		3,366	(1,234)	-	-	-	-	(253)	1,879	253	2,132
At 31 December 2022		84,428	(6,783)	137	151	23,758	9,206	(12,932)	97,965	230	98,195
		Note 13.1	Note 13.2	Note 13.3	Note 13.4	Note 13.5	Note 13.6				

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

		← Attributable to owners of the Company →				
		← Non-distributable →			Distributable	
	Note	Share capital	Treasury shares	RCPS	Retained earnings	Total
Company		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2021		66,495	(1,574)	-	15,309	80,230
Loss and total comprehensive expense for the year		-	-	-	(1,889)	(1,889)
Contributions by and distributions to owners of the Company						
Own shares acquired		-	(5,592)	-	-	(5,592)
Own shares sold		-	1,617	-	847	2,464
Exercise of warrants	13.7	7,817	-	-	-	7,817
Issuance of RCPS	13.3	-	-	147	-	147
Conversion of RCPS	13	6,750	-	(10)	-	6,740
Total transactions with owners of the Company		14,567	(3,975)	137	847	11,576
At 31 December 2021/1 January 2022		81,062	(5,549)	137	14,267	89,917
Loss and total comprehensive expense for the year		-	-	-	(14,273)	(14,273)
Contributions by and distributions to owners of the Company						
Own shares acquired		-	(1,234)	-	-	(1,234)
Exercise of warrants	13.7	2,955	-	-	-	2,955
Conversion of RCPS	13	411	-	-	-	411
Total transactions with owners of the Company		3,366	(1,234)	-	-	2,132
At 31 December 2022		84,428	(6,783)	137	(6)	77,776
		Note 13.1	Note 13.2	Note 13.3		

The notes on pages 70 to 132 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Loss before tax		(4,451)	(7,275)	(14,273)	(1,889)
Adjustments for:					
Depreciation of property, plant and equipment	3	2,842	2,208	-	-
Amortisation of intangible assets	5	112	37	-	-
Depreciation of right-of-use assets	4	255	41	-	-
Depreciation of investment property		-	22	-	22
Dividend income		(37)	(379)	(37)	(379)
Finance costs	18	388	278	245	175
Finance income		(6)	(4)	(28)	(37)
Gain on disposal of other investments	20	(26)	-	(26)	-
Loss on disposal of investment property	20	-	176	-	176
(Gain)/Loss on unrealised foreign exchange	20	(59)	(115)	3	8
Loss/(Gain) on disposal of property, plant and equipment	20	1	(53)	-	-
Net gain in fair value of other investments measured at fair value	20	(65)	(18)	(65)	(18)
Net gain in fair value of fixed income trust funds measured at fair value	20	(376)	(20)	(376)	(20)
Property, plant and equipment written off	20	4	6	-	-
Impairment loss on investment in subsidiaries	7	-	-	2,233	248
Reversal of impairment on amount due from subsidiaries		-	-	(233)	-
Impairment loss on amount due from subsidiaries		-	-	12,009	627
Share of loss of equity-accounted associate, net of tax		189	108	-	-
Operating loss before changes in working capital		(1,229)	(4,988)	(548)	(1,087)

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2022
(CONT'D)

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (continued)					
Change in inventories		(1,574)	(1,836)	-	-
Change in trade and other receivables		399	2,594	(6,152)	(8,439)
Change in trade and other payables		(523)	7,120	(2,680)	8,832
Cash (used in)/generated from operations		(2,927)	2,890	(9,380)	(694)
Interest received		6	4	28	37
Income tax paid		(96)	(362)	(48)	(33)
Income tax refund		55	53	-	-
Net cash (used in)/generated from operating activities		(2,962)	2,585	(9,400)	(690)
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(4,353)	(4,472)	-	-
Acquisition of intangible assets		-	(223)	-	-
Dividend received		37	379	37	379
Proceeds from disposal of property, plant and equipment	3	17	117	-	-
Proceeds from disposal of investment property		-	1,000	-	1,000
Acquisition of subsidiary		-*	-	-	(5,248)
Proceeds from disposal of other investments		263	-	263	-
Investment in an associate		(160)	(290)	(160)	(290)
Acquisition of other investments		(1,400)	(506)	(1,400)	(506)
Acquisition of subsidiary, net of cash and cash equivalents acquired		-	(528)	-	-
Acquisition of non-controlling interests		-	53	-	-
Net cash used in investing activities		(5,596)	(4,470)	(1,260)	(4,665)

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2022
(CONT'D)

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Repayment of bankers' acceptances		(166)	(468)	-	-
Repayment of hire purchase liabilities		(242)	(131)	-	-
Payment of lease liabilities		(226)	(38)	-	-
Interest paid		(172)	(111)	(29)	(8)
Repurchase of treasury shares		(1,234)	(5,592)	(1,234)	(5,592)
Proceeds from sales of treasury shares		-	2,464	-	2,464
Proceeds from exercise of warrants		2,955	7,817	2,955	7,817
Proceeds from RCPS conversion		377	6,750	377	6,750
Net cash generated from financing activities		1,292	10,691	2,069	11,431
Net (decrease)/increase in cash and cash equivalents		(7,266)	8,806	(8,591)	6,076
Effect of exchange rate fluctuations on cash held		(51)	80	-	-
Cash and cash equivalents at 1 January		28,183	19,297	22,125	16,049
Cash and cash equivalents at 31 December	(ii)	20,866	28,183	13,534	22,125

* Denotes RM1

Notes to statements of cash flows

(i) Acquisition of property, plant and equipment

During the financial year, the Company acquired plant and equipment at aggregate cost of RM4,587,000 (2021: RM5,371,000) of which RM234,000 (2021: RM899,000) was acquired using hire purchase arrangement.

(ii) 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	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	12	22,054	28,183	13,534	22,125
Bank overdrafts	14	(1,188)	-	-	-
		20,866	28,183	13,534	22,125

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2022
(CONT'D)

Notes to statements of cash flows (continued)

(iii) Cash outflows for leases as a lessee

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Included in net cash from operating activities					
Payment relating to leases of low-value assets		29	17	-	-
Included in net cash used in financing activities					
Interest paid in relation to lease liabilities		38	6	-	-
Payment of lease liabilities		226	38	-	-
Total cash outflows for leases		264	44	-	-

(iv) Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1 January 2022	Acquisition of new leases	Net changes from financing cash flows	Interest expense	Interest paid	At 31 December 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	166	1,168	(226)	38	(38)	1,108
Bankers' acceptances	506	-	(166)	26	(26)	340
Hire purchase liabilities	913	234	(242)	36	(36)	905
Total liabilities from financing activities	1,585	1,402	(634)	100	(100)	2,353

Group	At 1 January 2021	Acquisition of new leases	Net changes from financing cash flows	Interest expense	Interest paid	At 31 December 2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	-	204	(38)	6	(6)	166
Bankers' acceptances	974	-	(468)	27	(27)	506
Hire purchase liabilities	145	899	(131)	24	(24)	913
Total liabilities from financing activities	1,119	1,103	(637)	57	(57)	1,585

The notes on pages 70 to 132 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Ni Hsin Group 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 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associate. The financial statements of the Company as at and for the financial year ended 31 December 2022 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 19 April 2023.

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 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements –Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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 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 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendments to MFRS 17 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

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

(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 10- Inventories

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(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) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

(vi) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests (continued)

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.

(vii) 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 translation reserve ("TR") 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 TR 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 TR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

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

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.

(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 (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

***Financial assets* (continued)**

(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)).

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(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.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, except for freehold land and factory buildings 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

(iii) Depreciation

Depreciation is based on the cost or revalued amount 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 from the date that they are available for use. 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

As a lessee (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(iii) Subsequent measurement (continued)

As a lessee (continued)

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

(i) Goodwill

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

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Amortisation

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

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

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

- Computer software 2 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(ii) Other assets (continued)

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.

(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) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Equity instruments (continued)

(iii) Preference share capital (continued)

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(iv) 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) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (continued)

(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.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(o) 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.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue and other income (continued)

(i) Revenue (continued)

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) Management fees

Management fees are recognised on an accrual basis.

(iv) 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.

(v) 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.

(q) Borrowing costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Borrowing costs (continued)

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.

(r) 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.

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.

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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.

(u) 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.

(v) 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.

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
Cost/Revalued										
At 1 January 2021	26,700	11,300	102	35,250	8,890	1,748	2,974	2,645	672	90,281
Revaluation	3,850	3,150	-	-	-	-	-	-	-	7,000
Additions	-	-	-	875	19	127	451	2,653	1,096	5,221
Disposals	-	-	-	-	-	-	(17)	(370)	-	(387)
Written off	-	-	-	(479)	(60)	(41)	(127)	-	-	(707)
Acquisition through business combination	-	-	-	-	-	-	8	140	2	150
At 31 December 2021/ 1 January 2022	30,550	14,450	102	35,646	8,849	1,834	3,289	5,068	1,770	101,558
Additions	-	-	-	1	19	107	1,579	816	2,065	4,587
Disposals	-	-	-	-	-	(1)	(37)	-	-	(38)
Written off	-	-	-	(102)	-	(9)	(65)	-	-	(176)
At 31 December 2022	30,550	14,450	102	35,545	8,868	1,931	4,766	5,884	3,835	105,931
Accumulated depreciation										
At 1 January 2021	-	1,680	57	32,423	7,560	1,512	2,562	1,372	660	47,826
Reclassification	-	-	-	55	(55)	-	-	-	-	-
Revaluation	-	(1,991)	-	-	-	-	-	-	-	(1,991)
Depreciation for the year	-	471	2	528	233	81	135	697	61	2,208
Disposals	-	-	-	-	-	-	(6)	(317)	-	(323)
Written off	-	-	-	(479)	(60)	(40)	(122)	-	-	(701)
At 31 December 2021/ 1 January 2022	-	160	59	32,527	7,678	1,553	2,569	1,752	721	47,019
Depreciation for the year	-	648	2	466	210	90	238	973	215	2,842
Disposals	-	-	-	-	-	(1)	(19)	-	-	(20)
Written off	-	-	-	(102)	-	(7)	(63)	-	-	(172)
At 31 December 2022	-	808	61	32,891	7,888	1,635	2,725	2,725	936	49,669

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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
Carrying amounts										
At 1 January 2021	26,700	9,620	45	2,827	1,330	236	412	1,273	12	42,455
At 31 December 2021/ 1 January 2022	30,550	14,290	43	3,119	1,171	281	720	3,316	1,049	54,539
At 31 December 2022	30,550	13,642	41	2,654	980	296	2,041	3,159	2,899	56,262

3.1 Property under the revaluation model

Freehold land and factory buildings were revalued in the financial year ended 31 December 2021 by independent professional valuers using comparison approach.

Had the freehold land and factory buildings been carried at cost model, their carrying amounts would have been RM11,445,000 (2021: RM11,445,000) and RM6,114,000 (2021: RM6,400,000) respectively.

3.2 Fair value information

The fair value of the freehold land and factory buildings are categorised as level 3 fair value.

Level 3 fair value was estimated using unobservable inputs for freehold land fair values. The freehold land has been generally derived using the comparison approach. In the comparison approach, sales prices and comparable properties in close proximately were adjusted for differences in key attributes such as property size. The most significant input in this valuation approach was price per square foot of comparable properties.

3.3 Assets under hire purchase arrangement

Included in property, plant and equipment of the Group are motor vehicles under hire purchase arrangement with carrying amount of RM1,219,000 (2021: RM1,234,000).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. RIGHT-OF-USE ASSETS

Group	Buildings RM'000
At 1 January 2021	-
Additions	204
Depreciation	(41)
At 31 December 2021/1 January 2022	163
Additions	1,168
Depreciation	(255)
At 31 December 2022	1,076

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

5. INTANGIBLE ASSETS

Group	Computer software RM'000
Cost	
At 1 January 2021/31 December 2021/1 January 2022/31 December 2022	223
Accumulated amortisation	
At 1 January 2021/31 December 2021/1 January 2022	37
Amortisation for the year	112
At 31 December 2022	149
Carrying amounts	
At 1 January 2021/31 December 2021/1 January 2022	186
At 31 December 2022	74

5.1 Amortisation

The amortisation of computer software is recognised as administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. GOODWILL

	Group	
	2022	2021
	RM'000	RM'000
Cost	5,633	5,633
Carrying amounts	5,633	5,633

Impairment testing for cash-generating unit containing goodwill

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

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

		Group	
	Note	2022	2021
		RM'000	RM'000
Stainless steel products	6.1	5,105	5,105
Others	6.2	528	528
		5,633	5,633

6.1 The recoverable amount of the cash-generating unit relating to stainless steel products was based on its value-in-use. The carrying amount of the unit amounting to was determined to be lower than 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% (2021: 3%), which represent management's assessment on the growth rate for clad metals and convex mirrors industries using both internal sources (historical data).
- Revenue growth rate in the 5-year business plan ranges from 3% to 29% per annum (2021: 2% to 47% per annum) averaging out to be 7.32% annually (2021: 11.4% annually).
- Gross profit margin in the 5-year business plan is 24.5% (2021: 22.9%).
- A pre-tax discount rate of 11.6% (2021: 11.2%).

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 the following areas:

- A decrease to 6.5% (2021: 7.8%) (annual average) in the future planned revenues would result in an impairment loss of RM355,000 (2021: RM4,000).
- An increase by 0.6% to 12.2% (2021: increase by 2.6% to 13.8%) in the pre-tax discount rate would result in the recoverable amount approximately at the carrying amount of the unit.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. GOODWILL (CONTINUED)

Impairment testing for cash-generating unit containing goodwill (continued)

6.2 The recoverable amount of the cash-generating unit relating to other products was based on its value-in-use. The carrying amount of the unit amounting to was determined to be lower than 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%, which represent management's assessment on the growth rate for forwarding and logistics industry using both internal sources (historical data).
- Revenue growth rate in the 5-year business plans is ranging from 3% to 16% per annum.
- Gross profit margin in the 5-year business plans is 20.0%.
- A pre-tax discount rate of 10.45%.

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

7. INVESTMENTS IN SUBSIDIARIES

		Company	
	Note	2022	2021
		RM'000	RM'000
Unquoted shares, at cost		61,705	61,705
Less: Impairment loss	7.2	(2,115)	(115)
		59,590	61,590
Amount due from a subsidiary	7.1	3,352	3,119
Less: Impairment loss	7.2	(3,352)	(3,119)
		-	-
		59,590	61,590

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

The total impairment loss as of 31 December 2022 of RM5,467,000 (2021: RM3,234,000) was mainly attributable to the the following:

- Investment and amount due from an overseas subsidiary amounting to RM3,398,000 (2021: RM3,165,000) as the management is of the view that the business is affected by geopolitical factors in Europe which is beyond the management's control thus the recoverable amount of the investment in subsidiary was RM Nil (2021: RM Nil) which was based on the fair value less cost to disposal by reference to the underlying assets and liabilities of the subsidiaries; and
- Investments in local subsidiaries amounting to RM2,069,000 (2021: RM69,000) as the management is of the view that the recoverable amount of the investment in subsidiaries was RM Nil (2021: RM Nil) which was based on the fair value less cost to disposal by reference to the underlying assets and liabilities of the subsidiaries.

An impairment loss on investment in subsidiaries of RM2,233,000 (2021: RM248,000) was recognised in profit or loss. Following the impairment of cost of investment in subsidiaries and amount due from an subsidiary, the recoverable amount is equal to the carrying amount.

7.3 Acquisition of new subsidiary

In May 2022, the Company's wholly-owned subsidiary, Ni Hsin EV Tech Sdn. Bhd. ("NHEVT") acquired 50% of the equity interest in EV Mobility Sdn. Bhd. ("EVM"). The issued and paid-up capital of EVM is RM2.00 only comprising of 2 ordinary shares. The principal activity of EVM is distribution, marketing, trading, leasing and retailing of all kinds of electric vehicles. The Directors have determined that EVM is a subsidiary of NHEVT, which in turn is a subsidiary of the Company, as NHEVT controls EVM on the basis that NHEVT has the current ability to direct EVM activities that most significantly affect the returns.

7.4 Changes in ownership interests in a subsidiary

In April 2022, the Company's wholly-owned subsidiary, Ni Hsin Ecologistics Sdn Bhd ("NHECO") acquired the remaining 40% equity interest of its subsidiary, Pride Logistics Alliance Sdn. Bhd. ("PLA'), via a share swap agreement between NHECO and a third party individual whereby NHECO issued 400,000 new ordinary shares of RM1.00 each as consideration for the remaining 40% equity interest in PLA. Subsequent to the acquisition, PLA became a wholly owned subsidiary of NHECO with an effective ownership of 71% to the Group.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective ownership interest 2022 %	Effective ownership interest 2021 %
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
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. ("NHFB")	Research, development and manufacturing of food and beverages products	Malaysia	100	100
Subsidiaries of NHFB BlackBixon Sdn. Bhd. ("BBSB")	Direct sales business in all kind of home appliances, food and beverages products and energy drinks	Malaysia	100	100
BlackBixon2Go Sdn. Bhd. ("BB2GO")#	Transporters and carriers of all kinds of foods and beverages	Malaysia	50	50
Ni Hsin EV Tech Sdn. Bhd. ("NHEVT")#	Assembling, promoting and marketing of all kinds of electric vehicles (EV)	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Principal activities	Country of incorporation	Effective ownership interest 2022	Effective ownership interest 2021
			%	%
Subsidiary of NHEVT EV Mobility Sdn. Bhd. ("EVM")&@#	Distribution, marketing, trading, leasing and retailing all kinds of electric vehicles.	Malaysia	50	-
Ni Hsin Ecologistics Sdn. Bhd. ("NHECO")#	Eco-friendly logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor	Malaysia	71	100
Subsidiary of NHECO Pride Logistics Alliance Sdn. Bhd. ("PLA")@	Logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor services	Malaysia	71	60

* 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 2022.
^ Subsidiary incorporated in Hong Kong has not been audited as it has not commenced any operations.
& Subsidiary acquired during May 2022.
@ Not audited by KPMG.
# Subsidiary incorporated in Malaysia during 2021.

8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At cost				
Unquoted shares	450	290	450	290
Share of post-acquisition reserves	(297)	(108)	-	-
	153	182	450	290

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Details of the associate is as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest 2021	2020
			%	%
Digital Dagang Sdn. Bhd.	Malaysia	Digital business platform for online trading	32	29

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	Group 2022	2021
	RM'000	RM'000
Summarised financial information		
As at 31 December		
Non-current assets	154	177
Current assets	160	196
Non-current liabilities	-	-
Current liabilities	(202)	(25)
Net assets	112	348
Year ended 31 December		
Loss and total comprehensive expense	(636)	(541)
Included in the total comprehensive expense is:		
Revenue	259	146
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	36	101
Goodwill	151	91
Effect of changes in ownership	(34)	(10)
Carrying amount in the statement of financial position	153	182
Group's share of results for the year ended 31 December		
Group's share of loss and total comprehensive income	(189)	(108)
Other information		
Dividend received by the Group	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. OTHER INVESTMENTS

	Group and Company	
	Quoted shares	
	2022	2021
	RM'000	RM'000
Non-current		
Financial assets at fair value through profit or loss		
- Held for trading	1,752	524

During the year, the Group disposed the following investment in quote shares, which was carried at fair value through profit or loss:

	Fair value at derecognition	Gain on disposal	Dividend recognised in 2022
	RM'000	RM'000	RM'000
Quoted shares held for trading	263	26	-

10. INVENTORIES

	Group	
	2022	2021
	RM'000	RM'000
Raw materials and component parts	12,006	11,209
Indirect materials	917	871
Work-in-progress	538	689
Manufactured inventories	10,075	9,192
	23,536	21,961
Recognised in profit or loss:		
Inventories recognised as cost of sales	24,640	23,237

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Current					
Trade					
Trade receivables		945	1,620	-	-
Non-trade					
Amount due from subsidiaries	11.3	-	-	21,783	14,594
Less: Provision for doubtful debt		-	-	(13,043)	(1,267)
		-	-	8,740	13,327
Non-trade					
Other receivables	11.1	1,259	2,622	-	900
Deposits	11.2	2,228	287	2	1
Prepayments		649	470	-	-
		4,136	3,379	8,742	14,228
		5,081	4,999	8,742	14,228

Group

11.1 Included in other receivables are advanced payments made for purchases of equipment amounting to RM100,000 (2021: Nil) and advanced payments made for purchases of inventories amounting to RM240,000 (2021: RM671,000).

11.2 Included in deposits are deposits for the acquisition of an equity interest in a company amounting to RM1,500,000 (2021: Nil) which was completed in January 2023 as disclosed in Note 29(i) and for purchase of inventories amounting to RM514,000 (2021: Nil).

Company

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

12. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks		218	214	196	193
Fixed income trust funds, at fair value through profit or loss	12.1	10,270	20,768	10,270	20,768
Cash and bank balances		11,566	7,201	3,068	1,164
		22,054	28,183	13,534	22,125

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. CASH AND CASH EQUIVALENTS (CONTINUED)

12.1 Deposit in fixed income trust funds represent liquid investments which primarily invest in money market instruments. The Directors regard the liquid investments as cash and cash equivalents in view of its high liquidity and insignificant risk of changes in value.

13. SHARE CAPITAL AND RESERVES

13.1 Share capital

	Group and Company			
	Amount 2022	Number of shares 2022	Amount 2021	Number of shares 2021
	RM'000	'000	RM'000	'000
Ordinary shares, issued and fully paid:				
At 1 January	81,062	510,494	66,495	324,209
Exercise of warrant	2,955	59,090	7,817	130,037
Conversion of RCPS	411	3,431	6,750	56,248
At 31 December	84,428	573,015	81,062	510,494

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 2022, the Company repurchased 12,628,900 units (2021: 6,018,000 units) of its issued share capital from the open market costing RM1,234,459 (2021: RM5,592,066). The average price paid for the shares repurchased was RM0.10 (2021: RM0.17) 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 2021, the Company sold 9,242,000 treasury shares amounting to RM2,464,076 at the open market at an average price of RM0.27. As at 31 December 2022, the total number of treasury shares is 45,941,336 (2021: 33,312,436).

The number of outstanding shares in issue after deducting treasury shares held at the financial year end is 527,073,915 (2021: 477,181,834) ordinary shares. Treasury shares have no rights to voting, dividends and participation in other distribution.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. SHARE CAPITAL AND RESERVES (CONTINUED)

13.3 Redeemable Convertible Preference Shares

	Group and Company			
	Amount 2022	Number of shares 2022	Amount 2021	Number of shares 2021
	RM'000	'000	RM'000	'000
Issued and fully paid:				
At 1 January	137	619,615	-	-
Issued during the year	-	-	6,759	675,863
Less: Liability component	-	-	(6,612)	-
Converted during the year	-*	(3,431)	(10)	(56,248)
At 31 December	137	616,184	137	619,615

* Less than RM1,000

On March 2021, the Company issued 675,863,030 pursuant to the right 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 tenure of the instruments is five years commencing from and inclusive of the date of issue of the RCPS. The salient features of the RCPS are as follows:

i) The RCPS carry the right to receive a fixed preference dividend rate per annum of 3% of RCPS issue price;
ii) The RCPS can be redeemed during the beginning of the 5th year after issuance until maturity at the RCPS issue price plus any accumulated undeclared dividends up to the date of redemption;
iii) Each RCPS carries the entitlement to convert into new shares on any market day during the tenure at the option of the RCPS holders with the conversion price at RM0.12 per RCPS; and
iv) The RCPS do not carry the right to vote at any general meeting except on the proposal considering the reduction of share capital and winding up of the Company.

During the financial year, 3,430,700 (2021: 56,248,000) units of RCPS were converted into 3,430,700 (2021: 56,248,000) new ordinary shares.

13.4 Translation reserve

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

13.5 Revaluation reserve

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

13.6 Other reserve

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. SHARE CAPITAL AND RESERVES (CONTINUED)

13.7 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

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.

On 8 February 2021, there was an adjustment to the exercise price and number of outstanding warrants 2019/2022 of the Company in accordance with the provisions of the Deed Poll dated 24 April 2019 constituting the warrants, pursuant to the renounceable right issue of RCPS in the Company at an issue price of RM0.01 per RCPS on the basis of 2 RCPS for 1 existing ordinary share in the Company held by the entitled shareholders. Subsequent to the adjustment, the Company issued 49,025,223 new free warrants on the basis of one (1) free Warrant for every two (2) ordinary shares of the Company at a revised exercise price of RM0.05 per warrant. The new warrant issued were listed on Bursa Malaysia Securities Berhad on 8 March 2022.

During the financial year, 59,090,281 (2021: 130,037,119) warrants were exercised by registered warrant holders at RM0.05 (2021: RM0.138 (subsequently adjusted to RM0.05)) amounting to RM2,955,000 (2021: RM7,817,000). The remaining 15,738,747 unexercised warrants have lapsed on 13 May 2022. In 2021, the numbers of warrants unexercised at the end of reporting period was 74,829,028.

14. LOANS AND BORROWINGS

	Group	
	2022	2021
	RM'000	RM'000
Non-current		
Hire purchase liabilities	595	688
Current		
Bankers' acceptances, unsecured	340	506
Bank overdrafts	1,188	-
Hire purchase liabilities	310	225
	1,838	731
	2,433	1,419

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. LOANS AND BORROWINGS (CONTINUED)

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Future minimum lease payments 2022 RM'000	Interest 2022 RM'000	Present value of minimum lease payments 2022 RM'000	Future minimum lease payments 2021 RM'000	Interest 2021 RM'000	Present value of minimum lease payments 2021 RM'000
Less than one year	342	32	310	258	33	225
Between one and five years	623	28	595	735	45	688
	965	60	905	993	78	913

Included in the Group's hire purchase liabilities are lease of motor vehicles with carrying amount of RM1,219,000 (2021: RM1,234,000) under the hire purchase expiring within five years.

15. DEFERRED TAX LIABILITIES

Recognised deferred liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group						
Property, plant and equipment	-	-	4,716	4,908	4,716	4,908
Provisions	(43)	(127)	-	-	(43)	(127)
Unabsorbed capital allowances carried forward	(121)	(478)	-	-	(121)	(478)
Tax losses carried forward	(914)	(914)	-	-	(914)	(914)
Others	(159)	(159)	-	-	(159)	(159)
Tax (assets)/liabilities	(1,237)	(1,678)	4,716	4,908	3,479	3,230
Set off of tax	1,237	1,678	(1,237)	(1,678)	-	-
Net tax liabilities	-	-	3,479	3,230	3,479	3,230

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets/(liabilities)

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

	Group	
	2022	2021
	RM'000	RM'000
Tax losses carried forwards	6,719	2,990

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

The tax measures in the Finance Act 2021 extend the time period for carry forward unabsorbed business losses to 10 years (from seven years) whilst the unabsorbed capital allowances do not expire under the current tax legislation.

As at the end of the reporting period, the Group's and the Company's unabsorbed business losses will expire by the following year of assessment:

	Group	
	2022	2021
	RM'000	RM'000
Year of assessment ("YA")		
More than 5 YAs	6,719	2,990

Movement in temporary differences during the year

	At 1.1.2021	Recognised in profit or loss (Note 19)	Recognised in other comprehensive income (Note 19)	At 31.12.2021/ 1.1.2022	Recognised in profit or loss (Note 19)	At 31.12.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment	4,325	(1,036)	1,619	4,908	(192)	4,716
Provisions	(71)	(56)	-	(127)	84	(43)
Unabsorbed capital allowances carried forward	(530)	52	-	(478)	357	(121)
Tax losses carried forward	(864)	(50)	-	(914)	-	(914)
Other items	(156)	(3)	-	(159)	-	(159)
	2,704	(1,093)	1,619	3,230	249	3,479

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Current					
Trade					
Trade payables		1,195	957	-	-
Contract liabilities	16.1	839	1,041	-	-
		2,034	1,998	-	-
Non-trade					
Other payables		1,900	1,843	52	287
Accrued expenses		461	1,067	-	-
Amount due to subsidiaries	16.2	-	-	55	2,500
		2,361	2,910	107	2,787
		4,395	4,908	107	2,787

16.1 The contract liability relates to advance consideration received from customers, of which RM163,000 (2021: RM243,000) are expected to be recognised as revenue over a period of 12 months based on the contract term and RM676,000 (2021: RM798,000) will be recognised as revenue upon order is placed and goods are being delivered and accepted by the customers.

16.2 The amount due to subsidiaries is unsecured, interest fee and repayable on demand except for RM2,449,000 included in the prior year which was unsecured, subject to fixed interest rate of 1.65% per annum with fixed terms of repayment over a period of a year.

17. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
- Sales of goods				
Cookware	12,781	14,488	-	-
Stainless steel products	15,153	12,915	-	-
Food and beverages	2,277	405	-	-
Others	-	1,671	-	-
	30,211	29,479	-	-
- Sales of services				
Logistics services	4,482	759	-	-
	34,693	30,238	-	-
Other revenue				
- Dividend income	37	379	37	379
- Management fees	-	-	240	-
	34,730	30,617	277	379

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. REVENUE (CONTINUED)

17.1 Nature of goods and services

The Group's main products are cookware, stainless steel products, food and beverages and logistic services and the following information reflects the typical transactions of the Group:

Nature of goods of services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Cookware	Revenue is recognised when the goods are delivered and accepted by the customers.	Partial or full advance payment upon confirmation of order from customers or issuance of Bill of Lading.	Not applicable.	The Group allows returns only on manufacturing defects for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.
Stainless steel products	Revenue is recognised when the goods are delivered and accepted by the customers.	Partial or full advance payment upon confirmation of order from customers or issuance of Bill of Lading.	Not applicable.	The Group allows returns only on manufacturing defects for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.
Food and beverages	Revenue is recognised when the goods are delivered and accepted by the customers.	Cash term upon delivery of goods.	Not applicable.	The Group allows returns only on manufacturing defects for exchange with new goods for coffee machines (i.e. no cash refunds are offered).	Not applicable.
Logistic services	Revenue is recognised when the services are performed and accepted by the customers.	Credit period up to 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Others	Revenue is recognised when the goods are delivered and accepted by the customers.	Partial or full advance payment upon confirmation of order from customers or issuance of Bill of Lading.	Not applicable.	The Group allows returns only on manufacturing defects for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.

18. FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
	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	72	54	-	-
Bankers' acceptances	26	27	-	-
Hire purchase liabilities	36	24	-	-
Interest expense on lease liabilities	38	6	-	-
Interest expense on intercompany loan	-	-	29	8
RCPS	216	167	216	167
	388	278	245	175

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. TAX EXPENSE/(INCOME)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current	240	237	-	-
- under/(over) provision in prior years	67	28	-	(1)
Total current tax recognised in profit or loss	307	265	-	(1)
Deferred tax expense				
- origination and reversal of temporary differences	128	(267)	-	-
- under/(over) provision in prior years	121	(826)	-	-
Total deferred tax recognised in profit or loss	249	(1,093)	-	-
Total tax expense/(income)	556	(828)	-	(1)
Recognised in other comprehensive income				
Revaluation surplus of property	-	1,619	-	-
Reconciliation of effective tax expense				
Loss for the year	(5,007)	(6,447)	(14,273)	(1,889)
Tax expense	556	(828)	-	(1)
Loss excluding tax	(4,451)	(7,275)	(14,273)	(1,890)
Income tax calculated using Malaysian tax rate of 24% (2021: 24%)	(1,068)	(1,746)	(3,426)	(454)
Non-deductible expenses	574	965	3,435	545
Tax exempt income	(9)	(90)	(9)	(91)
Tax incentives	(24)	-	-	-
Current year losses for which no deferred tax asset was recognised	895	841	-	-
Under/(Over) provision in prior years	188	(798)	-	(1)
Tax income	556	(828)	-	(1)
Recognised in other comprehensive income				
Revaluation surplus of property	-	1,619	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. LOSS FOR THE YEAR

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loss for the year is arrived at after charging/(crediting):				
Auditors' remuneration				
- Audit fees				
KPMG PLT	209	191	41	39
Other auditors	9	10	-	-
- Non-audit fees				
KPMG PLT	7	7	7	7
Affiliates of KPMG PLT	49	42	6	15
Other auditor	6	5	-	-
Material expenses				
Depreciation of property, plant and equipment	2,842	2,208	-	-
Depreciation of investment property	-	22	-	22
Depreciation of right-of-use assets	255	41	-	-
Amortisation of intangible assets	112	37	-	-
Impairment loss on investment in subsidiaries	-	-	2,233	248
Impairment loss on amount due from subsidiaries	-	-	12,009	627
Net loss on foreign exchange - unrealised	-	-	3	8
Loss on disposal of investment property	-	176	-	176
Loss on disposal of property, plant and equipment	1	-	-	-
Property, plant and equipment written off	4	6	-	-
Personnel expenses (including key management personnel)				
- Contributions to state plans	818	781	-	-
- Wages, salaries and others	10,728	10,295	393	329

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. LOSS FOR THE YEAR (CONTINUED)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loss for the year is arrived at after charging/(crediting): (Continued)				
Material income				
Gain on disposal of property, plant and equipment	-	(53)	-	-
Gain on disposal of other investments	(26)	-	(26)	-
Reversal of impairment on amount due from subsidiaries	-	-	(233)	-
Net gain in fair value of other investments measured at fair value	(65)	(18)	(65)	(18)
Net gain in fair value of fixed income trust fund measured at fair value	(376)	(20)	(376)	(20)
Dividend income from fixed income trust funds	(37)	(379)	(37)	(379)
Net gain on foreign exchange - unrealised	(59)	(115)	-	-
Net gain on foreign exchange - realised	(661)	(479)	-	-
Expenses arising from leases:				
Expenses relating to leases of low-value assets*	29	17	-	-

* The Group leases hostel for employees with contract terms of 2 to 3 years. These leases are leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

21. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	Before tax	Tax expense	Net of tax
	RM'000	RM'000	RM'000
Group			
2022			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property	-	-	-
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	(12)	-	(12)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. OTHER COMPREHENSIVE INCOME/(EXPENSE) (CONTINUED)

	Before tax	Tax expense	Net of tax
	RM'000	RM'000	RM'000
Group			
2021			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property	8,991	(1,619)	7,372
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	12	-	12

22. LOSS PER ORDINARY SHARE

Group

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 December 2022 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Loss for the year attributable to owners of the Company

Group	2022	2021
	RM'000	RM'000
Loss for the year attributable to owners of the Company	(4,984)	(6,394)

Group	2022	2021
Weighted average number of ordinary shares at 31 December	513,592,069	430,490,580
Basic loss per ordinary share (sen)	(0.97)	(1.49)

Diluted loss per ordinary share

The calculation of diluted loss per ordinary share at 31 December 2022 was based on 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:

Group	2022	2021
	RM'000	RM'000
Loss for the year attributable to owners of the Company	(4,984)	(6,394)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. LOSS PER ORDINARY SHARE (CONTINUED)

Group (continued)

***Diluted loss per ordinary share* (continued)**

Group	2022	2021
Weighted average number of ordinary shares at 31 December (basic)	513,592,069	430,490,580
Effect of warrants on issue	-*	-*
Effect of RCPS on issue	-*	-*
Weighted average number of ordinary shares at 31 December (diluted)	513,592,069	430,490,580

* The effects of warrants and RCPS on issue are anti-dilutive.

23. 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)	Food and beverages	Manufacture and trading in all kinds of food and beverages, café and restaurant business
(iv)	Logistics services	Logistics services
(v)	Others	Trading in all kinds of personal protective equipment and cooking oil

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)

23. OPERATING SEGMENTS (CONTINUED)

Geographical segments

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

Business segments	Cookware	Stainless steel products	Food and beverages	Logistics services	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022							
Revenue	12,781	15,153	2,277	4,482	37	-	34,370
Inter-segment revenue	1,040	4,329	382	431	-	(6,182)	-
Total revenue	13,821	19,482	2,659	4,913	37	(6,182)	34,370
2021							
Revenue	14,488	12,915	405	759	2,050	-	30,617
Inter-segment revenue	1,359	4,173	364	47	10	(5,953)	-
Total revenue	15,847	17,088	769	806	2,060	(5,953)	30,617

Major customers

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

	Revenue		Segment
	2022	2021	
	RM'000	RM'000	
Customer A	4,329	3,990	Stainless steel products
Customer B	4,036	2,687	Stainless steel products
Customer C	3,847	2,327	Cookware

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. OPERATING SEGMENTS (CONTINUED)

	Cookware	Stainless steel products	Food and beverages	Logistics services	Others	Elimi-nations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022 Results							
Segment results	786	83	(6,458)	(49)	(14,064)	16,272	(3,430)
Unallocated corporate expenses							(450)
Interest expense							(388)
Interest income							6
Share of loss of equity-accounted associate, net of tax							(189)
Loss before tax							(4,451)
Tax expense							(556)
Loss for the year							(5,007)
Assets							
Segment assets	62,167	24,949	6,306	1,669	21,440	(14,444)	102,087
Unallocated corporate assets							13,929
Total assets							116,016
Liabilities							
Segment liabilities	(6,806)	(3,907)	(20,276)	(1,144)	(8,891)	26,707	(14,317)
Unallocated corporate liabilities							(3,504)
Total liabilities							(17,821)
Other information							
Capital expenditure	93	477	3,245	178	593	-	4,586
Depreciation	1,443	733	594	55	17	-	2,842
Non-cash expenses other than depreciation	4	1	-	-	-	-	5

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. OPERATING SEGMENTS (CONTINUED)

	Revenue RM'000
2022	
Results	
Geographical segments	
Japan and Korea	16,736
Malaysia and Singapore	9,198
China, Taiwan and Hong Kong	2,195
Thailand and Indonesia	1,702
Europe	2,765
USA and Canada	1,285
Australia	191
Others	658
	34,730

	Cookware RM'000	Stainless steel products RM'000	Food and beverages RM'000	Logistics services RM'000	Others RM'000	Elimi-nations RM'000	Total RM'000
2021							
Results							
Segment results	(781)	169	(4,933)	(144)	250	662	(4,777)
Unallocated corporate income/(expenses)							(2,116)
Interest expense							(278)
Interest income							4
Share of loss of equity- accounted associate, net of tax							(108)
Loss before tax							(7,275)
Tax expense							828
Loss for the year							(6,447)
Assets							
Segment assets	61,366	24,644	7,392	1,593	20,140	(20,890)	94,245
Unallocated corporate assets							22,786
Total assets							117,031

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. OPERATING SEGMENTS (CONTINUED)

	Cookware	Stainless steel products	Food and beverages	Logistics services	Others	Elimi-nations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021							
Liabilities							
Segment liabilities	(6,361)	(3,883)	(12,408)	(991)	(10,378)	21,302	(12,719)
Unallocated corporate liabilities							(3,230)
Total liabilities							(15,949)
Other information							
Capital expenditure	1,132	1,124	2,957	14	4	-	5,231
Depreciation	1,332	679	189	7	1	-	2,208
Non-cash expenses/ (income) other than depreciation	3	(49)	(1)	-	-	-	47

	Revenue
	RM'000
2021	
Results	
Geographical segments	
Japan and Korea	13,571
Malaysia and Singapore	6,872
China, Taiwan and Hong Kong	3,744
Thailand and Indonesia	1,292
Europe	1,940
USA and Canada	2,301
Australia	189
Others	708
	30,617

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS

24.1 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	AC	FVTPL
	RM'000	RM'000	RM'000
2022			
Financial assets			
Group			
Other investments	1,752	-	1,752
Trade and other receivables (excluding prepayments)	4,432	4,304	128
Cash and cash equivalents	22,054	11,784	10,270
	28,238	16,088	12,150
Company			
Trade and other receivables (excluding prepayments)	8,742	8,742	-
Cash and cash equivalents	13,534	3,264	10,270
	22,276	12,006	10,270
Financial liabilities			
Group			
Loan and borrowings	(2,433)	(2,433)	-
Trade and other payables	(4,395)	(4,395)	-
	(6,828)	(6,828)	-
Company			
Trade and other payables	(107)	(107)	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.1 Categories of financial instruments (continued)

	Carrying amount	AC	FVTPL
	RM'000	RM'000	RM'000
2021			
Financial assets			
Group			
Other investments	524	-	524
Trade and other receivables (excluding prepayments)	4,529	4,401	128
Cash and cash equivalents	28,183	7,415	20,768
	33,236	11,816	21,420
Company			
Trade and other receivables (excluding prepayments)	14,228	14,228	-
Cash and cash equivalents	22,125	1,357	20,768
	36,353	15,585	20,768
Financial liabilities			
Group			
Loan and borrowings	(1,419)	(1,419)	-
Trade and other payables	(4,908)	(4,908)	-
	(6,327)	(6,327)	-
Company			
Trade and other payables	(2,787)	(2,787)	-

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	479	458	(11,980)	(597)
Financial liabilities measured at amortised cost	139	35	200	(9)
Financial assets at fair value through profit or loss				
- other investment	65	18	91	18
- fixed income trust fund	376	20	376	20
- dividend income from fixed income trust fund	37	379	37	379
	1,096	910	(11,276)	(189)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

24.4 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	
	2022	2021
	RM'000	RM'000
Domestic	522	580
Japan and Korea	204	-
Singapore	-	157
China, Taiwan and Hong Kong	30	60
Thailand and Indonesia	-	357
Europe	189	214
USA and Canada	-	252
	945	1,620

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 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 2022 and 31 December 2021.

Group	Gross carrying amount RM'000	Individual impairment RM'000	Net balance RM'000
2022			
Not past due	705	-	705
Past due 1 - 30 days	134	-	134
Past due over 90 days	106	-	106
	945	-	945
2021			
Not past due	1,329	-	1,329
Past due 1 - 30 days	194	-	194
Past due over 90 days	97	-	97
	1,620	-	1,620

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 non-financial institution. 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 and non-financial institution have low credit risks.

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 recognise any allowance for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

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 (2021: RM26,140,000).

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM2,433,000 (2021: RM1,419,000) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Inter-company loans and advances (continued)

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk for subsidiaries' advances as at 31 December 2022.

Company	Gross carrying amount	Impairment loss allowances	Net balance
	RM'000	RM'000	RM'000
2022			
Credit impaired	21,783	(13,043)	8,740
2021			
Credit impaired	14,594	(1,267)	13,327

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

	2022 Lifetime ECL	2021 Lifetime ECL
	RM'000	RM'000
Company		
Balance at 1 January	1,267	640
Increase in allowance loss	12,009	627
Reversal of allowance loss	(233)	-
Balance at 31 December	13,043	1,267

24.5 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)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 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	Contractual interest rate	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000
Group						
2022						
Non-derivative financial liabilities						
Bankers' acceptances	340	3.39%-3.40%	346	346	-	-
Hire purchase liabilities	905	2.07%-2.48%	965	342	283	340
Bank overdrafts	1,188	6.85%-7.60%	1,188	1,188	-	-
Trade and other payables	4,395	-	4,395	4,395	-	-
2021						
Non-derivative financial liabilities						
Bankers' acceptances	506	3.27%-3.40%	513	513	-	-
Hire purchase liabilities	913	2.07%-2.37%	993	258	258	447
Trade and other payables	4,908	-	4,908	4,908	-	-

	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year
	RM'000	%	RM'000	RM'000
Company				
2022				
Non-derivative financial liabilities				
Payables and accruals	107	-	107	107
Financial guarantee	-	-	2,433	2,433
2021				
Non-derivative financial liabilities				
Payables and accruals	338	-	338	338
Amount due to subsidiaries	2,449	1.65%	2,489	2,489
Financial guarantee	-	-	1,419	1,419

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 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.

24.6.1 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	**JPY**	**EUR**
	RM'000	**RM'000**	**RM'000**
Group			
2022			
Trade and other receivables	203	191	217
Trade and other payables	(476)	(288)	(42)
Net exposure	(273)	(97)	175
2021			
Trade and other receivables	1,757	-	273
Trade and other payables	-	(314)	(66)
Net exposure	1,757	(314)	207

Company

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

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

A 10% (2021: 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	
	2022	2021
	RM'000	RM'000
Group		
USD	21	(134)
JPY	7	24
EUR	(13)	(16)

A 10% (2021: 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.

24.6.2 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.

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	218	214	196	193
Financial liabilities	2,433	1,419	-	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

24.7 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.

	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	RM'000	RM'000
Group										
2022										
Financial assets										
Other investments	-	1,752	-	1,752	-	-	-	-	1,752	1,752
Investments in club memberships	-	128	-	128	-	-	-	-	128	128
Fixed income trust fund	-	10,270	-	10,270	-	-	-	-	10,270	10,270
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	(883)	(883)	(883)	(905)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

	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	RM'000	RM'000
Group (continued)										
2021										
Financial assets										
Other investments	-	524	-	524	-	-	-	-	524	524
Investments in club memberships	-	128	-	128	-	-	-	-	128	128
Fixed income trust fund	-	20,768	-	20,768	-	-	-	-	20,768	20,768
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	(880)	(880)	(880)	(913)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Company				
2022				
Financial assets				
Fixed income trust fund	-	10,270	-	10,270
2021				
Financial assets				
Fixed income trust fund	-	20,768	-	20,768

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 (2021: 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
Hire purchase liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

25. 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. CAPITAL AND OTHER COMMITMENTS

	Group	
	2022	2021
	RM'000	RM'000
Contracted but not provided for		
Property, plant and equipment	229	626

27. RELATED PARTIES

Identity of related parties

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

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

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

Significant related party transactions

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

	Transaction value for year ended 31 December		Balance outstanding as at 31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Company				
Management income	(240)	-	(240)	-
Interest expense	29	8	-	-
Administration fee paid on behalf of subsidiary	8	5	8	5

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

The key management personnel compensations are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:				
- Fees	393	329	393	329
- Remuneration	963	454	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	38	26	-	-
	1,394	785	393	329
Other Directors of the Group entities:				
- Fees	371	360	-	-
- Remuneration	333	804	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	-	24	-	-
	704	1,188	-	-
	2,098	1,973	393	329

28. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

28.1 Acquisition of subsidiary – Pride Logistics Alliance Sdn. Bhd.

In previous financial year, the Company's wholly-owned subsidiary, NHECO has acquired 6,000 ordinary shares of Pride Logistics Alliance Sdn. Bhd. ("PLA"), representing 60% of the existing issued and paid-up capital of 10,000 for RM600,000 satisfied in cash. The company is principally engaged in logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor. Subsequent to the acquisition, PLA becomes a subsidiary of NHECO with an effective ownership of 60% to the Group.

Fair value of consideration transferred

	Group
	2021
	RM'000
Cash and bank balances	600

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONTINUED)

28.1 Acquisition of subsidiary – Pride Logistics Alliance Sdn. Bhd. (continued)

Identifiable assets acquired and liabilities assumed

	Note	Group 2021 RM'000
Property, plant and equipment		150
Trade and other receivables		421
Cash and bank balances		47
Trade and other payables		(498)
Total identifiable net assets		120

Net cash inflow arising from acquisition of subsidiary

	Group 2021 RM'000
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and bank balances	600
Cash and bank balances acquired	(47)
	553

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	Note	Group 2021 RM'000
Total consideration transferred		600
Fair value of identifiable net assets		(120)
Non-controlling interests		48
Goodwill	6.2	528

28.2 Acquisition of non-controlling interests – Pride Logistics Alliance Sdn. Bhd.

In April 2022, the Company's wholly-owned subsidiary, NHECO has acquired the remaining 40% equity interest in PLA via a share swap agreement between NHECO and a third party individual whereby NHECO issued 400,000 new ordinary shares of RM1.00 each as consideration for the remaining 40% equity interest in PLA. The carrying amount of PLA net assets in the Group's financial statements on the date of the acquisition was RM514,000. The Group recognised a decrease in non-controlling interests of RM147,000 and a decrease in retained earnings of RM253,000. Subsequent to the acquisition, PLA became a wholly owned subsidiary of NHECO with an effective ownership of 71% to the Group.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONTINUED)

28.2 Acquisition of non-controlling interests – Pride Logistics Alliance Sdn. Bhd. (continued)

The following summarises the effect of changes in the equity interest in PLA that is attributable to owners of the Company:

	Group 2022 RM'000
Equity interest at 1 January 2022	-
Effect of increase in Company's ownership interest	253
Share of comprehensive income	(23)
Equity interest at 31 December 2022	230

28.3 ACQUISITION OF NON-CONTROLLING INTERESTS – EV MOBILITY SDN. BHD.

In May 2022, the Company's wholly-owned subsidiary, Ni Hsin EV Tech Sdn. Bhd. ("NHEVT") acquired 50% equity interest in EV Mobility Sdn. Bhd. ("EVM"). The issued and paid-up capital of EVM is RM2.00 only comprising of 2 ordinary shares. The principal activity of EVM is distribution, marketing, trading, leasing and retailing of all kinds of electric vehicles. The Directors have determined that EVM is a subsidiary of NHEVT, which in turn is a subsidiary of the Company, as NHEVT controls EVM on the basis that NHEVT has the current ability to direct EVM activities that most significantly affect the returns.

29. SUBSEQUENT EVENT

i) In January 2023, the Company's wholly-owned subsidiary, Ni Hsin EV Tech Sdn. Bhd. ("NHEVT") acquired 425,000 ordinary shares in EVSend Sdn. Bhd. ("EVS"), representing 100% equity interest in EVS for a total cash consideration of RM2,000,000. The principal activity of EVS is eco-friendly on-demand tech-enabled express logistics, and courier services. Subsequent to the acquisition, EVS becomes a wholly-owned subsidiary of NHEVT, which in turn is a wholly-owned subsidiary of the Company.

ii) In February 2023, the Company's wholly-owned subsidiary, Ni Hsin Food & Beverages Sdn. Bhd. ("NHFB") acquired 5,000 ordinary shares in Blackbixon2go Sdn. Bhd. ("BB2GO"), representing the remaining 50% equity interest in BB2GO for a total cash consideration of RM5,000. Subsequent to the acquisition, BB2GO becomes a wholly-owned subsidiary of NHFB, which in turn is a wholly-owned subsidiary of the Company.

iii) In February 2023, NHEVT acquired 1 ordinary share in EVM, representing the remaining 50% equity interest in EVM for a total cash consideration of RM1. Subsequent to the acquisition, EVM becomes a wholly-owned subsidiary of NHEVT, which in turn is a wholly-owned subsidiary of the Company.

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 59 to 132 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 2022 and of their financial performance and cash flows for the financial year then ended.

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

Rizvi Bin Abdul Halim
Director

Ng Shwu Ching
Director

Kuala Lumpur

Date: 19 April 2023

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 Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 59 to 132 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 19 April 2023.

Ng Shwu Ching

Before me:

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the Members of Ni Hsin Group Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ni Hsin Group Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit 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 59 to 132.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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 Group Berhad
(CONT'D)

Key Audit Matters (continued)

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**
The Group has RM5.6 million of goodwill and is mainly attributable to the subsidiary which is involved in stainless steel products business cash-generating unit ("CGU") as at 31 December 2022. 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. The recoverable amounts are determined based on management estimates and assumptions on inputs as disclosed in Note 6 to the financial statements. 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.	We performed the following audit procedures, among others, around the impairment of goodwill: • We evaluated the basis and assumptions used by the management in the preparation of cash flow projections. • 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. • We used sensitivity analysis to determine those factors that were most sensitive within the valuation model. • We considered the adequacy of the Group's disclosure in respect of the impairment assessment.

INDEPENDENT AUDITORS' REPORT

To the Members of Ni Hsin Group 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 10 Inventories	
The key audit matter	**How the matter was addressed in our audit**
The Group has RM23.5 million of inventories as at 31 December 2022. 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 is slow moving and there is a significant level of judgement required in: - 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. - assessing the adequacy of the Group's provision for slow-moving inventories.	We performed the following audit procedures, among others, around the valuation of inventories: • 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. • We evaluated the Group's inventory net realisable values for finished goods as at 31 December 2022 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. • 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 2022 based on our understanding of the utilisation and scrap sales of each components of these inventories. • Based on the inventory aging, we assessed the Group's adequacy of provision for slow-moving inventories as at 31 December 2022 by comparing the Group's provision amount to provision computed by us based on our work performed above.

INDEPENDENT AUDITORS' REPORT

To the Members of Ni Hsin Group 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**
The carrying value of investment in subsidiaries amounted to RM59.6 million, which accounted for more than 71% of the Company's total asset as at 31 December 2022. 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. 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.	We performed the following audit procedures, among others, around the impairment of subsidiaries: • 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 of impairment. • We evaluated the basis and assumptions used by the management in the preparation of cash flow projections. • We challenged the assumptions used in deriving the recoverable amount based on our knowledge of the subsidiary's operations, and compared them against historical forecast and performance. • We used sensitivity analysis to determine those factors that were most sensitive within the valuation model.

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 annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information 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 Group 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 Group 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

19 April 2023

Ow Peng Li
Approval Number: 02666/09/2023 J
Chartered Accountant

STATEMENT OF SHAREHOLDINGS

As at 31 March 2023

Total number of issued shares	:	573,015,251 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 2023

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of shares held	% of issued capital
Less than 100 shares	433	9.90	18,186	0.00
100 to 1,000 shares	444	10.15	156,422	0.03
1,001 to 10,000 shares	1,108	25.34	6,499,670	1.24
10,001 to 100,000 shares	1,821	41.64	70,022,465	13.37
100,001 to 26,183,495*	566	12.95	371,098,172	70.87
26,183,496 and above **	1	0.02	75,875,000	14.49
Total	**4,373**	**100.00**	**523,669,915**	**100.00**

Notes:

 # Excluding a total of 49,345,336 shares bought-back by the Company and retained as treasury shares as at 31 March 2023

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

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

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2023 (As per Register of Directors' Shareholdings)

		Direct Interest		Deemed Interest	
	Name of Directors	No. of shares held	% of issued capital *	No. of shares held	% of issued capital *
1	Sofiyan Bin Yahya	17,679,466	3.38	-	-
2	Rizvi Bin Abdul Halim	-	-	-	-
3	Ng Shwu Ching	-	-	4,217,300^	0.81
4	Lai Kian Huat	-	-	-	-
5	Khoo Wuan Ru	-	-	96,851,000#	18.49
6	Poo Chii Miin @ Chermaine Poo	-	-	-	-
7	Ler Leong Keh	500,000	0.10	-	-
8	Tung Fook Heng	-	-	-	-

Note:

** Excluding a total of 49,345,336 shares bought-back by the Company and retained as treasury shares as at 31 March 2023*

 # Deemed interest through ordinary shares held by father, Khoo Chee Kong and spouse, Wilfred Wong Choo Yew

^ Deemed interest through ordinary shares held by spouse, Shu Han Sheong

STATEMENT OF SHAREHOLDINGS

As at 31 March 2023
(CONT'D)

30 LARGEST SHAREHOLDERS AS AT 31 MARCH 2023
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name of Shareholders	No. of shares held	% of issued capital *
1	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	75,875,000	14.49
2	Sofiyan Bin Yahya	17,571,133	3.36
3	Hsiao, Chih-Che	13,514,570	2.58
4	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chia Kee Siong*	10,142,653	1.94
5	Teh Beng Hock	10,000,000	1.91
6	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	9,500,000	1.81
7	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Soo Yoke Mun*	7,498,951	1.43
8	Yeoh Weii Syuen	6,787,239	1.30
9	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Koh Kin Lip*	6,000,000	1.15
10	M & A Nominee (Tempatan) Sdn Bhd Pledged securities account for Khoo Chee Kong	5,181,000	0.99
11	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Terence Wong@Huang Thar-Rearn*	5,000,000	0.95
12	Hsiao Chih Chien	4,809,667	0.92
13	Ti Bon Poy	4,500,000	0.86
14	Tee Tiam Lee	4,356,600	0.83
15	Shu Hang Sheong	4,217,300	0.81
16	Chen Chee Seang	4,152,000	0.79
17	Soo Yoke Mun	4,122,032	0.79
18	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Gan Boon Kat*	4,000,000	0.76
19	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Exempt an for UOB Kay Hian Pte Ltd*	3,700,000	0.71
20	HLB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	3,517,000	0.67
21	Lin Shu-Mei	3,341,300	0.64
22	Lim Kim Suan	3,114,400	0.59
23	Ahmad Bin Mohd Don	2,963,000	0.57
24	Yong Siok Ching	2,911,300	0.56
25	Navin@Datesh A/L Daneshwar	2,881,900	0.55
26	M & A Nominee (Asing) Sdn Bhd *Pledged securities account for Meng Bin*	2,701,100	0.52
27	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Zulkifli Bin Ismail*	2,563,833	0.49
28	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Wong Ii Le*	2,545,000	0.49
29	Kenanga Nominees (Tempatan) Sdn Bhd *Lee Yoke Fong*	2,510,000	0.48
30	Wong Ii Le	2,458,258	0.47
	Total	**232,435,236**	**44.41**

Note:

* *Excluding a total of 49,345,336 shares bought-back by the Company and retained as treasury shares as at 31 March 2023*

STATEMENT OF SHAREHOLDINGS

As at 31 March 2023
(CONT'D)

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2023
(As per Register of Substantial Shareholders)

		Direct Interest		Deemed Interest	
	Name of Substantial Shareholder	**No. of shares held**	**% of issued capital ***	**No. of shares held**	**% of issued capital ***
1	Khoo Chee Kong	95,901,000	18.31	-	-

Note:
* *Excluding a total of 49,345,336 shares bought-back by the Company and retained as treasury shares as at 31 March 2023*

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

As at 31 March 2023

No. of RCPS in issue : 616,184,430
Issue date of RCPS : 3 March 2021
Maturity date of RCPS : 2 March 2026

SIZE OF RCPS HOLDINGS AS AT 31 MARCH 2023

Size of RCPS Holdings	No. of RCPS Holders	% of RCPS Holders	No. of RCPS held	% of issued RCPS
Less than 100 RCPS	14	1.85	698	0.00
100 to 1,000 RCPS	19	2.51	6,397	0.00
1,001 to 10,000 RCPS	100	13.19	571,136	0.09
10,001 to 100,000 RCPS	331	43.67	15,770,597	2.56
100,001 to 30,809,221*	291	38.38	387,913,134	62.96
30,809,222 and above **	3	0.40	211,922,468	34.39
Total	**758**	**100.00**	**616,184,430**	**100.00**

Notes:
* *Less than 5% of issued RCPS*
** *5% and above of issued RCPS*

DIRECTORS' RCPS HOLDINGS AS AT 31 MARCH 2023

(As per Register of Directors' RCPS holdings)

		Direct Interest		Deemed Interest	
	Name of Directors	No. of RCPS held	% of issued RCPS	No. of RCPS held	% of issued RCPS
1	Sofiyan Bin Yahya	9,459,800	1.54	-	-
2	Rizvi Bin Abdul Halim	-	-	-	-
3	Ng Shwu Ching	-	-	-	-
4	Lai Kian Huat	-	-	-	-
5	Khoo Wuan Ru	-	-	203,561,768#	33.04
6	Poo Chii Miin @ Chermaine Poo	-	-	-	-
7	Ler Leong Keh	5,063,400	0.82	-	-
8	Tung Fook Heng	-	-	-	-

Note:
\# *Deemed interest through RCPS held by father, Khoo Chee Kong*

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

As at 31 March 2023
(CONT'D)

30 LARGEST RCPS HOLDERS AS AT 31 MARCH 2023
(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	TA Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	129,848,700	21.07
2	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	50,076,168	8.13
3	Tee Tiam Lee	31,997,600	5.19
4	Amsec Nominees (Tempatan) Sdn Bhd *Pledged securities account for Quek See Kui*	25,000,000	4.06
5	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	20,602,900	3.34
6	Kenanga Nominees (Tempatan) Sdn Bhd *Gan Boon Guat*	20,000,000	3.25
7	Lim Jit Hai	17,330,700	2.81
8	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chia Kee Siong*	13,106,082	2.13
9	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Sun Ping*	12,000,000	1.95
10	Enrich Transaction Sdn Bhd	11,441,300	1.86
11	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Soo Yoke Mun*	11,356,000	1.84
12	Sofiyan Bin Yahya	9,459,800	1.54
13	Sim Mui Khee	9,000,000	1.46
14	Koh Kin Lip	8,000,000	1.30
15	Quek See Kui	7,500,000	1.22
16	Doreen Chin Jing Yen	6,476,100	1.05
17	Apex Nominees (Tempatan) Sdn Bhd *Pledged securities account for Seik Yee Kok*	5,726,000	0.93
18	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Zulkifli Bin Ismail*	5,127,666	0.83
19	RHB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Carolyn Wong Tarnn Yoong*	5,072,700	0.82
20	Ler Leong Keh	5,063,400	0.82
21	Ti Bon Poy	5,000,000	0.81
22	Chen Chee Seang	4,948,000	0.80
23	Yeoh Weii Syuen	4,828,700	0.78
24	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Loo Chai Lai*	4,720,000	0.77
25	Hsiao Chih Chien	4,619,334	0.75
26	Teh Beng Hock	4,500,000	0.73
27	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Koh Kin Lip*	4,000,000	0.65
28	Chan Hwa Ming	3,960,000	0.64
29	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Julian Cheah Wai Meng*	3,204,500	0.52
30	HLB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	3,034,000	0.49
	Total	**446,999,650**	**72.54**

LIST OF PROPERTIES

As at 31 December 2022

No	Location	Description	Existing use	Tenure	Age of buildings (Years) #	Land Area (sq meters)	Built-up Area (sq meters)	Net Book Value RM'000	Year of Last Revaluation/ Acquisition
1	HS (D) 140097, PT No, 71214								
*	(formerly HS(D) 38402, PT No. 20620) Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	Industrial Land with 2 Storey Office Building and 1 Storey Factory Building	Office Building and Factory	Freehold	32	9,854	6,320	44,190	2021 (revaluation)
*	(formerly HS(D) 23491, PT No. 20621) Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	Industrial Land with 3 Storey Office Building and 1 Storey Factory Building	Office Building, Factory and Warehouse	Freehold	25	7,865	7,682	-	
2	Unit No. 06, Block BB, 3rd Floor, Taman Taming Jaya held under Strata Title Geran 34049/M2/4/102, Lot 19716 for Parcel No. 102, Level No. 4, Building No. M2 Mukim of Kajang District of Hulu Langat Selangor Darul Ehsan	1 unit flat housing	Staff accommodation	Freehold	30	-	62	13.44	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	30	-	62	13.44	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	30	-	62	13.44	1990

\# *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 Nineteenth Annual General Meeting of the Company will be held at Langkawi Ballroom, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Malaysia on Wednesday, 21 June 2023 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 2022 together with the Directors' and Auditors' Reports thereon. **(Please refer to Note 9)**

2. To approve the Directors' fees and benefits payable to the Directors of the Company and its subsidiaries up to an aggregate amount of RM350,000 only for the period from 22 June 2023 and up to date of the next Annual General Meeting ("**AGM**") of the Company, to be paid quarterly in arrears. **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) Ms Ng Shwu Ching **Ordinary Resolution 3**

4. To re-elect Mr Tung Fook Heng who is retiring pursuant to Clause 102 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. **Authority under Section 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares**

   "THAT pursuant to Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company 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 to be issued does not exceed ten per centum (10%) 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.

   THAT in connection with the above, pursuant to Section 85 of the Act and Clause 10 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares pursuant to this mandate by the Company.

   AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares." **Ordinary Resolution 6**

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

7. **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**") ("**Listing Requirements**") 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,

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).

NOTICE OF
ANNUAL GENERAL MEETING
(CONT'D)

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

8. 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 (SSM PC No. 202008001023) (MAICSA 7009143)
TAN AI NING (SSM PC No. 202008000067) (MAICSA 7015852)
Company Secretaries

Selangor Darul Ehsan

Date: 20 April 2023

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 Listing Requirements, 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 2023 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 Board wishes to highlight that the Nineteenth AGM may be re-scheduled and/or postponed in view of the current Covid-19 situation 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.

9. 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.

NOTICE OF
ANNUAL GENERAL MEETING
(CONT'D)

10. EXPLANATORY NOTES

(i) Ordinary Resolution 1 on Directors' fees and benefits payable to Directors

Payment of Directors' fees and benefits under Section 230(1) of the Act provides amongst others, that the Directors' fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting.

The amount of Directors' fees and benefits payable to each Director of the Company are as follows:-

Directors	Amount (RM)
Encik Sofiyan Bin Yahya	119,000
Mr Ler Leong Keh	59,500
Mr Tung Fook Heng	51,000
Ms Poo Chii Miin @ Chermaine Poo	68,000
Ms Ng Shwu Ching	-
Encik Rizvi Bin Abdul Halim	-
Mr Lai Kian Huat	-
Ms Khoo Wuan Ru	-

In determining the estimated total amount of Directors' fees and benefits payable to the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board and Board Committees and the current Board size. The estimated amount of remuneration also caters for unforeseen circumstances, including change of financial year end and/or additional unscheduled Board meetings.

The Executive Directors have voluntarily waived their entitlement for Directors' fees and benefits payable, hence, the amount has reduced comparatively with the Directors' fees and benefits approved during the Eighteenth AGM held on 23 May 2022.

(ii) Ordinary Resolutions 2, 3 and 4 on Re-election of Directors

Pursuant to Malaysian Code on Corporate Governance, the profiles of the Directors who are standing for re-election as per Agenda items 3 and 4 are set out in the Board of Directors' profile of the Annual Report 2022.

The performance, contribution, effectiveness and independence (as the case may be) of the retiring Directors, namely Encik Sofiyan Bin Yahya, Ms Ng Shwu Ching and Mr Tung Fook Heng (collectively "**Retiring Directors**") have been assessed by the Nomination Committee ("**NC**"). In addition, the NC has also conducted an assessment on the fitness and propriety of the Retiring Directors including the review of their fit and proper declarations and results of their background checks in accordance with the Fit & Proper Policy. The Retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election.

Based on the recommendation of NC, the Board endorsed the same, having been satisfied with performance as well as fitness and propriety of the Retiring Directors.

(iii) Ordinary Resolution 6 - Authority under Section 76 of the Act for the Directors to allot and issue shares

The Company had, during its Eighteenth AGM held on 23 May 2022, 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 6 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.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

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 allot and issue new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company 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.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 10 of the Company's Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to the issuance of new shares in the Company under the General Mandate.

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.

(i) 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 20 April 2023.

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.

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NI HSIN GROUP 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 GROUP 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 Nineteenth Annual General Meeting of the Company to be held at Langkawi Ballroom, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Malaysia on Wednesday, 21 June 2023 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 Directors' fees and benefits payable to the Directors of the Company and its subsidiaries up to an aggregate amount of RM350,000 only for the period from 22 June 2023 and up to date of the next Annual General Meeting ("**AGM**") of the Company, to be paid quarterly in arrears.		
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 Ms Ng Shwu Ching who is retiring pursuant to Clause 95 of the Constitution of the Company.		
Ordinary Resolution 4	To re-elect Mr Tung Fook Heng who is retiring pursuant to Clause 102 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.		
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:

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AFFIX
STAMP

The Share Registrar
NI HSIN GROUP BERHAD
Registration No. 200401014850 (653353-W)
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selagor Darul Ehsan
Malaysia

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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.
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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 20 April 2023.



Ni Hsin Group Berhad
(Registration No. 200401014850 (653353-W))

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

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