Your Global Partner

SINCE 1989

Annual Report 2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS

SOFIYAN BIN YAHYA
Independent Non-Executive Chairman

RIZVI BIN ABDUL HALIM
Executive Director

NG SHWU CHING
Executive Director

LAI KIAN HUAT
Executive Director

KHOO WUAN RU
Executive Director

LEOW CHAN KHIANG
Independent Non-Executive Director

POO CHII MIIN @ CHERMAINE POO
Independent Non-Executive Director

DATO' SERI ROSMAN BIN MOHAMED
Independent Non-Executive Director

LER LEONG KEH
Independent Non-Executive Director

COMPANY SECRETARIES

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

Tan Ai Ning
(SSM PC No. 202008000067)
(MAICSA 7015852)

REGISTERED OFFICE

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

BUSINESS ADDRESS

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

SHARE REGISTRAR

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

AUDITORS

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

PRINCIPAL BANKERS

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

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

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE

NI HSIN
Your Global Partner
SINCE 1989

Ni Hsin Group Berhad ("NHG")
(formerly known as Ni Hsin Resources Berhad)
(Registration No. 200401014850 (653353-W))
Incorporated in Malaysia
Investment Holding Company

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

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

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

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

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

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

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

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

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

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

Ni Hsin Ecologistics Sdn. Bhd. ("NHECO")
(Registration No. 202101027651 (1427951-H))
Incorporated in Malaysia
100%
Eco-friendly logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor

Digital Dagang Sdn. Bhd. ("DDSB")
(Registration No. 202001015531 (1371851-H))
Incorporated in Malaysia
28.99%
Digital business platform for online trading for consumer and industrial products and services

Pride Logistics Alliance Sdn. Bhd. ("PLA")
(Registration No. 201401044109 (1120296-X))
Incorporated in Malaysia
60%
Logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor

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 2017 to 31 December 2021:-

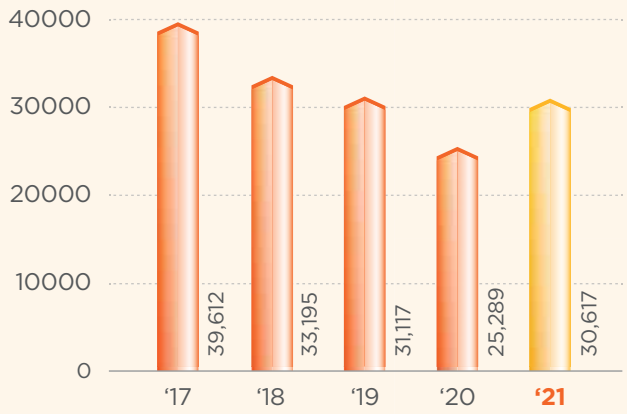
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Key Operating Results					
Revenue	39,612	33,195	31,117	25,289	30,617
Earnings/(Loss) before interest, taxation, depreciation and amortisation ("EBITDA")	5,155	4,102	(4,381)	3,955	(4,644)
Depreciation	(2,528)	(2,354)	(2,361)	(1,975)	(2,249)
Interest expense	(54)	(60)	(93)	(132)	(278)
Interest income	20	81	71	25	4
Share of loss of equity-accounted associate, net of tax	-	-	-	-	(108)
Profit/(Loss) Before Taxation ("PBT/(LBT)")	2,593	1,769	(6,764)	1,873	(7,275)
Taxation	(526)	396	609	49	828
Profit/(Loss) After Taxation ("PAT/(LAT)")	2,067	2,165	(6,155)	1,922	(6,447)
Non-controlling interests ("NCI")	18	2	-	-	53
Profit/(Loss) for the financial year attributable to owners of the Company	2,085	2,167	(6,155)	1,922	(6,394)
Total assets	90,571	103,386	95,197	97,661	117,031
Total borrowings	-	1,755	1,646	2,431	1,419
Shareholders' equity	80,118	92,737	86,508	88,516	101,082
Other Key Data					
PBT/(LBT) margin (%)	6.55	5.33	(21.74)	7.41	(23.76)
PAT/(LAT) after NCI margin (%)	5.26	6.53	(19.78)	7.60	(20.88)
Weighted average ordinary shares ('000)	220,243	291,148	315,937	313,844	430,491
Share price as at the financial year end (RM)	0.230	0.250	0.150	0.280	0.120
Gross Earnings/(Loss) Per Share ("EPS/(LPS)") (sen) [1]	1.19	0.61	(2.14)	0.60	(1.69)
Net EPS/(LPS) (sen) [1]	0.95	0.74	(1.95)	0.61	(1.49)
Tax-exempt Dividends Per Share (sen)	-	-	28.00	-	-
Return on total assets (%)	2.90	1.69	(7.08)	2.03	(5.89)
Return on equity (%)	3.28	1.88	(7.79)	2.24	(6.82)

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

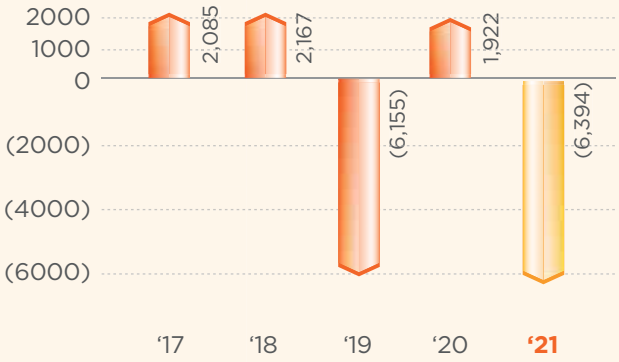
2 There were no extraordinary or exceptional items for the financial years under review.

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS
(CONT'D)

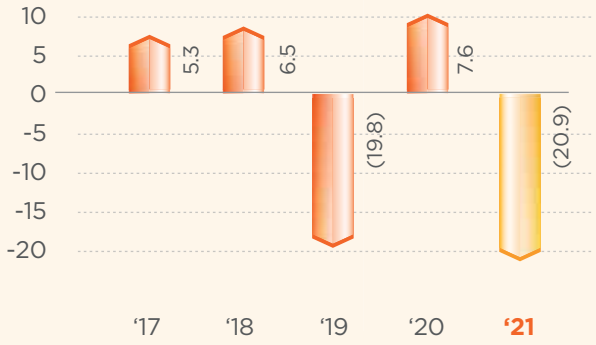
Revenue *(RM'000)*



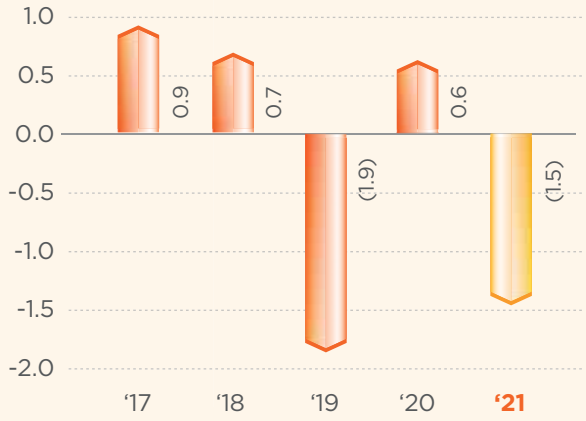
Profit/(Loss) Attributable to Owners of the Company *(RM'000)*



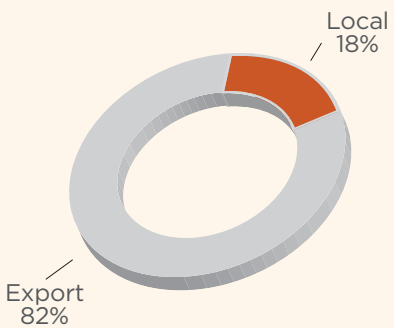
Profit/(Loss) Attributable to Owners of the Company Margin *(%)*



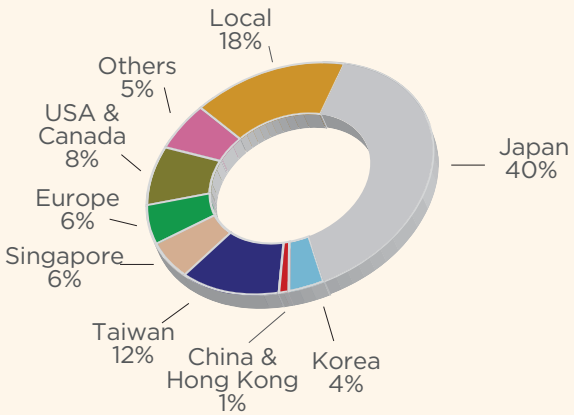
Net Earnings Per Share *(Sen)*



Local vs Export Sales 2021



Group Revenue by Country 2021



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

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

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

- Cookware
- Stainless steel products
- Others
  - Food & beverage
  - Logistics

COOKWARE

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. Our manufacturing and production facilities are located in Seri Kembangan, Selangor.

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

STAINLESS STEEL PRODUCTS

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

OTHERS

Food & Beverage ("F&B")

The Group's diversification into F&B business took off with the launch of BLACKBIXON Coffee in March 2021. The F&B business entails the manufacturing and distribution of health and bioenergy beverages in capsules. Customers are provided free use of the BLACKBIXON Coffee machines subject to terms and conditions. Blackbixon Sdn Bhd ("BLACKBIXON"), a wholly-owned subsidiary, has obtained a direct selling licence from Kementerian Perdagangan Dalam Negeri dan Hal Ehwal Pengguna for the retailing of the BLACKBIXON beverage products.

Aside from the direct selling method BLACKBIXON created the concept of cafe@anywhere which provides convenience to all coffee lovers to satisfy their cravings for freshly brewed healthy and nutritious coffee or chocolate anywhere. Firstly, with the highly mobile BLACKBIXON Coffee Machine customers can have their coffee fix anywhere, be it at home, in the office, at the gym, or any place where friends can gather for simple meetup or party as long as there is a power socket to plug in. Then, we have our proprietary BLACKBIXON Mobile Coffee Machine, operated by our BLACKBIXON BIKERS, which will be parked at popular venues, like shopping centres, office areas, etc., to brew and serve fresh coffee. In the near future customers can place an order of coffee from our app and our BLACKBIXON RIDERS will come and brew BLACKBIXON Coffee at your doorstep in style. Our Mobile Coffee Machine will operate on an eco-friendly electric bike – the **eBixon EV Bike**.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Logistics

In October 2021 the Group acquired a 60% stake in Pride Logistics Alliance Sdn Bhd ("PLA"), an established logistics company engaged in freight, forwarding, haulage & transportation, warehousing and international agency services. The Group views the acquisition as a springboard into the logistics business, especially in fifth-party logistics (5PL), where it can manage all supply-chain processes for customers. The alliance is strategic for both parties as PLA's business will be well supported by the Group's existing warehouse 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. The Group's ASRS equipped warehouse's strategic location in the Klang Valley is an added bonus.

Trading

Trading in all kinds of personal protective equipment, food and dairy product.

KEY MARKETS

Our key markets are as follows:

Asia Pacific (exclude Japan) – 46.0% Japan – 40.0% USA & Canada – 7.6% Europe – 6.4%

FINANCIAL PERFORMANCE REVIEW

For the financial year ended 31 December 2021 ("FY2021"), the Group achieved a total revenue of RM30.62 million an increase of 21% over the total revenue achieved in FY2020 of RM25.29 million. The improved revenue recorded during FY2021 was mainly due to higher sales in the Cookware Division.

Gross Profit ("GP") margin achieved during the year decreased slightly by 1.2% compared to the previous year due to lower GP margin of the F&B Division which is still in its infancy stage. The Group recorded a Loss Before Taxation ("LBT") of RM7.28 million in FY2021 against a Profit Before Taxation ("PBT") of RM1.87 million in FY2020. This is mainly due to losses incurred in the F&B Division in FY2021 and gain on disposal of quoted shares in open market during FY2020. The Group incurred a Loss After Taxation ("LAT") of RM6.45 million in FY2021 compared to a Profit After Taxation ("PAT") of RM1.92 million recorded in FY2020.

The Group's non-current assets increased to RM61.23 million compared with the non-current assets of RM48.78 million as at 31 December 2020 due to revaluation of property, acquisition of property, plant and equipment, intangible assets and investment in an associate company. Inventories increased slightly to RM21.96 million as at 31 December 2021 as the Group stocked up inventories for the F&B Division. Receivables, deposits and prepayments decreased by RM2.54 million to RM5.00 million mainly due to collections from customers. The Group's net current assets was RM50.00 million as at 31 December 2021. The Group is in a positive net cash position as at 31 December 2021 with cash and cash equivalent of RM26.76 million after deducting all borrowings of the Group.

The Group's net operating cash inflow for FY2021 was RM2.50 million. The net cash outflow from investing activities was RM4.47 million, mainly due to purchase of plant and equipment for the F&B Division. Net cash inflow from financing activities was RM10.80 million, mainly attributable to proceeds from exercise of warrants, conversion of RCPS and proceeds from selling of treasury shares after deducting the cost of repurchase of the same. The net resultant impact to the Group's cash flow was an increase in cash of RM8.81 million during FY2021. Net cash and cash equivalents amounted to RM28.18 million as at 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

SALES PERFORMANCE BY DIVISION

The Group's performance by each Division for the financial year ended 31 December 2021 is as follows:

(i) Cookware

The Cookware Division's revenue for FY2021 increased by RM4.19 million or 40.7% to RM14.49 million compared with the revenue achieved in FY2020 of RM10.30 million as sales to Asia Pacific and Japan increased significantly by 43.4% and 78.3% respectively. The cookware revenue by geographical market for FY2021 is as follows:

	FY2021 RM'000	FY2020 RM'000	Increase/ (Decrease) RM'000	%
Asia Pacific (exclude Japan)	7,207	5,025	2,182	43.4
Japan	5,068	2,843	2,225	78.3
USA & Canada	2,137	2,029	108	5.3
Europe	75	402	(327)	(81.3)
	14,487	10,299	4,188	40.7

(ii) Stainless Steel Products

The Stainless Steel Products Division's revenue for FY2021 decreased by RM0.55 million or 4.1% to RM12.92 million compared with the revenue achieved in FY2020 of RM13.46 million as sales to most regions except for USA & Canada showed slight decrease. The revenue for the Stainless Steel Products Division by geographical market for the period is as follows:

	FY2021 RM'000	FY2020 RM'000	Increase/ (Decrease) RM'000	%
Japan	7,181	7,426	(245)	(3.3)
Asia Pacific (exclude Japan)	3,705	3,824	(119)	(3.1)
USA & Canada	164	130	34	26.2
Europe	1,865	2,084	(219)	(10.5)
	12,915	13,464	(549)	(4.1)

(iii) F&B

Revenue for the F&B Division for FY2021 was RM0.40 million. The Division commenced business in the second quarter of the financial year. The low revenue achieved was due to the impacts of the COVID-19 pandemic and the ensuing imposition of movement controls.

PROSPECTS AND STRATEGIES

World Economy Outlook

The world economy is projected to slow this year, as the initial rebound wanes in developed countries, and fiscal and monetary stances tighten. That said, some developing markets should record faster growth. Key risks include new Covid-19 variants, China's property downturn and zero-tolerance approach to the virus, and Russia's invasion of Ukraine raising energy prices.

World inflation should moderate from its current level as 2022 progresses amid higher interest rates. Nevertheless, inflation will remain elevated relative to past years. Further Covid-19 waves and China's zero-tolerance stance, war in Ukraine, doubts over OPEC's ability to raise oil output swiftly and the growing frequency of extreme weather events are risks to the outlook.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

PROSPECTS AND STRATEGIES (CONTINUED)

Malaysia Economic Outlook and Growth Prospects

On the local scene economic activity bounced back in the final quarter of the year on the back of easing pandemic-related restrictions. The upturn was mainly due to a solid rebound in private spending, coupled with a strong performance from the external sector. Nevertheless, more moderate government spending weighed on the overall reading. Turning to the first quarter of the year, a four-month low PMI reading in January hints at muted conditions in the private sector. Moreover, surging numbers of new Covid-19 infections could lead authorities to tighten pandemic-related curbs going forward. Lastly, the IMF completed its Article IV Mission in the country, where it commended economic policy support measures and a swift Covid-19 vaccine campaign. That said, it noted that the recovery remained fairly uneven and recommended that more targeted fiscal stimulus be directed at vulnerable sections of the economy.

Economic growth is set to accelerate in 2022 compared to last year, largely because of the fading impact of pandemic-induced disruptions to domestic activity, amid a markedly higher vaccination rate. Moreover, recovering activity among key trading partners will sustain exports. That said, Covid-19 flare-ups and the prospect of general elections in 2022 cloud the outlook. FocusEconomics panellists predict the economy growing 5.9% in 2022, which is up 0.1 percentage points from last month's forecast. In 2023, the panel sees the economy expanding 5.1%.
(Source: FocusEconomics)

Cookware and Stainless Steel Products Divisions

The Group's Cookware and Stainless Steel Products Divisions remain resilient in spite of the pandemic. The Group's strict observance of the SOPs to curb the spread of the COVID-19 has yielded in minimal disruptions in production process and with careful planning the Group was able to cope with timely deliveries to customers. Nevertheless, the Board is mindful of the key risks posed by new Covid-19 variants, China's property downturn and zero-tolerance approach to the virus, Russia's invasion of Ukraine raising energy and commodity prices, particularly nickel and stainless steel. The Board has instructed the management to make appropriate assessment of the raw material pricing and implement measures to mitigate the negative effects. The Group will continue to maintain and improve product quality, focus on innovating and broadening products portfolio, monitoring costs, broadening marketing networks and addressing the needs of customers to ensure business continuity. In an effort to expand the convex mirror market the Group is working on the distribution of road safety products to existing customers as well as expanding the market network in Europe and the Pacific region in collaboration with strategic partners.

F&B Division

The F&B business was launched in the second quarter of 2021. Business was lower than expected as marketing and promotional activities were subdued by the movement restrictions and strict SOPs imposed during the pandemic. With the commendable economic policy support measures implemented and a swift Covid-19 vaccine campaign carried out by the government of Malaysia we are cautiously optimistic that the economic activity upturn will be maintained. To boost revenue the management team in the F&B Division have developed innovative business models like the BLACKBIXON Mobile Coffee Machine ("BBMCM") operated on an electric bike as described above. The business model of BBMCM will be expanded to offer entrepreneurship programs to the B40 in line with the strategies and objectives of the National Entrepreneurship Policy 2030.

Logistics Division

The logistics industry offers ample opportunities to existing players to expand their operations as well as new players into the market. The biggest problem business faced when Covid-19 hit was supply chain disruption resulting in businesses losing suppliers due to various reasons. Logistics companies have seen unprecedented business from these companies who want greater visibility of their supply chain to avoid future disruptions.

The online businesses are amplified during the post pandemic period as people are encouraged to stay homes due to lock-downs causing many to use the digital platform to do purchases. This resulted in a huge spike in the demand for deliveries which opens up opportunities for players with the right credentials and fitments.

The collaboration between the Group and PLA is strategic for the following reasons:

1. as the expertise and experience of PLA is a good springboard for Ni Hsin into the logistics business;
2. PLA will be able to expand its business into the warehousing segment leveraging on the ASRS equipped warehouse facility owned by Ni Hsin; and
3. the Group's capacity to provide funding requirements for PLA's business expansion.

BOARD OF DIRECTORS' PROFILE

Sofiyan Bin Yahya
Independent Non-Executive Chairman

Sofiyan Bin Yahya, a Malaysian, aged 64, 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 the Malaysian oil and gas industry. He also serves as an Independent Non-Executive Director in Malaysian Petroleum Resources Corporation (MPRC).

He attended all the six (6) Board meetings held during the financial year. Other than Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad), he does not hold any other directorship in any other public company or listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company.

Ng Shwu Ching
Executive Director

Ng Shwu Ching, a Malaysian, aged 54, 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 six (6) Board meetings held during the financial year. Other than Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad), she does not hold any other directorship in any other public company or listed issuer in Malaysia. She does not have any family relationship with any Director and/or major shareholder of the Company.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

Rizvi Bin Abdul Halim
Executive Director

Rizvi Bin Abdul Halim, a Malaysian, aged 52, male, was first appointed as our Independent Non-Executive Director on 10 October 2014 and was subsequently re-designated as Independent Non-Executive Chairman on 1 March 2017. On 22 November 2017, he was re-designated as Executive Director.

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

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

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

Encik Rizvi attended all the six (6) Board meetings held during the financial year. Other than Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad) and the directorships as disclosed above, he does not hold any other directorship in any other public company or listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company.

Lai Kian Huat
Executive Director

Lai Kian Huat, a Malaysian, aged 55, male, was appointed as our Executive Director on 1 December 2020. Mr Lai is a Fellow Member of the Association of International Accountants in United Kingdom.

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

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

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

Mr Lai attended all the six (6) Board meetings held during the financial year. Other than Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad), he does not hold any other directorship in any other public company or listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

Rebecca Khoo Wuan Ru
Executive Director

Rebecca Khoo Wuan Ru, a Malaysian, aged 28, 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 two (2) Board meetings held during the financial year as there were only two (2) Board meetings held after her appointment as Executive Director on 2 August 2021. Other than Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad), she does not hold any other directorship in any other public company or listed issuer in Malaysia. Ms Rebecca Khoo is the daughter of Mr Khoo Chee Kong who is a major shareholder of the Company.

Leow Chan Khiang
Independent Non-Executive Director

Leow Chan Khiang, a Malaysian, aged 55, male, was appointed as our Independent Non-Executive Director on 26 October 2015. He serves as the Chairman of the Audit and Risk Management Committee and is a member of the Nomination Committee and Remuneration Committee.

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

Mr Leow began his career in 1991 as an executive in Hong Leong Bank Berhad and was promoted to Assistant Manager in 1994. In 1996, he left Hong Leong Bank Berhad and joined Malaysian International Merchant Bankers Berhad as an Assistant Manager where he was responsible for various corporate fund raising exercises as well as general advisory work until 2001. Subsequently, he joined a logistic company until 2002. In 2002, he joined CAB Cakaran Corporation Berhad ("CAB") as a Director of Corporate Finance, and subsequently, was appointed as an Executive Director in 2003 where he was responsible for corporate planning, accounting and tax as well as joint-venture matters. He resigned from his position as an Executive Director of CAB in 2007 and was appointed to the Board of SLP Resources Berhad as Non-Independent Non-Executive Director in the same year. In March 2021, Mr Leow resigned as a Non-Independent Non-Executive Director of SLP Resources Berhad.

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

Mr Leow attended all the six (6) Board meetings held during the financial year. Other than Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad) and the directorships as disclosed above, he does not hold any other directorship in any other public company or listed issuer in Malaysia. Mr Leow does not have any family relationship with any Director and/or major shareholder of the Company.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

Poo Chii Miin @ Chermaine Poo
Independent Non-Executive Director

Poo Chii Miin @ Chermaine Poo, a Malaysian, aged 43, female, was appointed as our Independent Non-Executive Director on 2 August 2021. She serves as a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

Ms Chermaine is a chartered accountant 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 two (2) Board meetings held during the financial year as there were only two (2) Board meetings held after her appointment as Independent Non-Executive Director on 2 August 2021. Other than Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad), she does not hold any other directorship in any other public company or listed issuer in Malaysia. She does not have any family relationship with any Director and/or major shareholder of the Company.

Dato' Seri Rosman Bin Mohamed
Independent Non-Executive Director

Dato' Seri Rosman Bin Mohamed, a Malaysian, aged 60, male, was appointed as our Independent Non-Executive Director on 9 September 2021.

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 Boustead Holdings Berhad and Khind Holdings Berhad both are public companies listed on Bursa Malaysia Securities Berhad. He is also a Consultant at Cisco Security, a Professor of Practice at Putra Business School (UPM) and a member of the Ibrahim Johor Economic Council (IJEC).

Dato' Seri Rosman attended one (1) Board meeting held during the financial year since his date of appointment. Other than Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad) and the directorships as disclosed above, he does not hold any other directorship in any other public company or listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

Ler Leong Keh
Independent Non-Executive Director

Ler Leong Keh, a Malaysian, aged 62, male, was appointed as our Independent Non-Executive Director on 29 December 2021. He serves as the Chairman of the Nomination Committee and Remuneration Committee and is a member of Audit and Risk Management Committee.

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

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

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

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

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

Mr Ler did not attend any Board meeting held in the financial year as there were no Board meetings held after his appointment as Independent Non-Executive Directors on 29 December 2021. Other than Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad), he does not hold any other directorship in any other public company or listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company.

OTHER INFORMATION

(i) Conflict of Interest

The Group has entered into related party transaction and/or recurrent related party transactions with parties in which the Directors of the Company, namely Encik Sofiyan Bin Yahya and Mr Leow Chan Khiang have direct interest.

The detailed disclosures of RPT and RRPT are set out in Additional Compliance Information on page 28 of this Annual Report.

Save for the aforesaid Directors, none of the Directors have any conflict of interest with the Group.

(ii) Conviction of Offences

None of the Directors has convicted of any offences (other than traffic offences, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PROFILE

Khoo Chee Kong
Managing Director
Ni Hsin Corporation Sdn. Bhd., Ever-Grow Advanced Materials Sdn. Bhd., Pentoli Sdn. Bhd., Ni Hsin Marketing Sdn. Bhd., Ni Hsin Food & Beverages Sdn. Bhd., BlackBixon Sdn. Bhd., BlackBixon2Go Sdn. Bhd., Ni Hsin EV Tech Sdn. Bhd. and Ni Hsin Ecologistics Sdn. Bhd.

Khoo Chee Kong, a Malaysian, aged 60, male, was appointed as Managing Director of the subsidiary companies of the Group namely, Ni Hsin Corporation Sdn. Bhd., Ever-Grow Advanced Materials Sdn. Bhd., both on 1 October 2016, Pentoli Sdn. Bhd. on 31 January 2017, Ni Hsin Marketing Sdn. Bhd. on 23 October 2017, Ni Hsin Food & Beverages Sdn. Bhd. on 21 July 2020, BlackBixon Sdn. Bhd. on 6 August 2020, BlackBixon2Go Sdn. Bhd. on 22 March 2021, Ni Hsin EV Tech Sdn. Bhd. on 24 August 2021 and Ni Hsin Ecologistics Sdn. Bhd. on 24 August 2021.

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

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

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

IAN THONG WING CHOONG
Managing Director
Pride Logistics Alliance Sdn. Bhd.

Ian Thong Wing Choong, a Malaysian aged 46, male, graduated from Monash University (Caulfield, VIC) Australia with a degree in Bachelor of Business (Accounting).

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

Mr Ian Thong was subsequently established own logistics company named Pride Logistics Alliance Sdn. Bhd. in 2013 until present.

Mr Ian Thong does not have any family relationship with any Director and/or major shareholder of the Company.

KEY SENIOR MANAGEMENT PROFILE
(CONT'D)

Lim Kam Ten
Marketing Director
Ni Hsin Corporation Sdn. Bhd., Ever-Grow Advanced Materials Sdn. Bhd. and Ni Hsin Marketing Sdn. Bhd.

Lim Kam Ten, a Malaysian, aged 49, male, graduated from Takushoku University in Japan with a Degree in Bachelor of Arts in Commerce. He joined Ni Hsin Corporation Sdn. Bhd. in 1999 as an Assistant Officer in Sales & Marketing Department, in charge of the market development and customer service for Japan and Asian countries in respect of cookware.

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

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

Mr Lim does not have any family relationship with any Director and/or major shareholder of the Company.

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

Low Meng Chai, a Malaysian, aged 46, male, graduated with an Advanced Diploma in Business Administrative from Amset Institute. He joined Ni Hsin Corporation Sdn. Bhd. in 1998 as a System Analyst in Management Information System department where he developed skills in computer system maintenance, manufacturing management from initial stage of forecast until the output operation of production system and implementation. Due to his capable performance, he was transferred to the Factory Department as Production Controller in 2001 and was promoted to Material Control Executive in 2013. His excellent dedication and performance in carrying out his duties and responsibilities earned him a promotion to Production Control Executive in March, 2005.

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

Mr Low does not have any family relationship with any Director and/or major shareholder of the Company.

KEY SENIOR MANAGEMENT PROFILE
(CONT'D)

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

Yeo Boon Kwong, a Malaysian, aged 43, male, graduated from Tunku Abdul Rahman College with a Degree in Information System Engineering. He joined Ni Hsin Corporation Sdn. Bhd. in 2001 as Management Information System Assistant and in 2005, he was transferred to Ever-Grow Advanced Materials Sdn. Bhd. as Production Control Officer.

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

Mr Yeo does not have any family relationship with any Director and/or major shareholder of the Company.

OTHER INFORMATION

(i) Conflict of Interest

The Group has entered into RPT with Mr Khoo Chee Kong, in which he has direct interest.

The detailed disclosures of RPT are set out in Additional Compliance Information on page 28 of this Annual Report.

Save for aforesaid Key Senior Management, none of the Key Senior Management has conflict of interest with the Group.

(ii) Directorships

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

(iii) 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 (formerly known as Ni Hsin Resources Berhad) ("**NHG**" or "**the Company**") is pleased to present its Corporate Governance Overview Statement ("**Statement**") for the financial year 2021 based on the principles and guidance as set out in 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 ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and guided by Practice Note 9 of the MMLR of Bursa Securities and the Corporate Governance Guide (4th edition) issued by Bursa Malaysia Berhad. This Statement should also be read together with the Corporate Governance Report 2021 of the Company ("**CG Report**") which is available on NHG 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.

The CG Report provides details on how the Company has applied each Practice as set out in the MCCG during the financial year 2021.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

a. Board of Directors

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

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

The Board is cognisant that changes in strategy, personnel and the external environment may be needed to drive changes in the way that we operate in order to maximise our 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. During the financial year, there were changes to board members, namely, Ms Khoo Wuan Ru, Ms Poo Chii Miin @ Chermaine Poo, Dato' Seri Rosman Bin Mohamed and Mr Ler Leong Keh who were appointed whilst Datuk Seri Tan Choon Hwa resigned from the Board.

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). In this regard, our Chairman of the Board has ceased as a member of ARMC and the Chairman of NC and RC which is in line with MCCG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (continued)

c. Company Secretaries

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

d. Board Meeting

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

In line with most Malaysian corporates, the attendance at the majority of our Board meetings in 2021 was held virtually/hybrid in order to ensure compliance with governance guidance regarding the pandemic. The breakdown of the Directors' attendance at the Board and Board Committees meetings during the financial year 2021 is set out below:-

Name	Board	ARMC	NC	RC
Sofiyan Bin Yahya *Independent Non-Executive Chairman*	6/6	5/5	3/3	1/1
Rizvi Bin Abdul Halim *Executive Director*	6/6	NA	NA	NA
Ng Shwu Ching *Executive Director*	6/6	NA	NA	NA
Lai Kian Huat *Executive Director*	6/6	NA	NA	NA
Khoo Wuan Ru[(1)] *Executive Director*	2/2	NA	NA	NA
Leow Chan Khiang *Independent Non-Executive Director*	6/6	5/5	3/3	1/1
Poo Chii Miin @ Chermaine Poo[(1)] *Independent Non-Executive Director*	2/2	2/2	2/2	NA
Dato' Seri Rosman Bin Mohamed[(2)] *Independent Non-Executive Director*	1/1	NA	NA	NA
Ler Leong Keh[(3)] *Independent Non-Executive Director*	NA	NA	NA	NA
Datuk Seri Tan Choon Hwa[(4)] *Independent Non-Executive Director*	1/4	1/3	NA	NA

(1) Appointed on 2 August 2021
(2) Appointed on 9 September 2021
(3) Appointed on 29 December 2021
(4) Resigned on 16 August 2021

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (continued)

d. Board Meeting (continued)

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

e. Board Charter

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

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

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

f. Code of Conduct

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

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

g. Whistle Blowing Policies and Procedures

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

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

The WPP is available at the Company's website.

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

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

The ABACPP is available at the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (continued)

i. Sustainability

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

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

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

The detailed disclosures on the sustainability practices and performance of the Group are set out in the Sustainability Statement on pages 37 to 42 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.

The Board currently has nine (9) members, comprising five (5) Independent Non-Executive Directors and four (4) Executive Directors. This complies with Paragraph 15.02(1) of the MMLR of Bursa Securities which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors. The Board also complied with Practice 5.2 of MCCG that at least half of the Board is comprised of Independent Directors. There is approximately 33% women representation on the Board for the financial year 2021 which complied with Practice 5.1 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)(Appointed on 29 December 2021)*
Leow Chan Khiang *(Member)*
Poo Chii Miin @ Chermaine Poo *(Member)(Appointed on 2 August 2021)*

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

c. Tenure of Independent Director

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

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

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

d. Appointment to the Board

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

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

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

e. Re-election of Directors

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

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

(1) Encik Rizvi Bin Adbul Halim (Clause 95)
(2) Mr Leow Chan Khiang (Clause 95)
(3) Ms Khoo Wuan Ru (Clause 102)
(4) Ms Poo Chii Miin @ Chermaine Poo (Clause 102)
(5) Dato' Seri Rosman Bin Mohamed (Clause 102)
(6) Mr Ler Leong Keh (Clause 102)

The aforesaid Directors have expressed their intention to seek for re-election at the forthcoming Eighteenth AGM save for Mr Leow Chan Khiang who has expressed his intention not to seek for re-election at the forthcoming Eighteenth AGM and shall retire at the conclusion of the Eighteenth AGM.

f. Annual Evaluation

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

The internally facilitated evaluation process is led by the NC Chairman who is an Independent Director and supported by the Company Secretaries. The evaluation process is conducted via questionnaires to review the effectiveness of the Board and its committees, and based on self-review and peer assessment. The NC reviews the outcome of the assessment and report to the Board, in particular, areas for improvement and also used it as the basis of recommending relevant 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. The NC and Directors will continue to identify and attend appropriate seminars, conferences and courses to keep abreast of changes in market, legislations and regulations affecting the Group. The Directors are also committed to continue to undergo other relevant training programmes and seminars whether in-house or external to keep abreast with the developments of the business environment and further enhance their skills and knowledge.

During the financial year 2021, the Directors have attended various training programmes and seminars, amongst others, the following:-

- Guidelines on Conduct of Directors of Listed Companies & Their Subsidiaries- 2020 & Analysis of Corporate Governance Report 2020 and Tax Planning & Tax Avoidance. Is there a Difference?
- Audit Oversight Board (AOB) Conversation with Audit Committees Confirmation
- KPMG Tax and Business Summit 2021
- Preparation and Presentation of Consolidated Financial Statements

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 meetings. The external auditors also briefed the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

h. NC's Activities

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

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

b) Reviewed and was satisfied with the mix of skills, knowledge, expertise and experience, composition and size of the Board in terms of gender, ethnicity and age.

c) Assessed the independence of Independent Directors and concluded that the Independent Directors are independent and have complied with the criteria of independence as set out in MMLR of Bursa Securities.

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

e) Reviewed the term of office and performance of the ARMC and each of its members and concluded that the ARMC and each of its members have carried out their duties and responsibilities.

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

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

h) Reviewed and recommended to the Board the Directors and Senior Management Succession Plans.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

h. NC's Activities (continued)

i) Reviewed and recommended to the Board the TOR of the NC in alignment with the MCCG and MMLR of Bursa Securities.

j) Recommended to the Board the appointment of the following Directors after having reviewed their profile in detail:-

- Ms Khoo Wuan Ru, Executive Director;
- Ms Poo Chii Miin @ Chermaine Poo, Independent Non-Executive Director;
- Dato' Seri Rosman Bin Mohamed, Independent Non-Executive Director; and
- Mr Ler Leong Keh, Independent Non-Executive Director.

k) Recommended to the Board the appointment of Ms Poo Chii Miin @ Chermaine Poo as a member of ARMC, NC and RC after having reviewed her profile in detail.

l) Recommended to the Board the appointment of Mr Ler Leong Keh as a member of ARMC, and Chairman of NC and RC after having reviewed his profile in detail.

3. Remuneration

The RC currently comprises the following members:-

Ler Leong Keh *(Chairman) (Appointed on 29 December 2021)*
Leow Chan Khiang *(Member)*
Poo Chii Miin @ Chermaine Poo *(Member)(Appointed on 2 August 2021)*

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 2021 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 119 of the Audited Financial Statements.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. ARMC

During the financial year under review, the ARMC comprises three (3) Independent Non-Executive Directors. The Chairman of the ARMC is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the ARMC's findings and recommendation remains intact. The ARMC assesses the performance (including independence) and recommends to the Board annually the appointment or re-appointment of the external auditors guided by the factors as prescribed under Paragraph 15.21 of the MMLR of Bursa Securities. The external auditors confirmed that they are and have been independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. ARMC (continued)

Through 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 an internal audit function which is outsourced to IBDC (Malaysia) Sdn. Bhd. and reports directly to the ARMC. Details of the internal audit function together with the staffs of the Group's internal control are set out in the Statement on Risk Management and Internal Control and ARMC Report on pages 32 to 36 of this Annual Report. 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.

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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

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

1. Communication with Stakeholders (continued)

(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. The Share Registrar is available to attend to matters relating to shareholders' interests. In view of the prolonged COVID-19 pandemic and the Movement Control Order issued by the Government of Malaysia, the Seventeenth AGM was conducted virtually on 23 June 2021 via remote participation and voting facilities. At the Seventeenth AGM, all Directors comprising the Chair of all the respective Board Committees were present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company. The Directors and external auditors were in attendance to respond to the shareholders' queries.

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

The full minutes of the Seventeenth 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 30 business days after the conclusion of the AGM.

FOCUS AREA ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group in the year 2021 against the backdrop of regulatory changes in the domestic corporate governance realm and a relatively challenging economic environment that is characterised by volatile market conditions and Covid-19 pandemic. Against the aforementioned setting, during the financial year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders.

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

This Statement together with the CG Report was approved by the Board of Directors of NHG on 18 April 2022.

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

The status of the utilisation of proceeds from the public issue of RCPS is as follows:

Purpose	Proposed utilisation (RM'000)	Utilisation as at 31.12.2021 (RM'000)	Balance as at 31.12.2021 (RM'000)	(%)	Estimated timeframe from 5 February 2021
Capital expenditure for the F&B business	2,859	2,526	333	12%	Within 12 months
Working capital	3,400	3,400	0	0%	Completed
Estimated expenses for the corporate exercise	500	500	0	0%	Completed
Total	**6,759**	**6,426**	**333**	**5%**	

The utilisation of proceeds as disclosed above should be read in conjunction with the Abridged Prospectus of the Company dated 5 February 2021.

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	39	201
Non-audit services	22	54
Total	**61**	**255**

The non-audit services comprised the following assignments:-

a) Review of the Statement of Risk Management and Internal Control
b) Tax compliance services

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 2021 or entered into since the end of the previous financial year.

ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

1.4 REVALUATION POLICY ON LANDED PROPERTIES

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

The Group revalues its property comprising freehold land and factory buildings every five (5) years or at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. The latest revaluation was carried out in October 2021.

1.5 RELATED PARTY TRANSACTION AND RECURRENT RELATED PARTY TRANSACTIONS

During the financial year under review, the following RPTs and RRPTs were entered into by the Group:-

Related Parties involved with Ni Hsin and/or its subsidiaries	Relationship	Nature of Transactions	Amount (RM)
Leow Chan Khiang ("Mr Leow")	Mr Leow is an Independent Non-Executive Director of Ni Hsin. Mr Leow holds voting shares representing 75% of equity interest in Ushimi.	1) Rental paid by Ni Hsin Food & Beverages Sdn. Bhd. ("NHFB") to Ushimi Asia Sdn. Bhd. ("Ushimi") for the use of factory and warehouse	55,282.50
		2) Ushimi supplied manpower services to NHFB	167,219.13
		3) Ushimi provided maintenance of facilities to NHFB	27,500.00
Sofiyan Bin Yahya ("Encik Sofiyan")	Encik Sofiyan is an Independent Non-Executive Chairman of the Company. Encik Sofiyan is a Director and Major Shareholder of Digital Dagang.	Subscription of 289,869 Ordinary Shares in Digital Dagang Sdn. Bhd. ("Digital Dagang") by the Company.	289,869.00
Khoo Chee Kong ("Mr Khoo")	Mr Khoo is a major shareholder of the Company and a Managing Director of BB2Go. Mr Khoo is the sole shareholder of EV Assets.	Subscription of 5,000 Ordinary Shares in BlackBixon2Go Sdn. Bhd. ("BB2Go") by EV Assets Sdn. Bhd. ("EV Assets").	5,000.00

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors is pleased to present the report of the Audit and Risk Management Committee ("**ARMC**") for the financial year ended 31 December 2021.

1. MEMBERS

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

During the financial year ended 31 December 2021, the ARMC held a total of five (5) meetings. The members of the ARMC together with their attendance are set out below:-

Name	Position	Attendance
Leow Chan Khiang	Chairman (Independent Non-Executive Director)	5/5
Poo Chii Miin @ Chermaine Poo [(1)]	Member (Independent Non-Executive Director)	2/2
Ler Leong Keh [(2)]	Member (Independent Non-Executive Director)	N/A
Sofiyan Bin Yahya [(3)]	Member (Independent Non-Executive Director)	5/5
Datuk Seri Tan Choon Hwa [(4)]	Member (Independent Non-Executive Director)	1/3

(1) Appointed as member of ARMC on 2 August 2021.
(2) Appointed as member of ARMC on 29 December 2021.
(3) Ceased as member of ARMC on 29 December 2021.
(4) Ceased as member of ARMC following his resignation as an Independent Non-Executive Director on 16 August 2021.

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

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

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

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

During the financial year ended 31 December 2021 in line with the Terms of Reference, the ARMC carried out the following work in discharging its function and duties:-

2.1 Financial Reporting

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

b) monitored the compliance requirements in line with the new updates of Bursa Securities, Securities Commission Malaysia, Malaysian Accounting Standards Board and other legal and regulatory bodies.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

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

2.2 Related Party Transactions and Conflict of Interest

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

2.3 External Audit

a) met with the external auditors during the year to review the external auditors' independence, scope of work and the audit plan, their audit fees, the results of their examination in the external audit reports and management's responses, as well as weaknesses in the internal control;

b) reviewed the audit recommendations and representations made and corrective actions taken by Management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis;

c) monitored the implementation of mitigating measures by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed;

d) met with the external auditors on the updates of new Malaysian Financial Reporting Standards ("**MFRS**") and the impact on the Group as well as new developments on regulatory requirements;

e) met with the external auditors (without the presence of the Management staff or any Executive Directors) for the financial year ended 31 December 2021 on the following dates:
- 25 February 2021 to discuss audit findings for the financial year ended 31 December 2020; and
- 23 November 2021 to discuss Audit Plan and Strategy for the financial year ending 31 December 2021.

2.4 Internal Audit

a) met with the internal auditors to review and approve the Group's internal audit plan, scope of work and audit fees;

b) met with the internal auditors to review the internal audit reports and findings on the adequacy and effectiveness of the internal control and risk management framework as well as other compliance and governance processes;

c) met with the internal auditors (without the presence of the Management staff or any Executive Directors) for the financial year ended 31 December 2021 on the following dates:
- 25 February 2021 to discuss the Internal Audit Strategy and Planning Memorandum for financial year ended 31 December 2021 and to discuss the internal audit findings; and
- 23 November 2021 to discuss the internal audit findings.

d) reviewed the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.

2.5 Others

a) reviewed the ARMC Report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, Corporate Governance Report and Corporate Sustainability Statement before submission to the Board for consideration and approval for inclusion in the Company's Annual Report for the financial year ended 31 December 2020; and

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

3. TRAINING

During the financial year ended 31 December 2021, 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:-

- Guidelines on Conduct of Directors of Listed Companies & Their Subsidiaries- 2020 & Analysis of Corporate Governance Report 2020 and Tax Planning & Tax Avoidance; and
- Audit Oversight Board (AOB) Conversation with Audit Committees Confirmation.

4. INTERNAL AUDIT FUNCTION

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

The Company has outsourced its internal audit function to a professional service firm, namely IBDC (Malaysia) Sdn. Bhd. ("IBDC") whose primary responsibility is to independently assess and report to the Board, through the ARMC, the systems of internal control of the Group. The internal audit functions are as set out in the Statement on Risk Management and Internal Control on pages 32 to 36 of the Annual Report.

Details of the head of internal audit personnel from IBDC that carried out the internal audit work for the financial year ended 31 December 2021 is as follows:-

Name	Qualification & Accreditation
Mr Wong Een Joon *Director-In-Charge*	• Member of Association of Chartered Certified Accountants (ACCA) • Member of Malaysia Institute of Accountants (CA(M)) • Chartered Member of the Institute of Internal Auditors Malaysia (CMILA) • Certified Fraud Examiner (CFE)

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors is pleased to present the following Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2021 in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

RESPONSIBILITY

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

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

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

RISK MANAGEMENT

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

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

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

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

RISK MANAGEMENT (CONTINUED)

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

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

INTERNAL AUDIT FUNCTION

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

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

Three (3) audit personnel are assigned to carry out the internal audit work for the financial year ended 31 December 2021 with the profile of head of the internal audit function as disclosed below:

Name	Qualification & Accreditation
Wong Een Joon *Director-In-Charge*	• Member of Association of Chartered Certified Accountant (ACCA) • Member of Malaysia Institute of Accountants (CA(M)) • Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA) • Certified Fraud Examiner (CFE)

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 half yearly 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 2021 was approximately RM33,000, which included expenses.

The review of the adequacy and effectiveness of the internal control process has been undertaken by the internal audit function, and necessary actions have been taken to remedy significant failing or weaknesses identified for the financial year 2021.

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 to ensure proper controls are implemented and carried out to mitigate those risks.

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

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

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this Statement on Risk Management and Internal Control (the "Statement") pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

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

(b) is factually inaccurate.

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

SUSTAINABILITY STATEMENT

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

This Statement covers Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad) ("NI HSIN") and two of its subsidiaries, namely Ni Hsin Corporation Sdn Bhd ("NHC") and Ever-Grow Advanced Materials Sdn Bhd ("EGAM"), collectively referred to as the "Group". Our business activities comprise of manufacturing and sale of multi-ply stainless steel cookware, stainless steel products and food and beverage.

The Board is primarily responsible for the Group's sustainability practices and performance and is assisted by the ARMC. The Principal Officer together with key members of Management from the holding Company, NHC and EGAM form the Sustainability Committee ("SC") to assist the Board in its oversight responsibilities which include:

- Developing the sustainability vision, strategy and linkage to long-term business strategies;
- Advising the Board on strategies in the area of sustainability and seeking Board endorsement on sustainability matters;
- Overseeing the implementation and ensuring the effectiveness of the strategies.

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

OUR COMMITMENT TO SUSTAINABILITY

Sustainability has been core to the way we do business and an essential element of how we operate. The Group has incorporated sustainability factors into our investment decisions and strategy to ensure that they are aligned with our overall sustainability goals. We embrace a holistic approach to sustainability, which is focused on continuous improvement and meaningful positive economic, social and environmental impact through active engagement with both internal and external stakeholders.

STAKEHOLDER ENGAGEMENT

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

SUSTAINABILITY STATEMENT
(CONT'D)

STAKEHOLDER ENGAGEMENT (CONTINUED)

Stakeholders	Sustainability Topic	Type of Engagement	Frequency
Suppliers	• Suppliers performance review	• Regular meetings and correspondence	• On-going
	• Product quality	• Supplier rating	• Annually
Government & Regulators	• Regulatory compliance	• Site visit, audit and meeting	• As required
	• Product certification	• Participation in programs and workshops	• As required
Media	• On time and correct information	• Press release	• As required
Community	• Environment protection	• Waste management	• On-going
		• Energy conservation	• On-going
		• Minimise air and noise pollution	• On-going

MATERIALITY

To ensure the effectiveness of our sustainability efforts a materiality assessment was carried out to identify the sustainability matters that are of priority to our organisation. The material sustainability matters identified are:

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

Product Design and Quality and Customer Satisfaction

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

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

The table below shows the results of the survey for FY2021 and FY2020.

	2021	2020	Variance
Customer satisfaction	85%	73%	12%
Product performance	75%	75%	-
Staff performance	98%	78%	20%

The results showed an improvement in customer satisfaction and staff performance in FY2021 as compared to FY2020. We take heed of the feedback and will strive to further improve our product quality by reviewing our quality control procedures and implementing more effective processes, improve our delivery times and provide training to our staff to improve their customer service and communication skills.

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIALITY (CONTINUED)

Corporate Governance & Ethical Behaviour

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

Our business practices are governed by:

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

Code of Conduct

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

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

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

Whistle Blowing Policies and Procedures

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

The WPP provides an avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, workplace management

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

No cases of breaches in ethics and integrity practices were reported during the Financial Year 2021 ("FY 2021").

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

Workplace Management

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

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

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

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIALITY (CONTINUED)

Occupational Health and Safety ("OHS")

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

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

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

The Group's Safety and Health Policy sets out the Group's commitment towards the establishment and maintenance of an Occupational safety and Health Management System which includes hazard identification, risk management and risk control processes, compliance to the relevant laws and regulations, prevention of occupational diseases, incidents and accidents and continual improvement. The most recent review of the Safety and Health Policy was on 25 February 2020.

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

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

	Year	
Severity	**2021**	**2020**
Fatal	-	-
Major	-	6
Minor	1	3
Total Cases	1	9

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIALITY (CONTINUED)

Health, Safety and Security Events Table

	Year		
Events / Activities	**2021**	**2020**	**Participation**
Safety & Health Meeting	Quarterly	Quarterly	SHC Committees
Safety Talk	Every week	Every week	All Employees
Noise Exposure & Audiometric Test	18/12/2021	09/01/2021	Production & Supporting Workers
SHC Workplace Inspection & Safety Tour	Quarterly	Quarterly	SHC Committee
Fire Extinguisher Renewal	Mar & Oct	Mar & Sept	EET & HR&GA
Machinery Maintenance	Jun	Mar & Dec	-
Chimney Inspection	01/07/2021	16/07/2020	Engineering
Smoke Fogging	Feb, May & Nov	May / Sept	Engineering/HR&GA
Training			
Chemical safety and Spillage Control	20/11/2021	-	SHC Committees
Accident Prevention & Investigation	20/11/2021	-	SHC Committees

Environmental Management

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

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

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

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

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

Energy Efficiency

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

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIALITY (CONTINUED)

Recycling of Raw Material

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

ISO Certification

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

COVID-19

The COVID-19 pandemic has resulted in a new normal in the way we work and conduct business. Health and safety of our workers is of prime importance in our workplace to ensure minimal exposure to the risk of infection. All employees and visitors alike are required to strictly adhere to the prevailing Standard Operation Procedures ("SOPs").

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

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

It is mandatory for all employees to declare to HR and their supervisors if they or their family/household members have been diagnosed with COVID-19 or have been in close contact with person(s) who:

- Have been diagnosed with COVID-19;
- Is serving quarantine; and
- Is pending any COVID-19 test outcome.

Moving Forward

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

The Board is responsible for ensuring that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and applicable Malaysian Financial Reporting Standards ("MFRS") approved by the Malaysian Accounting Standards Board ("MASB") in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2021 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 2021, the Group and the Company have adopted suitable accounting policies in accordance with applicable MFRSs approved by the MASB in Malaysia and applied them consistently and reasonably.

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DIRECTORS' REPORT
For the year ended 31 December 2021

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 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

NAME CHANGE

In June 2021, the Company has changed its name from Ni Hsin Resources Berhad to Ni Hsin Group Berhad.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year attributable to:		
Owners of the Company	6,394	1,889
Non-controlling interests	53	-
	6,447	1,889

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any final dividend for the financial year ended 31 December 2021.

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
Leow Chan Khiang
Sofiyan Bin Yahya
Lai Kian Huat
Khoo Wuan Ru (Appointed on 2 August 2021)
Poo Chii Miin @ Chermaine Poo (Appointed on 2 August 2021)
Dato' Seri Rosman Bin Mohamed (Appointed on 9 September 2021)
Ler Leong Keh (Appointed on 29 December 2021)
Datuk Seri Tan Choon Hwa (Resigned on 16 August 2021)

DIRECTORS' REPORT
For the year ended 31 December 2021
(CONT'D)

DIRECTORS OF THE SUBSIDIARIES

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

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
Interests in the company:				
Sofiyan Bin Yahya				
- own	3,366,666	7,000,000	-	10,366,666
Khoo Wuan Ru				
- indirect	92,726,300*	1,296,700	-	94,023,000

	Number of warrants				
	At 1.1.2021	Bought	Adjustment	Sold	At 31.12.2021
Interests in the company:					
Sofiyan Bin Yahya					
- own	1,408,332	-	490,035	-	1,898,367
Ler Leong Keh					
- own	350,049 *	-	-	-	350,049
Khoo Wuan Ru					
- indirect	-	500,000	-	-	500,000

	Number of Redeemable Convertible Preference Shares ("RCPS")				
	At 1.1.2021	Bought	Subscribed	Sold	At 31.12.2021
Interests in the company:					
Sofiyan Bin Yahya					
- own	-	-	9,459,800	-	9,459,800
Ler Leong Keh					
- own	-	-	200,000 *	-	200,000
Khoo Wuan Ru					
- indirect	-	-	208,061,768	-	208,061,768

* *As at the date of appointment*

None of the other Directors holding office at 31 December 2021 had any interest in the ordinary shares and options over shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT
For the year ended 31 December 2021
(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 fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issuance of redeemable convertible preference shares ("RCPS") and adjustment of warrant as disclosed in Note 15.7 to the financial statement.

ISSUE OF SHARES AND DEBENTURES

During the year, the Company issued 675,863,030 redeemable convertible preference shares ("RCPS") of RM6,758,630 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.

During the financial year, the issued and fully paid-up share capital of the Company had increased from 324,209,000 to 510,494,000 ordinary share by way of:

i) the issuance of 130,037,000 ordinary shares for cash arising from the exercise of warrants amounting to RM7,817,000; and

ii) the issuance of 56,248,000 ordinary shares pursuant to the conversion of 56,248,000 units of Redeemable Convertible Preference Shares ("RCPS") amounting to RM6,750,000. The salient terms of the RCPS are disclosed in Note 15 to the financial statement.

There were no debentures issued during the financial year.

TREASURY SHARES

The repurchased shares are held as treasury shares and carried at cost. During the financial year, the Company sold 9,242,000 treasury shares amounting to RM2,464,076 at the open market at an average price of RM0.27 and repurchased 33,092,900 of its owned shares from the open market costing RM5,592,066. The average price paid for the shares repurchased was RM0.17 per share including transaction costs. The total treasury shares held at the financial year end is 33,312,436 (2020: 9,461,536) shares. The number of outstanding shares in issue after deducting treasury shares held at the financial year end is 477,181,834 (2020: 314,747,715) ordinary shares. Treasury shares have no rights to voting, dividends and participation in other distribution.

OPTIONS GRANTED OVER UNISSUED SHARES

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

During the financial year, the warrant exercised by registered warrant holders to new ordinary shares at exercise price of RM0.138 (subsequently adjusted to RM0.05) were 130,037,119. The number of warrants unexercised at the end of the reporting period was 74,829,028 (2020: 155,840,924).

During the year, pursuant to the renounceable rights issue of the Redeemable Convertible Preference Shares ("RCPS"), the Company issued 675,863,030 of RM0.01 per RCPS totalling RM6,758,630 on the basis of 2 RCPS for every 1 existing ordinary share held by the entitled shareholders of the Company.

DIRECTORS' REPORT

For the year ended 31 December 2021
(CONT'D)

INDEMNITY AND INSURANCE COSTS

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

OTHER STATUTORY INFORMATION

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

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

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

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 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

DIRECTORS' REPORT
For the year ended 31 December 2021
(CONT'D)

AUDITORS

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

The auditors' remuneration is disclosed in Note 21 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: 18 April 2022

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2021

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	54,539	42,455	-	-
Right-of-use assets	4	163	-	-	-
Investment property	5	-	1,198	-	1,198
Intangible assets	6	186	-	-	-
Goodwill	7	5,633	5,105	-	-
Investments in subsidiaries	8	-	-	61,590	56,590
Investment in an associate	9	182	-	290	-
Other investments	10	524	-	524	-
Deferred tax assets	11	-	17	-	-
Total non-current assets		61,227	48,775	62,404	57,788
Inventories	12	21,961	20,125	-	-
Current tax assets		661	617	173	139
Trade and other receivables	13	4,999	7,535	14,228	6,407
Cash and cash equivalents	14	28,183	20,609	22,125	16,049
Total current assets		55,804	48,886	36,526	22,595
Total assets		117,031	97,661	98,930	80,383
Equity					
Share capital		81,062	66,495	81,062	66,495
Reserves		20,020	22,021	8,855	13,735
Equity attributable to owners of the Company	15	101,082	88,516	89,917	80,230
Non-controlling interests		-	-	-	-
Total equity		101,082	88,516	89,917	80,230

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021
(CONT'D)

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Liabilities					
Loans and borrowings	16	688	-	-	-
Redeemable Convertible Preference Shares ("RCPS")		6,065	-	6,065	-
Lease liabilities		126	-	-	-
Deferred tax liabilities	11	3,230	2,721	-	-
Total non-current liabilities		10,109	2,721	6,065	-
Trade and other payables	17	4,908	3,993	2,787	153
Loans and borrowings	16	731	2,431	-	-
Redeemable Convertible Preference Shares ("RCPS")		161	-	161	-
Lease liabilities		40	-	-	-
Total current liabilities		5,840	6,424	2,948	153
Total liabilities		15,949	9,145	9,013	153
Total equity and liabilities		117,031	97,661	98,930	80,383

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Revenue	18	30,617	25,289	379	240
Cost of sales		(23,237)	(18,867)	-	-
Gross profit		7,380	6,422	379	240
Other income		933	5,327	37	4,975
Distribution expenses		(1,029)	(787)	-	-
Administrative expenses		(14,177)	(8,982)	(2,168)	(2,084)
Results from operating activities		(6,893)	1,980	(1,752)	3,131
Finance costs	19	(278)	(132)	(175)	-
Finance income		4	25	37	52
Share of loss of equity-accounted associate, net of tax		(108)	-	-	-
(Loss)/Profit before tax		(7,275)	1,873	(1,890)	3,183
Tax income	20	828	49	1	5
(Loss)/Profit for the year	21	(6,447)	1,922	(1,889)	3,188
Other comprehensive income/(expense) for the year, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property		7,372	-	-	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations	22	12	(10)	-	-
Total other comprehensive income/(expense) for the year, net of tax		7,384	(10)	-	-
Total comprehensive income /(expense) for the year		937	1,912	(1,889)	3,188

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021
(CONT'D)

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to:					
Owners of the Company		(6,394)	1,922	(1,889)	3,188
Non-controlling interests		(53)	-	-	-
(Loss)/Profit for the year		(6,447)	1,922	(1,889)	3,188
Total comprehensive income /(expense) attributable to:					
Owners of the Company		990	1,912	(1,889)	3,188
Non-controlling interests		(53)	-	-	-
Total comprehensive income /(expense) for the year		937	1,912	(1,889)	3,188
(Loss)/Earnings per ordinary share (sen)					
Basic	23	(1.49)	0.61		
Diluted	23	(1.49)	0.55		

The notes on pages 60 to 121 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	← Attributable to owners of the Company →						
	← Non-distributable →					Distributable	
Group	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2020	66,123	(1,245)	161	16,386	9,206	(4,123)	86,508
Foreign currency translation differences for foreign operations	-	-	(10)	-	-	-	(10)
Total other comprehensive income for the year	-	-	(10)	-	-	-	(10)
Profit for the year	-	-	-	-	-	1,922	1,922
Total comprehensive (expense)/income for the year	-	-	(10)	-	-	1,922	1,912
Contributions by and distributions to owners of the Company							
Own shares acquired	-	(495)	-	-	-	-	(495)
Own shares sold	-	166	-	-	-	53	219
Exercise of warrants	372	-	-	-	-	-	372
Total transactions with owners of the Company	372	(329)	-	-	-	53	96
At 31 December 2020	66,495	(1,574)	151	16,386	9,206	(2,148)	88,516
	Note 15.1	Note 15.2	Note 15.4	Note 15.5	Note 15.6		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021
(CONT'D)

	← Attributable to owners of the Company →									
	← Non-distributable →						Distributable			
Group	Share capital RM'000	Treasury shares RM'000	RCPS RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2021	66,495	(1,574)	-	151	16,386	9,206	(2,148)	88,516	-	88,516
Revaluation of property	-	-	-	-	7,372	-	-	7,372	-	7,372
Foreign currency translation differences for foreign operations	-	-	-	12	-	-	-	12	-	12
Total other comprehensive income for the year	-	-	-	12	7,372	-	-	7,384	-	7,384
Loss for the year	-	-	-	-	-	-	(6,394)	(6,394)	(53)	(6,447)
Total comprehensive income/(expense) for the year	-	-	-	12	7,372	-	(6,394)	990	(53)	937
Contributions by and distributions to owners of the Company										
Own shares acquired	-	(5,592)	-	-	-	-	-	(5,592)	-	(5,592)
Own shares sold	-	1,617	-	-	-	-	847	2,464	-	2,464
Exercise of warrants	7,817	-	-	-	-	-	-	7,817	-	7,817
Issuance of RCPS	-	-	147	-	-	-	-	147	-	147
Conversion of RCPS	6,750	-	(10)	-	-	-	-	6,740	-	6,740
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	-	53	53
Total transactions with owners of the Company	14,567	(3,975)	137	-	-	-	847	11,576	53	11,629
At 31 December 2021	81,062	(5,549)	137	163	23,758	9,206	(7,695)	101,082	-	101,082
	Note 15.1	Note 15.2	Note 15.3	Note 15.4	Note 15.5	Note 15.6				

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	← Attributable to owners of the Company →				
	← Non-distributable →			Distributable	
Company	Share capital RM'000	Treasury shares RM'000	RCPS RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2020	66,123	(1,245)	-	12,068	76,946
Profit and total comprehensive income for the year	-	-	-	3,188	3,188
Contributions by and distributions to owners of the Company					
Own shares acquired	-	(495)	-	-	(495)
Own shares sold	-	166	-	53	219
Exercise of warrants	372	-		-	372
Total transactions with owners of the Company	372	(329)	-	53	96
At 31 December 2020/1 January 2021	66,495	(1,574)	-	15,309	80,230
Loss and total comprehensive expense for the year	-	-	-	(1,889)	(1,889)
Contributions by and distributions to owners of the Company					
Own shares acquired	-	(5,592)	-	-	(5,592)
Own shares sold	-	1,617	-	847	2,464
Exercise of warrants	7,817	-	-	-	7,817
Issuance of RCPS	-	-	147	-	147
Conversion of RCPS	6,750	-	(10)	-	6,740
Total transactions with owners of the Company	14,567	(3,975)	137	847	11,576
At 31 December 2021	81,062	(5,549)	137	14,267	89,917
	Note 15.1	Note 15.2	Note 15.3		

The notes on pages 60 to 121 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(7,275)	1,873	(1,889)	3,183
Adjustments for:					
Depreciation of property, plant and equipment	3	2,208	1,873	-	-
Depreciation of intangible assets		37	-	-	-
Depreciation of right-of-use assets	4	41	102	-	-
Depreciation of investment property	5	22	27	22	27
Dividend income		(379)	(240)	(379)	(240)
Finance costs	19	278	132	175	-
Finance income		(4)	(25)	(37)	(52)
Gain on disposal of other investment	21	-	(4,361)	-	(4,361)
Loss on disposal of investment property	21	176	-	176	-
(Gain)/Loss on unrealised foreign exchange	21	(115)	113	8	(4)
Gain on disposal of property, plant and equipment	21	(53)	(1)	-	-
Net gain in fair value of other investments measured at fair value	21	(18)	-	(18)	-
Net (gain)/loss in fair value of fixed income trust funds measured at fair value	21	(20)	22	(20)	22
Property, plant and equipment written off	21	6	14	-	-
Reversal of impairment on amount due from subsidiaries		-	-	-	(82)
Impairment loss on investment in subsidiaries	8	-	-	248	-
Impairment loss on amount due from subsidiaries	13	-	-	627	23
Share of loss of equity- accounted associate, net of tax		108	-	-	-
Operating loss before changes in working capital		(4,988)	(471)	(1,087)	(1,484)

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021
(CONT'D)

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (continued)					
Change in inventories		(1,836)	312	-	-
Change in trade and other receivables		2,594	(4,719)	(8,439)	(5,902)
Change in trade and other payables		7,120	35	8,832	(26)
Cash generated from/(used in) operations		**2,890**	**(4,843)**	**(694)**	**(7,412)**
Interest paid		(105)	(128)	(8)	-
Interest received		4	25	37	52
Income tax paid		(362)	(484)	(33)	(66)
Income tax refund		53	-	-	-
Net cash generated from/(used in) operating activities		2,480	(5,430)	(698)	(7,426)
Cash flows from investing activities					
Acquisition of property, plant and equipment		(4,472)	(312)	-	-
Acquisition of intangible assets		(223)	-	-	-
Dividend received		379	240	379	240
Proceeds from disposal of property, plant and equipment		117	1	-	-
Proceeds from disposal of investment property		1,000	-	1,000	-
Acquisition of subsidiary		-	*	(5,248)	-
Proceeds from disposal of other investments		-	17,251	-	17,251
Investment in an associate		(290)	-	(290)	-
Acquisition of other investments		(506)	(2,944)	(506)	(2,944)
Acquisition of subsidiary, net of cash and cash equivalents acquired		(528)	-	-	-
Acquisition of non-controlling interests		53	-	-	-
Net cash (used in)/generated from investing activities		(4,470)	14,236	(4,665)	14,547

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021
(CONT'D)

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Repayment of bankers' acceptances		(468)	(386)	-	-
Proceeds from/(Repayment of) finance lease liabilities		(131)	(141)	-	-
Payment of lease liabilities		(44)	(110)	-	-
Repurchase of treasury shares		(5,592)	(495)	(5,592)	(495)
Proceeds from sales of treasury shares		2,464	219	2,464	219
Proceeds from exercise of warrants		7,817	372	7,817	372
Proceeds from RCPS conversion		6,750	-	6,750	-
Net cash generated from/(used in) financing activities		10,796	(541)	11,439	96
Net increase in cash and cash equivalents		8,806	8,265	6,076	7,217
Effect of exchange rate fluctuations on cash held		80	(116)	-	-
Cash and cash equivalents at 1 January		19,297	11,148	16,049	8,832
Cash and cash equivalents at 31 December	(i)	28,183	19,297	22,125	16,049

*Denotes RM1

Cash outflows for leases as a lessee

Included in net cash from operating activities					
Interest paid in relation to lease liabilities	19	6	4	-	-
Included in net cash used in financing activities					
Payment of lease liabilities		44	110	-	-
Total cash outflows for leases		50	114	-	-

(i) Cash and cash equivalents

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

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	14	28,183	20,609	22,125	16,049
Bank overdrafts	16	-	(1,312)	-	-
		28,183	19,297	22,125	16,049

The notes on pages 60 to 121 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Principal place of business
No. 45, Jalan Taming Dua
Taman Taming Jaya
43300 Seri Kembangan
Selangor Darul Ehsan

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2021 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 8 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 18 April 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

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

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

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 2023

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

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

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

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

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for those marked ("*") which are not applicable to the Group and the Company; and

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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 7- Goodwill
- Note 8- Investments in subsidiaries
- Note 12- Inventories

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

(v) Associates

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

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

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

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial assets (continued)

(a) Amortised cost

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

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

(b) Fair value through profit or loss

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

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

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

Financial liabilities

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

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

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

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

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

(iv) Derecognition

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, except for freehold land and factory buildings are measured at cost less any accumulated depreciation and any accumulated impairment losses.

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

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

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

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

Property, plant and equipment under the revaluation model

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

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

(ii) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation

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

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

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

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

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

(e) Leases

(i) Definition of a lease

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

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

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

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

As a lessor

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(iii) Subsequent measurement

As a lessee

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

As a lessor

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

(f) Intangible assets

(i) Goodwill

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

(ii) Other intangible assets

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

(iii) Amortisation

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

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

The estimated useful lives for the current period is as follows:

- Computer software 2 years

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment property

(i) Investment property carried at cost

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

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

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

(ii) Reclassification to/from investment property

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

(h) Inventories

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

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

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

(i) Contract asset/Contract liability

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

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

(j) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment

(i) Financial assets

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

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

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

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

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

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

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

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

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(ii) Other assets

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

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

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

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

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

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

(l) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Equity instruments (continued)

(iii) Preference share capital

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

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

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

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

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

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Compound financial instruments

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

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

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

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

(n) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (continued)

(iii) Share-based payment transactions

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

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

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

(o) Provisions

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

(p) Revenue and other income

(i) Revenue

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

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

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue and other income (continued)

(ii) Dividend income

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

(iii) Interest income

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

(iv) Rental income

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

(q) Borrowing costs

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

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

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Income tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income tax (continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

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

(s) Earnings per ordinary share

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

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

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

(t) Operating segments

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

(u) Contingent liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Fair value measurement

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

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

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

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

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

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Factory buildings RM'000	Hostels RM'000	Plant and machinery RM'000	Moulds RM'000	Factory equipment RM'000	Office equipment, furniture, fixtures and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Cost/Revalued										
At 1 January 2020	26,700	11,300	102	35,439	9,023	1,738	2,886	2,645	672	90,505
Additions	-	-	-	133	34	28	117	-	-	312
Disposals	-	-	-	-	-	-	(2)	-	-	(2)
Written off	-	-	-	(322)	(167)	(18)	(27)	-	-	(534)
At 31 December 2020/ 1 January 2021	26,700	11,300	102	35,250	8,890	1,748	2,974	2,645	672	90,281
Revaluation	3,850	3,150	-	-	-	-	-	-	-	7,000
Additions	-	-	-	875	19	127	451	2,653	1,096	5,221
Disposals	-	-	-	-	-	-	(17)	(370)	-	(387)
Written off	-	-	-	(479)	(60)	(41)	(127)	-	-	(707)
Acquisition through business combination	-	-	-	-	-	-	8	140	2	150
At 31 December 2021	30,550	14,450	102	35,646	8,849	1,834	3,289	5,068	1,770	101,558
Accumulated depreciation										
At 1 January 2020	-	1,268	55	32,208	7,401	1,446	2,452	989	656	46,475
Depreciation for the year	-	412	2	537	326	72	137	383	4	1,873
Disposals	-	-	-	-	-	-	(2)	-	-	(2)
Written off	-	-	-	(322)	(167)	(6)	(25)	-	-	(520)
At 31 December 2020/ 1 January 2021	-	1,680	57	32,423	7,560	1,512	2,562	1,372	660	47,826
Reclassification	-	-	-	55	(55)	-	-	-	-	-
Revaluation	-	(1,991)	-	-	-	-	-	-	-	(1,991)
Depreciation for the year	-	471	2	528	233	81	135	697	61	2,208
Disposals	-	-	-	-	-	-	(6)	(317)	-	(323)
Written off	-	-	-	(479)	(60)	(40)	(122)	-	-	(701)
At 31 December 2021	-	160	59	32,527	7,678	1,553	2,569	1,752	721	47,019

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Factory buildings	Hostels	Plant and machinery	Moulds	Factory equipment	Office equipment, furniture, fixtures and fittings	Motor vehicles	Renovation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amounts										
At 1 January 2020	26,700	10,032	47	3,231	1,622	292	434	1,656	16	44,030
At 31 December 2020/ 1 January 2021	26,700	9,620	45	2,827	1,330	236	412	1,273	12	42,455
At 31 December 2021	30,550	14,290	43	3,119	1,171	281	720	3,316	1,049	54,539

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 the cost model, their carrying amounts would have been RM11,445,000 (2020: RM11,445,000) and RM6,400,000 (2020: RM6,685,000) 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 finance lease

Included in property, plant and equipment of the Group are motor vehicles under finance leases with carrying amount of RM1,234,000 (2020: RM335,000).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. RIGHT-OF-USE ASSETS

Group	Buildings RM'000
At 1 January 2020	102
Depreciation	(102)
At 31 December 2020/1 January 2021	-
Additions	204
Depreciation	(41)
At 31 December 2021	163

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

5. INVESTMENT PROPERTY

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cost				
At 1 January	1,333	1,333	1,333	1,333
Disposal	(1,333)	-	(1,333)	-
At 31 December	-	1,333	-	1,333
Accumulated depreciation				
At 1 January	(135)	(108)	(135)	(108)
Depreciation for the year	(22)	(27)	(22)	(27)
Disposal	157	-	157	-
At 31 December	-	(135)	-	(135)
Carrying amounts	-	1,198	-	1,198

Included in the above are:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At cost:				
Building	-	1,198	-	1,198

5. INVESTMENT PROPERTY (CONTINUED)

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Direct operating expenses:				
- non-income generating investment property	18	18	18	18

5.1 Fair value information

Fair value of investment properties are categorised as follows:

	2021	2020
	Level 3	Level 3
	RM'000	RM'000
Group and Company		
Building	-	3,317

Level 3 fair value

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

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method: The valuation method considers the sales and listing of comparable properties recorded in the area and adjustments are made between the subject properties and those similar properties. The adjustments are made in relation to location and accessibility, size of the lot, legal and legislation constraints, supply and demand. The most significant input into this valuation approach is price per square foot.	Price per square foot (2021: RMNil) (2020: RM600 - RM1,150)	The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. INTANGIBLE ASSETS

Group	Computer software
	RM'000
Cost	
At 31 December 2020/1 January 2021	-
Additions	223
At 31 December 2021	223
Accumulated amortisation and impairment loss	
At 31 December 2020/1 January 2021	
Amortisation for the year	37
Accumulated amortisation	37
Accumulated impairment loss	-
At 31 December 2021	37
Carrying amounts	
At 31 December 2020/1 January 2021	-
At 31 December 2021	186

7. GOODWILL

	Group	
	2021	2020
	RM'000	RM'000
Cost	5,633	5,105
Carrying amounts	5,633	5,105

Impairment testing for cash-generating unit containing goodwill

For the purpose of the impairment testing, goodwill is allocated to the following cash-generating units at which the goodwill is monitored for internal management purposes:

		Group	
	Note	2021	2020
		RM'000	RM'000
Stainless steel products	7.1	5,105	5,105
Others	29 (iv)	528	-
		5,633	5,105

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. GOODWILL (CONTINUED)

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

7.1. 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 approximately its recoverable amount and no impairment loss was recognised.

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

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan. Cash flows for period after the 5th year were extrapolated using a constant growth rate of 2% (2020: 3%), which represent management's assessment on the growth rate for clad metals and convex mirror industry using both external sources and internal sources (historical data).
- Revenue growth rate in the 5-year business plans is ranging from 2% to 47% per annum (2020: 3% to 19% per annum)
- Gross profit margin in the 5-year business plans is 22.9% (2020: 22.3% to 24.2%)
- A pre-tax discount rate of 16.6% (2020: 16.5%)

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

The above estimates are particularly sensitive in future planned revenue. A decrease to 7.8% (2020: 6.15%) (annual average) in the future planned revenue would result in an impairment loss of RM4,000 (2020: RM40,000).

7.2 The difference between the recoverable amount of the other cash-generating and its carrying amount of RM528,000 was determined to be insignificant and no impairment loss was recognised in the financial year ended 31 December 2021.

8. INVESTMENTS IN SUBSIDIARIES

		Company	
	Note	2021	2020
		RM'000	RM'000
Unquoted shares, at cost		61,705	56,705
Less: Impairment loss	8.2	(115)	(115)
		61,590	56,590
Amount due from a subsidiary	8.1	3,119	2,871
Less: Impairment loss	8.2	(3,119)	(2,871)
		-	-
		61,590	56,590

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

The total impairment loss as of 31 December 2021 of RM3,234,000 (2020: RM2,986,000) was mainly attributable to the investment and amount due from an overseas subsidiary amounting to RM3,165,000 (2020: RM2,916,000) as the management is of the view that the business is affected by geopolitical factors in Europe which is beyond the management's control.

The recoverable amount of the investment in subsidiary was RM Nil (2020: RM Nil) which was based on the fair value less cost to disposal by estimating the fair value of the underlying assets and liabilities of the subsidiary. Following an impairment of cost of investment in subsidiary, the recoverable amount is equal to the carrying amount.

8.3 Incorporation of new subsidiary

On 22 March 2021, the Company's wholly-owned subsidiary, Ni Hsin Food & Beverages Sdn. Bhd. ("NHFB") has incorporated a new wholly-owned subsidiary, known as Blackbixon2Go Sdn. Bhd. ("BB2GO"). The issued and paid-up capital of BB2GO is RM2.00 only comprising 2 ordinary shares. The principal activity of BB2GO is engaged in all kinds of business relating to foods and beverages. Subsequent to the incorporation, BB2GO becomes a wholly-owned subsidiary of NHFB, which in turn is a wholly-owned subsidiary of the Company. On 12 November 2021, BB2GO has increased the issued and paid-up capital to RM10,000 which NHFB holds 50% of the equity interest of BB2GO. The Directors have determined that BB2GO remains as subsidiary of NHFB, which in turn is a subsidiary of the Company, as NHFB controls BB2GO on the basis that NHFB has the current ability to direct BB2GO activities that most significantly affect the returns.

On 24 August 2021, the Company has incorporated new wholly-owned subsidiaries, known as Ni Hsin EV Tech Sdn. Bhd. ("NHEVT") and Ni Hsin Ecologistics Sdn. Bhd. ("NHECO"). The issued and paid-up capital of NHEVT and NHECO is RM1.00 only comprising 1 ordinary share respectively. The principal activity of NHEVT is manufacturing, assembling, promoting and marketing of all kinds of electric vehicles and accessories and the principal activity of NHECO is eco-friendly logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor.

On 8 October 2021, NHEVT has increased the issued and paid-up capital to RM3.00 million and on 20 October 2021, NHECO has increased the issued and paid-up capital to RM1.00 million.

8.4 Acquisition of new subsidiary

On 22 October 2021, the Company's wholly-owned subsidiary, NHECO has acquired 60% equity interest of a company, known as Pride Logistics Alliance Sdn. Bhd. ("PLA"). The principal activity of PLA is logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor. Subsequent to the acquisition, PLA becomes a subsidiary of NHECO.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective ownership interest 2021	Effective ownership interest 2020
			%	%
Ni Hsin Corporation Sdn. Bhd. ("NHC")	Design, manufacture and sale of stainless steel kitchenware and cookware	Malaysia	100	100
Ever-Grow Advanced Materials Sdn. Bhd. ("EGAM")	Research, development and manufacturing of stainless steel products	Malaysia	100	100
Steel Crafts Europa S.R.L. ("SCE")*	Trading and assembly of kitchenware, cookware, and stainless steel products	Italy	100	100
Ni Hsin Marketing Sdn. Bhd. ("NHM")@	General merchandiser, distribution and marketing of cookware, kitchenware, marketing and trading in all kinds of personal protective equipment, foodstuffs and dairy products	Malaysia	100	100
Pentoli Sdn. Bhd. ("PSB")@	Distribution and marketing of cookware, kitchenware, water filters, stainless steel products and related products and accessories	Malaysia	100	100
Ni Hsin Marketing (HK) Limited ("NHHK")@^	General trading of all kinds and descriptions and retailer	Hong Kong	100	100
Ni Hsin Food & Beverages Sdn. Bhd. (NHFB)	Research, development and manufacturing of food and beverages products	Malaysia	100	100
Subsidiaries of NHFB BlackBixon Sdn. Bhd. (BBSB)	Direct sales business in all kind of home appliances, food and beverages products and energy drinks	Malaysia	100	100
Subsidiaries of NHFB BlackBixon2Go Sdn. Bhd. (BB2GO)$	Transporters and carriers of all kinds of foods and beverages	Malaysia	50	-
Ni Hsin EV Tech Sdn. Bhd. ("NHEVT")#	Assembling, promoting and marketing of all kinds of electric vehicles (EV)	Malaysia	100	-
Ni Hsin Ecologistics Sdn. Bhd. ("NHECO")#	Eco-friendly logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor	Malaysia	100	-
Subsidiary of NHECO Pride Logistics Alliance Sdn. Bhd. ("PLA")&@	Logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor	Malaysia	60	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

* Subsidiary incorporated in Italy has not been audited as it is exempted from statutory audit under Italian Company Laws. It is prepared based on unaudited management accounts for the year ended 31 December 2021.
^ Subsidiary incorporated in Hong Kong has not been audited as it has not commenced any operations.
\# New wholly-owned subsidiary incorporated in Malaysia during 2021.
& Subsidiary acquired during October 2021.
@ Not audited by KPMG.

9. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At cost				
Unquoted shares	290	-	290	-
Share of post-acquisition reserves	(108)	-	-	-
	182	-	290	-

Details of the associate is as follows:

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. 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	
	2021	2020
	RM'000	RM'000
Summarised financial information		
As at 31 December		
Non-current assets	177	-
Current assets	196	-
Non-current liabilities	-	-
Current liabilities	(25)	-
Net assets	348	-
Year ended 31 December		
Loss and total comprehensive expense	(541)	-
Included in the total comprehensive expense is:		
Revenue	146	-
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	101	-
Goodwill	91	-
Effect of dilution in ownership	(10)	-
Carrying amount in the statement of financial position	182	-
Group's share of results for the year ended 31 December		
Group's share of loss and total comprehensive income	(108)	-
Other information		
Dividend received by the Group	-	-

10. OTHER INVESTMENTS

	Group and Company	
	Quoted shares	
	2021	2020
	RM'000	RM'000
Non-Current		
Financial assets at fair value through profit or loss		
- Held for trading	524	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment	-	-	(4,908)	(4,325)	(4,908)	(4,325)
Provisions	127	71	-	-	127	71
Unabsorbed capital allowances carried forward	478	530	-	-	478	530
Tax losses carried forward	914	864	-	-	914	864
Others	159	156	-	-	159	156
Tax assets/(liabilities)	1,678	1,621	(4,908)	(4,325)	(3,230)	(2,704)
Set off of tax	(1,678)	(1,604)	1,678	1,604	-	-
Net tax assets/(liabilities)	-	17	(3,230)	(2,721)	(3,230)	(2,704)

Unrecognised deferred tax assets/(liabilities)

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

	Group	
	2021	2020
	RM'000	RM'000
Tax losses carried forwards	3,774	245

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

Movement in temporary differences during the year

	At 1.1.2020	Recognised in profit or loss (Note 20)	At 31.12.2020/ 1.1.2021	Recognised in profit or loss (Note 20)	Recognised in other comprehensive income (Note 20)	At 31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment	(4,486)	161	(4,325)	1,036	(1,619)	(4,908)
Right-of-use assets	1	(1)	-	-	-	-
Provisions	47	24	71	56	-	127
Unabsorbed capital allowances carried forward	388	142	530	(52)	-	478
Tax losses carried forward	930	(66)	864	50	-	914
Other items	135	21	156	3	-	159
	(2,985)	281	(2,704)	1,093	(1,619)	(3,230)

12. INVENTORIES

	Group	
	2021	2020
	RM'000	RM'000
Raw materials and component parts	11,209	10,774
Indirect materials	871	852
Work-in-progress	689	1,104
Manufactured inventories	9,192	7,395
	21,961	20,125
Recognised in profit or loss:		
Inventories recognised as cost of sales	23,237	18,867

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Current					
Trade					
Trade receivables		1,620	1,953	-	-
Non-trade					
Subsidiary	13.3	-	-	14,594	7,044
Less: provision for doubtful debt		-	-	(1,267)	(640)
		-	-	13,327	6,404
Non-trade					
Other receivables	13.1	2,622	4,110	900	-
Deposits	13.2	287	1,180	1	3
Prepayments		470	292	-	-
		3,379	5,582	14,228	6,407
		4,999	7,535	14,228	6,407

Group

13.1 Included in other receivables are advanced payments made for purchases of equipment amounting to Nil (2020: RM2,185,000), advanced payments made for purchases of inventories amounting to RM671,000 (2020: RM420,000).

13.2 Included in deposits are deposits for product and software development amounting to Nil (2020: RM484,000) and for acquisition of motor vehicle amounting to Nil (2020: RM405,000).

Company

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks		214	211	193	190
Fixed income trust funds, at fair value through profit or loss	14.1	20,768	15,440	20,768	15,440
Cash and bank balances		7,201	4,958	1,164	419
		28,183	20,609	22,125	16,049

14.1 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.

15. SHARE CAPITAL AND RESERVES

15.1 Share capital

	Group and Company			
	Amount 2021	Number of shares 2021	Amount 2020	Number of shares 2020
	RM'000	'000	RM'000	'000
Ordinary shares, issued and fully paid:				
At 1 January	66,495	324,209	66,123	321,515
Exercise of warrant	7,817	130,037	372	2,694
Conversion of RCPS	6,750	56,248	-	-
At 31 December	81,062	510,494	66,495	324,209

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.

15.2 Treasury shares

Treasury shares comprises cost of acquisition of the Company's own shares. For the financial year ended 31 December 2021, the Company repurchased 33,092,900 units (2020: 6,018,000) of its issued share capital from the open market costing RM5,592,066 (2020: RM494,955). The average price paid for the shares repurchased was RM0.17 (2020: RM0.08) per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

During the financial year, the Company sold 9,242,000 treasury shares amounting to RM2,464,076 at the open market at an average price of RM0.27. As at 31 December 2021, the total number of treasury shares is 33,312,436 (2020: 9,461,536).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. SHARE CAPITAL AND RESERVES (CONTINUED)

15.2 Treasury shares (continued)

The number of outstanding shares in issue after deducting treasury shares held at the financial year end is 477,181,834 (2020: 314,747,715) ordinary shares. Treasury shares have no rights to voting, dividends and participation in other distribution.

15.3 Redeemable Convertible Preference Shares

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

On March 2021, the Company issued 675,863,030 pursuant to the right issue of RCPS at issue price of RM0.01 per RCPS on the basis of 2 RCPS for every 1 existing ordinary share held by the entitled shareholders of the Company.

The tenure of the instruments is five years commencing from and inclusive of the date of issue of the RCPS. The salient features of the RCPS are as follows:

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

During the financial year, 56,248,000 units of RCPS were converted into 56,248,000 new ordinary shares.

15.4 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.

15. SHARE CAPITAL AND RESERVES (CONTINUED)

15.5 Revaluation reserve

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

15.6 Other reserve

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

15.7 Warrants

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

The main features of the Warrant are as follows:

i) Each Warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, which has been fixed at RM0.138 per share subject to adjustments in accordance with the provisions of the Deed Poll dated 24 April 2019 constituting the Warrant;

ii) The tenure of Warrant is for a period of three (3) years and may be exercised at any time on or after 21 May 2019. Warrant not exercised during the exercise period shall thereafter lapse and cease to be valid for any purpose; and

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

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

During the financial year, 130,037,119 (2020: 2,694,341) warrants were exercised by registered warrant holders at exercise price of RM0.138 (subsequently adjusted to RM0.05) (2020: RM0.138). The number of warrants unexercised at the end of the reporting period was 74,829,028 (2020: 155,840,924).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. LOANS AND BORROWINGS

	Group	
	2021	2020
	RM'000	RM'000
Non-current		
Hire purchase liabilities	688	-
Current		
Bankers' acceptances (unsecured)	506	974
Bank overdrafts	-	1,312
Hire purchase liabilities	225	145
	731	2,431
	1,419	2,431

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Future minimum lease payments 2021 RM'000	Interest 2021 RM'000	Present value of minimum lease payments 2021 RM'000	Future minimum lease payments 2020 RM'000	Interest 2020 RM'000	Present value of minimum lease payments 2020 RM'000
Less than one year	258	33	225	148	3	145
Between one and five years	735	45	688	-	-	-
	993	78	913	148	3	145

Included in the Group's hire purchase liabilities are lease of motor vehicles with carrying amount of RM1,234,000 (2020: RM335,000) under the hire purchase expiring within five years.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. LOANS AND BORROWINGS (CONTINUED)

16.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1 January 2021 RM'000	Acquisition of new leases RM'000	Net changes from financing cash flows RM'000	Interest expense RM'000	Interest paid RM'000	At 31 December 2021 RM'000
Bankers' acceptances	974	-	(468)	27	(27)	506
Hire purchase liabilities	145	899	(131)	24	(24)	913
Total liabilities from financing activities	1,119	899	(600)	51	(51)	1,419

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

17. TRADE AND OTHER PAYABLES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current					
Trade					
Trade payables		957	1,222	-	-
Contract liabilities	17.1	1,041	635	-	-
		1,998	1,857	-	-
Non-trade					
Other payables		1,843	1,247	287	102
Accrued expenses		1,067	889	-	-
Amount due to subsidiary	17.2	-	-	2,500	51
		2,910	2,136	2,787	153
		4,908	3,993	2,787	153

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

17.2 The amount due to subsidiaries is unsecured, interest free and repayable on demand except for RM2,449,000 (2020: Nil) which is unsecured, subject to fixed interest rate from 1.65% (2020: Nil) per annum with fixed terms of repayment over a period of a year (2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. REVENUE

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
- Sales of goods	29,479	25,049	-	-
- Others	759	-	-	-
	30,238	25,049	-	-
Dividend income	379	240	379	240
	30,617	25,289	379	240

18.1 Nature of goods and services

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

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

19. FINANCE COSTS

	Group		Company	
	2021	2020	2021	2020
	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	54	64	-	-
Bankers' acceptances	27	57	-	-
Hire purchase liabilities	24	7	-	-
Interest expense on lease liabilities	6	4	-	-
Interest expense on intercompany loan	-	-	8	-
RCPS	167	-	167	-
	278	132	175	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. TAX INCOME

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current	237	199	-	1
- under/(over) provision in prior years	28	33	(1)	(6)
Total current tax recognised in profit or loss	265	232	(1)	(5)
Deferred tax expense				
- origination and reversal of temporary differences	(267)	(346)	-	-
- (over)/under provision in prior years	(826)	65	-	-
Total deferred tax recognised in profit or loss	(1,093)	(281)	-	-
Total income tax income	(828)	(49)	(1)	(5)
Recognised in other comprehensive income				
Revaluation surplus of property	1,619	-	-	-
Reconciliation of effective tax expense				
(Loss)/Profit for the year	(6,447)	1,922	(1,889)	3,188
Tax expense	(828)	(49)	(1)	(5)
(Loss)/Profit excluding tax	(7,275)	1,873	(1,890)	3,183
Income tax calculated using Malaysian tax rate of 24% (2020: 24%)	(1,746)	449	(454)	764
Non-deductible expenses	965	467	545	284
Non-taxable income	-	-	-	-
Tax exempt income	(90)	(1,047)	(91)	(1,047)
Tax incentives	-	(16)	-	-
	(871)	(147)	-	1
Current year losses for which no deferred tax asset was recognised	841	-	-	-
Under/(Over) provision in prior years	(798)	98	(1)	(6)
Tax income	(828)	(49)	(1)	(5)
Recognised in other comprehensive income				
Revaluation surplus of property	1,619	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. (LOSS)/PROFIT FOR THE YEAR

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the year is arrived at after charging:				
Auditors' remuneration				
- Audit fees				
KPMG PLT	191	137	39	28
Other auditor	10	7	-	-
- Non-audit fees				
KPMG PLT	49	56	22	21
Other auditor	5	3	-	-
Material expenses				
Depreciation of property, plant and equipment	2,208	1,873	-	-
Depreciation of investment property	22	27	22	27
Depreciation of right-of-use assets	41	102	-	-
Impairment loss on amount due from subsidiaries	-	-	627	23
Net loss on foreign exchange - unrealised	-	113	8	-
Net loss in fair value of fixed income trust fund measured at fair value	-	22	-	22
Loss on disposal of investment property	176	-	176	-
Property, plant and equipment written off	6	14	-	-
Personnel expenses (including key management personnel)				
- Contributions to state plans	781	493	-	-
- Wages, salaries and others	10,295	7,373	329	170
Material income				
Gain on disposal of property, plant and equipment	53	1	-	-
Gain on disposal of other investments	-	4,361	-	4,361
Reversal of impairment on amount due from subsidiaries	-	-	-	82
Net gain in fair value of other investments measured at fair value	18	-	18	-
Net gain in fair value of fixed income trust fund measured at fair value	20	-	20	-
Dividend income from fixed income trust funds	379	240	379	240
Net gain on foreign exchange - unrealised	115	-	-	4
Net gain on foreign exchange - realised	479	409	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	Before tax	Tax expense	Net of tax
	RM'000	RM'000	RM'000
Group			
2021			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property	8,991	(1,619)	7,372
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	12	-	12
2020			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property	-	-	-
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	(10)	-	(10)

23. (LOSS)/EARNING PER ORDINARY SHARE

Group

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share at 31 December 2021 was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

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

Group	2021	2020
	RM'000	RM'000
(Loss)/Profit for the year attributable to owners of the Company	(6,394)	1,922

Group	2021	2020
Weighted average number of ordinary shares at 31 December	430,490,580	313,844,003
Basic earnings per ordinary share (sen)	(1.49)	0.61

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. (LOSS)/EARNINGS PER ORDINARY SHARE (CONTINUED)

Diluted (loss)/earnings per ordinary share

The calculation of diluted earnings/(loss) per ordinary share at 31 December 2021 was based on (loss)/profit 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	2021 RM'000	2020 RM'000
(Loss)/Profit for the year attributable to owners of the Company	(6,394)	1,922

Group	2021	2020
Weighted average number of ordinary shares at 31 December (basic)	430,490,580	313,844,003
Effect of share warrants on issue	-*	34,815,532
Effect of share RCPS on issue	-*	-
Weighted average number of ordinary shares at 31 December (diluted)	430,490,580	348,659,535

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

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

24. OPERATING SEGMENTS

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

(i)	Cookware	Design, manufacture and sale of stainless steel kitchenware and cookware
(ii)	Stainless steel products	Research, development and manufacture of stainless steel products
(iii)	Others	Trading in all kinds of personal protective equipment, food and beverages and logistic services

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.

24. 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.

	Cookware	Stainless steel products	Others	Elimi-nations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2021					
Business segments					
Revenue	14,488	12,915	3,214	-	30,617
Inter-segment revenue	1,359	4,173	421	(5,953)	-
Total revenue	15,847	17,088	3,635	(5,953)	30,617
2020					
Business segments					
Revenue	10,299	13,464	1,526	-	25,289
Inter-segment revenue	370	4,816	-	(5,186)	-
Total revenue	10,669	18,280	1,526	(5,186)	25,289

Major customers

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

	Revenue		Segment
	2021	2020	
	RM'000	RM'000	
Customer A	3,990	4,562	Stainless steel products

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. OPERATING SEGMENTS (CONTINUED)

	Cookware RM'000	Stainless steel products RM'000	Others RM'000	Elimi-nations RM'000	Total RM'000
2021					
Results					
Segment results	(781)	169	(4,827)	662	(4,777)
Unallocated corporate income/ (expenses)					(2,116)
Interest expense					(278)
Interest income					4
Share of loss of equity-accounted associate, net of tax					(108)
Loss before tax					(7,275)
Tax expense					828
Loss for the year					(6,447)
Assets					
Segment assets	60,134	21,950	26,995	(20,890)	88,189
Unallocated corporate assets					28,842
Total assets					117,031
Liabilities					
Segment liabilities	(6,361)	(3,883)	(23,777)	21,301	(12,720)
Unallocated corporate liabilities					(3,229)
Total liabilities					(15,949)
Other information					
Capital expenditure	1,132	1,124	2,975	-	5,231
Depreciation	1,332	679	197	-	2,208
Non-cash expenses/(income) other than depreciation	3	(49)	(1)	-	47

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. OPERATING SEGMENTS (CONTINUED)

	Cookware RM'000	Stainless steel products RM'000	Others RM'000	Elimi-nations RM'000	Total RM'000
2020					
Results					
Segment results	(1,212)	276	(51)	32	(955)
Unallocated corporate income/ (expenses)					2,935
Interest expense					(132)
Interest income					25
Loss before tax					1,873
Tax expense					49
Loss for the year					1,922
Assets					
Segment assets	55,335	22,365	11,106	(12,248)	76,558
Unallocated corporate assets					21,103
Total assets					97,661
Liabilities					
Segment liabilities	8,903	4,859	5,016	(12,354)	6,424
Unallocated corporate liabilities					2,721
Total liabilities					9,145
Other information					
Capital expenditure	90	165	57	-	312
Depreciation	1,300	572	1	-	1,873
Non-cash expenses other than depreciation	3	11	-	-	14

	Revenue RM'000
2020	
Results	
Geographical segments	
Japan and Korea	11,485
Malaysia and Singapore	4,982
China, Taiwan and Hong Kong	2,663
Thailand and Indonesia	424
Europe	2,486
USA and Canada	2,159
Australia	395
Others	695
	25,289

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. OPERATING SEGMENTS (CONTINUED)

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

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

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

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

	Carrying amount	AC	FVTPL
	RM'000	RM'000	RM'000
2021			
Financial assets			
Group			
Receivables and deposits (excluding prepayments)	4,529	4,401	128
Cash and cash equivalents	28,183	7,415	20,768
	32,712	11,816	20,896
Company			
Receivables and deposits (excluding prepayments)	14,228	14,228	-
Cash and cash equivalents	22,125	1,357	20,768
	36,353	15,585	20,768
Financial Liabilities			
Group			
Loan and borrowings	(1,419)	(1,419)	-
Trade and other payables	(4,908)	(4,908)	-
	(6,327)	(6,327)	-
Company			
Trade and other payables	(2,787)	(2,787)	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.1 Categories of financial instruments (continued)

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

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	458	219	30	52
Financial liabilities measured at amortised cost	(138)	(30)	(176)	4
Financial assets at fair value through profit or loss				
- other investment	18	-	18	-
- held for trading	-	-	-	-
- fixed income trust fund	20	(22)	20	(22)
- dividend income from fixed income trust fund	379	240	379	240
	737	407	271	274

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

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

Trade receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

Concentration of credit risk

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

	Group	
	2021	2020
	RM'000	RM'000
Domestic	580	443
Others	1,040	1,510
	1,620	1,953

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses

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

The management measures loss allowance on an individual basis.

The following table provides information about the exposure to credit risk for trade receivables as at 31 December 2021.

Group	Gross carrying amount RM'000	Individual impairment RM'000	Net balance RM'000
2021			
Not past due	1,329	-	1,329
Past due 1 - 30 days	194	-	194
Past due over 90 days	97	-	97
	1,620	-	1,620
2020			
Not past due	1,181	-	1,181
Past due 1 - 30 days	618	-	618
Past due over 90 days	154	-	154
	1,953	-	1,953

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

Cash and cash equivalents

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

Other receivables

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

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

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

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

As at the end of the reporting period, the Company provided total corporate guarantees amounting to RM26,140,000 (2020: RM26,140,000).

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM1,419,000 (2020: RM2,431,000) 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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 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 2021.

Company	Gross carrying amount	Impairment loss allowances	Net balance
	RM'000	RM'000	RM'000
2021			
Credit impaired	17,713	(4,386)	13,327
2020			
Credit impaired	9,915	(3,511)	6,404

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

Company	2021 Lifetime ECL
	RM'000
Balance at 1 January	3,511
Increase in allowance loss	875
Balance at 31 December	4,386

25.5 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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.5 Liquidity risk (continued)

Maturity analysis

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

	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000
Group						
2021						
Non-derivative financial liabilities						
Bankers' acceptances	506	3.27%-3.40%	506	506	-	-
Hire purchase liabilities	913	2.07%-2.37%	913	225	246	442
Trade and other payables	4,908	-	4,908	4,908	-	-
2020						
Non-derivative financial liabilities						
Lease liabilities	1,312	6.51%-7.59%	1,312	1,312	-	-
Bankers' acceptances	974	3.27%-3.39%	974	974	-	-
Hire purchase liabilities	145	2.35%-2.36%	145	145	-	-
Trade and other payables	3,993	-	3,993	3,993	-	-
Company						
2021						
Non-derivative financial liabilities						
Payables and accruals	2,787	-	2,787	2,787	-	-
Financial guarantee	-	-	1,419	1,419	-	-
2020						
Non-derivative financial liabilities						
Payables and accruals	153	-	153	153	-	-
Financial guarantee	-	-	2,431	2,431	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 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.

25.6.1 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	**EUR**	**JPY**
	RM'000	**RM'000**	**RM'000**
Group			
2021			
Trade and other receivables	1,757	273	-
Trade payables	-	(66)	-
Net exposure	1,757	207	-
2020			
Trade and other receivables	2,367	242	176
Trade payables	(452)	(59)	-
Net exposure	1,915	183	176

Company

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

Currency risk sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

A 10% (2020: 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	
	2021	2020
Group	**RM'000**	**RM'000**
USD	(134)	(146)
JPY	-	(14)
EUR	(16)	(13)

A 10% (2020: 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.

25.6.2 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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.2 Interest rate risk (continued)

Exposure to interest rate risk

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	214	211	193	190
Financial liabilities	1,419	1,119	-	-
Floating rate instruments				
Financial liabilities	-	1,312	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss			
	100 bp increase 2021	100 bp decrease 2021	100 bp increase 2020	100 bp decrease 2020
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments	-	-	(10)	10

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.7 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										
2021										
Financial assets										
Investments in club memberships	-	128	-	128	-	-	-	-	128	128
Fixed income trust fund	-	20,768	-	20,768	-	-	-	-	20,768	20,768
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	(880)	(880)	(880)	(913)
2020										
Financial assets										
Investments in club memberships	-	128	-	128	-	-	-	-	128	128
Fixed income trust fund	-	15,440	-	15,440	-	-	-	-	15,440	15,440
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	(145)	(145)	(145)	(145)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Company				
2021				
Financial assets				
Fixed income trust fund	-	20,768	-	20,768
2020				
Financial assets				
Fixed income trust fund	-	15,440	-	15,440

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 (2020: 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.

26. 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)

27. CAPITAL AND OTHER COMMITMENTS

	Group	
	2021	2020
	RM'000	RM'000
Contracted but not provided for		
Property, plant and equipment	626	1,142

28. 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Company				
Administration fee paid on behalf of subsidiary	5	23	5	23
Acquisition of shares in a company owned by key management personnel who is also a substantial shareholder	-	*	-	-

* Denotes RM1

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

The key management personnel compensations are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:				
- Fees	329	170	329	170
- Remuneration	454	331	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	2	-	-	-
	785	501	329	170
Other Directors of the Group entities:				
- Fees	360	185	-	-
- Remuneration	804	337	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	24	24	-	-
	1,188	546	-	-
	1,973	1,047	329	170

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

i) In 8 March 2021, the Company issued 675,863,030 pursuant to the rights issue of RCPS at issue price of RM0.01 per RCPS on the basis of 2 RCPS for every 1 existing ordinary share held by the entitled shareholders of the Company. On the same day, the Company also 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.

ii) In 22 March 2021, the Company's wholly-owned subsidiary, Ni Hsin Food & Beverages Sdn. Bhd. ("NHFB") has incoporated a new wholly-owned subsidiary, known as Blackbixon2Go Sdn. Bhd. ("BB2GO"). The issued and paid-up capital of BB2GO is RM2.00 only comprising 2 ordinary shares. The principal activity of BB2GO is engaged in all kinds of business relating to foods and beverages. Subsequent to the incorporation, BB2GO becomes a wholly-owned subsidiary of NHFB, which in turn is a wholly-owned subsidiary of the Company. On 12 November 2021, BB2GO has increased the issued and paid-up capital to RM10,000 which NHFB holds 50% of the equity interest of BB2GO. The Directors have determined that BB2GO remains as subsidiary of NHFB, which in turn is a subsidiary of the Company, as NHFB controls BB2GO on the basis that NHFB has the current ability to direct BB2GO activities that most significantly affect the returns.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

iii) In 24 August 2021, the Company has incorporated new wholly-owned subsidiaries, known as Ni Hsin EV Tech Sdn. Bhd. ("NHEVT") and Ni Hsin Ecologistics Sdn. Bhd. ("NHECO"). The issued and paid-up capital of NHEVT and NHECO is RM1.00 only comprising 1 ordinary share respectively. The principal activity of NHEVT is manufacturing, assembling, promoting and marketing of all kinds of electric vehicles and accessories and the principal activity of NHECO is eco-friendly logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor. In 8 October 2021, NHEVT has increased the issued and paid-up capital to RM3.00 million and on 20 October 2021, NHECO has increased the issued and paid-up capital to RM1.00 million.

iv) In 22 October 2021, the Company's wholly-owned subsidiary, NHECO has acquired 60% equity interest of a company, known as Pride Logistics Alliance Sdn. Bhd. ("PLA"). The principal activity of PLA is logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor. Subsequent to the acquisition, PLA becomes a subsidiary of NHECO.

Acquisition of subsidiary

On 22 October 2021, the Group acquired 6,000 ordinary shares of RM1.00 each of Pride Logistics Alliance Sdn. Bhd. ("PLA"), representing 60% of the existing issued and paid-up capital of 10,000 for RM600,000.00 satisfied in cash. The company is principally engaged in logistics, transport, general carriers forwarding agents, courier and cargo handlers and contractor.

Fair value of consideration transferred

	Group 2021 RM'000
Cash and bank balances	600

Identifiable assets acquired and liabilities assumed

	Note	Group 2021 RM'000
Property, plant and equipment	3	150
Trade and other receivables		421
Cash and bank balances		47
Trade and other payables		(498)
Total identifiable net assets		120

Net cash inflow arising from acquisition of subsidiary

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

Goodwill

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

	Note	Group 2021 RM'000
Total consideration transferred		600
Fair value of identifiable net assets		(120)
Non-controlling interests		48
Goodwill	7.1	528

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 50 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

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

Rizvi Bin Abdul Halim
Director

Ng Shwu Ching
Director

Kuala Lumpur

Date: 18 April 2022

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 (formerly known as Ni Shin Resources Berhad), do solemnly and sincerely declare that the financial statements set out on pages 50 to 121 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Ng Shwu Ching, NRIC: 670803-10-6136, at Kuala Lumpur on 18 April 2022.

Ng Shwu Ching

Before me:

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the members of Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad), which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 121.

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 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

To the members of Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad)
(CONT'D)

Key Audit Matters (continued)

The key audit matter of the Group

Goodwill of investment in subsidiaries	
Refer to Note 2 (a)(i) and Note 2 (f) - Significant accounting policy: Subsidiaries and Goodwill and Note 7 Goodwill	
The key audit matter	**How the matter was addressed in our audit**
The Group has RM5.6million of goodwill and is mainly attributable to the subsidiary which is involved in stainless steel products business cash-generating unit ("CGU") as at 31 December 2021. This CGU is tested for impairment annually. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of CGU. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses. The recoverable amounts are determined based on management estimates and assumptions on inputs as disclosed in Note 7 to the financial statements. This is a key audit matter because of the significant judgement required from us to evaluate the assumptions and estimates used in determining the recoverable amount of CGU.	We performed the following audit procedures, among others, around the impairment of goodwill: • We evaluated the basis and assumptions used by the management in the preparation of cash flow projections. • We challenged the assumptions used in deriving the value-in-use models based on our knowledge of the CGU's operations, and compared them against historical forecast and performance. • We used sensitivity analysis to determine those factors that were most sensitive within the valuation model. • We considered the adequacy of the Group's disclosure in respect of the impairment assessment.

INDEPENDENT AUDITORS' REPORT

To the members of Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad)
(CONT'D)

Key Audit Matters (continued)

The key audit matter of the Group (continued)

Valuation of inventories	
Refer to Note 2(h) – Significant accounting policy: Inventories and Note 12 Inventories	
The key audit matter	**How the matter was addressed in our audit**
The Group has RM21.9 million of inventories as at 31 December 2021. Inventories are measured at the lower of cost and net realisable value. Valuation of inventories is a key audit matter due to a significant amount of inventories of the Group are slow moving and there is a significant level of judgement required in: - 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 2021 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 2021 based on our understanding of the utilisation and scrap sales of each components of these inventories. • Based on the inventory aging, we assessed the Group's adequacy of provision for slow-moving inventories as at 31 December 2021 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 (formerly known as Ni Hsin Resources Berhad)
(CONT'D)

Key Audit Matters (continued)

The key audit matter of the Company (continued)

Valuation of investment in subsidiaries	
Refer to Note 2(a)(i) - Significant accounting policy: Subsidiaries and Note 8 Investments in subsidiaries	
The key audit matter	**How the matter was addressed in our audit**
The carrying value of investment in subsidiaries amounted to RM61.59million, which accounted for more than 60% of the Company's total asset as at 31 December 2021. Management determines at the end of each reporting period the existence of an objective evidence through which the Company's investment in subsidiaries may be impaired. If there are indicators of impairment, the deficit between recoverable amount of the subsidiary and its carrying value would be recognised in profit or loss. This is a key audit matter because of the significant judgement required from us to evaluate management assumptions and estimates used in determining the recoverable amount of the subsidiary especially when value in use is applicable.	We performed the following audit procedures, among others, around the impairment of subsidiaries: • We compared the carrying amount of the investment in subsidiaries with the respective subsidiaries' net assets value to identify whether the net assets values, being an approximation of their maximum recoverable amount, were in excess of the carrying amount for indication of impairment. • We evaluated the basis and assumptions used by the management in the preparation of cash flow projections. • We challenged the assumptions used in deriving the recoverable amount based on our knowledge of the subsidiaries' 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 (formerly known as Ni Hsin Resources Berhad)
(CONT'D)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

INDEPENDENT AUDITORS' REPORT

To the members of Ni Hsin Group Berhad (formerly known as Ni Hsin Resources Berhad)
(CONT'D)

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in note 8 to the financial statements.

OTHER MATTER(S)

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

18 April 2022

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

STATEMENT OF SHAREHOLDINGS

As at 31 March 2022

Total number of issued shares	526,703,739 ordinary shares (including shares held as treasury shares)
Class of shares	Ordinary Share
Voting rights	One vote per ordinary share

SIZE OF SHAREHOLDINGS AS AT 31 MARCH 2022

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of shares held	% of issued capital
Less than 100 shares	414	8.73	17,355	0.00
100 to 1,000 shares	433	9.13	154,658	0.03
1,001 to 10,000 shares	1,252	26.39	7,468,227	1.52
10,001 to 100,000 shares	2,070	43.63	79,514,762	16.20
100,001 to 26,335,185*	573	12.08	327,758,201	66.78
26,335,186 and above **	2	0.04	75,875,000	15.46
Total	**4,744**	**100.00**	**490,788,203#**	**100.00**

Notes:

 # Excluding a total of 35,915,536 shares bought-back by the Company and retained as treasury shares as at 31 March 2022

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

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

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2022

(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	11,366,666	2.32	-	-
2	Rizvi Bin Abdul Halim	-	-	-	-
3	Ng Shwu Ching	-	-	-	-
4	Lai Kian Huat	-	-	-	-
5	Khoo Wuan Ru	-	-	94,023,000#	19.16
6	Leow Chan Khiang	-	-	-	-
7	Poo Chii Miin @ Chermaine Poo	-	-	-	-
8	Dato' Seri Rosman Bin Mohamed	-	-	-	-
9	Ler Leong Keh	-	-	-	-

Note:

** Excluding a total of 35,915,536 shares bought-back by the Company and retained as treasury shares as at 31 March 2022*

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

STATEMENT OF SHAREHOLDINGS

As at 31 March 2022
(CONT'D)

30 LARGEST SHAREHOLDERS AS AT 31 MARCH 2022
(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*	45,770,000	9.33
2	TA Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	30,105,000	6.13
3	Hsiao, Chih-Che	13,514,570	2.75
4	Sofiyan Bin Yahya	11,258,333	2.29
5	Teh Beng Hock	10,000,000	2.04
6	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	9,500,000	1.94
7	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chia Kee Siong*	7,053,041	1.44
8	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Soo Yoke Mun*	6,998,951	1.43
9	Enrich Transaction Sdn. Bhd.	6,032,700	1.23
10	M & A Nominee (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	5,131,000	1.05
11	Hsiao Chih Chien	4,809,667	0.98
12	Ti Bon Poy	4,500,000	0.92
13	Tee Tiam Lee	4,356,600	0.89
14	Koh Kin Lip	4,000,000	0.82
15	HLB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	3,517,000	0.72
16	Soo Yoke Mun	3,512,032	0.72
17	Lim Kim Suan	3,300,000	0.67
18	Ahmad Bin Mohd Don	3,000,000	0.61
19	Tan Sze Yee	2,815,000	0.57
20	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lee Yuen Wan*	2,627,027	0.54
21	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lee Tong Kheng*	2,600,000	0.53
22	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Zulkifli Bin Ismail*	2,563,833	0.52
23	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Gan Boon Kat*	2,540,000	0.52
24	Yong Siok Ching	2,511,300	0.51
25	Chen Chee Seang	2,474,000	0.50
26	RHB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chong June Wei*	2,450,000	0.50
27	Loo Chai Lai	2,360,000	0.48
28	Lin Shu-Mei	2,341,300	0.48
29	Yeoh Weii Syuen	2,329,333	0.47
30	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Koh Kin Lip*	2,000,000	0.41
	Total	**205,970,687**	**41.97**

Note:

* *Excluding a total of 35,915,536 shares bought-back by the Company and retained as treasury shares as at 31 March 2022*

STATEMENT OF SHAREHOLDINGS

As at 31 March 2022
(CONT'D)

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2022
(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	94,023,000	19.16	-	-

Note:

* *Excluding a total of 35,915,536 shares bought-back by the Company and retained as treasury shares as at 31 March 2022*

STATEMENT OF WARRANT HOLDINGS

As at 31 March 2022

No. of warrants in issue	58,141,959
Exercise price of warrants	RM0.05
Expiry date of the warrants	13 May 2022

SIZE OF WARRANT HOLDINGS AS AT 31 MARCH 2022

Size of Warrant holdings	No. of Warrant holders	% of Warrant holders	No. of warrants held	% of issued warrants
Less than 100 warrants	1,009	46.20	52,347	0.09
100 to 1,000 warrants	324	14.84	154,310	0.27
1,001 to 10,000 warrants	399	18.27	1,833,981	3.15
10,001 to 100,000 warrants	364	16.67	12,449,661	21.41
100,001 to 2,907,096*	85	3.89	30,454,942	52.38
2,907,097 and above **	3	0.14	13,196,718	22.70
Total	**2,184**	**100.00**	**58,141,959**	**100.00**

Notes:

* *Less than 5% of issued warrants*

** *5% and above of issued warrants*

DIRECTORS' WARRANT HOLDINGS AS AT 31 MARCH 2022

(As per Register of Directors' Warrant holdings)

		Direct Interest		Deemed Interest	
	Name of Directors	No. of warrants held	% of issued warrants	No. of warrants held	% of issued warrants
1	Sofiyan Bin Yahya	73,013	0.13	-	-
2	Rizvi Bin Abdul Halim	-	-	-	-
3	Ng Shwu Ching	-	-	-	-
4	Lai Kian Huat	-	-	-	-
5	Khoo Wuan Ru	-	-	257,700#	0.44
6	Leow Chan Khiang	-	-	-	-
7	Poo Chii Miin @ Chermaine Poo	-	-	-	-
8	Dato' Seri Rosman Bin Mohamed	-	-	-	-
9	Ler Leong Keh	-	-	-	-

Note:

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

STATEMENT OF WARRANT HOLDINGS

As at 31 March 2022
(CONT'D)

30 LARGEST WARRANT HOLDERS AS AT 31 MARCH 2022
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name of Warrant holders	No. of warrants held	% of issued warrants
1	Yeoh Weii Syuen	6,957,106	11.97
2	Su How Giong	3,150,000	5.42
3	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chia Kee Siong*	3,089,612	5.31
4	Chen Chee Seang	1,678,000	2.89
5	Sim Mui Khee	1,347,954	2.32
6	Lim Guat Lay	1,078,363	1.85
7	Bijak Tulus Sdn Bhd	1,077,854	1.85
8	Teoh Hin Heng	1,038,014	1.79
9	Maybank Securities Nominees (Asing) Sdn Bhd *Pledged securities account for International Resourcehouse Limited*	1,021,760	1.76
10	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Zulkifli Bin Ismail*	932,334	1.60
11	Mohd Radzuan Bin Ab Halim	867,409	1.49
12	M & A Nominee (Asing) Sdn Bhd *Pledged securities account for Meng Bin*	836,069	1.44
13	Lee Chong Meng	800,000	1.38
14	Lee Bee Geok	750,000	1.29
15	Abdul Aziz Al-Akbar Bin Mohamed Noor	730,141	1.26
16	William A/L C. D Gnana Arul	673,977	1.16
17	Ng Ho Fatt	595,741	1.02
18	Tay Ek Ming	584,113	1.00
19	Loo Yee Mun	570,000	0.98
20	Kenanga Nominees (Asing) Sdn Bhd *Exempt An for Phillip Securities Pte Ltd*	539,737	0.93
21	Lim Jit Hai	532,700	0.92
22	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Soo Yoke Mun*	500,000	0.86
23	Wong Ii Le	478,782	0.82
24	Lim Siew Ling	473,977	0.82
25	Asmizan Bin Huzaini	471,784	0.81
26	HLIB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lee Yeut Kunn*	437,135	0.75
27	Mohamad Asry Bin Samion	404,386	0.70
28	Tan Boon Eng	404,386	0.70
29	Yeap Choe Hoon	400,086	0.69
30	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Kong Kwai Ching*	400,000	0.69
	Total	**32,821,420**	**56.45**

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

As at 31 March 2022

No. of RCPS in issue	619,615,130
Issue date of RCPS	3 March 2021
Maturity date of RCPS	2 March 2026

SIZE OF RCPS HOLDINGS AS AT 31 MARCH 2022

Size of RCPS Holdings	No. of RCPS Holders	% of RCPS Holders	No. of RCPS held	% of issued RCPS
Less than 100 RCPS	8	0.98	410	0.00
100 to 1,000 RCPS	17	2.08	5,801	0.00
1,001 to 10,000 RCPS	105	12.82	612,736	0.10
10,001 to 100,000 RCPS	371	45.30	17,556,691	2.83
100,001 to 30,980,755*	316	38.58	416,365,724	67.20
30,980,756 and above **	2	0.24	185,073,768	29.87
Total	819	100.00	619,615,130	100.00

Notes:

* *Less than 5% of issued RCPS*

** *5% and above of issued RCPS*

DIRECTORS' RCPS HOLDINGS AS AT 31 MARCH 2022

(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	1.53	-	-
2	Rizvi Bin Abdul Halim	-	-	-	-
3	Ng Shwu Ching	-	-	-	-
4	Lai Kian Huat	-	-	-	-
5	Khoo Wuan Ru	-	-	208,061,768#	33.58
6	Leow Chan Khiang	-	-	-	-
7	Poo Chii Miin @ Chermaine Poo	-	-	-	-
8	Dato' Seri Rosman Bin Mohamed	-	-	-	-
9	Ler Leong Keh	-	-	-	-

Note:

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

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

As at 31 March 2022
(CONT'D)

30 LARGEST RCPS HOLDERS AS AT 31 MARCH 2022
(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	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	153,076,168	24.71
2	Tee Tiam Lee	31,997,600	5.16
3	TA Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	26,848,700	4.33
4	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	25,102,900	4.05
5	Amsec Nominees (Tempatan) Sdn Bhd *Pledged securities account for Quek See Kui*	25,000,000	4.03
6	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Gan Boon Guat*	20,000,000	3.23
7	Lim Jit Hai	16,600,000	2.68
8	Enrich Transaction Sdn Bhd	13,842,300	2.23
9	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chia Kee Siong*	13,106,082	2.12
10	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Sun Ping*	12,000,000	1.94
11	Sofiyan Bin Yahya	9,459,800	1.53
12	Koh Kin Lip	8,000,000	1.29
13	Quek See Kui	7,500,000	1.21
14	Sim Mui Khee	6,233,900	1.01
15	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged securities account for Seik Yee Kok*	5,726,000	0.92
16	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Zulkifli Bin Ismail*	5,127,666	0.83
17	Ti Bon Poy	5,000,000	0.81
18	Chen Chee Seang	4,948,000	0.80
19	RHB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chong June Wei*	4,900,000	0.79
20	Loo Chai Lai	4,720,000	0.76
21	Hsiao Chih Chien	4,619,334	0.75
22	Teh Beng Hock	4,500,000	0.73
23	Yeoh Weii Syuen	4,328,700	0.70
24	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Koh Kin Lip*	4,000,000	0.65
25	Chan Hwa Ming	3,960,000	0.64
26	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chong Mei*	3,499,000	0.56
27	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Julian Cheah Wai Meng*	3,204,500	0.52
28	HLB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Chee Kong*	3,034,000	0.49
29	Maybank Securities Nominees (Asing) Sdn Bhd *Pledged securities account for International Resourcehouse Limited*	3,032,032	0.49
30	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB for Teo Ah Seng*	3,000,000	0.48
	Total	**436,366,682**	**70.43**

LIST OF PROPERTIES

As At 31 December 2021

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	31	9,854	6,320	44,840	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	24	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	29	-	62	14.33	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	29	-	62	14.33	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	29	-	62	14.33	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 Eighteenth Annual General Meeting of the Company will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities via the online meeting platform at https://web.vote2u.my (Domain Registration No. with MYNIC: D6A471702) on Monday, 23 May 2022 at 2.00 p.m. to transact the following businesses:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' and Auditors' Reports thereon. **(Please refer to Note 10)**

2. To approve the payment of Directors' fees and benefits payable to the Directors of the Company and its subsidiaries up to an aggregate amount of RM550,000.00 for the period from 24 May 2022 until the conclusion of the next Annual General Meeting ("AGM") of the Company. **Ordinary Resolution 1**

3. To re-elect Encil Rizvi Bin Abdul Halim who is retiring pursuant to Clause 95 of the Constitution of the Company. **Ordinary Resolution 2**

   Mr Leow Chan Khiang is retiring pursuant to Clause 95 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 Eighteenth AGM.

4. To re-elect the following Directors who are retiring pursuant to Clause 102 of the Constitution of the Company:-

   i) Ms Khoo Wuan Ru **Ordinary Resolution 3**
   ii) Ms Poo Chii Miin @ Chermaine Poo **Ordinary Resolution 4**
   iii) Dato' Seri Rosman Bin Mohamed **Ordinary Resolution 5**
   iv) Mr Ler Leong Keh **Ordinary Resolution 6**

5. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

As Special Business

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

6. **Authority under Section 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares**

   "THAT pursuant to Clause 10(d) of the Constitution of the Company and Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company to such persons, at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares (excluding treasury shares) to be issued does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance.

   AND THAT such authority shall commence immediately upon passing of this resolution and shall continue in force until the conclusion of the next AGM of the Company." **Ordinary Resolution 8**

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

7. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares ("Proposed Renewal of Share Buy-Back Authority")**

"THAT subject to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to utilise an amount not exceeding the audited retained profits of the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:-

(a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time of the said purchase(s);

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company at the time of purchase; and

(c) the authority conferred by this resolution shall continue to be in force until:-

(i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:-

(a) distribute the shares as share dividends to the shareholders; and/or

(b) resell the shares or any of the shares on Bursa Securities; and/or

(c) transfer the shares or any of the shares for the purposes of or under an employees' shares scheme; and/or

(d) transfer the shares or any of the shares as purchase consideration; and/or

(e) cancel all the ordinary shares so purchased; and/or

(f) sell, transfer or otherwise use the shares for such other purposes as allowed by the Act.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including executing all such documents as may be required) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the said Directors may deem fit and expedient in the best interests of the Company." **Ordinary Resolution 9**

8. To transact any other business for which due notice shall have been given in accordance with the Act.

BY ORDER OF THE BOARD
TAI YIT CHAN (SSM PC No. 202008001023) (MAICSA 7009143)
TAN AI NING (SSM PC No. 202008000067) (MAICSA 7015852)
Company Secretaries

Selangor Darul Ehsan

Date: 22 April 2022

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

NOTES:-

1. As part of the initiatives to curb the spread of Coronavirus Disease 2019 ("COVID-19"), the Eighteenth AGM will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities which are available on Vote2U online website provided by Agmo Digital Solutions Sdn. Bhd. at https://web.vote2u.my. Please refer to the Administrative Guide for Shareholders for the Eighteenth AGM on the procedures to register, participate and vote remotely via the RPV facilities.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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 13 May 2022 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.

9. The Board wishes to highlight that the Eighteenth AGM may be re-scheduled and/or postponed in view of the current COVID-19 Outbreak and the Malaysian Government's announcements or guidelines made from time to time. Rest assured, all members/proxies including attendees shall be kept informed of any unexpected changes.

10. 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)

11. EXPLANATORY NOTES ON SPECIAL BUSINESS

(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	84,000.00
Mr Ler Leong Keh	36,000.00
Dato' Seri Rosman Bin Mohamed	36,000.00
Ms Poo Chii Miin @ Chermaine Poo	36,000.00
Ms Ng Shwu Ching	36,000.00
Encik Rizvi Bin Abdul Halim	36,000.00
Mr Lai Kian Huat	36,000.00
Ms Khoo Wuan Ru	36,000.00

In determining the estimated total amount of Directors' fees and benefits payable to the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board and Board Committees, and general meeting and provisional sum as a contingency for future appointment of Director on the Board.

(ii) Ordinary Resolutions 2, 3, 4, 5 and 6 on Re-election of Directors

Pursuant to Malaysian Code of Corporate Governance 2021, the profiles of the Directors who are standing for re-election as per Agenda items 3 and 4 are set out in the Board of Directors' profile of the Annual Report 2021.

Based on the recommendation of Nomination Committee, the Board supports the re-election of Encik Rizvi Bin Abdul Halim, Ms Khoo Wuan Ru, Ms Poo Chii Miin @ Chermaine Poo, Dato' Seri Rosman Bin Mohamed and Mr Ler Leong Keh as Directors of the Company based on the following justifications:-

Ordinary Resolution 2: Re-election of Encik Rizvi Bin Abdul Halim as Executive Director

Encik Rizvi Bin Abdul Halim is primarily responsible for electric vehicles business of the Group and has contributed significantly to the Group's business operation by providing valuable input to steer the Group forward in the past years during his tenure as an Executive Director of the Company.

Ordinary Resolution 3: Re-election of Ms Khoo Wuan Ru as Executive Director

In accordance with Clause 102 of the Company's Constitution, a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Ms Khoo Wuan Ru was appointed as a Director of the Company on 2 August 2021, retires pursuant to Clause 102 of the Company's Constitution and being eligible, has offered herself for re-election at the Eighteenth AGM.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Ordinary Resolution 4: Re-election of Ms Poo Chii Miin @ Chermaine Poo as Independent Non-Executive Director

In accordance with Clause 102 of the Company's Constitution, a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Ms Poo Chii Miin @ Chermaine Poo was appointed as a Director of the Company on 2 August 2021, retires pursuant to Clause 102 of the Company's Constitution and being eligible, has offered herself for re-election at the Eighteenth AGM.

Ordinary Resolution 5: Re-election of Dato' Seri Rosman Bin Mohamed as Independent Non-Executive Director

In accordance with Clause 102 of the Company's Constitution, a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Dato' Seri Rosman Bin Mohamed was appointed as a Director of the Company on 9 September 2021, retires pursuant to Clause 102 of the Company's Constitution and being eligible, has offered himself for re-election at the Eighteenth AGM.

Ordinary Resolution 6: Re-election of Mr Ler Leong Keh as Independent Non-Executive Director

In accordance with Clause 102 of the Company's Constitution, a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Mr Ler Leong Keh was appointed as a Director of the Company on 29 December 2021, retires pursuant to Clause 102 of the Company's Constitution and being eligible, has offered himself for re-election at the Eighteenth AGM.

(iii) Ordinary Resolution 8 - Authority under Section 76 of the Act for the Directors to allot and issue shares

The Company had, during its Seventeenth AGM held on 23 June 2021, 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 8 proposed under item 6 of the Agenda is to seek shareholders' approval of the general mandate for issuance of shares by the Company under Section 76 of the Act.

Bursa Securities had vide its letter dated 16 April 2020 granted several additional temporary relief measures, amongst others, listed issuers are allowed to seek a higher general mandate under Paragraph 6.03 of the MMLR of not more than 20% of the total number of issued shares for issue of new securities ("20% General Mandate"), provided that the following are being complied with:-

(a) procure shareholders' approval for the 20% General Mandate at a general meeting; and
(b) complies with all relevant applicable legal requirements, including its Constitution or relevant constituent document.

On 23 December 2021, Bursa Securities vide its letter extended the implementation period of 20% General Mandate to 31 December 2022. This 20 % General Mandate may be utilised by the Company to issue new securities until 31 December 2022 and thereafter, the 10% general mandate pursuant to paragraph 6.03 of the MMLR will be reinstated unless extended by Bursa Securities pursuant to its letter dated 23 December 2021 to grant additional temporary relief measures to listed issuers.

The Board of Directors, having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, is of the opinion that this 20% General Mandate is in the best interests of the Company and its shareholders.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

This proposed Ordinary Resolution 8, if passed, will provide additional flexibility for the Company for fund raising and enable the Company, should it required to do so, to meet its funding requirements for working capital or strategic development of the Group and operational expenditure, expeditiously and efficiently during this challenging time to ensure the long-term sustainability of the Company and safeguard the interest of the Company and the shareholders. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

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 9 - Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The explanatory notes on Ordinary Resolution 9 are set out in the Statement to Shareholders dated 22 April 2022.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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NI HSIN GROUP BERHAD
(Formerly known as Ni Hsin Resources Berhad)
(Registration No. 200401014850 (653353-W))
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	
CDS Account No.	

I/We*, _____(full name of shareholder, in capital letters)

NRIC No./Passport No./Company No.* _____ of _____

_____(full address)

telephone no. _____ and email address _____

being a member/ members* of **NI HSIN GROUP BERHAD** (Formerly known as Ni Hsin Resources Berhad), hereby appoint(s):-

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			
Email Address			
Telephone No.			

and/ or*

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			
Email Address			
Telephone No.			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Eighteenth Annual General Meeting of the Company to be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities via the online meeting platform at https://web.vote2u.my (Domain Registration No. with MYNIC: D6A471702) on Monday, 23 May 2022 at 2.00 p.m. or at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

No.	**Resolutions**	**For**	**Against**
Ordinary Resolution 1	To approve the payment of Directors' fees and benefits payable to the Directors of the Company and its subsidiaries up to an aggregate amount of RM550,000.00 for the period from 24 May 2022 until the conclusion of the next Annual General Meeting ("**AGM**") of the Company.		
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 Ms Khoo Wuan Ru who is retiring pursuant to Clause 102 of the Constitution of the Company.		
Ordinary Resolution 4	To re-elect Ms Poo Chii Miin @ Chermaine Poo who is retiring pursuant to Clause 102 of the Constitution of the Company.		
Ordinary Resolution 5	To re-elect Dato' Seri Rosman Bin Mohamed who is retiring pursuant to Clause 102 of the Constitution of the Company.		
Ordinary Resolution 6	To re-elect Mr Ler Leong Keh who is retiring pursuant to Clause 102 of the Constitution of the Company.		
Ordinary Resolution 7	To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 8	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.		
Ordinary Resolution 9	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. As part of the initiatives to curb the spread of Coronavirus Disease 2019 ("COVID-19"), the Eighteenth AGM will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities which are available on Vote2U online website provided by Agmo Digital Solutions Sdn. Bhd. at https://web.vote2u.my. Please refer to the Administrative Guide for Shareholders for the Eighteenth AGM on the procedures to register, participate and vote remotely via the RPV facilities.
2. 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.
3. 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.
4. 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.
5. 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.

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AFFIX
STAMP

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

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6. 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.
7. 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.
8. 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 13 May 2022 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.
9. The Board wishes to highlight that the Eighteenth AGM may be re-scheduled and/or postponed in view of the current COVID-19 Outbreak and the Malaysian Government's announcements or guidelines made from time to time. Rest assured, all members/proxies including attendees shall be kept informed of any unexpected changes.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 April 2022.

Ni Hsin Group Berhad
(Formerly known as Ni Hsin Resources Berhad)
(Registration No. 200401014850 (653353-W))

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

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