NI HSIN

Your Global Partner

Since 1989

Annual Report 2023



Follow us on our social media:

www.ebixon.com Ebixon Malaysia ebixon_malaysia Ebixon Malaysia ebixon_malaysia

CONTENTS

Corporate Information 02

Corporate Structure 03

Five-Year Group Financial Highlights 04

Chairman's Statement 06

Management Discussion and Analysis 08

Board of Directors' Profile 17

Key Senior Management Profile 22

Corporate Governance Overview Statement 25

Additional Compliance Information 36

Audit and Risk Management Committee Report 37

Statement on Risk Management and Internal Control 41

Sustainability Statement 46

Statement of Assurance 66

Directors' Responsibility Statement 67

Financial Statements 68

Statement of Shareholdings 143

Statement of Redeemable Convertible Preference Shares ("RCPS") Holdings 146

List of Properties 148

Notice of Annual General Meeting 149

Proxy Form



CORPORATE INFORMATION







BOARD OF DIRECTORS

SOFIYAN BIN YAHYA
Independent Non-Executive Chairman

RIZVI BIN ABDUL HALIM
Executive Director

NG SHWU CHING
Executive Director

LAI KIAN HUAT
Executive Director

KHOO WUAN RU
Executive Director

POO CHII MIIN @ CHERMAINE POO
Independent Non-Executive Director

TUNG FOOK HENG
Independent Non-Executive Director

DATO' SHAMSUDDIN BIN MOHD MAHAYIDIN
Independent Non-Executive Director

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

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
Email : binawin@binamg168.com

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) Berhad
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



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 2019 to 31 December 2023:-

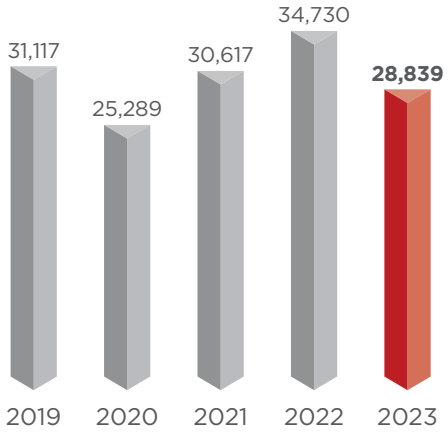
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Key Operating Results					
Revenue	31,117	25,289	30,617	34,730	**28,839**
(Loss)/Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	(4,354)	3,955	(4,607)	(671)	**(3,838)**
Depreciation	(2,388)	(1,975)	(2,286)	(3,209)	**(3,302)**
Interest expense	(93)	(132)	(278)	(388)	**(322)**
Interest income	71	25	4	6	**8**
Share of loss of equity-accounted associate, net of tax	-	-	(108)	(189)	**(153)**
	(6,764)	1,873	(7,275)	(4,451)	**(7,607)**
Taxation	609	49	828	(556)	**158**
(Loss)/Profit After Taxation ("(LAT)/PAT")	(6,155)	1,922	(6,447)	(5,007)	**(7,449)**
Non-controlling interests ("NCI")	-	-	53	23	**196**
(Loss)/Profit for the financial year attributable to owners of the Company	(6,155)	1,922	(6,394)	(4,984)	**(7,253)**
Total assets	95,197	97,661	117,031	116,016	**107,468**
Total borrowings	1,646	2,431	1,419	2,433	**595**
Shareholders' equity	86,508	88,516	101,082	98,195	**90,359**
Other Key Data					
(LBT)/PBT margin (%)	(21.74)	7.41	(23.76)	(12.82)	**(26.38)**
(LAT)/PAT after NCI margin (%)	(19.78)	7.60	(20.88)	(14.35)	**(25.15)**
Weighted average ordinary shares ('000)	315,937	313,844	430,491	513,592	**523,764**
Share price as at the financial year end (RM)	0.150	0.280	0.120	0.140	**0.115**
Gross (Loss)/Earnings Per Share ("(LPS)/EPS") (sen) [1]	(2.14)	0.60	(1.69)	(0.87)	**(1.45)**
Net (LPS)/EPS (sen) [1]	(1.95)	0.61	(1.49)	(0.97)	**(1.38)**
Tax-exempt Dividends Per Share (sen)	28.00	-	-	-	**-**
Return on total assets (%)	(7.08)	2.03	(5.89)	(3.34)	**(6.64)**
Return on equity (%)	(7.79)	2.24	(6.82)	(3.96)	**(7.90)**

1 The gross and net LPS/EPS have been calculated by dividing LBT/PBT and LAT/PAT 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.

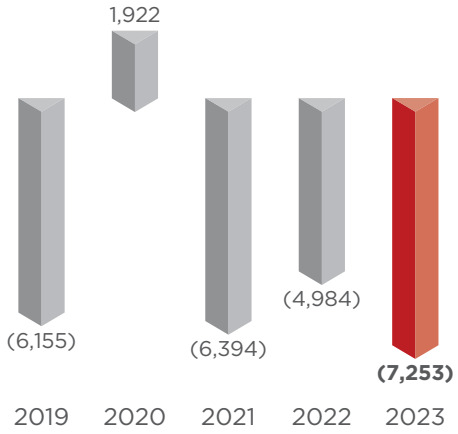
2 There were no extraordinary or exceptional items for the financial years under review.

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS
(CONT'D)

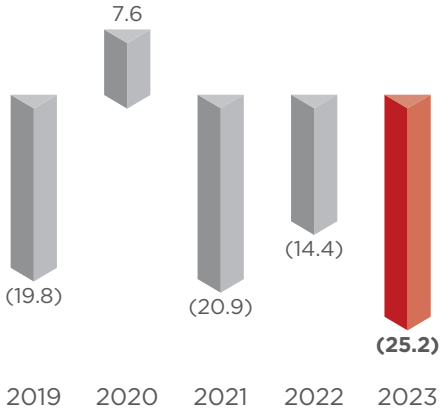
Revenue
(RM'000)



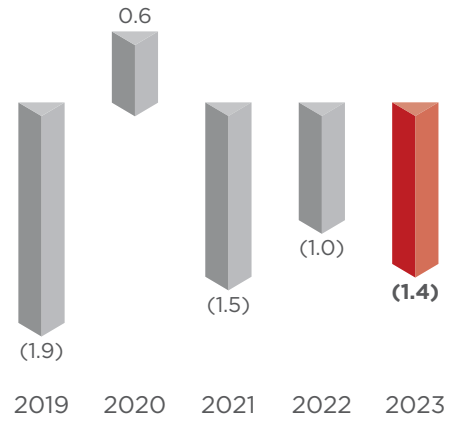
(Loss)/Profit Attributable to Owners of the Company
(RM'000)



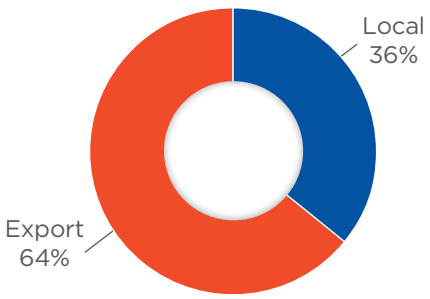
(Loss)/Profit Attributable to Owner of the Company Margin
(%)



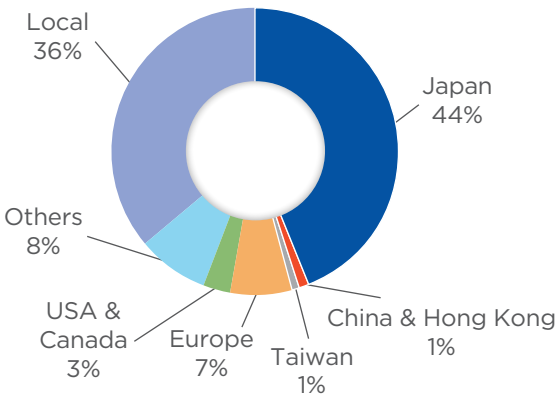
Net (Loss)/Earnings Per Share
(Sen)



Local vs Export Sales 2023



Group Revenue by Country 2023



CHAIRMAN'S STATEMENT



Dear Valued Shareholders,

FINANCIAL YEAR 2023 HAS BEEN A PIVOTAL YEAR OF STRATEGIC PROGRESS FOR NI HSIN GROUP BERHAD ("NI HSIN" OR "THE COMPANY")

On behalf of the Board of Directors of NI HSIN, I am pleased to present to you the Annual Report and Audited Financial Statements of NI HSIN and its subsidiaries ("the Group") for the financial year ended 31 December 2023 ("FY2023").

NI HSIN's venture into the Electrical Vehicle ("EV") 2-wheeler industry proved a significant game changer for the Group. We have made significant strides in the Malaysian EV 2-wheelers market since the launch of EBIXON BOLD and EBIXON TORQ models, for personal and commercial use respectively, in November 2022. The collaboration between our wholly-owned subsidiary Ni Hsin EV Tech Sdn Bhd ("NHEVT"), Dongguan Tailing Motor Vehicle Co., Ltd. ("TAILG") and Nanjing Vmoto Manufacturing Co, Ltd ("VMOTO") to supply EV motorcycles on CKD basis for assembly for the Malaysian market, brings about the benefits of cost efficiency from the reduced production and shipping costs, while providing technology transfer to Malaysia. Thus, we are able to supply affordable efficient eco-friendly electric motorcycles to Malaysians and help accelerate the transition to cleaner mobility, benefiting both economies and the environment. This underscores our commitment to the sustainability agenda to combat climate change and play a contributing role in Malaysia's aim to become a carbon-neutral nation by 2050 as set under the 12th Malaysia Plan.

Financial Performance Review

The Group recorded a total revenue of RM28.8 million in FY2023, a reduction of 17% over the total revenue achieved in financial year ended 31 December 2022 ("FY2022") attributed to lower sales in the Cookware, Stainless Steel Products and Logistics Divisions while revenue in the Food and Beverage Division almost doubled as the Café & Restaurant business improved. Gross Profit ("GP") margin achieved during the year was 19% against 29% in the previous year due to lower sales. The Group recorded a Loss Before Taxation ("LBT") of RM7.61 million in FY2023 against a LBT of RM4.45 million in FY2022 due to the depreciation of Japanese Yen against Malaysian Ringgit and expenses incurred in the EV Division which has yet to record material sales volume. A more detailed review of the Group's financial performance is covered under the section on Management Discussion and Analysis in this Annual Report.

CHAIRMAN'S STATEMENT
(CONT'D)

Business Operations

Cookware and Stainless Steel Products Divisions

The Cookware Division experienced lower demand for Cookware and Stainless Steel Products as a result of the global economic and trade slowdown. This year, the Group has succeeded in securing sales orders in China and Taiwan which are new markets for the Stainless Steel Products Division. In another scenario, sales were affected by a change in tariff codes that prevented us from exporting our clad metals into Thailand. The issue was resolved through close cooperation and collaboration with the customer via a strategic solution to supply of semi-finished cookware to the said customer.

Food & Beverage ("F&B") Division

The Blackbixon Café & Restaurant was launched in July 2022 and has garnered steadily growing following on social media arising from popular innovative offerings such as the giant croissant. The Group has opened its second Blackbixon Café & Restaurant at PJ33 in Petaling Jaya in January 2024 with several more locations in the Klang Valley being planned within the next few years.

Electrical Vehicle ("EV") Division

NHEVT aims to be the market leader in EV 2-wheelers in Malaysia. Being locally assembled, our EV motorcycles are priced competitively. Our collaboration with TAILG and VMOTO have accorded us with a wide product range of EV motorcycles well suited for the Malaysian market needs. VMOTO manufactures and distributes high performance and competitive electric vehicle products to international B2B and B2C markets. We have models that cater to the B2C, B2B and B2G segments. Our business model includes plans which provide business opportunities to the B40 segment in Malaysia.

The Madani government had in its 2024 Budget announced low carbon initiatives which will help drive demand for EV motorcycles. Taking the lead, Putrajaya, the administrative capital, will serve as an example of a low-carbon city in Malaysia. Solar panels will be installed on government buildings, and the federal administration has already started using electric vehicles as official vehicles. The government is targeting a total of 1.5 million electric vehicles (EVs) in the country by 2040 and electric motorcycles account for a sizeable portion.

Premised on the above we are excited and 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 Director, Mr Ler Leong Keh, for his excellent contribution to the Group and a warm welcome to Dato' Shamsuddin Bin Mohd Mahayidin, Independent Non-Executive Director.

Our gratitude and sincere thanks are 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 support and commitment to NI HSIN.

SOFIYAN BIN YAHYA
Independent Non-Executive Chairman



MANAGEMENT DISCUSSION AND ANALYSIS



OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

NI HSIN Group Berhad ("NI HSIN" 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 ("F&B")
- Logistics Services
- Electrical Vehicle ("EV")

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.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

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.

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 with BLACKBIXON Coffee machines to brew the beverages under our cafe@home@office@anywhere concept.

The Group's maiden BLACKBIXON CAFÉ & RESTAURANT outlet at Jalan Inai in downtown Kuala Lumpur is a favourite lunch place among office workers and families during weekends looking for nourishing and tasty Western classics. It offers freshly prepared breads and pastries, 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.

Logistics Services Division

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















MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

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

- Chemical industries
- PPE Glove industries
- Electronic Industries
- Personal Care Industries
- Plastic Industries
- Others

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

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 at our manufacturing facilities in Seri Kembangan. The Company received conditional approval from Malaysian Investment Development Authority (MIDA) for pioneer status for the assembly of EV motorcycles.

Besides TAILG, NHEVT had also collaborated with Nanjing Vmoto Manufacturing Co, Ltd ("VMOTO") to supply high-powered EV motorcycles to add to the range of models offered to the market. VMOTO is a world leading, fully integrated, new energy e-mobility solution provider, as a brand owner, designer, manufacturer and distributor of high quality electric two-wheeler vehicles with European designs and uncompromising quality and related EV business solutions harnessing technology that is sustainable, innovative and exhilarating. The models offered by VMOTO can be ideally equipped according to specific requests, installing accessories such as panniers, sirens, radio systems, well suited for police, army and security enforcement units thereby widening our market coverage.



EBIXON TC-MAX



EBIXON CPX-PRO

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

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	48%	41%	8%	3%
Stainless Steel Products	66%	20%	2%	12%

FINANCIAL PERFORMANCE REVIEW

For the financial year ended 31 December 2023 ("FY2023"), the Group achieved a total revenue of RM28.8 million a reduction of 17% over the total revenue achieved in financial year ended 31 December 2022 ("FY2022") of RM34.7 million. The lower revenue recorded during FY2023 was mainly due to lower sales in the Cookware, Stainless Steel Products and Logistics Services Divisions while revenue in the Food and Beverage Division almost doubled as the Café & Restaurant business improved.

Gross Profit ("GP") margin achieved during the year was down to 19% compared to the previous year of 29% as a result of the lower sales. The Group recorded a Loss Before Taxation ("LBT") of RM7.61million in FY2023 against a LBT of RM4.45 million in FY2022 as a result of lower sales in the Cookware and Stainless Steel Products Divisions coupled with the depreciation of Japanese Yen against the Malaysian Ringgit and expenses incurred in the EV Division which has yet to record material sales volume. Consequently, the Group incurred a Loss After Taxation ("LAT") of RM7.4 million in FY2023 compared to a LAT of RM5.0 million recorded in FY2022.

The Group's net assets per share as at 31 December 2023 stood at RM0.17. The Group's non-current assets has increased to RM67.57 million compared with the non-current assets of RM64.95 million as at 31 December 2022 due to recognition of goodwill and increase in right-of-use assets of RM1.89 million and RM1.17 million respectively. Inventories decreased to RM20.59 million as at 31 December 2023 due to reduction of inventories level in Cookware Division and Stainless Steel Products Division. Receivables, deposits and prepayments recorded a decrease of RM1.51 million to RM3.57 million as compared to that in 31 December 2022. The Group's net current assets was RM34.92 million as at 31 December 2023. The Group is in a positive net cash position as at 31 December 2023 with cash and cash equivalent of RM14.55 million after deducting all borrowings of the Group.

The Group's net operating cash outflow for FY2023 was RM0.10 million. The net cash outflow from investing activities was RM4.52 million, being investment in an equity interest of a subsidiary and purchase of plant and equipment. Net cash outflow from financing activities was RM1.39 million, mainly attributable to the cost of repurchase of treasury shares and repayment of bank borrowings. The net resultant impact to the Group's cash flow was a decrease in cash of RM5.83 million during FY2023. Net cash and cash equivalents amounted to RM15.14 million as at 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

SALES PERFORMANCE BY DIVISION

The Group's performance by each Division for the financial year ended 31 December 2023 is as follows:

Cookware Division

The Cookware Division's revenue for FY2023 decreased by RM4.58 million or 35.8% to RM8.20 million compared with the revenue achieved in FY2022 of RM12.79 million as sales to all regions except for Europe decreased by RM4.68 million. However, the sales to Europe increased by RM0.01 million. The cookware revenue by geographical market for FY2023 is as follows:

	FY2023	FY2022	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Japan	3,912	7,415	(3,503)	(47.2)
Asia Pacific (excluding Japan)	3,402	4,412	(1,010)	(22.9)
USA &Canada	628	798	(170)	(21.3)
Europe	259	156	103	66.0
	8,201	12,781	(4,580)	(35.8)

Stainless Steel Products Division

The Stainless Steel Products Division's revenue for FY2023 decreased by RM1.56 million or 10.3% to RM13.6 million compared with the revenue achieved in FY2022 of RM15.15 million due to lower sales to Thailand, Japan and Europe. Sales was affected by the change in tariffs of clad metals by the customs department of Thailand resulting in the imposition of taxes on clad metals imported into the country which were previously exempted. Whereas in Europe, sales were adversely affected by stiff competition. The revenue for the Stainless Steel Products Division by geographical market for the period is as follows:

	FY2023	FY2022	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Japan	8,912	9,115	(203)	(2.2)
Asia Pacific (excluding Japan)	2,678	3,551	(873)	(24.6)
USA &Canada	308	405	(97)	(24.0)
Europe	1,697	2,082	(385)	(18.5)
	13,595	15,153	(1,558)	(10.3)

F&B Division

The F&B Division's revenue for FY2023 improved to RM4.25 million as compared to RM2.28 million in FY2022 as sales picked up for the Blackbixon Café and Restaurant which commenced business in end July 2022.

Logistics Services Division

The Logistics Services Division's revenue for FY2023 was RM1.94 million as compared to RM4.48 million in FY2022. The Division generated a lower revenue for the period as supply chains normalise, alleviating some pressure on demand.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Electric Vehicle Division

The EV Division's revenue for FY2023 was RM0.71 million having just started operations in January 2023.

NHEVT has made inroads in promoting to and educating the management teams of government agencies, GLCs and corporate entities on the advantages of adopting EV motorcycles in their operations. Several local councils and GLCs have contracted to use EBIXON motorcycles in their routine functions. NHEVT is also working closely with Permodalan Darul Ta'zim Sdn Bhd, a wholly-owned company of the Johor State Government, to formulate and propose the "green lane" scheme at the Johor CIQ complex exclusively for electric motorcycles crossing between Malaysia and Singapore to the Johor State Government. The objective of the "green Lane" scheme at the Johor CIQ complex is to boost the transition from ICE two-wheelers to EV two-wheelers in Johor.

To capture market share NHEVT has established a comprehensive sales and marketing network with the appointment of Distributors, Master Dealers and Dealers around the Peninsula and East Malaysia. The business model of the EV Division includes rent-to-own and rental schemes too. The Division works with a Master Dealer to rent out EBIXON motorcycles to the public and tourists to promote eco-tourism especially in tourist destinations like Penang, Perlis, Langkawi and Sarawak.

Our product offerings cater to the B2C, B2B and B2G segments. The models, EBIXON TC-MAX and EBIXON CPX-PRO, to be supplied by VMOTO, can be ideally equipped according to specific requests, installing accessories such as panniers, sirens, radio systems, well suited for police, army and security enforcement units. Our business model includes plans which provide business opportunities to the B40 segment in Malaysia.

PROSPECTS AND STRATEGIES

World Economy Outlook

The global economy is anticipated to exhibit moderate growth after experiencing a period of economic downturn. the IMF projected the global growth outlook to 3% in 2024 (2023: 3%). Nevertheless, it remains constrained due to heightened downside risks, particularly tightening of monetary policies to ease inflationary pressures, hence, impeding a robust global economic recovery. Meanwhile, world trade growth is also expected to record 3.7% in 2024.

Malaysia Economic Outlook and Growth Prospects

The Malaysian economy is projected to grow between 4%–5% in 2024, underpinned by continued expansion in domestic demand and improvement in external demand: Growth will be driven by resilient domestic expenditure, with additional support from the expected recovery in exports. Tourism is expected to improve further, while the implementation of new and ongoing multi-year projects by both the private and public sectors would support investment activity. Nevertheless, domestic growth remains subject to downside risks from both external and domestic factors.
(Source: Bank Negara Malaysia)

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.

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.

The Group has successfully opened up markets in China and Taiwan. With the successful brainstorming and negotiations with the customer in Thailand to supply semi-finished goods, delivery of orders is expected in Q2 2024. 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)

F&B Division

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, excellent food and pastries and innovative product offerings like the Giant Croissant which attracted many fans through social media. We are always using the best and freshest ingredients.

The Group has opened its second Blackbixon Café & Restaurant at PJ33 in Petaling Jaya in January 2024 with several more locations in the Klang Valley planned within the next couple of years.

Logistics Services Division

The Logistics Services Division will continue to face challenges in financial year ending 31 December 2024. Amidst rapid changes and unforeseen challenges, staying agile, embracing technological advancements and maintaining a customer-centric approach have never been more crucial.

We are focusing on warehousing services to our customers in 2024 leveraging on our warehousing facilities with ASRS.

Electric Vehicle Division

Going forward, NHEVT's technical team researched and developed functional boxes for different business models like the temperature-controlled boxes for hot and cold deliveries, standard boxes for ordinary parcel deliveries, and even boxes from which you can prepare and serve hot food like satay, besides coffee. These boxes can be packaged together with our EBIXON TORQ targeting the delivery services and entrepreneur market. We believe there is niche in the temperature-controlled delivery market especially using EV motorcycles with Malaysia targeting net zero carbon emission by 2050. NHEVT is filing for patent for some of these functional boxes.

Malaysia's electric two-wheeler market is on an upward trajectory, driven by environmental consciousness, technological advancements, and supportive government policies. The Malaysian electric two-wheeler market is predicted to grow at a 15.4% CAGR during the forecast period 2025 to 2030 in terms of revenue size. This growth is primarily driven by anticipated government initiatives and the need to curb vehicular emissions. The introduction of the RM2,400 rebate to purchasers earning not more than RM10,000 per month through MARiiCAS by the Malaysian government is seen to be a primary driver. Other government policies supporting the transition of the ICE two-wheeler to two-wheeler EVs include tax incentives, and installation of charging infrastructure.

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 electric vehicle division to make a positive contribution to its financial performance in the near future.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY (MIDA) EV CONFERENCE – FEBRUARY 2023



EKSPO TVET @ KKDW 2023-UNIKL COLLABORATION – JULY 2023



BUSINESS COLLABORATION AGREEMENT - AUGUST 2023



UTMH BUSINESS PARTNERSHIP AGREEMENT – AUGUST 2023



MAJLIS BANDARAYA PULAU PINANG - AUGUST 2023

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)



BOUSTEAD GROUP - SEPTEMBER 2023



PDT COLLABORATION/ASIA PACIFIC CLIMATE WEEK 2023 - NOVEMBER 2023



MALAYSIA MADANI 1 TAHUN - DECEMBER 2023



UNITED NATIONS ENVIRONMENTAL PROGRAMME (UNEP) HANDOVER CEREMONY

BOARD OF DIRECTORS' PROFILE

SOFIYAN BIN YAHYA
Independent Non-Executive Chairman
Nationality : Malaysian • Age : 66 • Gender : Male
Date of Appointment : 22 November 2017

Sofiyan Bin Yahya, a Malaysian, aged 66, 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, with projects in Malaysia and internationally.

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 : 56 • Gender : Female
Date of Appointment : 19 March 2005

Ng Shwu Ching, a Malaysian, aged 56, 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 : 54 • Gender : Male
Date of Appointment : 10 October 2014

Rizvi Bin Abdul Halim, a Malaysian, aged 54, 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 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.

LAI KIAN HUAT
Executive Director
Nationality : Malaysian • Age : 57 • Gender : Male
Date of Appointment : 1 December 2020

Lai Kian Huat, a Malaysian, aged 57, 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 twenty-five (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., BlackBixon Sdn. Bhd., Blackbixon2go Sdn. Bhd. and Pride Logistics Alliance 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 : 31 • Gender : Female
Date of Appointment : 2 August 2021

Rebecca Khoo Wuan Ru, a Malaysian, aged 31, 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 : 45 • Gender : Female
Date of Appointment : 2 August 2021

Poo Chii Miin @ Chermaine Poo, a Malaysian, aged 45, 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, and as 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 is 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 during which 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)

TUNG FOOK HENG
Independent Non-Executive Director
Nationality : Malaysian • Age : 66 • Gender : Male
Date of Appointment : 10 January 2023

Mr Tung Fook Heng, a Malaysian, aged 66, male, was appointed as our Independent Non-Executive Director on 10 January 2023. He serves as the Chairperson of Nomination Committee and Remuneration Committee, and 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

In the more than twenty-five (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

Currently, Mr Tung is an Independent Non-Executive Director of Alpha IVF Group Berhad, a company specialised in fertility care focusing on the provision of assisted reproductive services in Malaysia and Singapore.

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

BOARD OF DIRECTORS' PROFILE
(CONT'D)

DATO' SHAMSUDDIN BIN MOHD MAHAYIDIN
Independent Non-Executive Director
Nationality : Malaysian • Age : 61 • Gender : Male
Date of Appointment : 15 September 2023

Dato' Shamsuddin Bin Mohd Mahayidin, a Malaysian, aged 61, male, was appointed as our Independent Non-Executive Director on 15 September 2023. He serves as a member of Nomination Committee, Remuneration Committee, and Audit and Risk Management Committee.

Dato' Shamsuddin holds a Bachelor's Degree in Business Administration (Management System) from Lakehead University, Canada and a Master's Degree in Business Administration from Manchester Business School, United Kingdom.

Dato' Shamsuddin served at Bank Negara Malaysia for about thirty-eight (38) years before retiring in March 2023. During this time, he was involved in various roles including those relating to the development of the financial market, international financial cooperation, policy formulation and investment operations. He has extensive experience in strategic management of support service operations, organisational governance, risk management relating to operational support services, procurement and sourcing strategy, process improvement, organisational transformation and change management. Dato' Shamsuddin was also previously an Adjunct Professor at University Malaysia Kelantan and served on the Advisory Panel for its Master's Degree Programme in Islamic Finance at the Faculty of Entrepreneurship and Business.

He is currently a Director of Taps Management Sdn. Bhd. and Perbadanan Nasional Berhad (including two of its subsidiaries, PNS ASQ Asia Sdn. Bhd. and Wonderful Lifestyle Sdn. Bhd.), a Public Interest Director of the Federation of Investment Managers Malaysia and an Independent Non-Executive Director of OCBC Bank (Malaysia) Berhad. He holds Adjunct Professorships at Taylor's University, DRB-Hicom University of Automotive Malaysia and University Putra Malaysia.

Dato' Shamsuddin attended one (1) Board meeting held during the financial year as there was only one (1) Board meeting held after his appointment as Independent Non-Executive Director on 15 September 2023. 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.

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

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., Ni Hsin Ecologistics Sdn. Bhd., Pride Logistics Alliance Sdn. Bhd, and Ni Hsin EV Mobility Sdn, Bhd. (Formerly known as EV Mobility Sdn. Bhd.).

Khoo Chee Kong, a Malaysian, aged 62, 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, Ni Hsin Ecologistics Sdn. Bhd. on 24 August 2021, Pride Logistics Alliance Sdn. Bhd on 8 December 2021, and Ni Hsin EV Mobility Sdn, Bhd. (Formerly known as EV Mobility Sdn. Bhd.) on 18 November 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.

KEY SENIOR MANAGEMENT PROFILE
(CONT'D)

DATO' SERI ROSMAN BIN MOHAMED
Chairman
Ni Hsin EV Tech Sdn. Bhd.

Dato' Seri Rosman Bin Mohamed, a Malaysian, aged 62, male, was appointed as our Chairman on 16 November 2022.

Dato' Seri Rosman is a MBA holder and is a successful and consistent top management leader with a niche in turnaround and diversifying commercial strategies, human resources, sales and marketing with exceptional strength in organisational effectiveness, services enhancement, people management, mobilisation and motivation of teams in achieving organisational profit goals agendas and objectives. He possesses over 35 years of experience in devising and executing strategies while consistently delivering bottom line results.

Drove and managed the culture change and business initiatives at Bank Rakyat, Cabot Asia and Abdul Latif Jameel (ALJ). Dato' Seri Rosman was the key player during British American Tobacco (BAT) and Maybank corporate transformation programs.

Dato' Seri Rosman has attended many world-class executive programs conducted by Harvard Business School (Cabot College), London Business School, IMD Switzerland, INSEAD, Toyota Japan, National University of Singapore, ASTD, CASS Business School London and Gallup University to further enhance his leadership, financial and strategic management skills.

Identified as a global talent and emerged as top 25% leaders of the world (assessment conducted by Gallup and Talent Plus) in the area of drive, direction, relationship, influencing and execution. In Cabot, Dato' Seri Rosman was identified as "Top 100 leaders of Cabot World".

Currently, Dato' Seri Rosman is an Independent Non-Executive Director of Eco World Development Group Berhad and Khind Holdings Berhad, both are public companies listed on Bursa Malaysia Securities Berhad. He also served as an Independent Non-Executive Director of Boustead Holdings Berhad, a Professor of Practice at Putra Business School (University Putra Malaysia) and a council member of the Ibrahim Johor Economic Council (IJEC).

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 51, 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.

KEY SENIOR MANAGEMENT PROFILE
(CONT'D)

OTHER INFORMATION

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

Mr Khoo Chee Kong is a 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

Save for Dato' Seri Rosman Bin Mohamed, 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 2023 ("**FYE 2023**") 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 2023 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 2023 is set out below:-

Director	Board	ARMC	NC	RC
Sofiyan Bin Yahya *Independent Non-Executive Chairman*	5/5	N/A	N/A	N/A
Rizvi Bin Abdul Halim *Executive Director*	5/5	N/A	N/A	N/A
Ng Shwu Ching *Executive Director*	5/5	N/A	N/A	N/A
Lai Kian Huat *Executive Director*	5/5	N/A	N/A	N/A
Khoo Wuan Ru *Executive Director*	5/5	N/A	N/A	N/A
Poo Chii Miin @ Chermaine Poo *Independent Non-Executive Director*	5/5	5/5	2/2	2/2
Tung Fook Heng[(1)] Independent Non-Executive Director	5/5	5/5	1/1	1/1
Ler Leong Keh[(2)] *Independent Non-Executive Director*	3/3	3/3	1/1	1/1
Dato' Shamsuddin Bin Mohd Mahayidin[(3)] *Independent Non-Executive Director*	1/1	1/1	N/A	N/A

(1) Appointed as Director on 10 January 2023.
(2) Resigned as Director on 14 July 2023.
(3) Appointed as Director on 15 September 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 to ensure the sustainability strategies and plans are effectively implemented in the Group.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (continued)

i. Sustainability (continued)

The Board continuously keep themselves abreast with 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 page 46 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 2023, the Board comprised eight (8) members, comprising four (4) 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 the financial year under review, Mr Tung Fook Heng and Dato' Shamsuddin Bin Mohd Mahayidin were appointed as Independent Non-Executive Directors of the Company on 10 January 2023 and 15 September 2023 respectively.

On 14 July 2023, Mr Ler Leong Keh resigned from the Board.

As at 31 December 2023, there was approximately 37.5% 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. Currently, the members are as follows:

Ler Leong Keh *(Chairman)*[(1)]
Tung Fook Heng *(Chairman)*[(2)]
Poo Chii Miin @ Chermaine Poo *(Member)*
Dato' Shamsuddin Bin Mohd Mahaydin *(Member)*[(3)]

(1) Ceased as Chairperson of Nomination Committee following his resignation as Independent Non-Executive Director of the Company on 14 July 2023.
(2) Appointed as member of Nomination Committee on 10 April 2023 and redesignated as Chairperson of Nomination Committee on 15 September 2023.
(3) Appointed as member of Nomination Committee on 15 September 2023.

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 has yet to develop a policy which limits the tenure of its independent directors to nine (9) years. Nonetheless, the Board is mindful of the prescribed Practice of the MCCG pertaining to the Board independence. The Board further recognises that tenure of directorship is not an absolute indicator of a Directors' independence and objectivity wherein the spirit, intention, purpose and attitude should also be considered.

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, 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 in accordance with the Listing Requirements.

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

d. Appointment to the Board

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

The 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

e. Re-election of Directors (continued)

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

(1) Encik Rizvi Bin Abdul Halim (Clause 95)
(2) Mr Lai Kian Huat (Clause 95)
(3) Dato' Shamsuddin Bin Mohd Mahayidin (Clause 102)

Both Encik Rizvi Bin Abdul Halim and Mr Lai Kian Huat have expressed their intention to seek for re-election at the forthcoming Twentieth AGM while Dato' Shamsuddin Bin Mohd Mahayidin has express his intention not to seek for re-election at the forthcoming Twentieth AGM and shall retire at the conclusion of the Twentieth 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 Directors' 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 to make 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

g. Professional Development of Directors

All Directors have completed the Mandatory Accreditation Programme ("**MAP**") Part I and will complete the MAP Part II within the prescribed timeframe. 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 2023, the Directors have attended various training programmes and seminars, amongst others, the following:-

- Common Offences Committed By Directors Under The Companies Act 2016 & Let's Make Meetings Work!
- Disrupting the Way Businesses are Run: The Management Accountant's Role in Sustainable Finance
- Introduction to Environmental, Social & Governance (ESG) and Sustainability Workshop
- IFRS Update and Latest Trends
- FinTech, Technology Commercialisation and Challenges of Digital Transformation
- Strategic Thinking - Approach to Strategy
- Transformative Skills Pack - Sustainable Mindset (ESG)
- Budget 2023: Latest Business Approach and Substantial Tax Changes For The New Economic Cycle
- Latest Development in Malaysian Financial Reporting Standard (MFRS)/IFRS and IC Interpretation
- Value of Enterprise Risk Management (ERM) in Strategic Planning
- Corporate Governance and Compliance: Board Fiduciary Duties and Fit and Proper Criteria
- Boardroom Essentials: Insights on Organisational Culture and Investment Management

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) Reviewed and recommended the appointment of Mr Tung Fook Heng as Independent Non-Executive Director of the Company and a member of ARMC after having reviewed his profile in detail and assessed his fit and proper criteria.

b) Assessed and was satisfied with the effectiveness of the Board as a whole and the Board committees and the contribution of each Director.

c) 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.

d) 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 of Bursa Securities.

e) Assessed and was satisfied with the character, experience, integrity, competence and time commitment of Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

h. NC's Activities (continued)

f) 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.

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

h) Reviewed the Directors' training programme for the financial year ended 31 December 2023.

i) Reviewed and recommended to the Board the revisions in Directors and Senior Management Succession Plans.

j) Reviewed and recommended to the Board the TOR of the NC in alignment with the amendments to Listing Requirements.

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

l) Reviewed and recommended the appointment of Dato' Shamsuddin Bin Mohd Mahayidin as Independent Non-Executive Director of the Company and a member of ARMC, NC and RC after having reviewed his profile in detail and assessed his fit and proper criteria.

m) Reviewed and recommended to the Board the redesignation of Mr Tung Fook Heng as the Chairperson of NC and RC.

3. Remuneration

Currently, the RC comprises the following members:-

Ler Leong Keh *(Chairman)*[(1)]
Tung Fook Heng *(Chairman)*[(2)]
Poo Chii Miin @ Chermaine Poo *(Member)*
Dato' Shamsuddin Bin Mohd Mahaydin *(Member)*[(3)]

(1) Ceased as Chairperson of Remuneration Committee following his resignation as Independent Non-Executive Director of the Company on 14 July 2023.
(2) Appointed as member of Remuneration Committee on 10 April 2023 and redesignated as Chairperson of Remuneration Committee on 15 September 2023.
(3) Appointed as member of Remuneration Committee on 15 September 2023.

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 2023 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 132 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. ARMC

As at 31 December 2023, the ARMC comprises three (3) Independent Non-Executive Directors. The Chairperson of the ARMC is not the Chairperson 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.

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 its in-house internal audit function, which is led by Ms Bhavanpreet Kaur, the Internal Audit Manager and reports directly to the ARMC. Details of the in-house internal audit function are set out in the Statement on Risk Management and Internal Control and ARMC Report of the Annual Report 2023. 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 outsourced its internal audit function to IBDC (Malaysia) Sdn. Bhd., which is helmed by Mr Yuji Wong Een Joon, whose profile, qualification and competency were assessed by the ARMC prior to approving its appointment. The performance of internal audit function shall be assessed by the ARMC on annual basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

1. Communication with Stakeholders

The Board has formalised a Corporate Disclosure Guide to ensure that communication with stakeholders is executed in a timely, concise and transparent manner.

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.

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.

In line with the good governance practice, the notice of the Nineteenth AGM and Annual Report were issued to shareholders at least twenty-eight (28) days before the date of the Nineteenth 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 Nineteenth AGM. Sufficient time was allocated to shareholders to raise their queries and the Directors had addressed all the questions raised by the shareholders during the Nineteenth AGM.

The voting at the Nineteenth AGM was conducted by way of poll and an independent scrutineer was appointed to validate the votes cast. All the resolutions set out in the Notice of Nineteenth AGM were duly carried. The full minutes of the Nineteenth 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

FOCUS AREA ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group in the year 2023 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 22 April 2024.

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 2023.

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	44	234
Non-audit services	14	64
Total	**58**	**298**

The non-audit services comprised the following assignments:-

a) Review of the Statement of Risk Management and Internal Control
b) Tax compliance services
c) Review of overseas subsidiaries management accounts for the financial year ended 31 December 2023

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 2023 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

There were no related party transaction and recurrent related party transactions of a revenue and trading nature of the Group during the financial year ended 31 December 2023.

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 2023.

1. MEMBERS

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

During the financial year ended 31 December 2023, 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
Poo Chii Miin @ Chermaine Poo	Chairman (Independent Non-Executive Director)	5/5
Tung Fook Heng (1)	Member (Independent Non-Executive Director)	5/5
Ler Leong Keh (2)	Member (Independent Non-Executive Director)	3/3
Dato' Shamsuddin Bin Mohd Mahayidin (3)	Member (Independent Non-Executive Director)	1/1

(1) Appointed as member of ARMC on 10 January 2023.
(2) Ceased as member of ARMC following his resignation as Independent Non-Executive Director of the Company on 14 July 2023.
(3) Appointed as member of ARMC on 15 September 2023.

Ms Chermaine Poo, who is the Chairperson of the ARMC, is a Fellow of the Association of Chartered Certified Accounts 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 Requirement 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 2023 in line with the Terms of Reference, the ARMC carried out the following work in discharging its function and duties:-

2.1 Financial Reporting

a) Reviewed the unaudited quarterly reports and the annual audited financial statements of the Group and the Company including the announcements pertaining thereto prior to submission to the Board for consideration and approval; and

b) Monitored the compliance requirements in line with the new updates of Bursa 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 and any actual or potential conflict of interest situation that may arises within the Group on a quarterly basis to ascertain that the review procedures established to monitor the related party transactions and 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 2023 on the following dates:-
- 27 February 2023 to discuss audit findings for the financial year ended 31 December 2022; and
- 28 November 2023 to discuss Audit Plan and Strategy for the financial year ending 31 December 2023.

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; and

g) Reviewed matters concerning the audit and non-audit fees of the external auditors.

2.4 Internal Audit

a) Reviewed and approved the establishment of in-house internal audit function;

b) Reviewed and approved the Group's internal audit plan, scope of work and audit methodologies employed;

c) Reviewed 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;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

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

2.4 Internal Audit (continued)

d) Met with the internal auditor (without the presence of the Management staff or any Executive Directors) for the financial year ended 31 December 2022 on the following dates:-
   - 29 August 2023 to discuss audit findings for the financial year ended 31 December 2023 on areas of (i) Purchasing System functions; and (ii) Property, Plant and Equipment; and
   - 28 November 2023 to discuss audit findings for the financial year ended 31 December 2023 on the area of Blackbixon Café operations

e) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function.

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 2022; and

b) Reviewed and recommended to the Board for approval of the Terms of Reference of ARMC to ensure it is always updated with the changes in the regulatory requirements.

3. TRAINING

During the financial year ended 31 December 2023, 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:-

- Common Offences Committed By Directors Under The Companies Act 2016 & Let's Make Meetings Work!;
- Disrupting the Way Businesses are Run: The Management Accountant's Role in Sustainable Finance;
- Introduction to Environmental, Social & Governance (ESG) and Sustainability Workshop;
- IFRS Update and Latest Trends;
- FinTech, Technology Commercialisation and Challenges of Digital Transformation;
- Strategic Thinking – Approach to Strategy;
- Transformative Skills Pack – Sustainable Mindset (ESG);
- Value of Enterprise Risk Management (ERM) in Strategic Planning;
- Corporate Governance and Compliance: Board Fiduciary Duties and Fit and Proper Criteria; and
- Boardroom Essentials: Insights on Organisational Culture and Investment Management.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

4. INTERNAL AUDIT FUNCTION

During the financial year under review, the Company has its in-house internal audit function, headed by Ms Bhavanpreet Kaur. The Group recognises that an internal audit function is essential in ensuring the effectiveness of the Group's system of internal control and is considered an integral part of the assurance framework on the adequacy and effectiveness of the Group's risk management and internal control process. The internal audit function is independent of the activities and operations of the Group.

Details of the internal audit personnel, Ms Bhavanpreet Kaur who carried out the internal audit works for the financial year ended 31 December 2023 is as follows:-

Name	Qualification & Accreditation
Bhavanpreet Kaur *Internal Auditor-In-Charge*	• Bachelor of Accounting (Hons.) • Member of the Institute of Internal Auditors Malaysia (IIAM)

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 the internal audit function during the financial year amounted to approximately RM87,000.

The internal audit functions are as set out in the Statement on Risk Management and Internal Control on pages 41 to 45 of the Annual Report.

On 22 April 2024, the ARMC has reviewed and approved the outsourced of internal audit function to IBDC (Malaysia) Sdn. Bhd.. The performance of internal audit function shall be assessed by the ARMC on annual basis.

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 2023 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 headed by Ms Bhavanpreet Kaur, a Certified Internal Auditor of The Institute of Internal Auditors Malaysia (IIAM) 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 this function is currently managed by internal resources, an independent professional personnel, namely Ms Bhavanpreet Kaur to provide an independent assurance the Board requires on the effectiveness and efficiency of the Group's system of internal control.

The internal audit work for the financial year ended 31 December 2023 was handled by Ms Bhavanpreet Kaur with the profile as disclosed below:

Name	Qualification & Accreditation
Bhavanpreet Kaur *Internal Auditor-In-Charge*	• Bachelor of Accounting (Hons.) • Member of the Institute of Internal Auditors Malaysia (IIAM)

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 2023 was approximately RM87,000, 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 2023.

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 Berhad and its subsidiaries are 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 2023, 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 of Directors is pleased to present this Sustainability Statement ("**Statement**") from Ni Hsin Group Berhad ("**NHG**"). This Statement covers NHG 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**"), Ni Hsin EV Tech Sdn. Bhd. ("**NHEVT**") and Ni Hsin Food & Beverages Sdn. Bhd. ("**NHFB**"), collectively referred to as the "**Group**". Our business activities include manufacturing and sale of multi-ply stainless steel cookware, stainless steel products, food and beverages, logistics services and electric motorcycles.

The Board is primarily responsible for the Group's sustainability strategies, practices and performance. We continue to receive support from the Audit and Risk Management Committee ("**ARMC**") and Management in overseeing and managing the Group's overall sustainability strategies, priorities and targets. We strive to integrate economic, environmental and social considerations into the Group's strategy to position NHG for sustainable growth. In alignment with Management's planning and execution of the Group's sustainability strategy, we provide guidance and introduce policies and initiatives to manage the Group's ESG risks and impacts.

This year, we have reviewed and approved a refreshed set of material topics, taking into consideration the significant developments in the industry and sustainability landscape. The Group has also enhanced its sustainability disclosures by quantifying each reported indicator and setting relevant targets, where appropriate.

This Statement has been prepared on a best effort basis and we look forward to your continued support as we progress in our sustainability journey.

REPORTING SCOPE AND BASIS

This Statement has been prepared in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("**Listing Requirements**") relating to Bursa Malaysia's Sustainability Reporting Guide 3rd Edition.

This Statement covers the Group's sustainability performance and progress of our business operations in Malaysia from 1 January 2023 to 31 December 2023. Where possible, historical data has been included to provide a meaningful comparison for our stakeholders in understanding the Group's sustainability performance over the years.

FEEDBACK AND CONTACT POINT

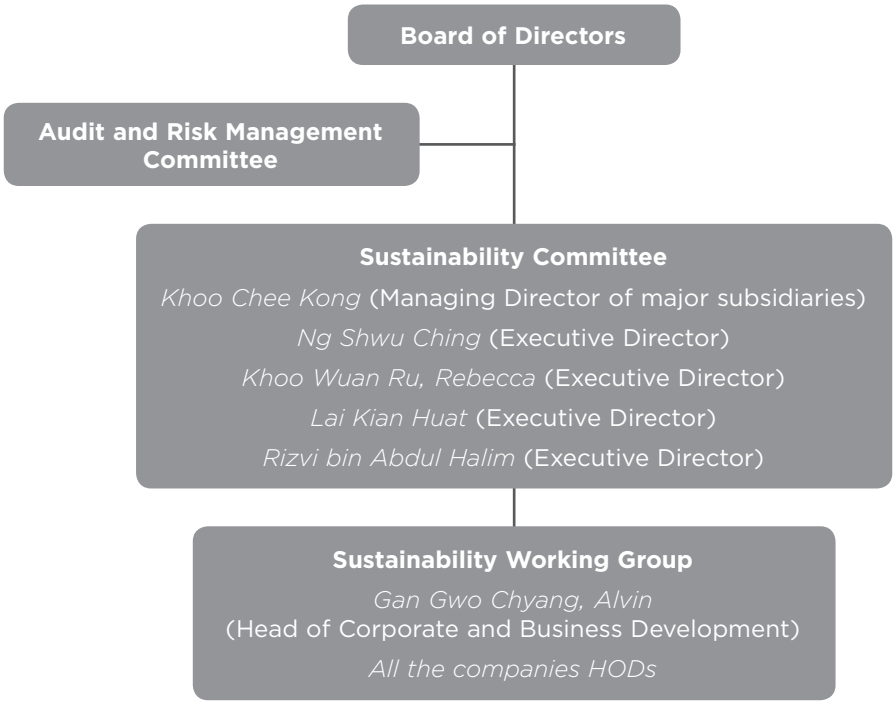
We welcome stakeholders' feedback on this Statement and any other relevant matters to improve our sustainability measures and reporting standards. Any feedback, comments and enquiries can be directed to info@ni-hsin.com.

SUSTAINABILITY STATEMENT
(CONT'D)

SUSTAINABILITY GOVERNANCE

A sustainable business requires the concerted effort across all levels of the organisation, from senior management to ground-level employees.

The Board oversees the Group's strategic direction on sustainability matters including setting strategies, priorities and targets, with the support of the ARMC. Our Sustainability Committee ("**SC**"), comprising Executive Directors and Managing Director of major subsidiaries, assists the Board with the alignment of the Group's sustainability strategy to long-term business growth and goals, the review and execution of sustainability initiatives and policies. Under the purview of the SC is the Sustainability Working Group ("**SWG**"), led by our Head of Corporate and Business Development and represented by the Heads of Departments ("**HODs**"). The SWG is responsible for the day-to-day implementation of our sustainability efforts and monitors our sustainability performance.



STAKEHOLDER ENGAGEMENT

We regularly engage with our stakeholders through various channels to ensure that the Group addresses stakeholders' concerns and stays ahead of the challenges and trends in the fast-changing sustainability landscape. The table below provides information on the frequency of engagements with different stakeholder groups and their areas of concern.

Stakeholders	Areas of Interest	Types of Engagement	Frequency of Engagement
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

SUSTAINABILITY STATEMENT
(CONT'D)

Stakeholders	Areas of Interest	Types of Engagement	Frequency of Engagement
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 • Employee performance appraisal • Health and safe working environment	• On-going/Annually
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	• Environmental 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

MATERIAL MATTERS

NHG acknowledges that our material sustainability matters can shape our business strategy and our ability to create long-term value to our stakeholders. Material matters across the economic, environmental, social and governance areas which have greater significance to the Group are identified and prioritised through a materiality assessment process.

Materiality Assessment Process

We have re-evaluated our existing topics through a refreshed materiality assessment annually, to identify and prioritise the most significant sustainability issues relevant to our business. Our materiality process involved identifying, assessing, and prioritising the material matters with internal stakeholders and key stakeholder groups (i.e., suppliers and customers).

SUSTAINABILITY STATEMENT
(CONT'D)

Identification

Reviewed the FY2022 material topics and list of key stakeholders. Identified a revised list of relevant sustainability matters.

Prioritisation

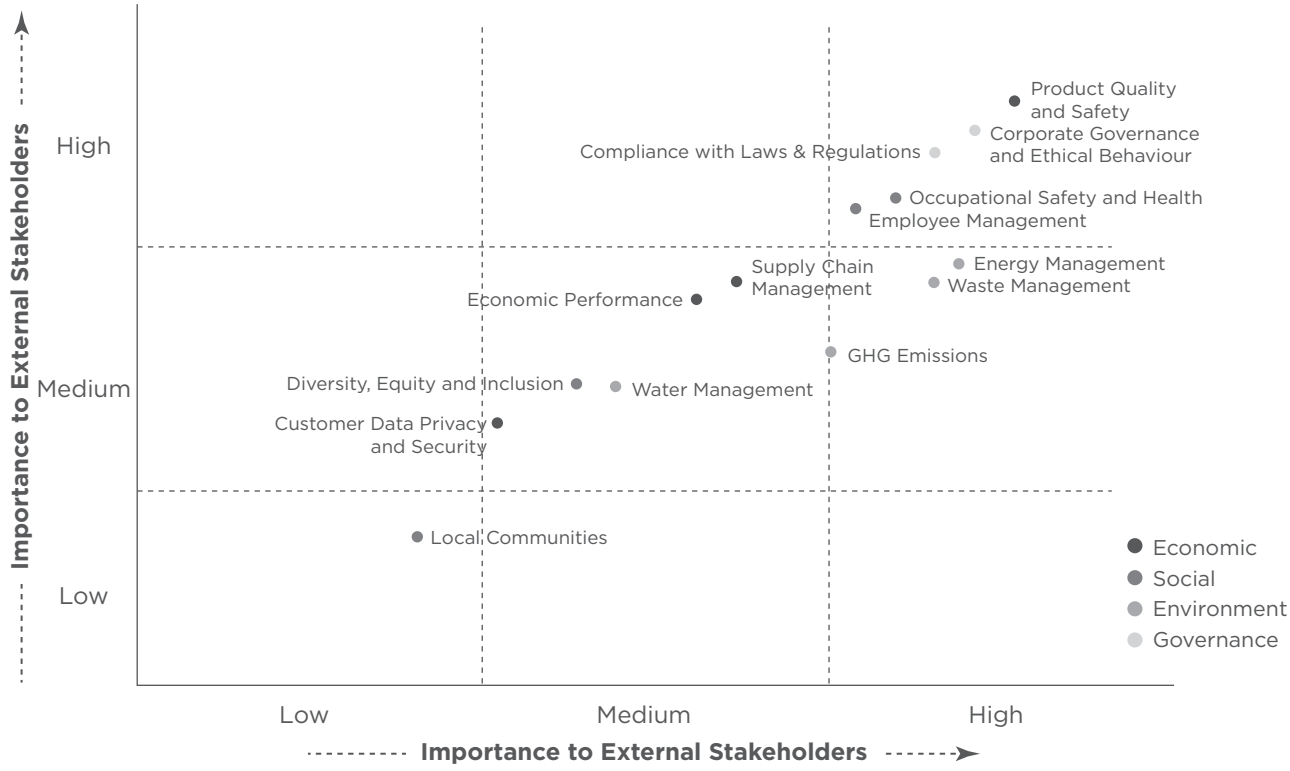
Key stakeholders ranked each material matter according to the significance of their impacts on the business and stakeholders via a workshop session and online surveys.

Review and Validation

The results of the survey are reflected in the materiality matrix below and validated by the Board and/or senior management.

Materiality Matrix

There are 14 material topics reported this year. Of the 14 material matters, 9 topics namely Economic Performance, Supply Chain Management, Compliance with Laws and Regulations, Waste Management, Greenhouse Gas ("**GHG**") Emissions, Water Management, Diversity, Equity and Inclusion, Customer Data Privacy and Security and Local Communities were newly added, taking into consideration our peers, relevant frameworks, and reflecting our greater commitment to transparency. While the other material topics remain consistent with the previous year, they have been renamed or regrouped to better reflect our most significant impacts on the environment, people and the wider community.



SUSTAINABILITY STATEMENT
(CONT'D)

Economic	Governance	Environment[1]	Social
• Economic Performance • Product Quality and Safety • Supply Chain Management • Customer Data Privacy and Security	• Corporate Governance and Ethical Behaviour • Compliance with Laws & Regulations	• Energy Management • GHG Emissions • Waste Management • Water Management	• Occupational Safety & Health • Employee Management[2] • Diversity, Equity and Inclusion • Local Communities

1 The material topic "Environmental" reported in FY2022 has been broken down into separate topics, namely "Energy Management", "GHG Emissions", "Waste Management", "Water Management" to align with the industry trends and Bursa Malaysia's Sustainability Reporting Guide (3rd Edition).
2 The material topic "Workplace management" reported in FY2022 has been renamed to "Employee Management".

ECONOMIC PERFORMANCE

NHG's economic performance is a crucial factor in supporting the Group's sustainability agenda. We aim to continuously generate and share significant economic benefits with our stakeholders.

NHG's cookware and stainless steel products divisions maintain a market presence across Asia Pacific, USA, Canada and Europe. We spare no effort to achieve good economic performance and diligently engage with our customers – both current and prospective – to expand our market share. This year, the Group has succeeded in securing sales orders in China and Taiwan which are new markets for the stainless steel products division. We managed to retain customers through our efforts in engaging and cooperating actively with them despite cross border customs hurdles, where a change in tariff codes prevented us from exporting our clad metals into Thailand. The Group solved the issue by working closely and brainstorming with customers and successfully supplied semi-finished products to our customers in Thailand. As for the Electric Vehicle ("**EV**") division, we have put in considerable effort to promote our electric motorcycles to the Government, in line with Malaysia's target to achieve carbon neutrality by 2050. The Group approached various government departments, GLCs and corporate entities to expand the adoption of EV two-wheelers in security, surveillance, enforcement as well as operational functions.

We conduct regular management meetings to monitor and analyse our financial performance, budgets and forecasts. This allows us to gain valuable insights into our financial position which contribute to important decision-making aligned with our business objectives.

In FY2023, we recorded a revenue[1] of RM28.8 million, a reduction of 17.04% from RM34.8 million recorded in FY2022. Consistently the Group suffered a Loss After Tax ("LAT") of RM7.4 million, an increase of 48.77% from the RM5.0 million LAT in FY2022 mainly driven by lower sales in the cookware, stainless steel products and logistics services divisions. In FY2023, RM37.4 million was expensed in the form of operating costs, employee benefits, taxes and expenses.

	FY2021 RM '000	FY2022 RM '000	FY2023 RM '000
Economic Value Generated (i.e. revenue and other income)	30,674	34,762	28,839
Loss After Tax	6,447	5,007	7,449
Economic Value Distributed	38,721	40,285	37,354
Operating Costs	27,367	28,351	23,050
Employee Wages and Benefits	11,076	11,546	13,982
Payments to providers of capital	278	388	322
Payments to government by country	0	0	0
Community investments	0	0	0
Economic Value Retained	(8,047)	(5,523)	(8,110)

1 All figures, unless otherwise stated, are presented in Malaysian Ringgit ("RM"). The financial results presented in the table are derived from the audited financial statement which is available for reference in our Annual Report FY2023.

SUSTAINABILITY STATEMENT
(CONT'D)

PRODUCT QUALITY & SAFETY

At NHG we are committed to providing our customers with reliable, innovative and user-friendly products. We believe that engaging and communicating effectively with our customers enable us to gain insights into our customers' expectations and preferences. We conduct periodic surveys to gather feedback from our customers in terms of our services, delivery, product quality, technical support and cost management.

We have adopted a Scorecard Review system to monitor customers' feedback. The results are reported at management meetings where we discuss on the complaints and issues faced by customers, improvements and subsequent implementation plans. This allows us to learn from our customers' feedback and further enhance our product quality by reviewing our quality control procedures and implementing more effective processes.

In FY2023, our customer satisfaction level has maintained a score of 82%. Our product performance has exceeded previous years, achieving 81% which is a testament to our dedication to ensure that we provide our customers with quality products to retain their trust and confidence in us.

	FY2021	FY2022	FY2023
Customer satisfaction	85%	82%	82%
Product performance	75%	79%	81%
Staff performance	98%	87%	86%

Our target is to maintain customer satisfaction level of 80% and above in FY2024.

SUPPLY CHAIN MANAGEMENT

NHG is committed to being environmentally responsible in the procurement and conduct of our business. As one of the leading stainless steel products manufacturer in Asia, we are cognisant of the importance of using materials sourced from sustainable sources in our products.

We keep our procurement practices fair and transparent. All new and existing suppliers are subjected to a half-yearly supplier performance analysis to assess their services in terms of delivery, quality and on-site inspection. The evaluation outcomes will be discussed and reviewed by management.

In FY2023, 61.5% of our spending on procurement were on local suppliers.

	FY2021	FY2022	FY2023
Proportion of spending on local suppliers	64.5%	62.0%	61.5%

CUSTOMER DATA PRIVACY AND SECURITY

Respecting and protecting our customers' data and privacy is our responsibility. Given the rise in cyber threats, leaks and loss of personal data in recent times, the Group takes necessary precautions to ensure that any customer data shared with us is safeguarded against unauthorised use, access, disclosure and loss. We put in place necessary authentication and permission restrictions within our internal system and server rooms. All customer information is retained in accordance with local data protection and confidentiality laws.

Our System and Data Management Principle ensures that access to our computer software system and server room is strictly assigned to relevant persons. The Procedure also sets out guidance on user identification and new user access controls to ensure that data is safeguarded against any unauthorised use, disclosure, modification damage or loss. The Principle is reviewed and updated annually.

SUSTAINABILITY STATEMENT
(CONT'D)

In FY2023, we recorded zero substantiated complaints concerning breaches of customer privacy or losses of customer data.

	FY2023
Number of substantiated complaints concerning breaches of customer privacy and identified leaks, thefts, or loss of customer data	0

CORPORATE GOVERNANCE AND ETHICAL BEHAVIOUR

NHG is committed to a robust corporate governance system and high standards of business ethics to protect the trust and confidence of our customers, suppliers, business partners, employees and shareholders. For more information on our corporate governance practices, please refer to our Corporate Governance Overview Statement on pages 25 to 35.

Our Corporate Code of Conduct ("**Code**"), applicable to all directors and employees, outlines the principles and standards in business dealings with stakeholders, ways to recognise and manage ethical issues and mechanisms to report unethical conduct. The Code also provides guidance on acts that may constitute misconduct involving gifts, gratuities, bribes, insider trading, corruption and money-laundering. This ensures that all employees are subject to the same standard of accountability. In addition, our Code of Ethics, reviewed once every two years, is applicable to the Board on areas of ethical risk and mechanisms to report unethical conduct to foster a culture of transparency and accountability among Directors.

NHG maintains a zero-tolerance stance towards fraud and corruption. Our Anti-Bribery and Anti-Corruption Policy and Procedure ("**ABAC Policy**") lays out ways to deal with improper solicitation, bribery and other corrupt activities that could arise in the course of business activities. All employees undergo training and sign a Declaration Letter to ensure that they fully understand the ABAC Policy. The Compliance and Integrity Working Committee ("**CIWC**") comprising key management personnel ensures that the ABAC Policy is well-enforced and regularly reviewed in line with the Malaysian Anti-Corruption Commission ("**MACC**") Act 2009. The CIWC reports to the Board directly.

Percentage of employees who have received anti-corruption training	FY2021	FY2022	FY2023
Senior Management	100%	100%	100%
Middle Management	100%	100%	100%
Other Employees	100%	100%	100%

	FY2023
Percentage of operations that underwent corruption risk assessments	100%

As of 31 December 2023, we recorded zero cases of corruption across the Group. We aim to maintain zero incidents of corruption across our operations in FY2024.

	FY2021	FY2022	FY2023
Number of confirmed incidents of corruption	0	0	0

Guided by our Whistle Blowing Policies and Procedures ("**WPP**"), we have established a whistleblowing channel for employees or any external party to report any improprieties or instances of non-compliance with laws and regulations. All our policies can be readily accessed on our website www.ni-hsin.com and they are reviewed regularly to ensure they reflect the latest changes in legislative requirements.

SUSTAINABILITY STATEMENT
(CONT'D)

COMPLIANCE WITH LAWS AND REGULATIONS

NHG has put in place policies to ensure compliance with local regulatory requirements, especially in relation to environmental and social compliance. We strive to be a trusted partner to our customers, suppliers, shareholders and the communities where we operate.

Guided by our Chemical and Waste Management Principle ("**CWM Principle**"), the Group adheres to the environmental laws and regulations in Malaysia including the Environmental Quality Act 1974 ("**EQA 1974**") and Occupational Safety and Health (Use and Standard of Exposure Chemical Hazardous to Health) Regulations 2000 ("**USECHH Regulations**"). Relevant departments must follow the Group's purchasing process and store management standard procedures. The CWM Principle also sets out regulations mandated by the Department of Environment ("**DOE**") such as the documentation of new chemicals and proper disposal of chemical wastes.

The Group's Corporate Code of Conduct, last reviewed during the year, outlines the need for all Directors and employees to comply with the applicable laws, rules and regulations including those stipulated in the Employee Handbook and Safety and Health Policy. NHG also ensures that employees have open channels for reporting suspected violations of laws or misconduct. No employees have been dismissed and no public cases have been brought against the Group due to violations of labour laws and regulations.

As of FY2023, the Group maintains a record of zero significant instances of non-compliance with laws and regulations that resulted in significant fines or legal actions.

ENERGY MANAGEMENT

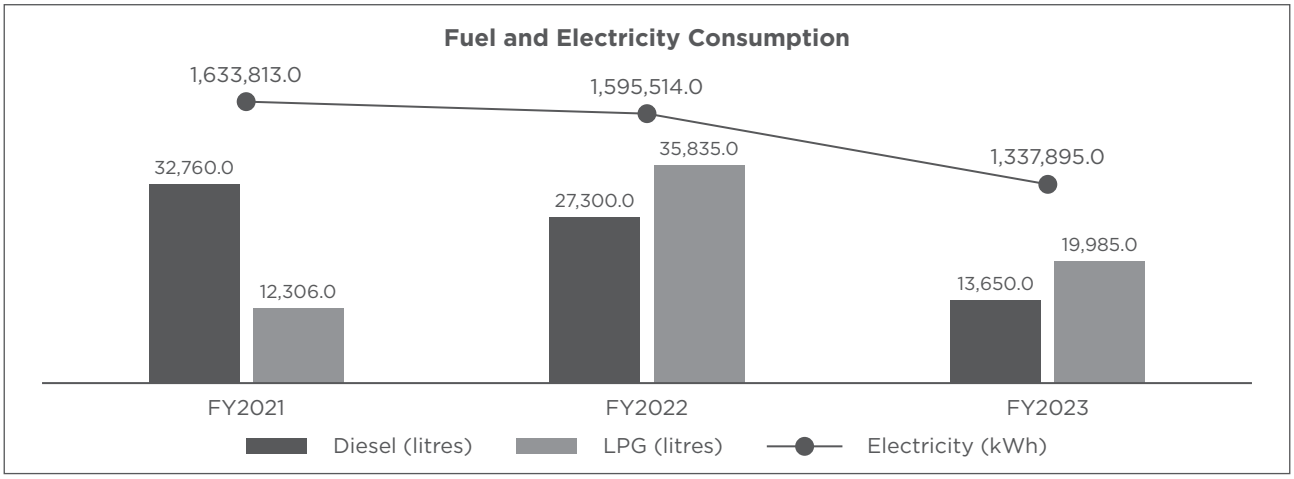
We prioritise the efficient management of energy as a considerable amount of energy is consumed from our manufacturing operations such as electricity consumed at our factory premises and diesel used in forklifts, machinery and equipment. To improve energy efficiency in our operations, we have started replacing old lighting with energy-efficient Light Emitting Diode ("**LED**") lighting in our premises. We plan to progressively install energy-efficient LED lighting in all offices and factories. We are also practise switching off all lights and air-conditioners are to be turned off during non-operational working hours.

Apart from investing in energy-saving lighting on our premises, we are committed to help our customers reduce their energy consumption when using our products. Owing to our continuous research development efforts, NHG has created stainless steel cookware products that are designed to reduce both water usage and energy consumption through even heat distribution and varied thickness design, while maintaining its quality for excellent cooking conditions. These products also require less energy in the manufacturing process and generate less waste, leading to the more efficient use of our resources.

The Group has also diversified its portfolio by venturing into the green technology sector – EV business. Given that the transport sector accounts for a considerable amount of greenhouse gas emissions globally, NHG recognises its integral part in assembling and distributing electric motorcycles in Malaysia amidst the transition to a low-carbon economy. Our employees are also encouraged to switch to electric motorcycles as part of engendering a corporate culture that fosters sustainable practices.

SUSTAINABILITY STATEMENT
(CONT'D)

In FY2023, our total energy consumption recorded 5,843.1 GJ. Our energy intensity was calculated to be 0.203 GJ per RM1,000 revenue generated.



Energy source	Energy amount (GJ) FY2021	FY2022	FY2023
Diesel[1]	1,254.4	1,045.3	522.7
Liquefied Petroleum Gas ("LPG")[2]	310.4	903.8	504.0
Purchased electricity[3]	5,881.7	5,743.8	4,816.4
Total	**7,446.5**	**7,692.9**	**5,843.1**

1 Energy conversion for diesel is calculated using the U.S. Energy Information Administration (EIA) energy conversion calculators.
2 Energy conversion for LPG is calculated using the IPCC Special Report on Carbon dioxide Capture and Storage – Annex I Properties of CO2 and Carbon-based Fuels.
3 The factor used to convert the amount of electricity consumed from kWh to GJ is 0.0036.

We will continue to track our energy consumption and implement energy-efficient processes in our production to support the transition to a more sustainable future.

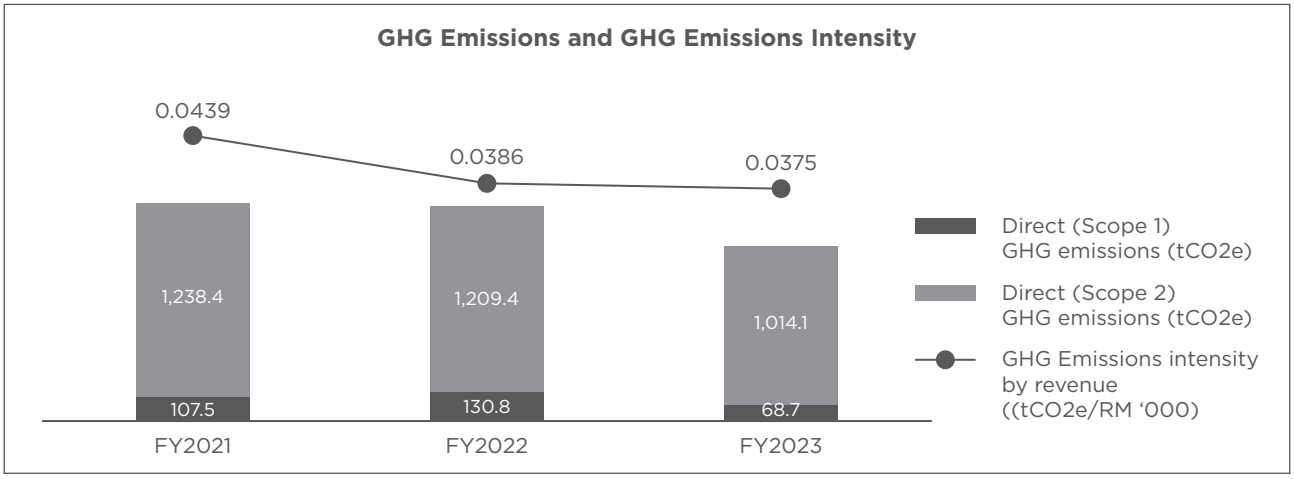
GHG EMISSIONS

In line with Malaysia's aspiration to achieve net zero GHG emissions by 2050, NHG recognises the urgent need to tackle climate change and reduce our carbon footprint. In FY2023, we have started tracking our GHG emissions, specifically for Scope 1 and Scope 2 emissions. Our Scope 1 emissions amounted to 68.7 tonnes of CO_2e and 1,014.1 tonnes of CO_2e for Scope 2 emissions. Our emissions intensity was calculated to be 0.0375 tCO_2e per RM1,000 revenue generated. Our total GHG emissions amounted to 1,082.8 tCO_2e, a decrease of 19.2% as compared to the FY2022 measurement, owing to our energy-saving efforts and initiatives.

Aligned with our sustainability initiatives, the Group has diversified our portfolio and invested in the green technology sector – assembling and distribution of electric motorcycles. We believe in playing our part to steer the market towards electromobility and zero-emission transport with the aim to reduce emissions in this sector.

SUSTAINABILITY STATEMENT
(CONT'D)

Moving forward, we will adopt a phased approach to understand and further refine our carbon inventory for our operations.



	FY2021 tCO_2e	FY2022 tCO_2e	FY2023 tCO_2e
Direct (Scope 1) GHG emissions[1]	107.5	130.8	68.7
Indirect (Scope 2) GHG emissions[2]	1,238.4	1,209.4	1,014.1

1 *Scope 1 emissions are calculated using the World Resources Institute (2015) GHG Protocol tool for stationary combustion (Version 4.1), with emission factors sourced from 2006 IPCC Guidelines for National Greenhouse Gas Inventories.*

2 *Scope 2 emissions are calculated using Peninsular Malaysia's Grid Emission Factor (GEF) of 0.758 Gg CO2e/GWh for 2021 sourced from the Malaysia Energy information Hub (MEIH) managed by the Energy Commission of Malaysia.*

WASTE MANAGEMENT

At NHG, proper waste management is one of our key priorities. We actively focus on reducing waste generated, promoting the reuse and recycling of material inputs and waste to mitigate the negative environmental impacts of waste disposal. Our different types of waste include hazardous waste categorised as scheduled waste, and non-hazardous waste such as stainless steel scrap and general waste.

As a stainless steel products manufacturer, stainless steel scrap represents one of the main types of waste generated in our operations. We ensure that 100% of our stainless steel scrap are recycled by a licensed third-party contractor as they share the inherent quality of recyclability and can be converted into value-added commodities. The recycled stainless steel scrap also forms an additional income stream to compensate our employees via performance bonuses and other benefits.

Adhering to local regulatory requirements under the DOE and guided by our CWM Principle , we ensure that all our scheduled wastes are stored at a designated storage area with proper labelling and managed by an appointed store personnel. Any changes in our scheduled waste inventory are recorded in a Schedule Waste Record Logbook. Scheduled wastes are disposed by appointed licensed contractors within a valid timeframe in accordance to USECHH Regulations from waste generation.

In our office premises, we have also reduced paper usage by using both sides of scrap paper and encouraging our employees to adopt paperless practices in their day-to-day work where possible.

SUSTAINABILITY STATEMENT
(CONT'D)

In FY2023, we generated 264.1 tonnes of waste. 54.6% of the waste generated were diverted from disposal.

	FY2021 Tonnes	FY2022 Tonnes	FY2023 Tonnes
Total amount of waste generated	**320.2**	**343.3**	**264.1**
Hazardous waste (scheduled waste)	0.2	5.7	3.2
Non-hazardous waste	320.0	337.6	260.9
Stainless Steel Scrap	190.2	223.2	144.3
General Waste	129.8	114.4	116.6
Breakdown of total waste diverted from disposal and total waste directed to disposal			
Total waste diverted from disposal	190.2	223.2	144.3
Total waste directed to disposal	130.0	120.1	119.8

WATER MANAGEMENT

NHG recognises that water is an essential resource that is used in several stages of our production process. We strive to promote water conservation and enhance water efficiency across our operations.

Our water conservation efforts include replacing old taps with water-efficient fittings in our office and factory premises, detecting water leaks promptly to prevent wastage and monitoring our water usage data closely.

In FY2023, our total water consumption totalled 15.2 megalitres, with an intensity of 526.6 litres per RM1,000 of revenue. We are continually looking into enhancing our water efficiency measures as part of our process optimisation efforts.

	FY2021	FY2022	FY2023
Water consumption (megalitres)	15.6	15.1	15.2

OCCUPATIONAL SAFETY AND HEALTH

The safety and well-being of our employees is of utmost importance to us as it sets the foundation for the sustainable growth of our business. We are committed to providing a healthy and safe environment for our employees, through complying with relevant laws and regulations including the Occupational Safety and Health Act 1994, Factories and Machinery Act 1967, USECHH Regulations, EQA 1974 and guided by our Safety and Health Principle.

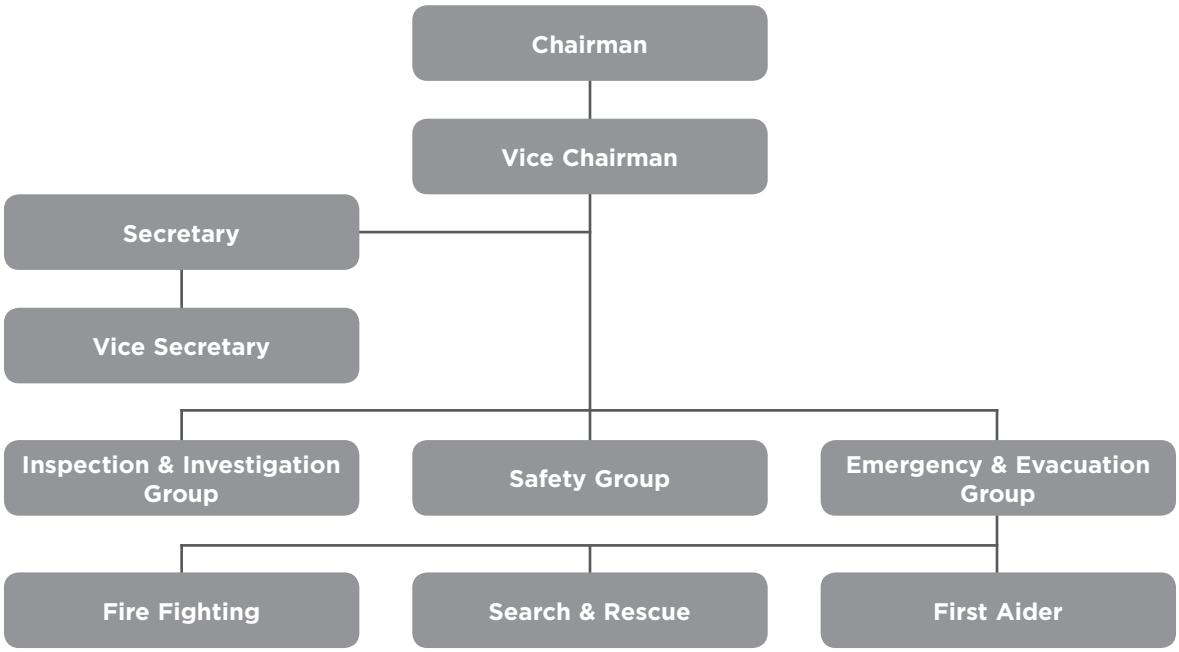
Our Safety and Health Principle lays the foundation of the Group's commitment to safeguard our employees' safety and well-being. It includes the Hazard Identification, Risk Assessment and Risk Control ("**HIRARC**") process to effectively identify and mitigate potential hazards. The Safety and Health Principle also outlines the following objectives:

- to provide our employee with work method, work area, premises and plant, which are safe, thereby reducing the risk of injuries, accidents and damage of properties;
- to train all employees, especially new entrants, to be aware of their own responsibilities in respect of safety and health matters;
- to insist that all instructions and procedures related to safety and health are to be implemented strictly;
- to maintain a proper fire prevention system and first aid facilities to safeguard the safety and health of our employees; and
- to achieve effective cooperation and involvement of all employees through joint consultation in attaining our safety and health objectives.

SUSTAINABILITY STATEMENT
(CONT'D)

Our Safety and Health Committee ("**SHC**"), established to coordinate and fulfil the above objectives, is chaired by our factory manager, comprises management, employee representatives and safety and health officers to enable collaborative discussions. The SHC's responsibilities include the development of safety and health programmes, review of the safety and health policy, conduct of safety inspections, investigation of complaints of unsafe practices, analysis of incident statistics and maintenance of the fire prevention system and first aid facilities.

The SHC conducts quarterly meetings to review safety and health performance, discuss workplans and safety audit findings as well as share corrective actions of incidents to prevent recurrences.



In FY2023, we arranged 8 safety trainings to enhance the understanding of the latest health and safety regulations, first aid knowledge and safe handling of chemicals. We also offer health and safety training during induction, on-the-job and refresher sessions to all our employees and contractors. A total of 93 employees were provided trainings on health and safety standards.

	FY2021	FY2022	FY2023
Number of employees trained on health and safety standards	54	119	93

SUSTAINABILITY STATEMENT
(CONT'D)

The Group keeps track of our safety performance and is summarised as follows.

	FY2021		FY2022		FY2023	
	All Employees (including Contractors)	Contractors only	All Employees (including Contractors)	Contractors only	All Employees (including Contractors)	Contractors only
Number of work-related fatalities	0	0	0	0	0	0
Fatalities rate	0.0	0.0	0.0	0.0	0.0	0.0
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0.0	0.0	0.0	0.0	0.0	0.0
Number of work-related lost-time incidents	1	0	1	0	2	0
Lost Time Incident Rate ("**LTIR**") per 200,000 hours worked	0.59	0.00	0.41	0.00	0.94	0.00

In FY2023, we recorded 2 work-related injuries and a lost time of 0.94. Incidents are reported immediately to the relevant supervisor and the SHC shall notify the Department of Occupational Safety and Health ("**DOSH**") of any fatalities or injury cases involving more than 4 days of medical leave. An investigation shall be carried out immediately by the Inspection and Investigation Group to analyse the root cause of the incident. The findings of the investigation will be issued and shared to all employees to raise safety awareness. The SHC shall follow up with corrective actions based on the outcome of the investigation to prevent recurrences in the future.

We have set a target to achieve zero major[1] incident cases in FY2024.

EMPLOYEE MANAGEMENT

We believe that employees are key assets in driving the sustainable growth of our business. We endeavour to support the development and growth of our employees by providing them with opportunities to advance their career and ensuring a work environment that fulfils their needs.

The Group has 217 employees as of 31 December 2023. A majority of our employees are permanent full-time employees at approximately 60% while our temporary employees take up about 40% of the workforce.

Number of employees	FY2021	FY2022	FY2023
Permanent employees	92	153	130
Contract-based/temporary employees	77	98	87
Total employees	169	251	217
Percentage of employees that are contractors or temporary staff	**45.6%**	**39.0%**	**40.1%**

1 *A major incident refers to a case where serious bodily injuries sustained by an employee resulted in more than four calendar days of medical leave*

SUSTAINABILITY STATEMENT
(CONT'D)

We recruit and retain the best talent through offering competitive compensation packages and reviewing existing employees' remuneration to ensure that it remains competitive in the market. We also conduct a performance evaluation periodically for all employees, enabling employees to self-assess, receive necessary support and provide feedback. We also recognise and appreciate the dedication of employees who have displayed long-term commitment to us by awarding long-service employees with the Service Recognition Award.

To ensure that our employees are well-supported, we offer a wide range of benefits depending on job grades, including Group personal accident insurance, medical subsidies for general illnesses of up to RM2,000 yearly, annual leave, marriage leave, compassionate leave, sick leave, medical and hospitalisation leave. Furthermore, we provide a channel for employees to raise any concerns or feedback through an Appeal Form.

As of FY2023, our new hire rate is 38.7% and turnover rate is 40.6%.

	FY2021	FY2022	FY2023
Number of new hires	49	148	84
New hire rate	**29.0%**	**59.0%**	**38.7%**

Number of employee turnover	**FY2021**	**FY2022**	**FY2023**
Senior Management	0	0	0
Middle Management	2	3	3
Other Employees	42	78	85
Total	44	81	88
Senior Management turnover rate	0.0%	0.0%	0.0%
Middle Management turnover rate	10.0%	11.5%	14.3%
Employee turnover rate	**26.0%**	**32.3%**	**40.6%**

Training and Development

NHG is aware of the importance of training and development in the overall growth and success of our business. To ensure the holistic development of our employees, we regularly assess their training needs and provide diverse training programmes.

We provide induction training for new employees and specific training for existing employees. Employees who wish to improve their knowledge or skills can raise a training proposal through the Annual Training Plan, subject to management approval. Our Human Resource and General Administration ("**HR & GA**") department will draw up an Annual Training Plan that sets out specific training programmes planned for the year, enabling a more effective learning experience that focuses on upskilling employees' capabilities and competencies required at different job levels.

We remain committed to investing in our training and development programmes. In FY2023, we spent a total of 1060 hours on training. We have increased our employee average training hours by 69% compared to the FY2022, from 2.9 hours to 4.9 hours.

SUSTAINABILITY STATEMENT
(CONT'D)

Month	Attendees	Training Programmes in FY2023
January 2023	Production leaders, technicians and machine operators	Production machine operation and safety precautions
	Production leaders, technicians and appointed operators	Process operation reinforcement (water treatment)
March 2023	Executive Director & Finance & Accounting Team	Latest Finance and Accounting Standards, Budget 2023
	Firefighting team	Firefighting equipment usage and practice – fire extinguisher
April 2023	Production Leaders, Technician & Operators	Product Quality Reinforcement
	Firefighting team	Firefighting equipment usage and practice – hydrant system
May 2023	Forklift drivers	Forklift and Pallet Truck Safety
	ISO Internal Auditors	ISO 9001:2015 Audit training & Practical ISO 9001 system audit (IQA)
	Production Leaders, Technician & Operators	Process operation reinforcement (spot welding, auto polish, drawing, flow forming and bottom welding)
June 2023	Production Operator in Coating	Machine and Process operation Non-stick Coating: sand blasting, spray booth
	Production Supervisor, Leaders, Technician & Operators	Personal Protective Equipment (PPE) application and way of use
	Finance & Accounting Team	Malaysian Financial Reporting Standards (MFRS)/IFRS
	Production 1 Supervisor & Leaders	Metal Inert Gas (MIG) Welding Process
	Forklift/Reach Truck User	Forklift/Reach truck safety and operation (driving test)
July 2023	Production Supervisor, Leader, Technician Maintenance & Production Engineering Team	HIRARC Risk Management
	Production 1 Supervisor, Leaders, PE	Lathe Machine Process
	Quality Management Department Head	Road to IATF 16949 Automotive Quality Certification
	HR & GA Team	Human Resource Development Corporation ("**HRDC**") brief session 1
August 2023	HR & GA Team	HRDC Brief Session 2
	First Aider & Voluntary Attendees	Occupational First Aid & CPR Training
	Factory Department & Supporting Team HOS & Leaders	Motivational training: Group business planning and direction
September 2023	HR & GA Team	HRDC Training - Session 3 & 4
November 2023	HR & GA Team	Training need analysis & identification
December 2023	Foreign employees	Foreign workers' hostel cleanliness discipline & safety training

SUSTAINABILITY STATEMENT
(CONT'D)

	FY2021		FY2022		FY2023	
	Hours of training attended	Average training hours	Hours of training attended	Average training hours	Hours of training attended	Average training hours
Employee Category						
Senior Management	34	8.5	1	0.2	8	1.6
Middle Management	101	5.1	106	4.1	116	5.5
Other Employees	220.5	1.5	615	2.8	936	4.9
Gender						
Male	209.5	1.7	477	2.6	797	5.2
Female	146	3.2	245	3.8	263	4.2
Total	**355.5**	**2.1**	**722**	**2.9**	**1060**	**4.9**

DIVERSITY, EQUITY AND INCLUSION

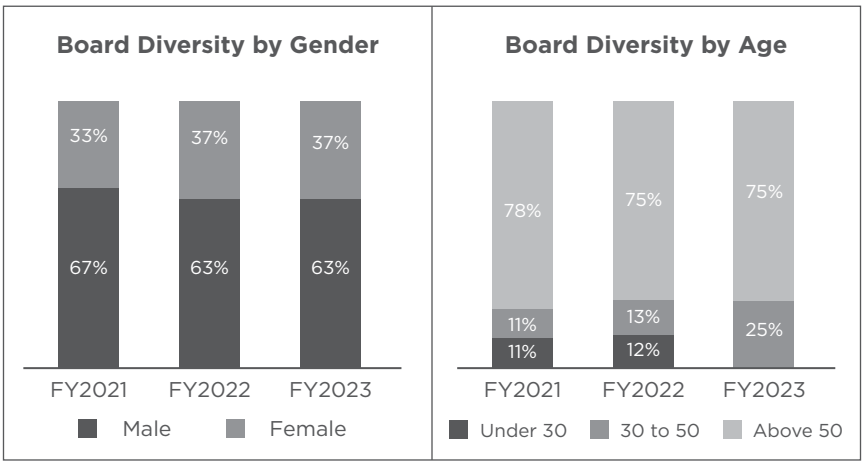
We recognise the importance of diversity in workforce and every employee's right to be treated fairly and equally, without discrimination. We embrace diversity and value the diverse perspectives brought by having employees with different cultural backgrounds, experiences and age groups.

Guided by the Group's Corporate Code of Conduct, we uphold equal employment opportunity practices and do not discriminate anyone on the basis of an individual's gender, race, religion, or age in our employment-related activities such as employment and promotion which are based on the business needs, the candidate's skills, experience, core competencies, and other qualities.

In addition, we respect the fundamental human rights of all employees and adopt acceptable labour practices in accordance with the applicable laws and regulations including the Employment Act 1955. We are pleased to report there has been zero substantiated complaints concerning human rights violations.

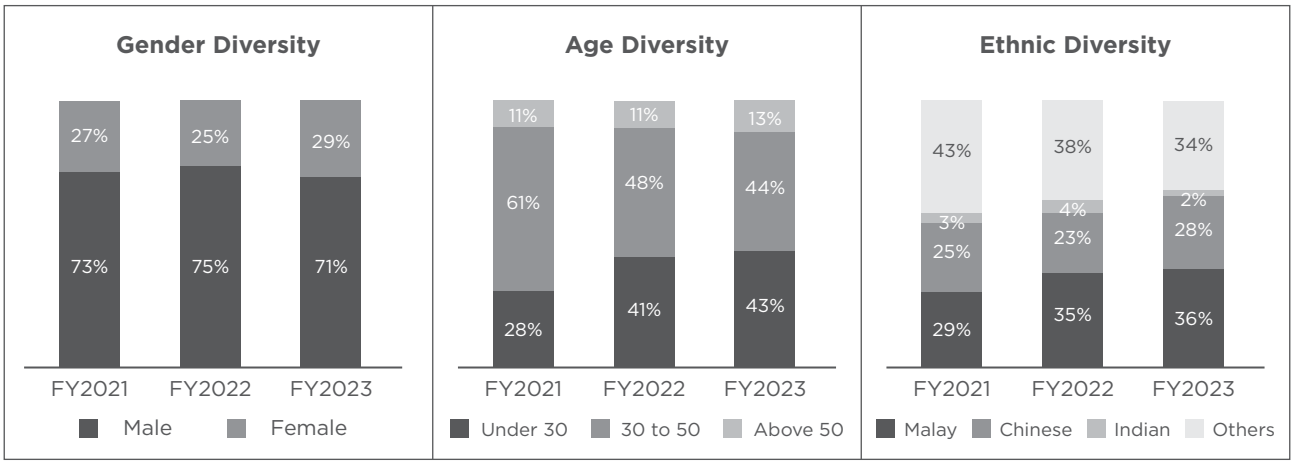
	FY2023
Number of substantiated complaints concerning human rights violations	0

As of FY2023, we have a total of 217 employees from different backgrounds in terms of gender, age group and ethnicity. We are also strong advocates for equitable gender representation on our Board, with 37% women Board representation. For our senior management positions, we aim to maintain a 40% women participation in leadership roles.

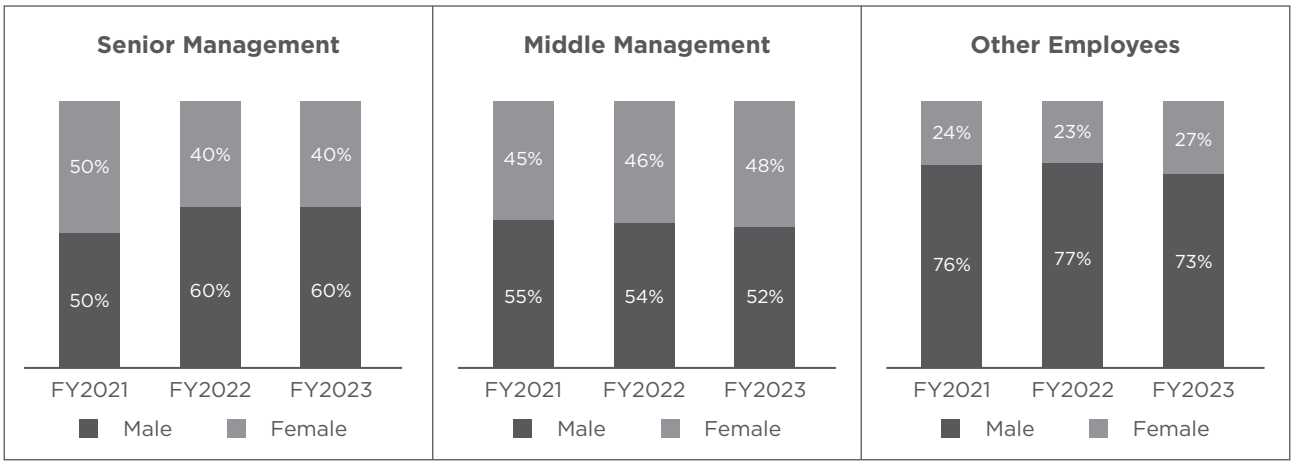


SUSTAINABILITY STATEMENT
(CONT'D)

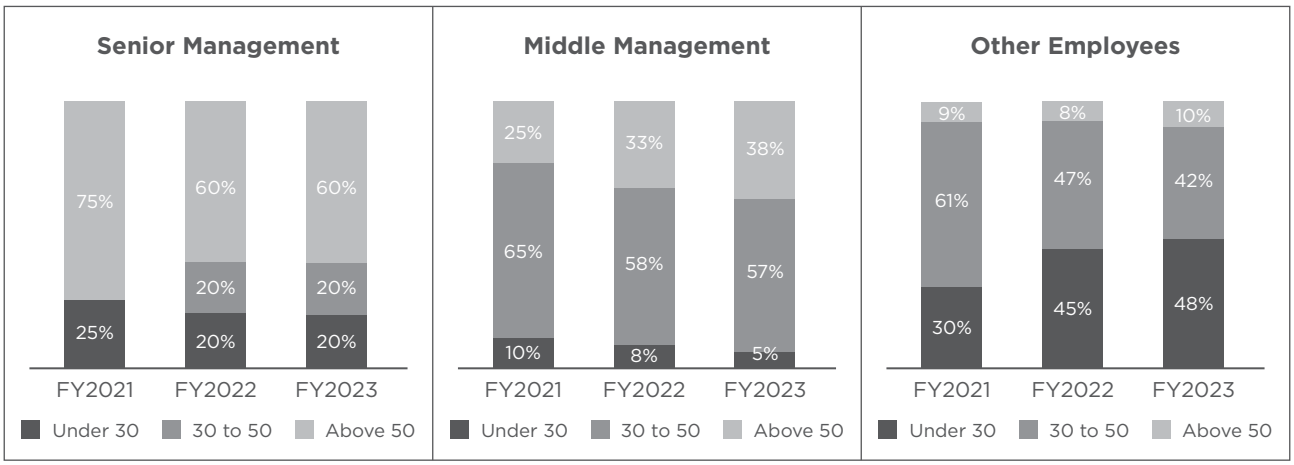
Workforce Profile



Gender Diversity by Employee Category



Age Diversity by Employee Category



SUSTAINABILITY STATEMENT
(CONT'D)

LOCAL COMMUNITIES

NHG is keen to drive positive and sustainable change in our communities. We continue to place our focus on value-added community initiatives and contribute towards the betterment of the areas that we operate in.

Over the course of the year, we continued to contribute to various organisations, namely the Suara Bekas Anggota Jabatan Kastam Diraja, Suara PACSU (Police Administration and Civilian Staff Union), Suara Kesatuan Pegawai Kastam Semenanjung Malaysia and the Kesatuan Bekas Polis Malaysia Negeri Selangor. In FY2023, we contributed a total of RM1,000.

MOVING FORWARD

NHG will continue its efforts on improving its sustainability framework and assessment of economic, environmental, social and governance impacts in line with the Listing Requirements on sustainability reporting. We will explore to establish relevant goals to reduce our carbon footprint, comply with applicable laws and regulations, and align our business activities with the transition to a low-carbon economy, where appropriate.

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2021	2022	2023
Economic Performance				
Economic value generated	MYR '000	30,674	34,762	29,244
Economic value distributed	MYR '000	38,721	40,285	37,354
Economic value retained	MYR '000	-8,047	-5,523	-8,110
Product Quality and Safety				
Customer satisfaction	Percentage	85.00	82.00	82.00
Product performance	Percentage	75.00	79.00	81.00
Staff performance	Percentage	98.00	87.00	86.00
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	64.50	62.00	61.50
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	100.00	100.00	100.00
Middle Management	Percentage	100.00	100.00	100.00
Other Employees	Percentage	100.00	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	7,446,500.00	7,692,900.00	5,843,100.00
Energy intensity	Gigajoules per MYR '000 of Revenue	0.243	0.221	0.203
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	107.50	130.80	68.70
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	1,238.40	1,209.40	1,014.10
GHG emissions intensity	tCO2-e per MYR '000 of Revenue	0.0439	0.0386	0.0375

Internal assurance | External assurance | No assurance | (*)Restated

SUSTAINABILITY STATEMENT
(CONT'D)

Indicator	Measurement Unit	2021	2022	2023
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	320.20	343.30	264.10
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	190.20	223.20	144.30
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	130.00	120.10	119.80
Hazardous waste generated	Metric tonnes	0.20	5.70	3.20
Non-hazardous waste generated	Metric tonnes	320.00	337.60	260.90
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	15.600000	15.100000	15.200000
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.59	0.41	0.94
Bursa C5(c) Number of employees trained on health and safety standards	Number	54	119	93
Total hours worked	Hours	338,000	491,960	425,320
Number of lost time injuries	Number	1	1	2
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	34	1	8
Middle Management	Hours	101	106	116
Other Employees	Hours	221	615	936
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	45.60	39.00	40.10
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	0	0	0
Middle Management	Number	2	3	3
Other Employees	Number	42	78	85
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Total hours of training by gender - Male	Hours	210	477	797
Total hours of training by gender - Female	Hours	146	245	263
Total hours of training	Hours	356	722	1,060
Average training hours per employee	Hours (1 d.p.)	2.1	2.9	4.9
Total number of employee turnover	Number	44	81	88
Total new hires	Number	49	148	84
New hire rate	Percentage	29.00	59.00	38.70
Turnover rate	Percentage	26.00	32.30	40.60

Internal assurance | External assurance | No assurance | (*)Restated

SUSTAINABILITY STATEMENT
(CONT'D)

Indicator	Measurement Unit	2021	2022	2023
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30	Percentage	25.00	20.00	20.00
Senior Management Between 30-50	Percentage	0.00	20.00	20.00
Senior Management Above 50	Percentage	75.00	60.00	60.00
Middle Management Under 30	Percentage	10.50	8.30	4.80
Middle Management Between 30-50	Percentage	63.20	58.30	57.10
Middle Management Above 50	Percentage	26.30	33.30	38.10
Other Employees Under 30	Percentage	30.30	44.60	47.60
Other Employees Between 30-50	Percentage	60.70	47.30	42.40
Other Employees Above 50	Percentage	9.00	8.10	9.90
Gender Group by Employee Category				
Senior Management Male	Percentage	50.00	60.00	60.00
Senior Management Female	Percentage	50.00	40.00	40.00
Middle Management Male	Percentage	55.00	53.80	52.40
Middle Management Female	Percentage	45.00	46.20	47.60
Other Employees Male	Percentage	75.90	77.30	73.30
Other Employees Female	Percentage	24.10	22.70	26.70
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	66.70	62.50	62.50
Female	Percentage	33.30	37.50	37.50
Under 30	Percentage	11.10	12.50	0.00
Between 30-50	Percentage	11.10	12.50	25.00
Above 50	Percentage	77.80	75.00	75.00
Percentage of employees by gender - Male	Percentage	72.80	74.50	71.00
Percentage of employees by gender - Female	Percentage	27.20	25.50	29.00
Percentage of employees by age group - Under 30	Percentage	27.80	40.60	42.90
Percentage of employees by age group - Between 30 to 50	Percentage	60.90	48.20	43.80
Percentage of employees by age group - Above 50	Percentage	11.20	11.20	13.40
Percentage of employees by ethnic diversity	Percentage	0.00	0.00	0.00
Percentage of employees by ethnic diversity - Malay	Percentage	29.00	35.10	36.40
Percentage of employees by ethnic diversity - Chinese	Percentage	25.40	22.70	27.60
Percentage of employees by ethnic diversity - Indian	Percentage	3.00	4.00	2.30
Percentage of employees by ethnic diversity - Others	Percentage	42.60	38.20	33.60
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	900.00	900.00	1,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	4

1 Economic value generated refers to revenue and other income while economic value distributed includes operating costs, employee wages and benefits, payments to providers of capital, payments to government, and community investments. Economic value retained is economic value generated less economic value distributed.

2 GHG emissions intensity refers to the intensity of Scope 1 and Scope 2 emissions only.

3 For the indicator 'percentage of employees by ethnic diversity' under the common sustainability matter 'Diversity', please refer to the breakdown data by Malay, Chinese, Indian and Others that have been provided.

Internal assurance | External assurance | No assurance | (*)Restated

STATEMENT OF ASSURANCE

In strengthening the credibility of the Sustainability Statement, selected aspects of this Sustainability Statement have been subjected to an internal review by the company's internal auditors and has been approved by Ni Hsin Group Berhad's Audit and Risk Management Committee.

SUBJECT MATTER 1 – ANTI- CORRUPTION

The subject matter covered by the internal review included the following indicators :

i. Percentage of employees that have received training on anti-corruption by employee category
ii. Percentage of operation assessed for risks related to corruption
iii. Confirmed incidents of corruptions and actions taken.

SUBJECT MATTER 2 – LABOUR PRACTICES AND STANDARDS

The subject matter covered by the internal review included the following indicators:

i. Total hours of training by employee category
ii. Percentage of employees that are contractors or temporary staffs
iii. Total number of employee turnover by employee category
iv. Number of substantiated complaints concerning human rights violations

SCOPE

The boundary of the internal audit review includes Ni Hsin Group Berhad's operations in Malaysia.

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 2023 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 2023, the Group and the Company have adopted suitable accounting policies in accordance with applicable MFRSs approved by the MASB in Malaysia and applied them consistently and reasonably.









FINANCIAL STATEMENTS

69 Directors' Report

74 Statements of Financial Position

76 Statements of Profit or Loss and Other Comprehensive Income

78 Consolidated Statement of Changes in Equity

80 Statement of Changes in Equity

81 Statements of Cash Flows

85 Notes to the Financial Statements

136 Statement by Directors

136 Statutory Declaration

137 Independent Auditors' Report



DIRECTORS' REPORT
For the year ended 31 December 2023

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 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

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

RESULTS

	Group	Company
	RM'000	RM'000
(Loss)/Profit for the year attributable to:		
Owners of the Company	(7,253)	2,256
Non-controlling interests	(196)	-
	(7,449)	2,256

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in Note 14 to 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 2023.

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
Tung Fook Heng (Appointed on 10 January 2023)
Dato' Shamsuddin Bin Mohd Mahayidin (Appointed on 15 September 2023)
Ler Leong Keh (Resigned on 14 July 2023)

DIRECTORS' REPORT
For the year ended 31 December 2023
(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, Dato' Seri Rosman bin Mohamed and Eugene Gan Yu Ji.

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
Interests in the Company:				
Sofiyan Bin Yahya				
- own	16,529,466	1,150,000	-	17,679,466
Khoo Wuan Ru				
- indirect*^	96,801,000	433,000	(950,000)	96,284,000
Ng Shwu Ching				
- indirect&	4,217,300	-	-	4,217,300

	Number of Redeemable Convertible Preference Shares ("RCPS")			
	At 1.1.2023	Bought	Sold	At 31.12.2023
Interests in the Company:				
Sofiyan Bin Yahya				
- own	9,459,800	-	-	9,459,800
Khoo Wuan Ru				
- indirect^	203,561,768	-	-	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.*

By virtue of their interests in the shares of the Company, Sofiyan Bin Yahya, Khoo Wuan Ru and Ng Shwu Ching are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Ni Hsin Group Berhad has an interest.

None of the other Directors holding office at 31 December 2023 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT
For the year ended 31 December 2023
(CONT'D)

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 2023 are as follows:

	From the Company	From subsidiary companies
	RM'000	RM'000
Directors of the Company:		
Fees	239	-
Remuneration	-	1,179
Estimated money value of any other benefits	-	38
	239	1,217

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.

ISSUE OF SHARES AND DEBENTURES

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

There were no debentures issued during the financial year.

TREASURY SHARES

The repurchased shares are held as treasury shares and carried at cost. During the financial year, the Company repurchased 3,404,000 of its issued ordinary shares from the open market for a consideration of RM388,379. The average price paid for the shares repurchased was RM0.11 per share including transaction costs. The total treasury shares held at the financial year end is 49,345,336 (2022: 45,941,336) shares. The number of outstanding shares in issue after deducting treasury shares held at the financial year end is 523,669,915 ordinary shares. Treasury shares have no rights to voting, dividends and participation in other distribution.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

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

DIRECTORS' REPORT
For the year ended 31 December 2023
(CONT'D)

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year of the Group are as disclosed in Note 29 to the financial statements.

DIRECTORS' REPORT
For the year ended 31 December 2023
(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 RM232,000 and RM52,000 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: 22 April 2024

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	55,995	56,262	-	-
Right-of-use assets	4	2,250	1,076	-	-
Intangible assets	5	169	74	-	-
Goodwill	6	7,527	5,633	-	-
Investments in subsidiaries	7	-	-	73,590	59,590
Investment in an associate	8	-	153	-	450
Other investments	9	1,558	1,752	1,558	1,752
Deferred tax assets	10	75	-	-	-
Total non-current assets		67,574	64,950	75,148	61,792
Inventories	11	20,588	23,536	-	-
Current tax assets		589	395	216	221
Trade and other receivables	12	3,574	5,081	2,161	8,742
Cash and cash equivalents	13	15,143	22,054	8,980	13,534
Total current assets		39,894	51,066	11,357	22,497
Total assets		107,468	116,016	86,505	84,289
Equity					
Share capital	14.1	84,428	84,428	84,428	84,428
Reserves		5,810	13,537	(4,784)	(6,652)
Equity attributable to owners of the Company		90,238	97,965	79,644	77,776
Non-controlling interests		121	230	-	-
Total equity		90,359	98,195	79,644	77,776

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023
(CONT'D)

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Liabilities					
Loans and borrowings	15	332	595	-	-
Redeemable Convertible Preference Shares ("RCPS")		6,466	6,246	6,466	6,246
Lease liabilities		1,993	868	-	-
Deferred tax liabilities	10	3,339	3,479	-	-
Total non-current liabilities		12,130	11,188	6,466	6,246
Trade and other payables	16	4,238	4,395	235	107
Loans and borrowings	15	263	1,838	-	-
Redeemable Convertible Preference Shares ("RCPS")		160	160	160	160
Lease liabilities		318	240	-	-
Total current liabilities		4,979	6,633	395	267
Total liabilities		17,109	17,821	6,861	6,513
Total equity and liabilities		107,468	116,016	86,505	84,289

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Revenue	17	28,839	34,730	390	277
Cost of sales		(23,244)	(24,640)	-	-
Gross profit		5,595	10,090	390	277
Other income		1,186	1,287	64	468
Distribution expenses		(810)	(805)	-	-
Administrative expenses		(13,109)	(14,451)	(9,192)	(3,025)
Net gain/(loss) on impairment of financial instruments		-	-	11,343	(11,776)
Other expenses		(2)	(1)	-	-
Results from operating activities		(7,140)	(3,880)	2,477	(14,056)
Finance costs	18	(322)	(388)	(220)	(245)
Finance income		8	6	16	28
Share of loss of equity-accounted associate, net of tax		(153)	(189)	-	-
(Loss)/Profit before tax		(7,607)	(4,451)	2,273	(14,273)
Tax income/(expense)	19	158	(556)	(17)	-
(Loss)/Profit for the year	20	(7,449)	(5,007)	2,256	(14,273)
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations	21	6	(12)	-	-
Total other comprehensive income/ (expense) for the year, net of tax		6	(12)	-	-
Total comprehensive (expense)/income for the year		(7,443)	(5,019)	2,256	(14,273)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

(CONT'D)

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to:					
Owners of the Company		(7,253)	(4,984)	2,256	(14,273)
Non-controlling interests		(196)	(23)	-	-
(Loss)/Profit for the year		(7,449)	(5,007)	2,256	(14,273)
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(7,247)	(4,996)	2,256	(14,273)
Non-controlling interests		(196)	(23)	-	-
Total comprehensive (expense)/income for the year		(7,443)	(5,019)	2,256	(14,273)
Loss per ordinary share (sen)					
Basic	22	(1.38)	(0.97)		
Diluted	22	(1.38)	(0.97)		

The notes on pages 85 to 135 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

		Attributable to owners of the Company									
		Non-distributable									
	Note	Share capital	Treasury shares	RCPS	Translation reserve	Revaluation reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
Group		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	14.7	2,955	-	-	-	-	-	-	2,955	-	2,955
Conversion of RCPS	14	411	-	-	-	-	-	-	411	-	411
Changes in ownership interests in a subsidiary	28.4	-	-	-	-	-	-	(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 14.1	Note 14.2	Note 14.3	Note 14.4	Note 14.5	Note 14.6				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023 (CONT'D)

		← Attributable to owners of the Company →									
		← Non-distributable →									
	Note	Share capital	Treasury shares	RCPS	Translation reserve	Revaluation reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
Group		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023		84,428	(6,783)	137	151	23,758	9,206	(12,932)	97,965	230	98,195
Foreign currency translation differences for foreign operations		-	-	-	6	-	-	-	6	-	6
Total other comprehensive income for the year		-	-	-	6	-	-	-	6	-	6
Loss for the year		-	-	-	-	-	-	(7,253)	(7,253)	(196)	(7,449)
Total comprehensive expense for the year		-	-	-	6	-	-	(7,253)	(7,247)	(196)	(7,443)
Contributions by and distributions to owners of the Company											
Own shares acquired		-	(388)	-	-	-	-	-	(388)	-	(388)
Changes in ownership interests in subsidiaries	28.2, 28.3	-	-	-	-	-	-	(92)	(92)	87	(5)
Total transactions with owners of the Company		-	(388)	-	-	-	-	(92)	(480)	87	(393)
At 31 December 2023		84,428	(7,171)	137	157	23,758	9,206	(20,277)	90,238	121	90,359
		Note 14.1	Note 14.2	Note 14.3	Note 14.4	Note 14.5	Note 14.6				

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

		← *Attributable to owners of the Company* →				
		← *Non-distributable* →			*(Non-distributable)/ Distributable*	
	Note	Share capital	Treasury shares	RCPS	(Accumulated losses)/ Retained earnings	Total
Company		RM'000	RM'000	RM'000	RM'000	RM'000
At 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	14.7	2,955	-	-	-	2,955
Conversion of RCPS	14	411	-	-	-	411
Total transactions with owners of the Company		3,366	(1,234)	-	-	2,132
At 31 December 2022/1 January 2023		84,428	(6,783)	137	(6)	77,776
Profit and total comprehensive income for the year		-	-	-	2,256	2,256
Contributions by and distributions to owners of the Company						
Own shares acquired		-	(388)	-	-	(388)
Total transactions with owners of the Company		-	(388)	-	-	(388)
At 31 December 2023		84,428	(7,171)	137	2,250	79,644
		Note 14.1	Note 14.2	Note 14.3		

The notes on pages 85 to 135 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
For the year ended 31 December 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(7,607)	(4,451)	2,273	(14,273)
Adjustments for:					
Depreciation of property, plant and equipment	3	2,951	2,842	-	-
Amortisation of intangible assets	5	74	112	-	-
Depreciation of right-of-use assets	4	277	255	-	-
Dividend income		(150)	(37)	(150)	(37)
Finance costs	18	322	388	220	245
Finance income		(8)	(6)	(16)	(28)
Gain on disposal of other investments	20	-	(26)	-	(26)
(Gain)/Loss on unrealised foreign exchange	20	(76)	(59)	2	3
(Gain)/Loss on disposal of property, plant and equipment	20	(399)	1	-	-
Net loss/(gain) in fair value of other investments measured at fair value	20	194	(65)	194	(65)
Net gain in fair value of fixed income trust funds measured at fair value	20	(259)	(376)	(259)	(376)
Property, plant and equipment written off	20	13	4	-	-
Inventories written off	11	32	-	-	-
Impairment loss on investment in subsidiaries	7	-	-	8,280	2,233
Impairment loss on investment in associate		-	-	450	-
Reversal of impairment on amount due from subsidiaries		-	-	(11,343)	(233)
Impairment loss on amount due from subsidiaries		-	-	-	12,009
Share of loss of equity-accounted associate, net of tax		153	189	-	-
Operating loss before changes in working capital		(4,483)	(1,229)	(349)	(548)

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2023
(CONT'D)

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (continued)					
Change in inventories		2,915	(1,574)	-	-
Change in trade and other receivables		2,148	399	(4,104)	(6,152)
Change in trade and other payables		(263)	(523)	124	(2,680)
Cash generated from/(used in) operations		317	(2,927)	(4,329)	(9,380)
Interest received		8	6	16	28
Income tax paid		(278)	(96)	(3)	(48)
Income tax refund		32	55	-	-
Net cash generated from/(used in) operating activities		79	(2,962)	(4,316)	(9,400)
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(2,679)	(4,353)	-	-
Dividend received		150	37	150	37
Proceeds from disposal of property, plant and equipment	(ii)	3	17	-	-
Acquisition of subsidiary		-	-*	-	-
Proceeds from disposal of other investments		-	263	-	263
Investment in an associate		-	(160)	-	(160)
Acquisition of other investments		-	(1,400)	-	(1,400)
Acquisition of subsidiary, net of cash and cash equivalents acquired	28.1	(1,985)	-	-	-
Acquisition of non-controlling interests	28.2, 28.3	(5)	-	-	-
Net cash (used in)/generated from investing activities		(4,516)	(5,596)	150	(1,260)

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2023

(CONT'D)

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Repayment of bankers' acceptances	(v)	(340)	(166)	-	-
Repayment of hire purchase liabilities	(v)	(310)	(242)	-	-
Payment of lease liabilities	(iv)	(248)	(226)	-	-
Interest paid		(102)	(172)	-	(29)
Repurchase of treasury shares	14.2	(388)	(1,234)	(388)	(1,234)
Proceeds from exercise of warrants		-	2,955	-	2,955
Proceeds from RCPS conversion		-	377	-	377
Net cash (used in)/generated from financing activities		(1,388)	1,292	(388)	2,069
Net decrease in cash and cash equivalents		(5,825)	(7,266)	(4,554)	(8,591)
Effect of exchange rate fluctuations on cash held		102	(51)	-	-
Cash and cash equivalents at 1 January		20,866	28,183	13,534	22,125
Cash and cash equivalents at 31 December	(ii)	15,143	20,866	8,980	13,534

* Denotes RM1

Notes to statements of cash flows

(i) Acquisition of property, plant and equipment

In the previous financial year, the Group acquired plant and equipment at aggregate cost of RM4,587,000 of which RM234,000 was acquired using hire purchase arrangement.

(ii) Proceeds from disposal of property, plant and equipment

Proceeds from disposal of property, plant and equipment for 2023 is amounting to RM403,000, of which RM400,000 is recorded as a receivable from third party (see Note 12.1).

(iii) 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	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	13	15,143	22,054	8,980	13,534
Bank overdrafts	15	-	(1,188)	-	-
		15,143	20,866	8,980	13,534

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2023
(CONT'D)

Notes to statements of cash flows (continued)

(iv) Cash outflows for leases as a lessee

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Included in net cash from operating activities				
Payment relating to leases of low-value assets	23	29	-	-
Included in net cash used in financing activities				
Interest paid in relation to lease liabilities	34	38	-	-
Payment of lease liabilities	248	226	-	-
Total cash outflows for leases	305	264	-	-

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

Group	At 1 January 2023	Acquisition of new leases	Net changes from financing cash flows	Interest expense	Interest paid	At 31 December 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	1,108	1,451	(248)	34	(34)	2,311
Bankers' acceptances	340	-	(340)	-	-	-
Hire purchase liabilities	905	-	(310)	32	(32)	595
Total liabilities from financing activities	2,353	1,451	(898)	66	(66)	2,906

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

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 2023 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 an associate. The financial statements of the Company as at and for the financial year ended 31 December 2023 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 22 April 2024.

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"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements*

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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, where applicable:

- from the annual period beginning on 1 January 2024 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2024; and

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

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 consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Non-derivative financial instruments at FVTPL	Fair value

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

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 - net realisable value of inventories and the adequacy of provision for slow-moving inventories

2. CHANGE IN MATERIAL ACCOUNTING POLICY

2.1 Material accounting policy information

The Group adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Factory buildings	Hostels	Plant and machinery	Moulds	Factory equipment	Office equipment, furniture, fixtures and fittings	Motor vehicles	Renovation	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Revalued											
At 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/ 1 January 2023	30,550	14,450	102	35,545	8,868	1,931	4,766	5,884	3,835	-	105,931
Additions	-	-	-	917	38	8	347	351	71	947	2,679
Disposals	-	-	-	(731)	-	-	(34)	-	(2)	-	(767)
Written off	-	-	-	(355)	-	-	(97)	-	-	-	(452)
Acquisition through business combination (Note 28.1)	-	-	-	-	-	-	22	-	-	-	22
At 31 December 2023	30,550	14,450	102	35,376	8,906	1,939	5,004	6,235	3,904	947	107,413

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Factory buildings	Hostels	Plant and machinery	Moulds	Factory equipment	Office equipment, furniture, fixtures and fittings	Motor vehicles	Renovation	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation											
At 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/ 1 January 2023	-	808	61	32,891	7,888	1,635	2,725	2,725	936	-	49,669
Depreciation for the year	-	648	2	379	202	90	414	896	320	-	2,951
Disposals	-	-	-	(731)	-	-	(30)	-	(2)	-	(763)
Written off	-	-	-	(345)	-	-	(94)	-	-	-	(439)
At 31 December 2023	-	1,456	63	32,194	8,090	1,725	3,015	3,621	1,254	-	51,418
Carrying amounts											
At 1 January 2022	30,550	14,290	43	3,119	1,171	281	720	3,316	1,049	-	54,539
At 31 December 2022/ 1 January 2023	30,550	13,642	41	2,654	980	296	2,041	3,159	2,899	-	56,262
At 31 December 2023	30,550	12,994	39	3,182	816	214	1,989	2,614	2,650	947	55,995

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 (2022: RM11,445,000) and RM5,829,000 (2022: RM6,114,000) 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 with carrying amount of RM891,000 (2022: RM1,219,000) under hire purchase arrangement.

3.4 Material accounting policy information

(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.

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

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) Depreciation

Depreciation is based on the cost or revalued amount of an asset less its residual value.

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. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.4 Material accounting policy information (continued)

(ii) Depreciation (continued)

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

4. RIGHT-OF-USE ASSETS

Group	Buildings RM'000
At 1 January 2022	163
Additions	1,168
Depreciation	(255)
At 31 December 2022/1 January 2023	1,076
Additions	1,451
Depreciation	(277)
At 31 December 2023	2,250

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

4.1 Material accounting policy information

(a) Recognition and measurement

All right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

(b) Lease and non-lease components

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.

(c) Recognition exemption

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 leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. INTANGIBLE ASSETS

Group	Computer software
	RM'000
Cost	
At 1 January 2022/31 December 2022/1 January 2023	223
Acquisition through business combination (Note 28.1)	169
At 31 December 2023	392
Accumulated amortisation	
At 1 January 2022	37
Amortisation for the year	112
At 31 December 2022/1 January 2023	149
Amortisation for the year	74
At 31 December 2023	223
Carrying amounts	
At 1 January 2022	186
At 31 December 2022/1 January 2023	74
At 31 December 2023	169

5.1 Amortisation

The amortisation of computer software is recognised in administrative expenses.

5.2 Material accounting policy information

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. The estimated useful lives for the current and comparative periods of computer software is 2 years.

6. GOODWILL

		Group	
	Note	2023	2022
		RM'000	RM'000
Cost			
At 1 January		5,633	5,633
Acquisitions through business combinations	28.1	1,894	-
At 31 December		7,527	5,633
Carrying amounts		7,527	5,633

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. GOODWILL (CONTINUED)

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	2023	2022
		RM'000	RM'000
Stainless steel products	6.1	5,105	5,105
Logistics services	6.2	528	528
Electric vehicles	6.3	1,894	-
		7,527	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 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% (2022: 3%), which represent management's assessment on the growth rate for clad metals and convex mirrors industries using both external and internal sources (historical data).
- Revenue growth rate in the 5-year business plan ranges from 3% to 40% per annum (2022: 3% to 29% per annum) averaging out to be 11% annually (2022: 7.32% annually).
- Gross profit margin in the 5-year business plan is 32% (2022: 24.5%).
- A pre-tax discount rate of 12.2% (2022: 11.6%).

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 area:

- A decrease to 9.2% (2022: 6.5%) (annual average) in the future planned revenues would result in an impairment loss of RM3,127,000 (2022: RM355,000).

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 logistic services was based on its value-in-use. The carrying amount of the unit 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% (2022: 3%), which represent management's assessment on the growth rate for logistic industry using both external and internal sources (historical data).
- Revenue growth rate in the 5-year business plan ranges from 3% to 23% per annum (2022: 3% to 16% per annum) averaging out to be 7.5% annually (2022: 3.53% annually).
- Gross profit margin in the 5-year business plan is 39% (2022: 20%).
- A pre-tax discount rate of 12.9% (2022: 10.45%).

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

The above estimates are particularly sensitive in the following area:

- A decrease to 5.8% (2022: 0.0%) (annual average) in the future planned revenues would result in an impairment loss of RM87,000 (2022: RM726,000).

6.3 The recoverable amount of the cash-generating unit relating to electric vehicles was based on its value-in-use. The carrying amount of the unit 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 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 electric vehicles industry using both external and internal sources (historical data).
- Revenue growth rate in the 5-year business plans is ranging from 30% to 427% per annum averaging out to be 107.9% annually.
- Gross profit margin in the 5-year business plans is ranging from 28% to 36%.
- A pre-tax discount rate of 12.3%.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENTS IN SUBSIDIARIES

	Note	Company 2023 RM'000	Company 2022 RM'000
Unquoted shares, at cost		83,706	61,705
Less: Impairment loss	7.2	(10,116)	(2,115)
		73,590	59,590
Amount due from a subsidiary	7.1	3,631	3,352
Less: Impairment loss	7.2	(3,631)	(3,352)
		-	-
		73,590	59,590

7.1 Amount due from a subsidiary

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

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

The total impairment loss as of 31 December 2023 amounting to RM13,747,000 (2022: RM5,467,000) is attributable to the following:

- Investment and amount due from an overseas subsidiary amounting to RM3,677,000 (2022: RM3,398,000) 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 the subsidiary was RM Nil (2022: 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 RM11,070,000 (2022: RM2,069,000) as the management is of the view that the recoverable amount of the investments in subsidiaries was RM10,000,000 (2022: RM Nil) which were based on the fair values less costs to disposal by reference to the underlying assets and liabilities of the subsidiaries and value in use method. For the subsidiary where recoverable amount was based on value in use method, the estimated value in use was determined by discounting cash flows expected to be generated from the subsidiary for a period of five years and was based on the following key assumptions:
  - revenue growth rate of between 5% to 507%;
  - cost of sales growth rate of between 5% to 103%;
  - terminal growth rate of 3%; and
  - pre-tax discount rate of 12.9%.
- Reversal of impairment loss on investment in a subsidiary of RM1,000,000 (2022: Nil) as the management is of the view that the performance of the subsidiary is be better than expected.

During the financial year, impairment loss on investments in subsidiaries and amount due from a subsidiary of RM9,280,000 (2022: RM2,233,000) and a reversal of impairment loss on investment in a subsidiary of RM1,000,000 (2022: Nil) were recognised in profit or loss. Following the impairment of costs of investments in subsidiaries and amount due from a subsidiary, the recoverable amount is equal to the carrying amount.

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 2023	Effective Ownership Interest 2022
			%	%
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") (1)	Trading and assembly of kitchenware, cookware, and stainless steel products	Italy	100	100
Ni Hsin Marketing Sdn. Bhd. ("NHM") (4)	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") (4)	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") (2)	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") (5)	Transporters and carriers of all kinds of foods and beverages	Malaysia	100	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 2023	Effective Ownership Interest 2022
			%	%
Subsidiaries of NHEVT Ni Hsin EV Mobility Sdn. Bhd. (formerly known as EV Mobility Sdn. Bhd.) ("EVM") [3], [7]	Distribution, marketing, trading, leasing and retailing all kinds of electric vehicles	Malaysia	100	50
EVSend Sdn. Bhd. ("EVS") [4], [6]	Eco-friendly on-demand tech-enabled express logistics, and courier services	Malaysia	100	-
Ni Hsin Ecologistics Sdn. Bhd. ("NHECO")	Eco-friendly logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor	Malaysia	71	71
Subsidiary of NHECO Pride Logistics Alliance Sdn. Bhd. ("PLA") [4]	Logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor services	Malaysia	71	71

[1] 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 2023.

[2] Subsidiary incorporated in Hong Kong has not been audited as it has not commenced any operations.

[3] Subsidiary acquired during May 2022.

[4] Not audited by KPMG PLT.

[5] In February 2023, the Group, via its wholly-owned subsidiary, NHFB acquired 5,000 ordinary shares in BB2GO, representing the remaining 50% equity interest in BB2GO for a total cash consideration of RM5,000. Consequently, BB2GO became a wholly-owned subsidiary of NHFB, which in turn is a wholly-owned subsidiary of the Company.

[6] In January 2023, the Group, via its wholly-owned subsidiary, NHEVT acquired 425,000 ordinary shares in 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 became a wholly-owned subsidiary of NHEVT, which in turn is a wholly-owned subsidiary of the Company.

[7] In February 2023, the Group, via its wholly-owned subsidiary, NHEVT acquired 1 ordinary share in EVM, representing the remaining 50% equity interest in EVM for a total cash consideration of RM1. Consequently, EVM became a wholly-owned subsidiary of NHEVT, which in turn is a wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.3 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

8. INVESTMENT IN AN ASSOCIATE

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
At cost					
Unquoted shares		450	450	450	450
Share of post-acquisition reserves		(450)	(297)	-	-
Less: Impairment loss	8.1	-	-	(450)	-
		-	153	-	450

Details of the associate is as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest	
			2023	2022
			%	%
Digital Dagang Sdn. Bhd. ("DDSB")#	Malaysia	Digital business platform for online trading	28	32

In January 2023, DDSB increased its issued and paid-up share capital to 1,591,000 amounting RM1,591,000. Subsequent to the share capital increment, the ownership interest of the Company in DDSB has diluted from 32% to 28%.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

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	
	2023	2022
	RM'000	RM'000
Summarised financial information		
As at 31 December		
Non-current assets	156	154
Current assets	152	160
Non-current liabilities	-	-
Current liabilities	(545)	(202)
Net (liabilities)/assets	(237)	112
Year ended 31 December		
Loss and total comprehensive expense	(483)	(636)
Included in the total comprehensive expense is:		
Revenue	38	259
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net (liabilities)/assets	(66)	36
Goodwill	22	151
Effect of changes in ownership	44	(34)
Carrying amount in the statement of financial position	-	153
Group's share of results for the year ended 31 December		
Group's share of loss and total comprehensive expense	(153)	(189)
Other information		
Dividend received by the Group	-	-

8.1 Impairment loss on investment in an associate

During the financial year, an impairment loss on investment in an associate of RM450,000 (2022: Nil) was recognised in profit or loss of the Company as the management is of the view that the recoverable amount of the investment associate is RM Nil which is based on fair value less costs to disposal by reference to the underlying assets and liabilities of the associate.

8.2 Material accounting policy information

Investment in an associate is measured in the Company's statement of financial position at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. OTHER INVESTMENTS

	Group and Company	
	Quoted shares	
	2023	2022
	RM'000	RM'000
Non-current		
Financial assets at fair value through profit or loss		
- Held for trading	1,558	1,752

In the previous financial year, the Group and Company disposed the following investment in quoted 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. DEFERRED TAX (ASSETS)/LIABILITIES

Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment	-	-	4,489	4,716	4,489	4,716
Provisions	(43)	(43)	-	-	(43)	(43)
Unabsorbed capital allowances carried forward	(179)	(121)	-	-	(179)	(121)
Tax losses carried forward	(938)	(914)	-	-	(938)	(914)
Others	(65)	(159)	-	-	(65)	(159)
Tax (assets)/liabilities	(1,225)	(1,237)	4,489	4,716	3,264	3,479
Set off of tax	1,150	1,237	(1,150)	(1,237)	-	-
Net tax (assets)/liabilities	(75)	-	3,339	3,479	3,264	3,479

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

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

	Group	
	2023	2022
	RM'000	RM'000
Tax losses carried forwards	9,688	6,604
Unabsorbed capital allowances	2,642	2,188
	12,330	8,792

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 extended the time period for carry forward unabsorbed business losses to ten years (from seven years).

Unabsorbed capital allowances do not expire under the current tax legislation.

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

	Group	
	2023	2022
	RM'000	RM'000
Year of assessment ("YA")		
More than 5 YAs	13,561	6,719

Movement in temporary differences during the year

	At 1.1.2022	Recognised in profit or loss (Note 19)	At 31.12.2022/ 1.1.2023	Recognised in profit or loss (Note 19)	At 31.12.2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Property, plant and equipment	4,908	(192)	4,716	(227)	4,489
Provisions	(127)	84	(43)	-	(43)
Unabsorbed capital allowances carried forward	(478)	357	(121)	(58)	(179)
Tax losses carried forward	(914)	-	(914)	(24)	(938)
Other items	(159)	-	(159)	94	(65)
	3,230	249	3,479	(215)	3,264

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. INVENTORIES

	Group	
	2023	2022
	RM'000	RM'000
Raw materials and component parts	10,712	12,006
Indirect materials	812	917
Work-in-progress	330	538
Manufactured inventories	8,734	10,075
	20,588	23,536
Recognised in profit or loss:		
Inventories recognised as cost of sales	18,346	20,342
Inventories written down	32	-

The write down is included in cost of sales.

11.1 Material accounting policy information

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

The cost of inventories is calculated using the weighted average method.

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Current					
Trade					
Trade receivables		1,109	945	-	-
Non-trade					
Amount due from subsidiaries	12.3	-	-	3,860	21,783
Less: Allowance for impairment losses		-	-	(1,700)	(13,043)
		-	-	2,160	8,740
Non-trade					
Other receivables	12.1	938	1,259	-	-
Deposits	12.2	1,063	2,228	1	2
Prepayments		464	649	-	-
		2,465	4,136	2,161	8,742
		3,574	5,081	2,161	8,742

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Group

12.1 Included in other receivables are advanced payments made for purchases of inventories amounting to RM352,000 (2022: RM240,000), receivables for disposal of plant and machineries amounting to RM400,000 (2022: RM Nil) and in the previous financial year, advance payment made for purchases of equipment amounting to RM100,000.

12.2 Included in deposits are deposits for purchase of inventories amounting to RM111,000 (2022: RM514,000), and in the previous financial year, deposits for the acquisition of a subsidiary amounting to RM1,500,000 which was completed in January 2023 as disclosed in Note 28.1.

Company

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

13. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks		233	218	202	196
Fixed income trust funds, at fair value through profit or loss	13.1	8,642	10,270	8,642	10,270
Cash and bank balances		6,268	11,566	136	3,068
		15,143	22,054	8,980	13,534

13.1 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.

14. SHARE CAPITAL AND RESERVES

14.1 Share capital

	Group and Company			
	Amount	Number of shares	Amount	Number of shares
	2023	2023	2022	2022
	RM'000	'000	RM'000	'000
Ordinary shares, issued and fully paid:				
At 1 January	84,428	573,015	81,062	510,494
Exercise of warrant	-	-	2,955	59,090
Conversion of RCPS	-	-	411	3,431
At 31 December	84,428	573,015	84,428	573,015

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. SHARE CAPITAL AND RESERVES (CONTINUED)

14.1 Share capital (continued)

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.

14.2 Treasury shares

Treasury shares comprises cost of acquisition of the Company's own shares. For the financial year ended 31 December 2023, the Company repurchased 3,404,000 units (2022: 12,628,900 units) of its issued share capital from the open market costing RM388,379 (2022: RM1,234,459). The average price paid for the shares repurchased was RM0.11 (2022: RM0.10) per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

As at 31 December 2023, the total number of treasury shares is 49,345,336 (2022: 45,941,336).

The number of outstanding shares in issue after deducting treasury shares held at the financial year end is 523,669,915 (2022: 527,073,915) ordinary shares. Treasury shares have no rights to voting, dividends and participation in other distribution.

14.3 Redeemable Convertible Preference Shares

	Group and Company			
	Amount	Number of shares	Amount	Number of shares
	2023	2023	2022	2022
	RM'000	'000	RM'000	'000
Issued and fully paid:				
At 1 January	137	616,184	137	619,615
Converted during the year	-	-	-*	(3,431)
At 31 December	137	616,184	137	616,184

* *Less than RM1,000*

The carrying amount of the liability component of RCPS is arrived at as follows:

	Group and Company	
	2023	2022
	RM'000	RM'000
Present value of RCPS at date of issuance	6,759	6,759
Less: Equity component	(147)	(147)
Liability component at initial recognition	6,612	6,612
Carrying amount of liability component of RCPS		
At 1 January	6,406	6,226
Converted during the year	-	(36)
Unwinding of discount	220	216
At 31 December	6,626	6,406

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. SHARE CAPITAL AND RESERVES (CONTINUED)

14.3 Redeemable Convertible Preference Shares (continued)

The liability component of the preference shares represent the present value of the annual interest payment that is payable to the holders during the tenure of the preference shares.

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.

In the previous financial year, 3,430,700 units of RCPS were converted into 3,430,700 new ordinary shares.

14.4 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.

14.5 Revaluation reserve

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

14.6 Other reserve

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

14.7 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. SHARE CAPITAL AND RESERVES (CONTINUED)

14.7 Warrants (continued)

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.

In the previous financial year, 59,090,281 warrants were exercised by registered warrant holders at RM0.05 amounting to RM2,955,000. The remaining 15,738,747 unexercised warrants have lapsed on 13 May 2022.

15. LOANS AND BORROWINGS

	Group	
	2023	2022
	RM'000	RM'000
Non-current		
Hire purchase liabilities	332	595
Current		
Bankers' acceptances, unsecured	-	340
Bank overdrafts	-	1,188
Hire purchase liabilities	263	310
	263	1,838
	595	2,433

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. LOANS AND BORROWINGS (CONTINUED)

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Future minimum lease payments 2023 RM'000	Interest 2023 RM'000	Present value of minimum lease payments 2023 RM'000	Future minimum lease payments 2022 RM'000	Interest 2022 RM'000	Present value of minimum lease payments 2022 RM'000
Less than one year	282	19	263	342	32	310
Between one and five years	342	10	332	623	28	595
	624	29	595	965	60	905

Included in the Group's hire purchase liabilities are motor vehicles with carrying amount of RM891,000 (2022: RM1,219,000) under the hire purchase expiring within five years.

16. TRADE AND OTHER PAYABLES

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Current					
Trade					
Trade payables		1,488	1,195	-	-
Contract liabilities	16.1	427	839	-	-
		1,915	2,034	-	-
Non-trade					
Other payables		1,841	1,900	58	52
Accrued expenses		482	461	-	-
Amounts due to subsidiaries	16.2	-	-	177	55
		2,323	2,361	235	107
		4,238	4,395	235	107

16.1 The contract liability relates to advance consideration received from customers, of which RM87,000 (2022: RM163,000) are expected to be recognised as revenue over a period of 12 months based on the contract term and RM340,000 (2022: RM676,000) will be recognised as revenue upon placement of orders and when goods are being delivered and accepted by the customers.

The amount of RM576,000 included in contract liabilities at 31 December 2022 has been recognised as revenue in 2023 (2022: RM243,000).

16.2 The amounts due to subsidiaries are unsecured, interest fee and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
- Sales of goods				
Cookware	8,201	12,781	-	-
Stainless steel products	13,595	15,153	-	-
Food and beverages	4,248	2,277	-	-
Electric vehicles	709	-	-	-
	26,753	30,211	-	-
- Sales of services				
Logistics services	1,936	4,482	-	-
	28,689	34,693	-	-
Other revenue				
- Dividend income	150	37	150	37
- Management fees	-	-	240	240
	28,839	34,730	390	277
Timing and recognition				
At a point in time	28,839	34,730	390	277
	28,839	34,730	390	277

17.1 Nature of goods and services

The Group's main products are cookware, stainless steel products, food and beverages, logistic services and electric vehicles 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. REVENUE (CONTINUED)

17.1 Nature of goods and services (continued)

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

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
Food and beverages - Cafe	Revenue is recognised when the goods are delivered and accepted by the customers.	Cash term upon delivery of goods.	Not applicable.	Not applicable.	Not applicable.
Food and beverages - Coffee machines and coffee capsules	Revenue is recognised when the coffee machine and coffee capsules are delivered and accepted by the customers except for coffee machines which are returnable (if in good working condition) after six months of fulfilment of order. Revenue is then recognised when upon non fulfilment of orders or when customers did not return the coffee machines subsequent to 6 months after fulfilment of orders.	Partial or full advance payment upon confirmation of order from customers.	Not applicable.	The Group offers a refund on the sixth month of the contract if customer fulfils the required order for six consecutive months and return the coffee machine in working condition. For coffee capsules, the Group allows returns only on manufacturing defect for exchange with new goods (i.e. no cash refunds are offered).	12 months for coffee machines.
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.
Electric vehicles	Revenue is recognised when the goods are delivered and accepted by the customers.	Credit period up to 60 days from delivery date.	Not applicable.	The Group allows returns only on manufacturing defects for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	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	36	72	-	-
Bankers' acceptances	-	26	-	-
Hire purchase liabilities	32	36	-	-
Interest expense on lease liabilities	34	38	-	-
Interest expense on intercompany loan	-	-	-	29
RCPS	220	216	220	216
	322	388	220	245

19. TAX (INCOME)/EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current	17	240	17	-
- under provision in prior years	40	67	-	-
Total current tax recognised in profit or loss	57	307	17	-
Deferred tax (income)/expense				
- origination and reversal of temporary differences	(218)	128	-	-
- under provision in prior years	3	121	-	-
Total deferred tax recognised in profit or loss	(215)	249	-	-
Total tax (income)/expense	(158)	556	17	-
Reconciliation of effective tax (income)/ expense				
(Loss)/Profit for the year	(7,449)	(5,007)	2,256	(14,273)
Tax (income)/expense	(158)	556	17	-
(Loss)/Profit excluding tax	(7,607)	(4,451)	2,273	(14,273)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. TAX (INCOME)/EXPENSE (CONTINUED)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Reconciliation of effective tax (income)/ expense (continued)				
Income tax calculated using Malaysian tax rate of 24% (2022: 24%)	(1,826)	(1,068)	546	(3,426)
Non-deductible expenses	807	574	2,534	3,435
Non-taxable income	-	-	(3,063)	-
Tax exempt income	(36)	(9)	-	(9)
Tax incentives	(31)	(24)	-	-
Current year losses for which no deferred tax asset was recognised	885	895	-	-
Under provision in prior years	43	188	-	-
Tax (income)/expense	(158)	556	17	-

20. (LOSS)/PROFIT FOR THE YEAR

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the year is arrived at after charging/(crediting):				
Auditors' remuneration				
- Audit fees				
KPMG PLT	224	209	44	41
Other auditors	10	9	-	-
- Non-audit fees				
KPMG PLT	8	7	8	7
Affiliates of KPMG PLT	49	49	6	6
Other auditors	7	6	-	-
Material expenses				
Depreciation of property, plant and equipment	2,951	2,842	-	-
Depreciation of right-of-use assets	277	255	-	-
Amortisation of intangible assets	74	112	-	-
Impairment loss on investment in subsidiaries	-	-	8,280	2,233
Impairment loss on amount due from subsidiaries	-	-	-	12,009

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. (LOSS)/PROFIT FOR THE YEAR (CONTINUED)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the year is arrived at after charging/(crediting): (continued)				
Material expenses (continued)				
Net loss on foreign exchange - unrealised	-	-	2	3
Impairment loss on investment in an associate	-	-	450	-
Loss on disposal of property, plant and equipment	-	1	-	-
Property, plant and equipment written off	13	4	-	-
Inventories written off	32	-	-	-
Net loss in fair value of other investments measured at fair value through profit or loss	194	-	194	-
Personnel expenses (including key management personnel)				
- Contributions to state plans	1,046	818	-	-
- Wages, salaries and others	13,081	10,728	239	393
Material income				
Gain on disposal of property, plant and equipment	(399)	-	-	-
Gain on disposal of other investments	-	(26)	-	(26)
Reversal of impairment on amount due from subsidiaries	-	-	(11,343)	(233)
Net gain in fair value of other investments measured at fair value through profit or loss	-	(65)	-	(65)
Net gain in fair value of fixed income trust fund measured at fair value through profit or loss	(259)	(376)	(259)	(376)
Dividend income from fixed income trust funds	(150)	(37)	(150)	(37)
Net gain on foreign exchange - unrealised	(76)	(59)	-	-
Net gain on foreign exchange - realised	(531)	(661)	-	-
Expenses arising from leases:				
Expenses relating to leases of low-value assets*	23	29	-	-

* 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	Before tax	Tax expense	Net of tax
	RM'000	RM'000	RM'000
Group			
2023			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	6	-	6
2022			
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 2023 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	2023	2022
	RM'000	RM'000
Loss for the year attributable to owners of the Company	(7,253)	(4,984)

Group	2023	2022
Weighted average number of ordinary shares at 31 December	523,764,499	513,592,069
Basic loss per ordinary share (sen)	(1.38)	(0.97)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. LOSS PER ORDINARY SHARE (CONTINUED)

Diluted loss per ordinary share

The calculation of diluted loss per ordinary share at 31 December 2023 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	2023	2022
	RM'000	RM'000
Loss for the year attributable to owners of the Company	(7,253)	(4,984)

Group	2023	2022
Weighted average number of ordinary shares at 31 December (basic)	523,764,499	513,592,069
Effect of warrants on issue	-	-*
Effect of RCPS on issue	-	-*
Weighted average number of ordinary shares at 31 December (diluted)	523,764,499	513,592,069

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

23. OPERATING SEGMENTS

The Group has five 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)	Electric vehicles	Assembling, promoting and marketing of all kinds of electric vehicles

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. OPERATING SEGMENTS (CONTINUED)

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.

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	Electric vehicles	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023								
Revenue	8,201	13,595	4,248	1,936	709	150	-	28,839
Inter-segment revenue	1,222	1,416	261	286	579	-	(3,764)	-
Total revenue	9,423	15,011	4,509	2,222	1,288	150	(3,764)	28,839
2022								
Revenue	12,781	15,153	2,277	4,482	-	37	-	34,730
Inter-segment revenue	1,040	4,329	382	431	-	-	(6,182)	-
Total revenue	13,821	19,482	2,659	4,913	-	37	(6,182)	34,730

Major customers

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

	Revenue		Segment
	2023	2022	
	RM'000	RM'000	
Customer A	4,169	4,329	Stainless steel products
Customer B	2,940	4,036	Stainless steel products
Customer C	2,459	3,847	Cookware

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. OPERATING SEGMENTS (CONTINUED)

	Cookware	Stainless steel products	Food and beverages	Logistics services	Electric vehicles	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023								
Results								
Segment results	(691)	(835)	(9,893)	(356)	(2,231)	370	4,398	(9,238)
Unallocated corporate income								2,098
Interest expense								(322)
Interest income								8
Share of loss of equity-accounted associate, net of tax								(153)
Loss before tax								(7,607)
Tax income								158
Loss for the year								(7,449)
Assets								
Segment assets	57,157	23,342	14,231	1,183	6,800	4,210	(9,102)	97,821
Unallocated corporate assets								9,647
Total assets								107,468
Included in the measure of segment assets are:								
Additions to non-current assets other than financial instruments and deferred tax assets	68	913	2,755	21	373	-	-	4,130
Liabilities								
Segment liabilities	(2,505)	(3,105)	(9,900)	(1,040)	(3,529)	(7,024)	13,334	(13,769)
Unallocated corporate liabilities								(3,340)
Total liabilities								(17,109)
Other information								
Capital expenditure	68	913	1,304	21	442	-	(68)	2,680
Depreciation and amortisation	1,288	661	1,185	64	106	-	(2)	3,302
Non-cash (income)/ expense other than depreciation	(388)	-	2	-	-	-	-	(386)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. OPERATING SEGMENTS (CONTINUED)

	Revenue RM'000
2023	
Results	
Geographical segments	
Japan and Korea	12,823
Malaysia and Singapore	10,471
China, Taiwan and Hong Kong	667
Thailand and Indonesia	1,053
Europe	2,022
USA and Canada	936
Australia	82
Others	785
	28,839

	Cookware RM'000	Stainless steel products RM'000	Food and beverages RM'000	Logistics services RM'000	Electric vehicles RM'000	Others RM'000	Eliminations RM'000	Total RM'000
2022								
Results								
Segment results	786	83	(6,458)	(49)	(442)	(13,622)	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)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. OPERATING SEGMENTS (CONTINUED)

	Cookware	Stainless steel products	Food and beverages	Logistics services	Electric vehicles	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022								
Assets								
Segment assets	62,167	24,949	6,306	1,669	4,696	16,744	(14,444)	102,087
Unallocated corporate assets								13,929
Total assets								116,016
Included in the measure of segment assets are:								
Investment in an associate	-	-	-	-	-	153	-	153
Additions to non-current assets other than financial instruments and deferred tax assets	93	477	4,413	178	578	16	-	5,755
Liabilities								
Segment liabilities	(6,806)	(3,907)	(20,276)	(1,144)	(2,192)	(6,699)	26,707	(14,317)
Unallocated corporate liabilities								(3,504)
Total liabilities								(17,821)
Other information								
Capital expenditure	93	477	3,246	178	576	17	-	4,587
Depreciation and amortisation	1,443	733	961	55	16	1	-	3,209
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

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.

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 RM'000	AC RM'000	FVTPL RM'000
2023			
Financial assets			
Group			
Other investments	1,558	-	1,558
Trade and other receivables (excluding prepayments)	3,110	2,982	128
Cash and cash equivalents	15,143	6,501	8,642
	19,811	9,611	10,200
Company			
Trade and other receivables (excluding prepayments)	2,161	2,161	-
Cash and cash equivalents	8,980	338	8,642
	11,141	2,499	8,642

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
2023			
Financial liabilities			
Group			
Loan and borrowings	(595)	(595)	-
Trade and other payables (excluding contract liabilities)	(3,811)	(3,811)	-
	(4,406)	(4,406)	-
Company			
Trade and other payables	(235)	(235)	-
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)

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	516	479	11,343	(11,980)
Financial liabilities measured at amortised cost	(223)	139	(222)	200
Financial assets at fair value through profit or loss				
- other investment	(194)	65	(194)	65
- fixed income trust fund	259	376	259	376
- dividend income from fixed income trust fund	150	37	150	37
	508	1,096	11,336	(11,302)

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables (continued)

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	
	2023	2022
	RM'000	RM'000
Domestic	791	522
Japan and Korea	109	204
China, Taiwan and Hong Kong	-	30
Europe	209	189
	1,109	945

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 2023 and 31 December 2022.

Group	Gross carrying amount RM'000	Individual impairment RM'000	Net balance RM'000
2023			
Not past due	948	-	948
Past due 1 - 30 days	72	-	72
Past due over 90 days	89	-	89
	1,109	-	1,109
2022			
Not past due	705	-	705
Past due 1 - 30 days	134	-	134
Past due over 90 days	106	-	106
	945	-	945

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

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.

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 (2022: RM26,140,000).

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM595,000 (2022: RM2,433,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Inter-company loans and advances (continued)

Recognition and measurement of impairment losses

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

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

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

The following table provides information about the exposure to credit risk for subsidiaries' advances as at 31 December 2023.

Company	Gross carrying amount	Impairment loss allowances	Net balance
	RM'000	RM'000	RM'000
2023			
Credit impaired	3,860	(1,700)	2,160
2022			
Credit impaired	21,783	(13,043)	8,740

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

	Lifetime ECL	
	2023	2022
	RM'000	RM'000
Company		
Balance at 1 January	13,043	1,267
Increase in allowance loss	10	12,009
Reversal of allowance loss	(11,353)	(233)
Balance at 31 December	1,700	13,043

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

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.

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:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2023						
Non-derivative financial liabilities						
Bankers' acceptances	-	-	-	-	-	-
Lease liabilities	2,311	3.40%-4.97%	2,583	552	585	1,446
Hire purchase liabilities	595	2.07%-2.48%	624	282	250	92
Bank overdrafts	-	-	-	-	-	-
Trade and other payables	3,811	-	3,811	3,811	-	-
2022						
Non-derivative financial liabilities						
Bankers' acceptances	340	3.39%-3.40%	346	346	-	-
Lease liabilities	1,108	3.40%	1,185	284	284	617
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	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
2023				
Non-derivative financial liabilities				
Payables and accruals	235	-	235	235
Financial guarantee	-	-	595	595
2022				
Non-derivative financial liabilities				
Payables and accruals	107	-	107	107
Financial guarantee	-	-	2,433	2,433

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 RM'000	JPY RM'000	EUR RM'000
Group			
2023			
Trade and other receivables	109	-	214
Trade and other payables	(296)	-	(13)
Net exposure	(187)	-	201

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	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

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.

A 10% (2022: 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	
	2023	2022
	RM'000	RM'000
Group		
USD	14	21
JPY	-	7
EUR	(15)	(13)

A 10% (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	233	218	202	196
Financial liabilities	595	2,433	-	-

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. FINANCIAL INSTRUMENTS (CONTINUED)

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										
2023										
Financial assets										
Other investments	-	1,558	-	1,558	-	-	-	-	1,558	1,558
Investments in club memberships	-	128	-	128	-	-	-	-	128	128
Fixed income trust fund	-	8,642	-	8,642	-	-	-	-	8,642	8,642
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	(586)	(586)	(586)	(595)
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)

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
Company	RM'000	RM'000	RM'000	RM'000
2023				
Financial assets				
Fixed income trust fund	-	8,642	-	8,642
2022				
Financial assets				
Fixed income trust fund	-	10,270	-	10,270

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 (2022: 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	
	2023	2022
	RM'000	RM'000
Contracted but not provided for		
Property, plant and equipment	15	229

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Company				
Management income	(240)	(240)	-	(240)
Interest expense	-	29	-	-
Administration fee paid on behalf of subsidiary	10	8	10	8

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:				
- Fees	239	393	239	393
- Remuneration	1,179	963	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	38	38	-	-
	1,456	1,394	239	393
Other Directors of the Group entities:				
- Fees	450	371	-	-
- Remuneration	522	333	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	4	-	-	-
	976	704	-	-
	2,432	2,098	239	393

28. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

28.1 Acquisition of a subsidiary – EVSend Sdn. Bhd.

In January 2023, the Group, via its wholly-owned subsidiary, NHEVT acquired 425,000 ordinary shares in 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 became a wholly-owned subsidiary of NHEVT,which in turn is a wholly-owned subsidiary of the Company.

Fair value of consideration transferred

	Group
	2023
	RM'000
Cash and bank balances	2,000

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

28.1 Acquisition of a subsidiary – EVSend Sdn. Bhd. (continued)

Identifiable assets acquired and liabilities assumed

	Note	Group 2023 RM'000
Property, plant and equipment	4	22
Intangible assets	5	169
Cash and bank balances		15
Trade and other payables		(100)
Total identifiable net assets		106

Net cash inflow arising from acquisition of subsidiary

	Group 2023 RM'000
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and bank balances	2,000
Cash and bank balances acquired	(15)
	1,985

Goodwill

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

	Note	Group 2023 RM'000
Total consideration transferred		2,000
Fair value of identifiable net assets		(106)
Goodwill	6	1,894

28.2 Acquisition of non-controlling interests – Blackbixon2go Sdn. Bhd.

In February 2023, the Group, via its wholly-owned subsidiary, NHFB acquired 5,000 ordinary shares in BB2GO, representing the remaining 50% equity interest in BB2GO for a total cash consideration of RM5,000. Consequently, BB2GO became a wholly-owned subsidiary of NHFB, which in turn is a wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

28.2 Acquisition of non-controlling interests – Blackbixon2go Sdn. Bhd. (continued)

The following summarises the effect of changes in the equity interest in BB2GO that is attributable to owners of the Company:

	Group 2023 RM'000
Equity interest at 1 January 2023	(2,798)
Effect of increase in Company's ownership interest	(87)
Share of comprehensive income	3,633
Equity interest at 31 December 2023	748

28.3 Acquisition of non-controlling interests – Ni Hsin EV Mobility Sdn. Bhd. (Formerly known as EV Mobility Sdn. Bhd.)

In February 2023, the Group, via its wholly-owned subsidiary, NHEVT acquired 1 ordinary share in Ni Hsin EV Mobility Sdn. Bhd. (formerly known as EV Mobility Sdn. Bhd.) ("NHEVM"), representing the remaining 50% equity interest in EVM for a total cash consideration of RM1. Consequently, NHEVM became a wholly-owned subsidiary of NHEVT, which in turn is a wholly-owned subsidiary of the Company. The effect of changes in equity interest in NHEVM is not material to the Group.

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

In the previous financial year, the Company's wholly-owned subsidiary, NHECO 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.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

28.5 Acquisition of a subsidiary – EV Mobility Sdn. Bhd.

In the previous financial year, 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. SIGNIFICANT EVENTS DURING THE YEAR

29.1 Memorandum of Understanding ("MOU") between VMOTO Limited and Ni Hsin EV Tech Sdn. Bhd.

Ni Hsin EV Tech Sdn. Bhd. ("NHEVT"), a wholly-owned subsidiary of the Company had on 24 July 2023 entered into a Memorandum of Understanding ("MOU") with VMOTO Limited ("VMOTO") with the intention to enter into a strategic business cooperation for NHEVT to assemble, promote and distribute VMOTO high powered EV motorcycles branded F01, CPX Pro and TC Max models through Business-to-Consumer (B2C) sales, Business-to-Business (B2B) and Business to Government (B2G) marketing channels in Malaysia.

NHEVT had on 18 September 2023 entered into an Exclusive Assembly and Distribution Agreement ("EADA") with Nanjing Vmoto Manufacturing Co, Ltd, a wholly-owned subsidiary of VMOTO for the exclusive rights to assemble, stock, advertise, rent/leasing and distribute VMOTO electric motorcycles model CPX-Pro and TC-Max in Malaysia, subject to and upon the terms and conditions of the EADA.

29.2 Memorandum of Understanding ("MOU") between Permodalan Darul Ta'zim Sdn. Bhd. and Ni Hsin EV Tech Sdn. Bhd.

Ni Hsin EV Tech Sdn. Bhd. ("NHEVT"), a wholly-owned subsidiary of the Company had on 14 November 2023 entered into a Collaboration Agreement ("CA") with Permodalan Darul Ta'zim Sdn. Bhd. ("PDT") to collaborate and cooperate with each other to promote the usage of and market environmentally friendly electric vehicle ("EV") 2-wheelers in the State of Johor, subject to and upon the terms and conditions of the CA.

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 74 to 135 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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 2023 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

Selangor Darul Ehsan

Date: 22 April 2024

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 74 to 135 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 Selangor Darul Ehsan on 22 April 2024.

Ng Shwu Ching

Before me:

Name:
Commissioner for Oaths
Selangor Darul Ehsan

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 2023 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 material accounting policy information, as set out on pages 74 to 135.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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

Valuation of goodwill	
Refer to Note 6 Goodwill	
The key audit matter	**How the matter was addressed in our audit**
The Group has RM7.5 million of goodwill as at 31 December 2023. These CGUs are 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 engaged our corporate finance specialist to assess the appropriateness of the discount rates used. • 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 11 Inventories	
The key audit matter	**How the matter was addressed in our audit**
The Group has RM20.6 million of inventories as at 31 December 2023. 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 2023 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 2023 based on the utilisation 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 2023 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 7 Investments in subsidiaries	
The key audit matter	**How the matter was addressed in our audit**
The carrying value of investments in subsidiaries amounted to RM73.6 million, which accounted for more than 85% of the Company's total asset as at 31 December 2023. 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 involved to evaluate management assumptions and estimates used in determining the recoverable amounts of the subsidiaries.	We performed the following audit procedures, among others, around the impairment of subsidiaries: • We compared the carrying amount of the investments 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, IFRS Accounting 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

22 April 2024

Soo Tho Pei Yin
Approval Number: 03699/12/2024 J
Chartered Accountant

STATEMENT OF SHAREHOLDINGS

As at 29 March 2024

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 29 MARCH 2024

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of shares held	% of issued capital
Less than 100 shares	448	10.68	18,567	0.00
100 to 1,000 shares	443	10.56	150,575	0.03
1,001 to 10,000 shares	1,047	24.96	6,055,385	1.16
10,001 to 100,000 shares	1,708	40.72	64,555,303	12.33
100,001 to 26,183,495*	547	13.04	377,015,085	71.99
26,183,496 and above **	1	0.02	75,875,000	14.49
Total	**4,194**	**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 29 March 2024

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

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

DIRECTORS' SHAREHOLDINGS AS AT 29 MARCH 2024

(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	-	-	96,825,000#	18.49
6	Poo Chii Miin @ Chermaine Poo	-	-	-	-
7	Tung Fook Heng	-	-	-	-
8	Dato' Shamsuddin Bin Mohd Mahayidin	-	-	-	-

Note:

** Excluding a total of 49,345,336 shares bought-back by the Company and retained as treasury shares as at 29 March 2024*

 # Deemed interest through ordinary shares held by father, Khoo Chee Kong

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

STATEMENT OF SHAREHOLDINGS

As at 29 March 2024
(CONT'D)

30 LARGEST SHAREHOLDERS AS AT 29 MARCH 2024
(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	M & A Nominee (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	9,481,000	1.81
8	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Yap Chee Kheng*	8,665,200	1.65
9	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Soo Yoke Mun*	7,826,751	1.49
10	Yeoh Weii Syuen	7,051,239	1.35
11	CGS International Nominees Malaysia (Tempatan) Sdn Bhd *Pledged securities account for Koh Kin Lip*	6,000,000	1.15
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	Soo Yoke Mun	4,340,632	0.83
16	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Gan Boon Kat*	4,250,000	0.81
17	Shu Hang Sheong	4,217,300	0.81
18	Chen Chee Seang	4,152,000	0.79
19	TA Nominees (Tempatan) Sdn Bhd *Pledged securities account for Gan Pik Mui*	3,800,000	0.73
20	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Exempt an for UOB Kay Hian Pte Ltd*	3,200,000	0.61
21	Lim Kim Suan	3,134,400	0.60
22	Apex Nominees (Tempatan) Sdn Bhd *Pledged securities account for Gan Chow Tee*	3,100,000	0.59
23	Soo Weng Swan	3,000,000	0.57
24	Ahmad Bin Mohd Don	2,963,000	0.57
25	Yong Siok Ching	2,911,300	0.56
26	Navin@Datesh A/L Daneshwar	2,881,900	0.55
27	M & A Nominee (Asing) Sdn Bhd *Pledged securities account for Meng Bin*	2,701,100	0.52

STATEMENT OF SHAREHOLDINGS

As at 29 March 2024
(CONT'D)

30 LARGEST SHAREHOLDERS AS AT 29 MARCH 2024
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name of Shareholders	No. of shares held	% of issued capital*
28	Kenanga Nominees (Tempatan) Sdn Bhd *Lee Yoke Fong*	2,610,000	0.50
29	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Teo Ker-Wei*	2,600,000	0.50
30	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Zulkifli Bin Ismail*	2,563,833	0.49
	Total	**241,719,278**	**46.18**

Note:
* *Excluding a total of 49,345,336 shares bought-back by the Company and retained as treasury shares as at 29 March 2024*

SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2024
(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	96,825,000	18.49	-	-

Note:
* *Excluding a total of 49,345,336 shares bought-back by the Company and retained as treasury shares as at 29 March 2024*

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

As at 29 March 2024

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	18	2.55	928	0.00
100 to 1,000 RCPS	20	2.83	8,197	0.00
1,001 to 10,000 RCPS	98	13.86	551,736	0.09
10,001 to 100,000 RCPS	302	42.72	14,304,467	2.32
100,001 to 30,809,221*	266	37.62	386,362,634	62.70
30,809,222 and above **	3	0.42	214,956,468	34.89
Total	**707**	**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 29 MARCH 2024

(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	Tung Fook Heng	-	-	-	-
8	Dato' Shamsuddin Bin Mohd Mahayidin	-	-	-	-

Note:

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

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

As at 29 March 2024
(CONT'D)

30 LARGEST RCPS HOLDERS AS AT 29 MARCH 2024
(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*	132,882,700	21.57
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	Lim Jit Hai	17,330,700	2.81
7	CGS International Nominees Malaysia (Tempatan) Sdn Bhd *Pledged securities account for Yap Chee Kheng*	17,057,200	2.77
8	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Soo Yoke Mun*	16,886,400	2.74
9	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chia Kee Siong*	13,106,082	2.13
10	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Sun Ping*	12,000,000	1.95
11	Sim Mui Khee	10,600,000	1.72
12	Sofiyan Bin Yahya	9,459,800	1.54
13	Koh Kin Lip	8,000,000	1.30
14	Quek See Kui	7,500,000	1.22
15	Yeoh Weii Syuen	7,328,700	1.19
16	Lim Kok Seong	6,550,000	1.06
17	Soo Yoke Mun	6,467,900	1.05
18	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Gan Boon Guat*	6,406,000	1.04
19	Tan Mooi Hiang	6,090,000	0.99
20	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Zulkifli Bin Ismail*	5,127,666	0.83
21	Ti Bon Poy	5,000,000	0.81
22	Chen Chee Seang	4,948,000	0.80
23	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Loo Chai Lai*	4,720,000	0.77
24	Hsiao Chih Chien	4,619,334	0.75
25	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Yap Chee Kheng*	4,600,000	0.75
26	Teh Beng Hock	4,500,000	0.73
27	Doreen Chin Jing Yen	4,481,200	0.73
28	Enrich Transaction Sdn Bhd	4,312,500	0.70
29	Loo Yee Mun	4,126,000	0.67
30	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Koh Kin Lip*	4,000,000	0.65
	Total	**455,776,850**	**73.97**

LIST OF PROPERTIES

As at 31 December 2023

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	33	9,854	6,320	43,540	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	26	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	31	-	62	12.76	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	31	-	62	12.76	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	31	-	62	12.76	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 Twentieth 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, 26 June 2024 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 2023 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 27 June 2024 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 Rizvi Bin Abdul Halim **Ordinary Resolution 2**

   ii) Mr Lai Kian Huat **Ordinary Resolution 3**

   Dato' Shamsuddin Bin Mohd Mahayidin is retiring pursuant to Clause 102 of the Constitution of the Company, has expressed his intention not to seek for re-election. Hence, he will retain office until the conclusion of the Twentieth AGM.

4. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

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

5. **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.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

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 which may be declared, made or paid before the date of allotment of such new shares."

Ordinary Resolution 5

6. **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).

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:-

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

(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 6

7. 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: 26 April 2024

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 MMLR of Bursa Securities, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 19 June 2024 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 Twentieth 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. There is no revision to the amount proposed.

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

Directors	Amount (RM)
Encik Sofiyan Bin Yahya	126,000
Ms Poo Chii Miin @ Chermaine Poo	72,000
Mr Tung Fook Heng	63,000
Dato' Shamsuddin Bin Mohd Mahayidin	3,000
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, current Board size and provisional sum as a contingency for future appointment of Director on the Board.

The Executive Directors have voluntarily waived their entitlement for Directors' fees and benefits payable.

(ii) Ordinary Resolutions 2 and 3 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 item 3 are set out in the Board of Directors' profile of the Annual Report 2023.

The performance, contribution, effectiveness and independence (as the case may be) of the retiring Directors, namely Encik Rizvi Bin Abdul Halim and Mr Lai Kian Huat (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.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

(iii) Ordinary Resolution 5 - Authority under Section 76 of the Act for the Directors to allot and issue shares

The Company had, during its Nineteenth AGM held on 21 June 2023, 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 5 proposed under item 5 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.

This proposed Ordinary Resolution 5, 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.

(iv) Ordinary Resolution 6 - Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The explanatory notes on Ordinary Resolution 6 are set out in the Statement to Shareholders dated 26 April 2024.

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.

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 Twentieth 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, 26 June 2024 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 27 June 2024 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 Rizvi Bin Abdul Halim who is retiring pursuant to Clause 95 of the Constitution of the Company.		
Ordinary Resolution 3	To re-elect Mr Lai Kian Huat who is retiring pursuant to Clause 95 of the Constitution of the Company.		
Ordinary Resolution 4	To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 5	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.		
Ordinary Resolution 6	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.		

**Strike out whichever is not desired.*

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

_____
Signature/Common Seal of Member/(s)

Number of shares held: _____

Date: _____

Fold this flap for sealing

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A member of the Company may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the office of the Company's Share Registrar, Bina Management (M) Sdn. Bhd. at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof, otherwise the instrument of proxy should not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the AGM or Adjourned AGM.

Then fold here

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

1st fold here

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 19 June 2024 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 Twentieth 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.

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 26 April 2024.



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

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

T : (603) 8961 6815 | F : (603) 8961 3941 | E : info@ni-hsin.com | www.ni-hsin.com

Dear Valued Shareholders of **NI HSIN GROUP BERHAD**,

ERRATA TO THE ANNUAL REPORT 2023

Reference is made to the Annual Report for the financial year ended 31 December 2023 (the "**AR 2023**") of the Company, which was issued on 26 April 2024.

Pursuant to Paragraph 6.2 (f) of Practice Note 9 of the Main Market Listing Requirements, we wish to inform you that the disclosure format of the Performance Data Table generated from the Bursa Malaysia's ESG Reporting Platform presented on pages 63 to 65 of the Sustainability Statement in the AR 2023 shall be amended by this Errata, and should be read as set out herein.

Please note that these amendments pertain solely to the formatting of the data table, specifically the colour coding to indicate whether the respective disclosures were subject to internal assurance or external assurance. There are no changes to the underlying ESG data presented. As further stated on page 66 of the AR 2023, the data subjected to internal assurance has been confirmed by the Company's Internal Auditors for accuracy and integrity.

A copy of the amended Sustainability Statement of the AR 2023, reflecting the corrected disclosure format for the ESG Performance Data Table, is enclosed for your reference.

Save for the above, all other details and information contained in the AR 2023 remain valid and unchanged.

We sincerely regret any inconvenience caused.

Thank you.

Yours faithfully,
For and on behalf of **NI HSIN GROUP BERHAD**

NG SHWU CHING
EXECUTIVE DIRECTOR

Encl.

NI HSIN GROUP BERHAD
Reg. No. 200401014850 (653353-W)
45, Jalan Taming Dua, Taman Taming Jaya,
43300 Seri Kembangan, Selangor, Malaysia.
Tel: (603) 8961 6815 Fax: (603) 8961 3941
Homepage: www.ni-hsin.com.my
E-mail: info@ni-hsin.com

SUSTAINABILITY STATEMENT

The Board of Directors is pleased to present this Sustainability Statement ("**Statement**") from Ni Hsin Group Berhad ("**NHG**"). This Statement covers NHG 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**"), Ni Hsin EV Tech Sdn. Bhd. ("**NHEVT**") and Ni Hsin Food & Beverages Sdn. Bhd. ("**NHFB**"), collectively referred to as the "**Group**". Our business activities include manufacturing and sale of multi-ply stainless steel cookware, stainless steel products, food and beverages, logistics services and electric motorcycles.

The Board is primarily responsible for the Group's sustainability strategies, practices and performance. We continue to receive support from the Audit and Risk Management Committee ("**ARMC**") and Management in overseeing and managing the Group's overall sustainability strategies, priorities and targets. We strive to integrate economic, environmental and social considerations into the Group's strategy to position NHG for sustainable growth. In alignment with Management's planning and execution of the Group's sustainability strategy, we provide guidance and introduce policies and initiatives to manage the Group's ESG risks and impacts.

This year, we have reviewed and approved a refreshed set of material topics, taking into consideration the significant developments in the industry and sustainability landscape. The Group has also enhanced its sustainability disclosures by quantifying each reported indicator and setting relevant targets, where appropriate.

This Statement has been prepared on a best effort basis and we look forward to your continued support as we progress in our sustainability journey.

REPORTING SCOPE AND BASIS

This Statement has been prepared in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("**Listing Requirements**") relating to Bursa Malaysia's Sustainability Reporting Guide 3rd Edition.

This Statement covers the Group's sustainability performance and progress of our business operations in Malaysia from 1 January 2023 to 31 December 2023. Where possible, historical data has been included to provide a meaningful comparison for our stakeholders in understanding the Group's sustainability performance over the years.

FEEDBACK AND CONTACT POINT

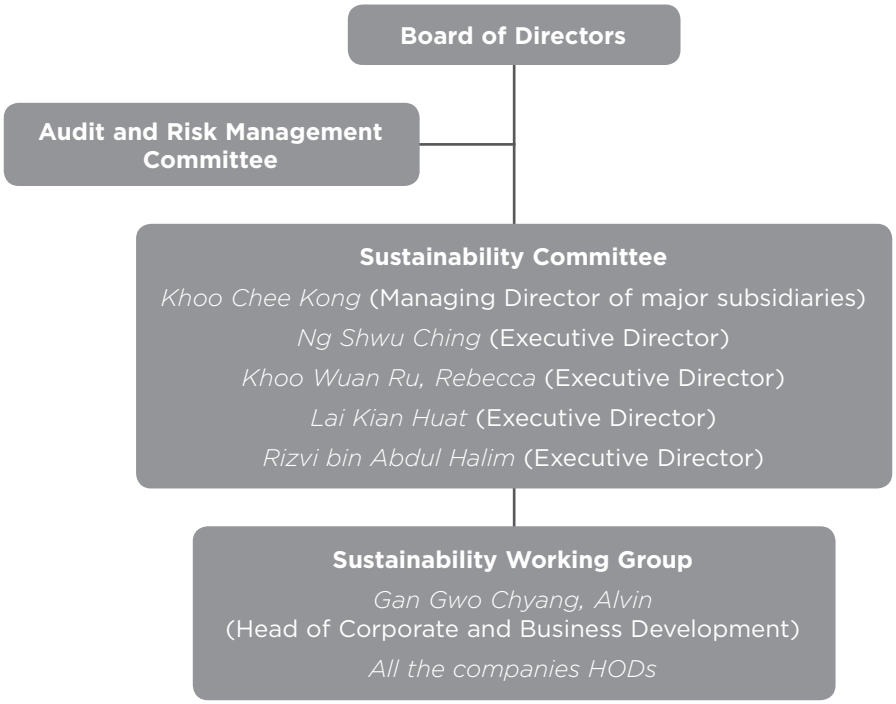
We welcome stakeholders' feedback on this Statement and any other relevant matters to improve our sustainability measures and reporting standards. Any feedback, comments and enquiries can be directed to info@ni-hsin.com.

SUSTAINABILITY STATEMENT
(CONT'D)

SUSTAINABILITY GOVERNANCE

A sustainable business requires the concerted effort across all levels of the organisation, from senior management to ground-level employees.

The Board oversees the Group's strategic direction on sustainability matters including setting strategies, priorities and targets, with the support of the ARMC. Our Sustainability Committee ("**SC**"), comprising Executive Directors and Managing Director of major subsidiaries, assists the Board with the alignment of the Group's sustainability strategy to long-term business growth and goals, the review and execution of sustainability initiatives and policies. Under the purview of the SC is the Sustainability Working Group ("**SWG**"), led by our Head of Corporate and Business Development and represented by the Heads of Departments ("**HODs**"). The SWG is responsible for the day-to-day implementation of our sustainability efforts and monitors our sustainability performance.



STAKEHOLDER ENGAGEMENT

We regularly engage with our stakeholders through various channels to ensure that the Group addresses stakeholders' concerns and stays ahead of the challenges and trends in the fast-changing sustainability landscape. The table below provides information on the frequency of engagements with different stakeholder groups and their areas of concern.

Stakeholders	Areas of Interest	Types of Engagement	Frequency of Engagement
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

SUSTAINABILITY STATEMENT
(CONT'D)

Stakeholders	Areas of Interest	Types of Engagement	Frequency of Engagement
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 • Employee performance appraisal • Health and safe working environment	• On-going/Annually
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	• Environmental 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

MATERIAL MATTERS

NHG acknowledges that our material sustainability matters can shape our business strategy and our ability to create long-term value to our stakeholders. Material matters across the economic, environmental, social and governance areas which have greater significance to the Group are identified and prioritised through a materiality assessment process.

Materiality Assessment Process

We have re-evaluated our existing topics through a refreshed materiality assessment annually, to identify and prioritise the most significant sustainability issues relevant to our business. Our materiality process involved identifying, assessing, and prioritising the material matters with internal stakeholders and key stakeholder groups (i.e., suppliers and customers).

SUSTAINABILITY STATEMENT
(CONT'D)

Identification

Reviewed the FY2022 material topics and list of key stakeholders. Identified a revised list of relevant sustainability matters.

Prioritisation

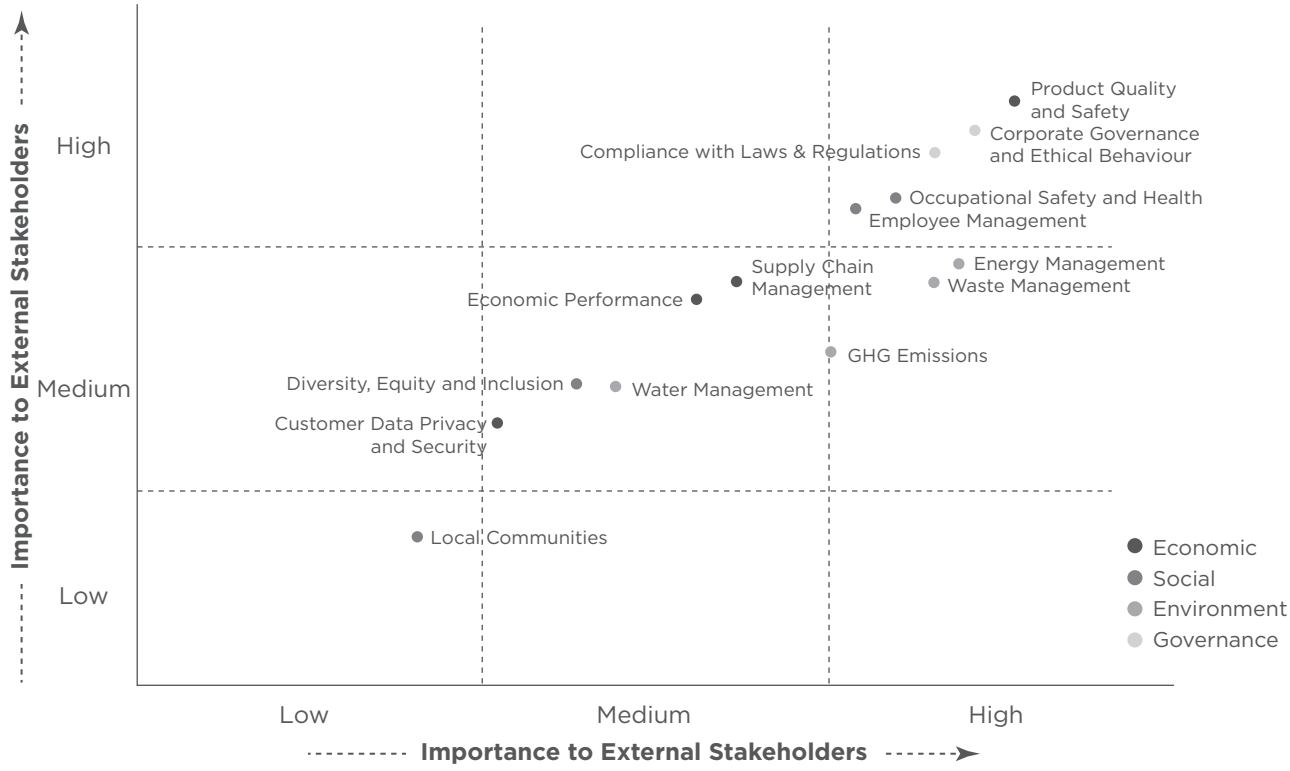
Key stakeholders ranked each material matter according to the significance of their impacts on the business and stakeholders via a workshop session and online surveys.

Review and Validation

The results of the survey are reflected in the materiality matrix below and validated by the Board and/or senior management.

Materiality Matrix

There are 14 material topics reported this year. Of the 14 material matters, 9 topics namely Economic Performance, Supply Chain Management, Compliance with Laws and Regulations, Waste Management, Greenhouse Gas ("**GHG**") Emissions, Water Management, Diversity, Equity and Inclusion, Customer Data Privacy and Security and Local Communities were newly added, taking into consideration our peers, relevant frameworks, and reflecting our greater commitment to transparency. While the other material topics remain consistent with the previous year, they have been renamed or regrouped to better reflect our most significant impacts on the environment, people and the wider community.



SUSTAINABILITY STATEMENT
(CONT'D)

Economic	Governance	Environment[1]	Social
• Economic Performance • Product Quality and Safety • Supply Chain Management • Customer Data Privacy and Security	• Corporate Governance and Ethical Behaviour • Compliance with Laws & Regulations	• Energy Management • GHG Emissions • Waste Management • Water Management	• Occupational Safety & Health • Employee Management[2] • Diversity, Equity and Inclusion • Local Communities

1 The material topic "Environmental" reported in FY2022 has been broken down into separate topics, namely "Energy Management", "GHG Emissions", "Waste Management", "Water Management" to align with the industry trends and Bursa Malaysia's Sustainability Reporting Guide (3rd Edition).
2 The material topic "Workplace management" reported in FY2022 has been renamed to "Employee Management".

ECONOMIC PERFORMANCE

NHG's economic performance is a crucial factor in supporting the Group's sustainability agenda. We aim to continuously generate and share significant economic benefits with our stakeholders.

NHG's cookware and stainless steel products divisions maintain a market presence across Asia Pacific, USA, Canada and Europe. We spare no effort to achieve good economic performance and diligently engage with our customers – both current and prospective – to expand our market share. This year, the Group has succeeded in securing sales orders in China and Taiwan which are new markets for the stainless steel products division. We managed to retain customers through our efforts in engaging and cooperating actively with them despite cross border customs hurdles, where a change in tariff codes prevented us from exporting our clad metals into Thailand. The Group solved the issue by working closely and brainstorming with customers and successfully supplied semi-finished products to our customers in Thailand. As for the Electric Vehicle ("**EV**") division, we have put in considerable effort to promote our electric motorcycles to the Government, in line with Malaysia's target to achieve carbon neutrality by 2050. The Group approached various government departments, GLCs and corporate entities to expand the adoption of EV two-wheelers in security, surveillance, enforcement as well as operational functions.

We conduct regular management meetings to monitor and analyse our financial performance, budgets and forecasts. This allows us to gain valuable insights into our financial position which contribute to important decision-making aligned with our business objectives.

In FY2023, we recorded a revenue[1] of RM28.8 million, a reduction of 17.04% from RM34.8 million recorded in FY2022. Consistently the Group suffered a Loss After Tax ("LAT") of RM7.4 million, an increase of 48.77% from the RM5.0 million LAT in FY2022 mainly driven by lower sales in the cookware, stainless steel products and logistics services divisions. In FY2023, RM37.4 million was expensed in the form of operating costs, employee benefits, taxes and expenses.

	FY2021 RM '000	FY2022 RM '000	FY2023 RM '000
Economic Value Generated (i.e. revenue and other income)	30,674	34,762	28,839
Loss After Tax	6,447	5,007	7,449
Economic Value Distributed	38,721	40,285	37,354
Operating Costs	27,367	28,351	23,050
Employee Wages and Benefits	11,076	11,546	13,982
Payments to providers of capital	278	388	322
Payments to government by country	0	0	0
Community investments	0	0	0
Economic Value Retained	(8,047)	(5,523)	(8,110)

1 All figures, unless otherwise stated, are presented in Malaysian Ringgit ("RM"). The financial results presented in the table are derived from the audited financial statement which is available for reference in our Annual Report FY2023.

SUSTAINABILITY STATEMENT
(CONT'D)

PRODUCT QUALITY & SAFETY

At NHG we are committed to providing our customers with reliable, innovative and user-friendly products. We believe that engaging and communicating effectively with our customers enable us to gain insights into our customers' expectations and preferences. We conduct periodic surveys to gather feedback from our customers in terms of our services, delivery, product quality, technical support and cost management.

We have adopted a Scorecard Review system to monitor customers' feedback. The results are reported at management meetings where we discuss on the complaints and issues faced by customers, improvements and subsequent implementation plans. This allows us to learn from our customers' feedback and further enhance our product quality by reviewing our quality control procedures and implementing more effective processes.

In FY2023, our customer satisfaction level has maintained a score of 82%. Our product performance has exceeded previous years, achieving 81% which is a testament to our dedication to ensure that we provide our customers with quality products to retain their trust and confidence in us.

	FY2021	FY2022	FY2023
Customer satisfaction	85%	82%	82%
Product performance	75%	79%	81%
Staff performance	98%	87%	86%

Our target is to maintain customer satisfaction level of 80% and above in FY2024.

SUPPLY CHAIN MANAGEMENT

NHG is committed to being environmentally responsible in the procurement and conduct of our business. As one of the leading stainless steel products manufacturer in Asia, we are cognisant of the importance of using materials sourced from sustainable sources in our products.

We keep our procurement practices fair and transparent. All new and existing suppliers are subjected to a half-yearly supplier performance analysis to assess their services in terms of delivery, quality and on-site inspection. The evaluation outcomes will be discussed and reviewed by management.

In FY2023, 61.5% of our spending on procurement were on local suppliers.

	FY2021	FY2022	FY2023
Proportion of spending on local suppliers	64.5%	62.0%	61.5%

CUSTOMER DATA PRIVACY AND SECURITY

Respecting and protecting our customers' data and privacy is our responsibility. Given the rise in cyber threats, leaks and loss of personal data in recent times, the Group takes necessary precautions to ensure that any customer data shared with us is safeguarded against unauthorised use, access, disclosure and loss. We put in place necessary authentication and permission restrictions within our internal system and server rooms. All customer information is retained in accordance with local data protection and confidentiality laws.

Our System and Data Management Principle ensures that access to our computer software system and server room is strictly assigned to relevant persons. The Procedure also sets out guidance on user identification and new user access controls to ensure that data is safeguarded against any unauthorised use, disclosure, modification damage or loss. The Principle is reviewed and updated annually.

SUSTAINABILITY STATEMENT
(CONT'D)

In FY2023, we recorded zero substantiated complaints concerning breaches of customer privacy or losses of customer data.

	FY2023
Number of substantiated complaints concerning breaches of customer privacy and identified leaks, thefts, or loss of customer data	0

CORPORATE GOVERNANCE AND ETHICAL BEHAVIOUR

NHG is committed to a robust corporate governance system and high standards of business ethics to protect the trust and confidence of our customers, suppliers, business partners, employees and shareholders. For more information on our corporate governance practices, please refer to our Corporate Governance Overview Statement on pages 25 to 35.

Our Corporate Code of Conduct ("**Code**"), applicable to all directors and employees, outlines the principles and standards in business dealings with stakeholders, ways to recognise and manage ethical issues and mechanisms to report unethical conduct. The Code also provides guidance on acts that may constitute misconduct involving gifts, gratuities, bribes, insider trading, corruption and money-laundering. This ensures that all employees are subject to the same standard of accountability. In addition, our Code of Ethics, reviewed once every two years, is applicable to the Board on areas of ethical risk and mechanisms to report unethical conduct to foster a culture of transparency and accountability among Directors.

NHG maintains a zero-tolerance stance towards fraud and corruption. Our Anti-Bribery and Anti-Corruption Policy and Procedure ("**ABAC Policy**") lays out ways to deal with improper solicitation, bribery and other corrupt activities that could arise in the course of business activities. All employees undergo training and sign a Declaration Letter to ensure that they fully understand the ABAC Policy. The Compliance and Integrity Working Committee ("**CIWC**") comprising key management personnel ensures that the ABAC Policy is well-enforced and regularly reviewed in line with the Malaysian Anti-Corruption Commission ("**MACC**") Act 2009. The CIWC reports to the Board directly.

Percentage of employees who have received anti-corruption training	FY2021	FY2022	FY2023
Senior Management	100%	100%	100%
Middle Management	100%	100%	100%
Other Employees	100%	100%	100%

	FY2023
Percentage of operations that underwent corruption risk assessments	100%

As of 31 December 2023, we recorded zero cases of corruption across the Group. We aim to maintain zero incidents of corruption across our operations in FY2024.

	FY2021	FY2022	FY2023
Number of confirmed incidents of corruption	0	0	0

Guided by our Whistle Blowing Policies and Procedures ("**WPP**"), we have established a whistleblowing channel for employees or any external party to report any improprieties or instances of non-compliance with laws and regulations. All our policies can be readily accessed on our website www.ni-hsin.com and they are reviewed regularly to ensure they reflect the latest changes in legislative requirements.

SUSTAINABILITY STATEMENT
(CONT'D)

COMPLIANCE WITH LAWS AND REGULATIONS

NHG has put in place policies to ensure compliance with local regulatory requirements, especially in relation to environmental and social compliance. We strive to be a trusted partner to our customers, suppliers, shareholders and the communities where we operate.

Guided by our Chemical and Waste Management Principle ("**CWM Principle**"), the Group adheres to the environmental laws and regulations in Malaysia including the Environmental Quality Act 1974 ("**EQA 1974**") and Occupational Safety and Health (Use and Standard of Exposure Chemical Hazardous to Health) Regulations 2000 ("**USECHH Regulations**"). Relevant departments must follow the Group's purchasing process and store management standard procedures. The CWM Principle also sets out regulations mandated by the Department of Environment ("**DOE**") such as the documentation of new chemicals and proper disposal of chemical wastes.

The Group's Corporate Code of Conduct, last reviewed during the year, outlines the need for all Directors and employees to comply with the applicable laws, rules and regulations including those stipulated in the Employee Handbook and Safety and Health Policy. NHG also ensures that employees have open channels for reporting suspected violations of laws or misconduct. No employees have been dismissed and no public cases have been brought against the Group due to violations of labour laws and regulations.

As of FY2023, the Group maintains a record of zero significant instances of non-compliance with laws and regulations that resulted in significant fines or legal actions.

ENERGY MANAGEMENT

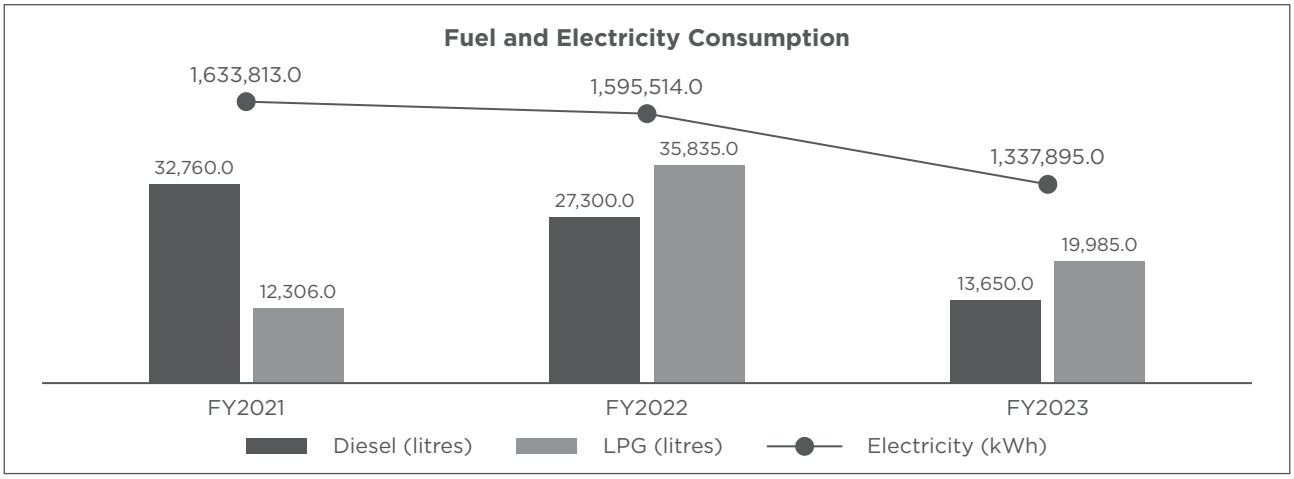
We prioritise the efficient management of energy as a considerable amount of energy is consumed from our manufacturing operations such as electricity consumed at our factory premises and diesel used in forklifts, machinery and equipment. To improve energy efficiency in our operations, we have started replacing old lighting with energy-efficient Light Emitting Diode ("**LED**") lighting in our premises. We plan to progressively install energy-efficient LED lighting in all offices and factories. We are also practise switching off all lights and air-conditioners are to be turned off during non-operational working hours.

Apart from investing in energy-saving lighting on our premises, we are committed to help our customers reduce their energy consumption when using our products. Owing to our continuous research development efforts, NHG has created stainless steel cookware products that are designed to reduce both water usage and energy consumption through even heat distribution and varied thickness design, while maintaining its quality for excellent cooking conditions. These products also require less energy in the manufacturing process and generate less waste, leading to the more efficient use of our resources.

The Group has also diversified its portfolio by venturing into the green technology sector – EV business. Given that the transport sector accounts for a considerable amount of greenhouse gas emissions globally, NHG recognises its integral part in assembling and distributing electric motorcycles in Malaysia amidst the transition to a low-carbon economy. Our employees are also encouraged to switch to electric motorcycles as part of engendering a corporate culture that fosters sustainable practices.

SUSTAINABILITY STATEMENT
(CONT'D)

In FY2023, our total energy consumption recorded 5,843.1 GJ. Our energy intensity was calculated to be 0.203 GJ per RM1,000 revenue generated.



Energy source	Energy amount (GJ) FY2021	FY2022	FY2023
Diesel[1]	1,254.4	1,045.3	522.7
Liquefied Petroleum Gas ("LPG")[2]	310.4	903.8	504.0
Purchased electricity[3]	5,881.7	5,743.8	4,816.4
Total	**7,446.5**	**7,692.9**	**5,843.1**

1 Energy conversion for diesel is calculated using the U.S. Energy Information Administration (EIA) energy conversion calculators.
2 Energy conversion for LPG is calculated using the IPCC Special Report on Carbon dioxide Capture and Storage – Annex I Properties of CO2 and Carbon-based Fuels.
3 The factor used to convert the amount of electricity consumed from kWh to GJ is 0.0036.

We will continue to track our energy consumption and implement energy-efficient processes in our production to support the transition to a more sustainable future.

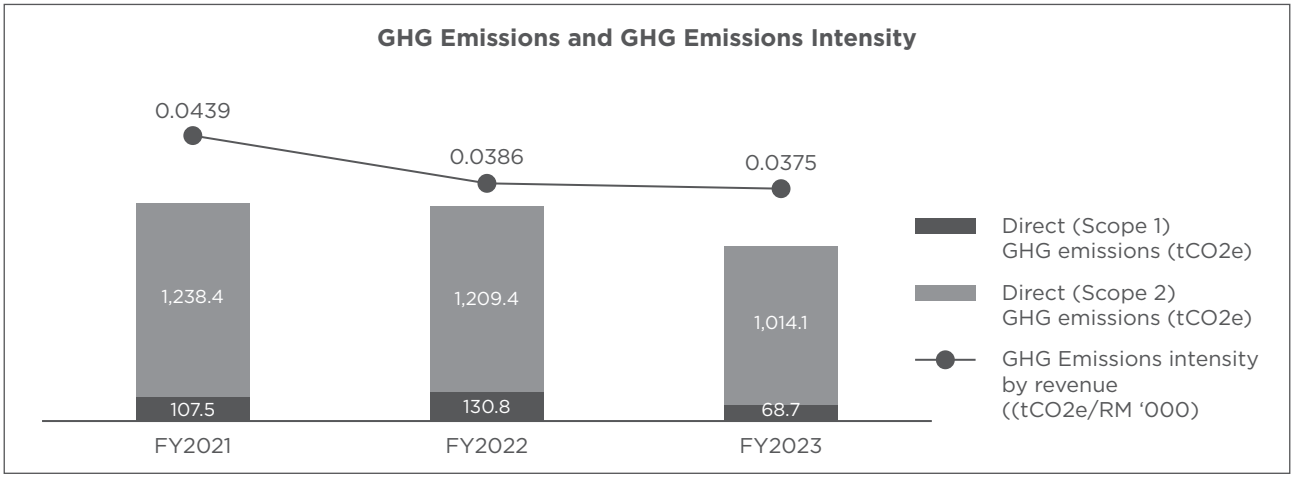
GHG EMISSIONS

In line with Malaysia's aspiration to achieve net zero GHG emissions by 2050, NHG recognises the urgent need to tackle climate change and reduce our carbon footprint. In FY2023, we have started tracking our GHG emissions, specifically for Scope 1 and Scope 2 emissions. Our Scope 1 emissions amounted to 68.7 tonnes of CO_2e and 1,014.1 tonnes of CO_2e for Scope 2 emissions. Our emissions intensity was calculated to be 0.0375 tCO_2e per RM1,000 revenue generated. Our total GHG emissions amounted to 1,082.8 tCO_2e, a decrease of 19.2% as compared to the FY2022 measurement, owing to our energy-saving efforts and initiatives.

Aligned with our sustainability initiatives, the Group has diversified our portfolio and invested in the green technology sector – assembling and distribution of electric motorcycles. We believe in playing our part to steer the market towards electromobility and zero-emission transport with the aim to reduce emissions in this sector.

SUSTAINABILITY STATEMENT
(CONT'D)

Moving forward, we will adopt a phased approach to understand and further refine our carbon inventory for our operations.



	FY2021 tCO_2e	FY2022 tCO_2e	FY2023 tCO_2e
Direct (Scope 1) GHG emissions[1]	107.5	130.8	68.7
Indirect (Scope 2) GHG emissions[2]	1,238.4	1,209.4	1,014.1

1 *Scope 1 emissions are calculated using the World Resources Institute (2015) GHG Protocol tool for stationary combustion (Version 4.1), with emission factors sourced from 2006 IPCC Guidelines for National Greenhouse Gas Inventories.*

2 *Scope 2 emissions are calculated using Peninsular Malaysia's Grid Emission Factor (GEF) of 0.758 Gg CO2e/GWh for 2021 sourced from the Malaysia Energy information Hub (MEIH) managed by the Energy Commission of Malaysia.*

WASTE MANAGEMENT

At NHG, proper waste management is one of our key priorities. We actively focus on reducing waste generated, promoting the reuse and recycling of material inputs and waste to mitigate the negative environmental impacts of waste disposal. Our different types of waste include hazardous waste categorised as scheduled waste, and non-hazardous waste such as stainless steel scrap and general waste.

As a stainless steel products manufacturer, stainless steel scrap represents one of the main types of waste generated in our operations. We ensure that 100% of our stainless steel scrap are recycled by a licensed third-party contractor as they share the inherent quality of recyclability and can be converted into value-added commodities. The recycled stainless steel scrap also forms an additional income stream to compensate our employees via performance bonuses and other benefits.

Adhering to local regulatory requirements under the DOE and guided by our CWM Principle , we ensure that all our scheduled wastes are stored at a designated storage area with proper labelling and managed by an appointed store personnel. Any changes in our scheduled waste inventory are recorded in a Schedule Waste Record Logbook. Scheduled wastes are disposed by appointed licensed contractors within a valid timeframe in accordance to USECHH Regulations from waste generation.

In our office premises, we have also reduced paper usage by using both sides of scrap paper and encouraging our employees to adopt paperless practices in their day-to-day work where possible.

SUSTAINABILITY STATEMENT
(CONT'D)

In FY2023, we generated 264.1 tonnes of waste. 54.6% of the waste generated were diverted from disposal.

	FY2021 Tonnes	FY2022 Tonnes	FY2023 Tonnes
Total amount of waste generated	**320.2**	**343.3**	**264.1**
Hazardous waste (scheduled waste)	0.2	5.7	3.2
Non-hazardous waste	320.0	337.6	260.9
Stainless Steel Scrap	190.2	223.2	144.3
General Waste	129.8	114.4	116.6
Breakdown of total waste diverted from disposal and total waste directed to disposal			
Total waste diverted from disposal	190.2	223.2	144.3
Total waste directed to disposal	130.0	120.1	119.8

WATER MANAGEMENT

NHG recognises that water is an essential resource that is used in several stages of our production process. We strive to promote water conservation and enhance water efficiency across our operations.

Our water conservation efforts include replacing old taps with water-efficient fittings in our office and factory premises, detecting water leaks promptly to prevent wastage and monitoring our water usage data closely.

In FY2023, our total water consumption totalled 15.2 megalitres, with an intensity of 526.6 litres per RM1,000 of revenue. We are continually looking into enhancing our water efficiency measures as part of our process optimisation efforts.

	FY2021	FY2022	FY2023
Water consumption (megalitres)	15.6	15.1	15.2

OCCUPATIONAL SAFETY AND HEALTH

The safety and well-being of our employees is of utmost importance to us as it sets the foundation for the sustainable growth of our business. We are committed to providing a healthy and safe environment for our employees, through complying with relevant laws and regulations including the Occupational Safety and Health Act 1994, Factories and Machinery Act 1967, USECHH Regulations, EQA 1974 and guided by our Safety and Health Principle.

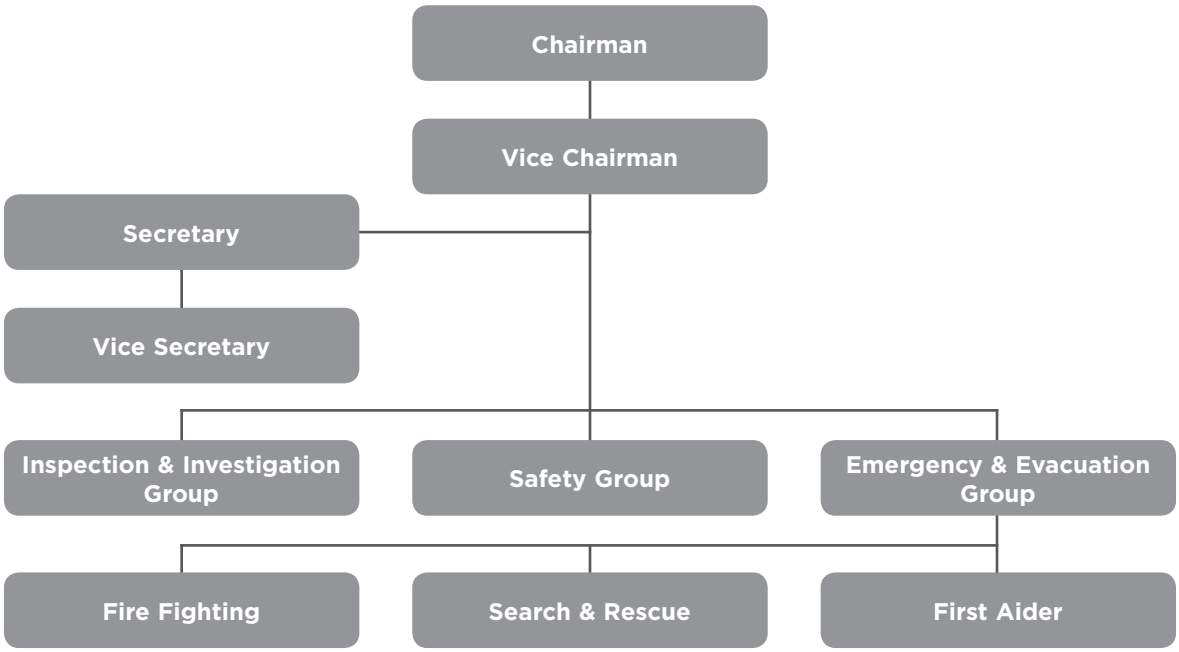
Our Safety and Health Principle lays the foundation of the Group's commitment to safeguard our employees' safety and well-being. It includes the Hazard Identification, Risk Assessment and Risk Control ("**HIRARC**") process to effectively identify and mitigate potential hazards. The Safety and Health Principle also outlines the following objectives:

- to provide our employee with work method, work area, premises and plant, which are safe, thereby reducing the risk of injuries, accidents and damage of properties;
- to train all employees, especially new entrants, to be aware of their own responsibilities in respect of safety and health matters;
- to insist that all instructions and procedures related to safety and health are to be implemented strictly;
- to maintain a proper fire prevention system and first aid facilities to safeguard the safety and health of our employees; and
- to achieve effective cooperation and involvement of all employees through joint consultation in attaining our safety and health objectives.

SUSTAINABILITY STATEMENT
(CONT'D)

Our Safety and Health Committee ("**SHC**"), established to coordinate and fulfil the above objectives, is chaired by our factory manager, comprises management, employee representatives and safety and health officers to enable collaborative discussions. The SHC's responsibilities include the development of safety and health programmes, review of the safety and health policy, conduct of safety inspections, investigation of complaints of unsafe practices, analysis of incident statistics and maintenance of the fire prevention system and first aid facilities.

The SHC conducts quarterly meetings to review safety and health performance, discuss workplans and safety audit findings as well as share corrective actions of incidents to prevent recurrences.



In FY2023, we arranged 8 safety trainings to enhance the understanding of the latest health and safety regulations, first aid knowledge and safe handling of chemicals. We also offer health and safety training during induction, on-the-job and refresher sessions to all our employees and contractors. A total of 93 employees were provided trainings on health and safety standards.

	FY2021	FY2022	FY2023
Number of employees trained on health and safety standards	54	119	93

SUSTAINABILITY STATEMENT
(CONT'D)

The Group keeps track of our safety performance and is summarised as follows.

	FY2021		FY2022		FY2023	
	All Employees (including Contractors)	Contractors only	All Employees (including Contractors)	Contractors only	All Employees (including Contractors)	Contractors only
Number of work-related fatalities	0	0	0	0	0	0
Fatalities rate	0.0	0.0	0.0	0.0	0.0	0.0
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0.0	0.0	0.0	0.0	0.0	0.0
Number of work-related lost-time incidents	1	0	1	0	2	0
Lost Time Incident Rate ("**LTIR**") per 200,000 hours worked	0.59	0.00	0.41	0.00	0.94	0.00

In FY2023, we recorded 2 work-related injuries and a lost time of 0.94. Incidents are reported immediately to the relevant supervisor and the SHC shall notify the Department of Occupational Safety and Health ("**DOSH**") of any fatalities or injury cases involving more than 4 days of medical leave. An investigation shall be carried out immediately by the Inspection and Investigation Group to analyse the root cause of the incident. The findings of the investigation will be issued and shared to all employees to raise safety awareness. The SHC shall follow up with corrective actions based on the outcome of the investigation to prevent recurrences in the future.

We have set a target to achieve zero major[1] incident cases in FY2024.

EMPLOYEE MANAGEMENT

We believe that employees are key assets in driving the sustainable growth of our business. We endeavour to support the development and growth of our employees by providing them with opportunities to advance their career and ensuring a work environment that fulfils their needs.

The Group has 217 employees as of 31 December 2023. A majority of our employees are permanent full-time employees at approximately 60% while our temporary employees take up about 40% of the workforce.

Number of employees	FY2021	FY2022	FY2023
Permanent employees	92	153	130
Contract-based/temporary employees	77	98	87
Total employees	169	251	217
Percentage of employees that are contractors or temporary staff	**45.6%**	**39.0%**	**40.1%**

1 *A major incident refers to a case where serious bodily injuries sustained by an employee resulted in more than four calendar days of medical leave*

SUSTAINABILITY STATEMENT
(CONT'D)

We recruit and retain the best talent through offering competitive compensation packages and reviewing existing employees' remuneration to ensure that it remains competitive in the market. We also conduct a performance evaluation periodically for all employees, enabling employees to self-assess, receive necessary support and provide feedback. We also recognise and appreciate the dedication of employees who have displayed long-term commitment to us by awarding long-service employees with the Service Recognition Award.

To ensure that our employees are well-supported, we offer a wide range of benefits depending on job grades, including Group personal accident insurance, medical subsidies for general illnesses of up to RM2,000 yearly, annual leave, marriage leave, compassionate leave, sick leave, medical and hospitalisation leave. Furthermore, we provide a channel for employees to raise any concerns or feedback through an Appeal Form.

As of FY2023, our new hire rate is 38.7% and turnover rate is 40.6%.

	FY2021	FY2022	FY2023
Number of new hires	49	148	84
New hire rate	**29.0%**	**59.0%**	**38.7%**

Number of employee turnover	FY2021	FY2022	FY2023
Senior Management	0	0	0
Middle Management	2	3	3
Other Employees	42	78	85
Total	44	81	88
Senior Management turnover rate	0.0%	0.0%	0.0%
Middle Management turnover rate	10.0%	11.5%	14.3%
Employee turnover rate	**26.0%**	**32.3%**	**40.6%**

Training and Development

NHG is aware of the importance of training and development in the overall growth and success of our business. To ensure the holistic development of our employees, we regularly assess their training needs and provide diverse training programmes.

We provide induction training for new employees and specific training for existing employees. Employees who wish to improve their knowledge or skills can raise a training proposal through the Annual Training Plan, subject to management approval. Our Human Resource and General Administration ("**HR & GA**") department will draw up an Annual Training Plan that sets out specific training programmes planned for the year, enabling a more effective learning experience that focuses on upskilling employees' capabilities and competencies required at different job levels.

We remain committed to investing in our training and development programmes. In FY2023, we spent a total of 1060 hours on training. We have increased our employee average training hours by 69% compared to the FY2022, from 2.9 hours to 4.9 hours.

SUSTAINABILITY STATEMENT
(CONT'D)

Month	Attendees	Training Programmes in FY2023
January 2023	Production leaders, technicians and machine operators	Production machine operation and safety precautions
	Production leaders, technicians and appointed operators	Process operation reinforcement (water treatment)
March 2023	Executive Director & Finance & Accounting Team	Latest Finance and Accounting Standards, Budget 2023
	Firefighting team	Firefighting equipment usage and practice – fire extinguisher
April 2023	Production Leaders, Technician & Operators	Product Quality Reinforcement
	Firefighting team	Firefighting equipment usage and practice – hydrant system
May 2023	Forklift drivers	Forklift and Pallet Truck Safety
	ISO Internal Auditors	ISO 9001:2015 Audit training & Practical ISO 9001 system audit (IQA)
	Production Leaders, Technician & Operators	Process operation reinforcement (spot welding, auto polish, drawing, flow forming and bottom welding)
June 2023	Production Operator in Coating	Machine and Process operation Non-stick Coating: sand blasting, spray booth
	Production Supervisor, Leaders, Technician & Operators	Personal Protective Equipment (PPE) application and way of use
	Finance & Accounting Team	Malaysian Financial Reporting Standards (MFRS)/IFRS
	Production 1 Supervisor & Leaders	Metal Inert Gas (MIG) Welding Process
	Forklift/Reach Truck User	Forklift/Reach truck safety and operation (driving test)
July 2023	Production Supervisor, Leader, Technician Maintenance & Production Engineering Team	HIRARC Risk Management
	Production 1 Supervisor, Leaders, PE	Lathe Machine Process
	Quality Management Department Head	Road to IATF 16949 Automotive Quality Certification
	HR & GA Team	Human Resource Development Corporation ("**HRDC**") brief session 1
August 2023	HR & GA Team	HRDC Brief Session 2
	First Aider & Voluntary Attendees	Occupational First Aid & CPR Training
	Factory Department & Supporting Team HOS & Leaders	Motivational training: Group business planning and direction
September 2023	HR & GA Team	HRDC Training - Session 3 & 4
November 2023	HR & GA Team	Training need analysis & identification
December 2023	Foreign employees	Foreign workers' hostel cleanliness discipline & safety training

SUSTAINABILITY STATEMENT
(CONT'D)

	FY2021		FY2022		FY2023	
	Hours of training attended	Average training hours	Hours of training attended	Average training hours	Hours of training attended	Average training hours
Employee Category						
Senior Management	34	8.5	1	0.2	8	1.6
Middle Management	101	5.1	106	4.1	116	5.5
Other Employees	220.5	1.5	615	2.8	936	4.9
Gender						
Male	209.5	1.7	477	2.6	797	5.2
Female	146	3.2	245	3.8	263	4.2
Total	**355.5**	**2.1**	**722**	**2.9**	**1060**	**4.9**

DIVERSITY, EQUITY AND INCLUSION

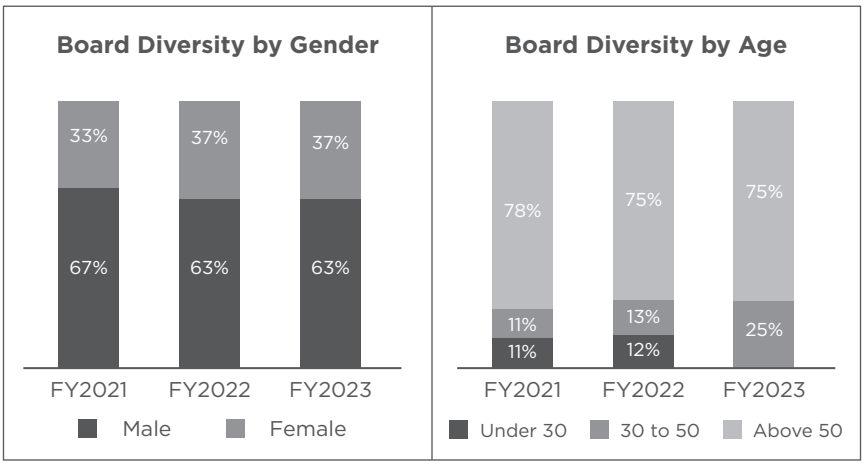
We recognise the importance of diversity in workforce and every employee's right to be treated fairly and equally, without discrimination. We embrace diversity and value the diverse perspectives brought by having employees with different cultural backgrounds, experiences and age groups.

Guided by the Group's Corporate Code of Conduct, we uphold equal employment opportunity practices and do not discriminate anyone on the basis of an individual's gender, race, religion, or age in our employment-related activities such as employment and promotion which are based on the business needs, the candidate's skills, experience, core competencies, and other qualities.

In addition, we respect the fundamental human rights of all employees and adopt acceptable labour practices in accordance with the applicable laws and regulations including the Employment Act 1955. We are pleased to report there has been zero substantiated complaints concerning human rights violations.

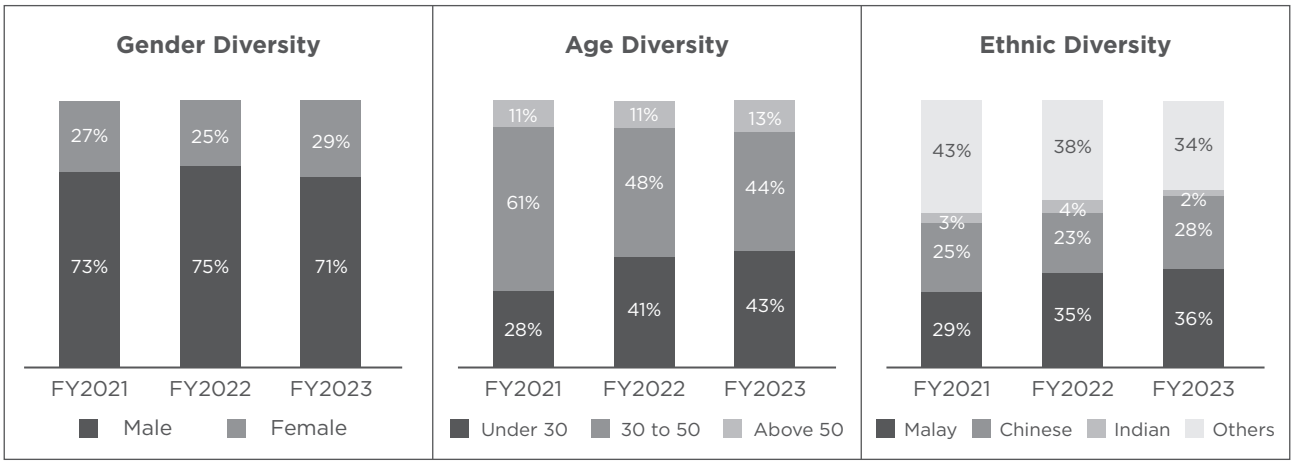
	FY2023
Number of substantiated complaints concerning human rights violations	0

As of FY2023, we have a total of 217 employees from different backgrounds in terms of gender, age group and ethnicity. We are also strong advocates for equitable gender representation on our Board, with 37% women Board representation. For our senior management positions, we aim to maintain a 40% women participation in leadership roles.

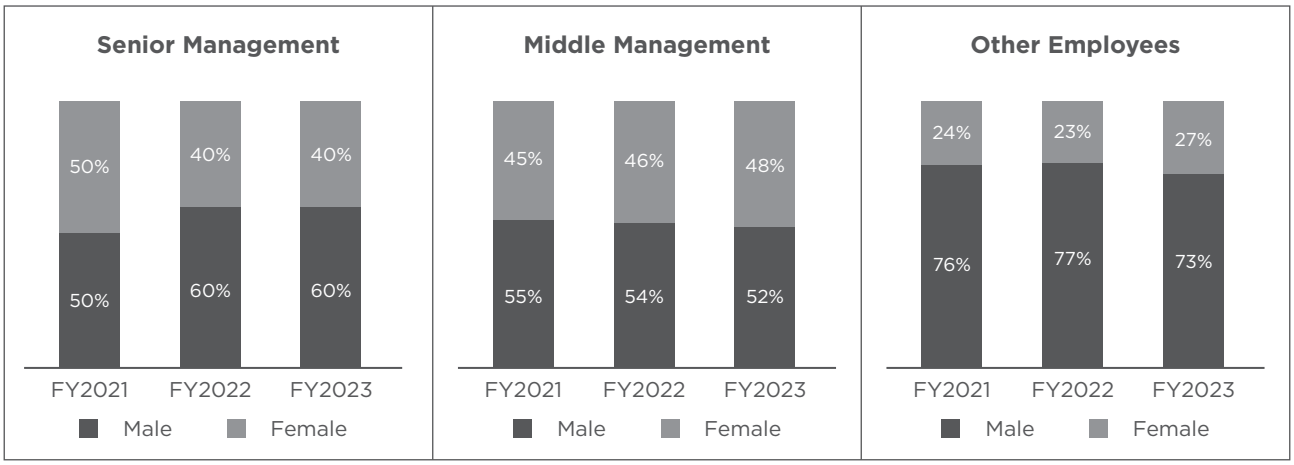


SUSTAINABILITY STATEMENT
(CONT'D)

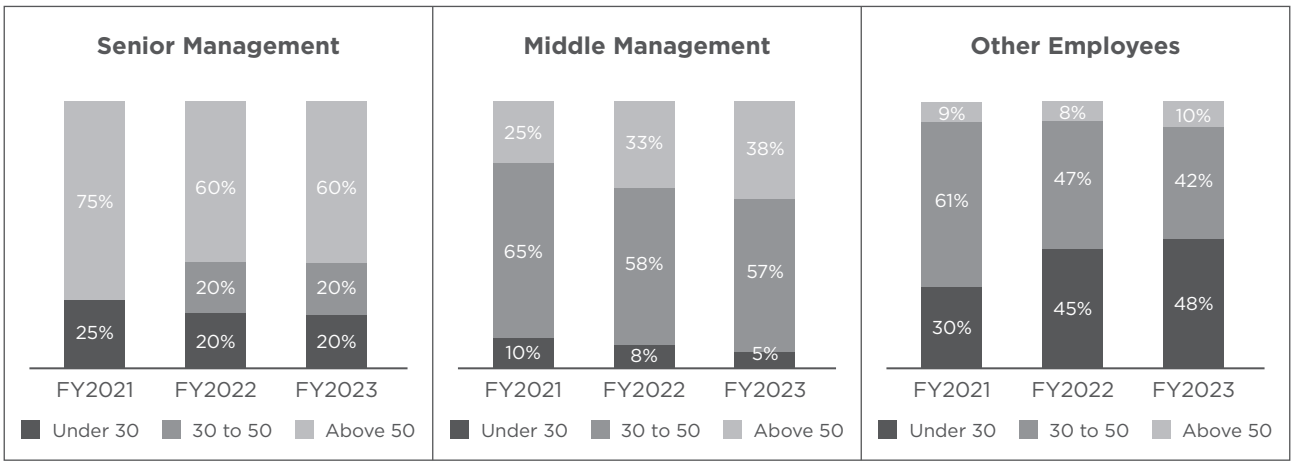
Workforce Profile



Gender Diversity by Employee Category



Age Diversity by Employee Category



SUSTAINABILITY STATEMENT
(CONT'D)

LOCAL COMMUNITIES

NHG is keen to drive positive and sustainable change in our communities. We continue to place our focus on value-added community initiatives and contribute towards the betterment of the areas that we operate in.

Over the course of the year, we continued to contribute to various organisations, namely the Suara Bekas Anggota Jabatan Kastam Diraja, Suara PACSU (Police Administration and Civilian Staff Union), Suara Kesatuan Pegawai Kastam Semenanjung Malaysia and the Kesatuan Bekas Polis Malaysia Negeri Selangor. In FY2023, we contributed a total of RM1,000.

MOVING FORWARD

NHG will continue its efforts on improving its sustainability framework and assessment of economic, environmental, social and governance impacts in line with the Listing Requirements on sustainability reporting. We will explore to establish relevant goals to reduce our carbon footprint, comply with applicable laws and regulations, and align our business activities with the transition to a low-carbon economy, where appropriate.

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2021	2022	2023
Economic Performance				
Economic value generated	MYR '000	30,674	34,762	29,244
Economic value distributed	MYR '000	38,721	40,285	37,354
Economic value retained	MYR '000	-8,047	-5,523	-8,110
Product Quality and Safety				
Customer satisfaction	Percentage	85.00	82.00	82.00
Product performance	Percentage	75.00	79.00	81.00
Staff performance	Percentage	98.00	87.00	86.00
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	64.50	62.00	61.50
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	100.00	100.00	100.00
Middle Management	Percentage	100.00	100.00	100.00
Other Employees	Percentage	100.00	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	7,446,500.00	7,692,900.00	5,843,100.00
Energy intensity	Gigajoules per MYR '000 of Revenue	0.243	0.221	0.203
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO_2e	Metric tonnes	107.50	130.80	68.70
Bursa C11(b) Scope 2 emissions in tonnes of CO_2e	Metric tonnes	1,238.40	1,209.40	1,014.10
GHG emissions intensity	tCO_2-e per MYR '000 of Revenue	0.0439	0.0386	0.0375

Internal assurance | External assurance | No assurance | (*)Restated

SUSTAINABILITY STATEMENT
(CONT'D)

Indicator	Measurement Unit	2021	2022	2023
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	320.20	343.30	264.10
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	190.20	223.20	144.30
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	130.00	120.10	119.80
Hazardous waste generated	Metric tonnes	0.20	5.70	3.20
Non-hazardous waste generated	Metric tonnes	320.00	337.60	260.90
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	15.600000	15.100000	15.200000
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.59	0.41	0.94
Bursa C5(c) Number of employees trained on health and safety standards	Number	54	119	93
Total hours worked	Hours	338,000	491,960	425,320
Number of lost time injuries	Number	1	1	2
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	34	1	8
Middle Management	Hours	101	106	116
Other Employees	Hours	221	615	936
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	45.60	39.00	40.10
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	0	0	0
Middle Management	Number	2	3	3
Other Employees	Number	42	78	85
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Total hours of training by gender - Male	Hours	210	477	797
Total hours of training by gender - Female	Hours	146	245	263
Total hours of training	Hours	356	722	1,060
Average training hours per employee	Hours (1 d.p.)	2.1	2.9	4.9
Total number of employee turnover	Number	44	81	88
Total new hires	Number	49	148	84
New hire rate	Percentage	29.00	59.00	38.70
Turnover rate	Percentage	26.00	32.30	40.60

Internal assurance | External assurance | No assurance | (*)Restated

SUSTAINABILITY STATEMENT
(CONT'D)

Indicator	Measurement Unit	2021	2022	2023
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30	Percentage	25.00	20.00	20.00
Senior Management Between 30-50	Percentage	0.00	20.00	20.00
Senior Management Above 50	Percentage	75.00	60.00	60.00
Middle Management Under 30	Percentage	10.50	8.30	4.80
Middle Management Between 30-50	Percentage	63.20	58.30	57.10
Middle Management Above 50	Percentage	26.30	33.30	38.10
Other Employees Under 30	Percentage	30.30	44.60	47.60
Other Employees Between 30-50	Percentage	60.70	47.30	42.40
Other Employees Above 50	Percentage	9.00	8.10	9.90
Gender Group by Employee Category				
Senior Management Male	Percentage	50.00	60.00	60.00
Senior Management Female	Percentage	50.00	40.00	40.00
Middle Management Male	Percentage	55.00	53.80	52.40
Middle Management Female	Percentage	45.00	46.20	47.60
Other Employees Male	Percentage	75.90	77.30	73.30
Other Employees Female	Percentage	24.10	22.70	26.70
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	66.70	62.50	62.50
Female	Percentage	33.30	37.50	37.50
Under 30	Percentage	11.10	12.50	0.00
Between 30-50	Percentage	11.10	12.50	25.00
Above 50	Percentage	77.80	75.00	75.00
Percentage of employees by gender - Male	Percentage	72.80	74.50	71.00
Percentage of employees by gender - Female	Percentage	27.20	25.50	29.00
Percentage of employees by age group - Under 30	Percentage	27.80	40.60	42.90
Percentage of employees by age group - Between 30 to 50	Percentage	60.90	48.20	43.80
Percentage of employees by age group - Above 50	Percentage	11.20	11.20	13.40
Percentage of employees by ethnic diversity	Percentage	0.00	0.00	0.00
Percentage of employees by ethnic diversity - Malay	Percentage	29.00	35.10	36.40
Percentage of employees by ethnic diversity - Chinese	Percentage	25.40	22.70	27.60
Percentage of employees by ethnic diversity - Indian	Percentage	3.00	4.00	2.30
Percentage of employees by ethnic diversity - Others	Percentage	42.60	38.20	33.60
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	900.00	900.00	1,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	4

Internal assurance | External assurance | No assurance | (*)Restated

1 Economic value generated refers to revenue and other income while economic value distributed includes operating costs, employee wages and benefits, payments to providers of capital, payments to government, and community investments. Economic value retained is economic value generated less economic value distributed.

2 GHG emissions intensity refers to the intensity of Scope 1 and Scope 2 emissions only.

3 For the indicator 'percentage of employees by ethnic diversity' under the common sustainability matter 'Diversity', please refer to the breakdown data by Malay, Chinese, Indian and Others that have been provided.