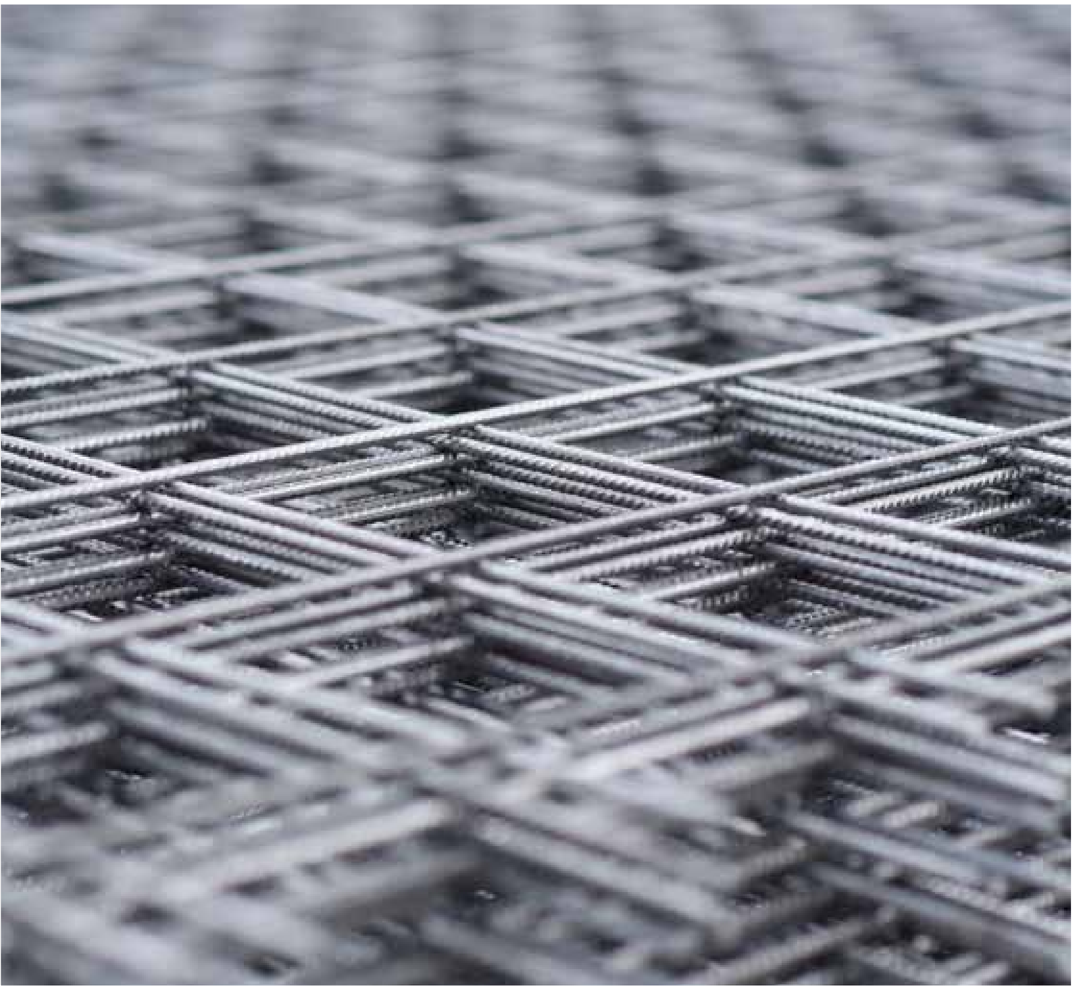
CHIN HIN GROUP BERHAD
201401021421 (1097507-W)

ANNUAL REPORT 2021



CHIN HIN™ GROUP BERHAD

is a fully integrated building materials conglomerate.

We began our journey nearly 50 years ago as a very small building materials trader in Alor Setar. Over the years, our hard work, vision, commitment and customer focus have enabled us to become a highly respected leader in building materials and a billion ringgit public-listed company with a nation-wide presence.

CHIN HIN GROUP today has expanded its business to cover not only trading but also manufacturing and services across:

1. Investment Holding and Management Services
2. Building Material Divisions
   - Fire-Rated and Wooden Doors
   - High Quality Door Locks
   - Steel Door Frames
   - Concrete Drymix
   - Wire Mesh Products
   - Ready-Mix Concrete
   - Provision of Logistics
   - Modular Building Solutions
   - Pre-Cast Concrete Products
   - Polymer Concrete Pipes
   - Autoclaved Aerated Concrete ("AAC")
   - Ultra-High Performance Concrete ("UHPC")
   - Sanitaryware and Fittings Solutions
3. Vehicle Division
   - Manufacturing and Trading of Commercial Vehicles and Bodyworks
   - Rental and Fleet Management Services
4. Property Development
5. Construction
6. Associates
   - Solar Energy Solutions
   - Home and Living Solutions

OUR TAGLINE

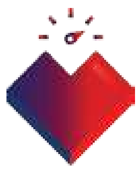
"Malaysia's Preferred Total Building Materials Solutions and Construction Partner"

captures the spirit of who we are and what we seek to be as a brand.

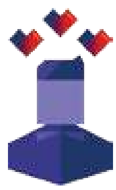
"WE ARE DIFFERENT"

We are building materials experts

We are a high performance team culture

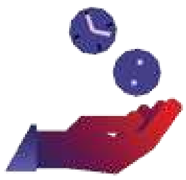


We are passionate about what we do

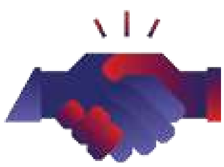


We are committed to the health, well being and growth of our people

We constantly seek breakthrough innovation and ideas



We deliver fast and cost-effective solutions



We offer outstanding & memorable customer experience every time

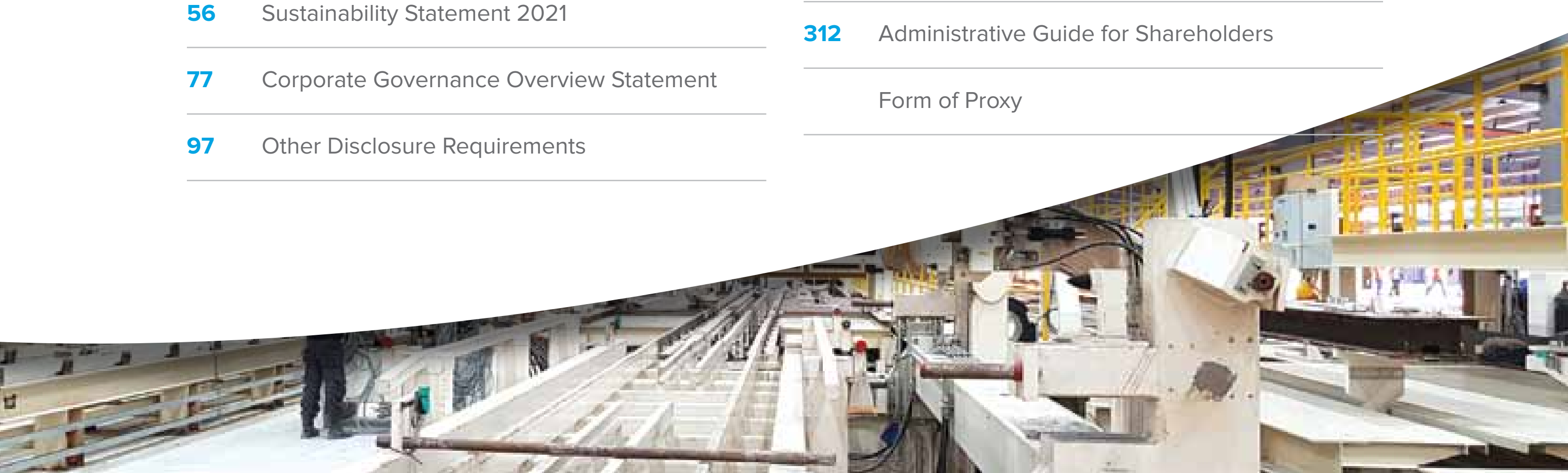
OUR VISION

Chin Hin Group is the most preferred, trusted and admired total solutions provider & partner to the building materials and construction industry in Malaysia.

OUR MISSION

- We offer a total solutions platform for the construction and building materials industry
- We offer the latest technologies, innovations and smart solutions to our customers
- We offer one-stop solutions to meet all the needs of the construction and building materials industry
- We offer consistency, stability, affordability, reliability, accessibility and monetary rewards to our stakeholders and customers
- We are a magnet for outstanding talent as we offer a stimulating, professional, high growth, healthy, happy, innovative environment that rewards, recognises and celebrates our people
- We are a leader and role model to the entire industry in terms of talent, product quality, service, innovation, work environment, customer experience and business growth
- We work as one team and as one family both inside and outside. We consistently seek to exceed the expectations and satisfactions of our customers, suppliers, employees and investors

CONTENTS



CORPORATE VALUES

- Do the right things
- Fulfilled balanced life
- Exceed expectation
- Influence & inspire others
- Treat everyone like family
- Be open & willing to share
- Embrace Change & Innovation

CORPORATE MILESTONE

1974
Started as a hardware shop Chop Chin Hin

FOUNDATION

1995
- Syarikat Perniagaan dan Pengangkutan Chin Hin Sdn Bhd ("SPPCH") being established
- SPPCH began operations as a cement transportation company

2008
- SPPCH ventured into the readymixed concrete and subsequently changed its name to PP Chin Hin Sdn Bhd ("PPCH")
- PPCH transformed into one-stop building materials distributor

2011
- Achieved RM1.0 billion revenue
- Commenced factory construction of Starken AAC Sdn Bhd, G-Cast Concrete Sdn Bhd and Metex Steel Sdn Bhd

EXPANSION

2014
- Commenced operations of Starken AAC factory at Serendah, Selangor
- The largest AAC producer in Malaysia

2015
Obtained SC approval for IPO

CORPORATE MILESTONE (CONT'D)

2020

Organic Growth
- Starken Paint Sdn Bhd

2021

Mergers and Acquisitions
- Signature International Berhad (30.38%)
- Chin Hin Group Property Berhad (55.02%)
- Addington Sdn Bhd

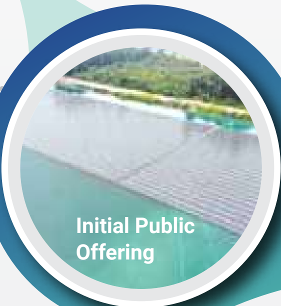
Organic Growth
- Green Integrated Base Stabiliser Sdn Bhd (55%)

Subscription of Shares
- Starken Philippines, Inc (30%)
- CubeX Industries Ltd (20%)

2019

Solarvest Holdings Berhad (Associate) making initial public offering at Ace Market of Bursa Malaysia. Subsequently, it has transfer its listing to Main Market of Bursa Malaysia in 2021.

Organic Growth
- Midah Industries Sdn Bhd - expanded its product portfolios to include wooden door, high density fiberboard door, louvers, timber frame, handrail, architrave and skirting.



2018

Organic Growth
- Metex Modular Sdn Bhd (70%)
- Midah Industries (North) Sdn Bhd (51%)

Mergers and Acquisitions
- Saujana Vision Sdn Bhd (70%)
- Kempurna Sdn Bhd

2017

Mergers and Acquisitions
- Midah Industries Sdn Bhd
- Epic Diversity Sdn Bhd
- MI Polymer Concrete Pipes Sdn Bhd
- Atlantic Blue Sdn Bhd (45%)

Organic Growth
- Starken AAC 2 Sdn Bhd
- Starken Drymix Solutions Sdn Bhd
- G-Cast UHPC Sdn Bhd

ACCELERATION

2016

Listed on Main Market of Bursa Malaysia Securities Berhad on 8th March 2016

BUSINESS OVERVIEW




MANUFACTURING

Concrete Solutions

Lightweight AAC, Ultra High Performance Concrete, Drymix, Infrastructural Pipes, Polymer Concrete & Ready-mixed Concrete


Civil Structural Solutions

Prefabricated Modular Building System ("PMBS") and Cut-to-Size Wire Mesh


Fire-rated & Wooden Door Solutions

Fire-rated and Wooden Door, Ironmongery Accessories and Door Frames


RENEWABLE ENERGY

Solarvest Renewable Energy Investment Solutions


HOME AND LIVING SOLUTIONS

- Quality Kitchen Systems
- Façade Architectural Works

SANITARYWARE SOLUTIONS

Bathroom accessories

DISTRIBUTION

Building Materials Trading & Logistic Solutions


PROPERTY DEVELOPMENT AND CONSTRUCTION

- Property developer
- General building contractor, civil works and structure

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK SERI CHIAU BENG TEIK, JP
Executive Chairman

CHIAU HAW CHOON
Group Managing Director

LEE HAI PENG
Executive Director cum Chief Financial Officer

YEOH CHIN HOE
Senior Independent Non-Executive Director

DATUK CHENG LAI HOCK
Independent
Non-Executive Director

DATUK HJ MOHD YUSRI BIN MD YUSOF
Independent
Non-Executive Director

SHELLY CHIAU YEE WERN
Alternate Director to
Datuk Seri Chiau Beng Teik, JP

AUDIT COMMITTEE

Chairman	Yeoh Chin Hoe
Members	Datuk Cheng Lai Hock
	Datuk Hj Mohd Yusri Bin Md Yusof

NOMINATION COMMITTEE

Chairman	Datuk Hj Mohd Yusri Bin Md Yusof
Members	Datuk Cheng Lai Hock
	Yeoh Chin Hoe

REMUNERATION COMMITTEE

Chairman	Chiau Haw Choon
Members	Datuk Cheng Lai Hock
	Yeoh Chin Hoe

RISK MANAGEMENT COMMITTEE

Chairman	Datuk Cheng Lai Hock
Members	Yeoh Chin Hoe
	Lee Hai Peng
	Datuk Hj Mohd Yusri Bin Md Yusof

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482/SSM PC No.202208000250)

Thien Lee Mee
(LS0009760/SSM PC No.201908002254)

REGISTERED OFFICE

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150, Shah Alam, Selangor
Tel : (603) 7890 0638
Fax : (603) 7890 1032

HEAD OFFICE

A-1-9, Pusat Perdagangan Kuchai
No. 2, Jalan 1/127, Off Jalan Kuchai Lama
58200 Kuala Lumpur
Tel : (603) 7981 7878
Fax : (603) 7981 7575
Email : info@chinhingroup.com
Website : www.chinhingroup.com

AUDITORS

Messrs UHY (AF 1411)
Suite 11.05, Level 11, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : (603) 2279 3088
Fax : (603) 2279 3099

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor, Malaysia
Tel : (603) 7890 4700
Fax : (603) 7890 4670

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Syariah Compliant Stocks)

STOCK NAME/CODE

CHINHIN/5273

CORPORATE STRUCTURE

CHIN HIN GROUP BERHAD

- 100% **PP Chin Hin Sdn Bhd**
  - PP Chin Hin Pte Ltd
  - C&H Transport Sdn Bhd
- 100% **Chin Hin Concrete Holdings Sdn Bhd**
  - Chin Hin Concrete (KL) Sdn Bhd
  - Chin Hin Concrete (North) Sdn Bhd
- 100% **Starken AAC Sdn Bhd**
  - G-Cast Concrete Sdn Bhd
  - Starken Drymix Solutions Sdn Bhd
  - 95% G-Cast UHPC Sdn Bhd
    - 20% CubeX Industries Ltd
  - Starken AAC 2 Sdn Bhd
  - Green Cement Sdn Bhd
    - 55% Green Integrated Base Stabiliser Sdn Bhd.
  - MI Polymer Concrete Pipes Sdn Bhd
    - MI Polymer Concrete Pipes (S) Pte Ltd
  - Starken Paint Sdn Bhd
  - Addington Sdn Bhd
  - 30% Starken Philippines, Inc
- 100% **Metex Steel Sdn Bhd**
  - Metex Asia Sdn Bhd
  - 70% Metex Modular Sdn Bhd
    - 70% Saujana Vision Sdn Bhd
- 100% **Midah Industries Sdn Bhd**
  - Epic Diversity Sdn Bhd
  - Kempurna Sdn Bhd
  - 51% Midah Industries (North) Sdn Bhd
- 100% **StradaVerse Sdn Bhd** (fka CH Home Three Sixty Sdn Bhd)

CORPORATE STRUCTURE (CONT'D)

- **59.3% Chin Hin Group Property Berhad**
  - Boon Koon Vehicles Industries Sdn Bhd
    - BKGM Industries Sdn Bhd
    - 62.5% BK Sepadu Sdn Bhd
  - Boon Koon Motors Sdn Bhd
  - BKCV Sdn Bhd
  - Boon Koon Fleet Management Sdn Bhd
  - BK Fleet Management Sdn Bhd
  - Chin Hin Construction Sdn Bhd
  - 65% Kayangan Kemas Sdn Bhd
    - 5TH Capital Sdn Bhd
    - 49% Weida Kayangan Sdn Bhd
    - 33% R Synergy Sdn Bhd
  - BKG Development Sdn Bhd
    - BKHS Capital Sdn Bhd
    - Stellar Trinity Sdn Bhd
    - 70% Boon Koon Commercial Sdn Bhd
    - BKSP Autoworld Sdn Bhd
    - 51% BK Alliance Sdn Bhd
    - Boon Koon Capital Sdn Bhd
    - Stellar Platinum Sdn Bhd
    - 47% Stellar 8 Sdn Bhd
- **30.4% Signature International Berhad**
- **19.3% Solarvest Holdings Berhad**

DIRECTORS' PROFILE

Executive Chairman

DATUK SERI CHIAU BENG TEIK, JP

Nationality	Malaysian
Gender	Male
Age	61

Datuk Seri Chiau Beng Teik, JP was appointed to our Board on 23 January 2015 as Deputy Group Executive Chairman and redesignated as Executive Chairman on 1 October 2020. He is responsible for the overall strategy and business direction of our Group where he reviews all major investments and major capital expenditure as well as financing proposals of the Group and recommends it to the Board. He is not actively involved in the daily operational matters of our Group. He finished his primary education at SJK(C) Pei Min, Padang Setar in Alor Setar, Kedah in December 1974. As our founder, he has forty six (46) years of working and managing experiences in Chin Hin.

Datuk Seri Chiau started working at his father's hardware shop at the young age of 13 in January 1975. After many years of experience gained from working with his father, he took over the business and ventured into the business of trading building materials and cement transportation under the name of Chop Chin Hin in March 1994. In February 1995, he started a cement distributor trading company named Syarikat Perniagaan dan Pengangkutan Chin Hin Sdn Bhd which is now known as PP Chin Hin Sdn Bhd. Over the years, he has played an instrumental role in the growth of our Group, expanding our business from a single office in Alor Setar, Kedah to a group of companies with an expansive network of branch offices and factories throughout Peninsular Malaysia. He currently serves as Director for a number of subsidiaries within our Group and also has directorships in various other businesses.

Datuk Seri Chiau is the father of Chiau Haw Choon, the Group Managing Director and a major shareholder of the Company and spouse of Datin Seri Wong Mee Leng, a major shareholder of the Company. He also sits on the Board of Directors of Chin Hin Group Property Berhad and Signature International Berhad. He has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 29 April 2022 and has not committed any offences within the past five (5) years other than traffic offences, if any.

DIRECTORS' PROFILE (CONT'D)

Group Managing Director

CHIAU HAW CHOON

Nationality	Malaysian
Gender	Male
Age	38

Mr Chiau Haw Choon was appointed to our Board on 23 January 2015. He reports to our Executive Chairman as well as the Board. As our Group Managing Director, his responsibilities are ensuring Board decisions and directions are implemented, providing strong leadership, communicating the vision, management, philosophy and business strategies to our employees, keeping our Board fully informed of all important aspects of our Group's operations and ensuring sufficient information is disseminated to our Board, as well as ensuring the day-to-day business of our Group are effectively managed. He is in charge of the day-to-day operational matters and decisions of the Group. Working closely with all the Business Unit Heads, he oversees our Group's overall execution and implementation of the strategies and corporate policies of our businesses and operations, and is also responsible for the execution and implementation of short term and long term business plans, strategic planning and continuing growth of our Group. He is also responsible for our Group's corporate social responsibility activities. He graduated from Deakin University, Australia with a Bachelor's Degree in Finance and Marketing in April 2009.

Upon graduation in 2009, he joined our Group as Group Managing Director to assist Datuk Seri Chiau Beng Teik, JP in transforming our Group from a family owned business to a professionally-run corporation.

His vision is to grow our Group into a major player in the building materials industry and under his leadership together with the help of a team of professionals recruited by him, he diversified our Group's building materials distribution business by moving upstream into manufacturing of building materials products. He was instrumental in our successful transformation from merely distribution of building materials into an integrated building materials provider. He contributed to the rapid growth of our Group's annual revenue, which in 2011 exceeded a billion Ringgit Malaysia, making us one of the major building materials traders in Malaysia. Whilst expanding the business, he also played an instrumental role in the establishment of proper procedures, systems and controls for all the business units to ensure proper corporate governance as the business grows.

In 2017, he was named as the EY Entrepreneur of the year for Malaysia. He was picked from among the 16 top nominees vying for the title, he also created history by being the youngest winner in the 16 years since the award has been running in Malaysia. He represented Malaysia to compete for the coveted EY World Entrepreneur of the Year ("WEOY") award at the annual WEOY event in Monte Carlo for 2018.

Mr Chiau is presently the Chairman of Remuneration Committee of the Company.

He is the son of Datuk Seri Chiau Beng Teik, JP, the Executive Chairman and a major shareholder of the Company, and Datin Seri Wong Mee Leng, a major shareholder of the Company. He sits on the Board of Directors of Chin Hin Group Property Berhad, Solarvest Holdings Berhad and Signature International Berhad. He has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 29 April 2022 and has not committed any offences within the past five (5) years other than traffic offences, if any.

DIRECTORS' PROFILE (CONT'D)

Executive Director cum
Chief Financial Officer

LEE HAI PENG

Nationality	Malaysian
Gender	Male
Age	56

Mr Lee Hai Peng was appointed to our Board on 23 January 2015. He is a member of Risk Management Committee. He is responsible for our Group's overall financial and accounting functions, which include treasury, corporate finance, credit risk, cash flow management and financial planning functions. He obtained his professional qualification from Chartered Institute of Management Accountants (UK) in August 1994. He is a registered Chartered Accountant with the Malaysian Institute of Accountants and has over twenty seven (27) years of working experiences in the field of audit, marketing, corporate finance and accounting.

In June 1991, he began his career at BDO Binder as an Audit Assistant where he was involved in various audit assignments for public listed companies in Malaysia. He left in November 1992 to join Messrs Gee & Co. as its Branch Manager, responsible for its audit, secretarial and tax matters. In December 1994, he joined Trontex (M) Sdn Bhd as an Executive Director, where he was responsible for the overall finance and accounting functions, marketing and business operations of the company. Subsequently, he joined our Group in September 2008 as our Group Accountant. He was promoted and become our Group Financial Controller in April 2009.

Mr Lee does not hold directorships in any public companies, he has no relation with any director and/ or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

DIRECTORS' PROFILE (CONT'D)

Independent Non-Executive Director

DATUK CHENG LAI HOCK

Nationality	Malaysian
Gender	Male
Age	63

Datuk Cheng Lai Hock was appointed to our Board on 23 January 2015. He is the Chairman of Risk Management Committee and a member of Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Datuk Cheng obtained a Bachelor's degree in Administrative Studies from the University of Dundee, United Kingdom in September 1982. He also obtained his Master's in Business Administration majoring in Accounting from Universiti Utara Malaysia in September 2003. He is a fellow member of the Malaysia Association of Company Secretaries since July 1992, Associate Member of the Association of International Accountants since December 1999 and Associate Member of the Chartered Tax Institute of Malaysia since April 2002. He is also the President of Kedah Chinese Assembly Hall. He has over thirty seven (37) years of experiences as company secretary and more than twenty-one (21) years of experience as a tax consultant.

Datuk Cheng began his career as an Administrative Executive in P. Hand Chemical Sdn Bhd in November 1982. Thereafter, he started his own secretarial firm in October 1984. In November 2000, he was granted a tax agent license by the Ministry of Finance, and he commenced the provision of tax advisory services since then. He is a committee member of the Kedah State Government's Chinese Affairs Committee since September 2008.

Datuk Cheng is an independent Non-Executive Director of Chin Hin Group Property Berhad. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

DIRECTORS' PROFILE (CONT'D)

Senior Independent
Non-Executive Director

YEOH CHIN HOE

Nationality	Malaysian
Gender	Male
Age	71

Mr Yeoh Chin Hoe was appointed to our Board on 23 January 2015. He is the Chairman of our Audit Committee and a member of Remuneration Committee, Nomination Committee and Risk Management Committee of the Company. He graduated with a Diploma in Business Management from Aberdeen College of Commerce (Scotland) in June 1973. Thereafter, he began his accountancy and audit training with Spicer & Pegler Chartered Accountants in London, United Kingdom from July 1974 to December 1978. He is a Fellow of the Association of Chartered Certified Accountants since December 1984, a member of Malaysian Institute of Accountants since September 1989, a member of the Malaysian Institute of Certified Public Accountants since June 1999 and a Fellow of The Institute of Chartered Secretaries and Administrators since September 1999. He later obtained a Master's Degree in Business Administration (General Management) from University Putra Malaysia in July 1997. He is also a Chartered Audit Committee Director of the Malaysian Institute of Internal Auditors since August 2010.

Mr Yeoh joined Harrisons Trading (Peninsular) Sdn Bhd in 1980 and was appointed as Finance Director in 1990 and subsequently Managing Director in 1997 until he retired in 2006. He then set up a business management consulting firm called BPI Corptall Consulting Sdn Bhd in 2006 as a consultant specialising in business process improvement and general business management service.

Mr Yeoh sits on the Board of Directors of Hextar Global Berhad. He is also an independent non executive director and audit committee chairman of Complete Logistic Services Berhad. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

DIRECTORS' PROFILE (CONT'D)

Independent Non-Executive Director

DATUK HJ MOHD YUSRI BIN MD YUSOF

Nationality	Malaysian
Gender	Male
Age	52

Datuk Hj Mohd Yusri Bin Md Yusof was appointed to our Board on 1 October 2020. He is the Chairman of our Nomination Committee, a member of Audit Committee and Risk Management Committee of the Company. He graduated with Public Administration of Bachelor of Arts from Michigan State University, USA in 1993 and later obtained a Master of Science in Business Leadership from the Newcastle Business School, University of Northumbria in 2011.

Prior to 28 February 2020, Datuk Hj Mohd Yusri was the Managing Director of a public-listed entity, i.e Green Ocean Corporation Berhad where he served since 5 December 2017.

Datuk Hj Mohd Yusri started his career in 1993 in the banking and financial services industry with stints in The Pacific Bank Berhad and EON Bank Group Berhad. In 2001, he joined UEM Group Berhad as Deputy Senior Manager Group Internal Audit and subsequently rose through the ranks to assume the roles of Chief Audit Executive in 2004 and Head of Improvement & Assurance Services Division in 2008. In 2010, he was appointed as the Head of Corporate Performance. He was the Managing Director of PROPEL Berhad, a post he assumed on 1 March 2011.

Datuk Hj Mohd Yusri was subsequently appointed as the Managing Director of Cement Industries of Malaysia Berhad (CIMA) on 1 August 2012 and as the Chairman of The Cement & Concrete Association of Malaysia in October 2015. He held both posts until October 2017.

Throughout his career, he has gained in-depth exposures in operations, corporate governance, risk management, internal control, quality and innovation practices, strategic planning and performance management. The experience was gained primarily in the banking, investment holding, and commodity, building materials, asset & infrastructure management, development and construction sectors.

Datuk Hj Mohd Yusri is an independent Non-Executive Director of Chin Hin Group Property Berhad. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

DIRECTORS' PROFILE (CONT'D)

Ms Shelly Chiau Yee Wern was appointed as the alternate director to Datuk Seri Chiau Beng Teik, JP to the Board on 2 July 2018. She graduated with a Bachelor's Degree, Business Administration in Entrepreneurship from Les Roches International School of Hotel Management Bluche, Switzerland in December 2013.

She began her career with Alora Hotel in Penang and Grand Alora Hotel in Alor Setar, Kedah as Hotel General Manager in January 2014. In January 2016, she joined Aera Property Group Sdn Bhd as Sales & Marketing Manager. She is responsible for strategy planning in marketing and sales for a development project name Aera Residence in Petaling Jaya. In June 2018, she was appointed as the Chief Operating Officer at BKG Development Sdn Bhd, a wholly-owned subsidiary of Chin Hin Group Property Berhad.

Ms Shelly Chiau is the daughter of Datuk Seri Chiau Beng Teik, JP the Executive Chairman and a major shareholder of the Company, and Datin Seri Wong Mee Leng, a major shareholder of the Company. She is the sister of Mr Chiau Haw Choon, the Group Managing Director and a major shareholder of the Company.

Ms Shelly Chiau sits on the Board of Chin Hin Group Property Berhad and Signature International Berhad. She has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 29 April 2022 and has not committed any offences within the past five (5) years other than traffic offences, if any.

Alternate Director To
Datuk Seri Chiau Beng Teik, JP

SHELLY CHIAU YEE WERN

Nationality	Malaysian
Gender	Female
Age	32

KEY SENIOR MANAGEMENT PROFILE

CHIAU HAW CHOON

Group Managing Director
- Chin Hin Group Berhad

NG WAI LUEN

Chief Executive Officer & Director
- Starken AAC Sdn Bhd
- G-Cast Concrete Sdn Bhd
- MI Polymer Concrete Pipes Sdn Bhd
- MI Polymer Concrete Pipes (S) Pte Ltd
- Starken Drymix Solutions Sdn Bhd
- G-Cast UHPC Sdn Bhd
- Green Cement Sdn Bhd
- Starken AAC 2 Sdn Bhd
- Starken Paint Sdn Bhd
- Green Integrated Base Stabiliser Sdn Bhd
- Addington Sdn Bhd

Director
- Starken Philippines, Inc

Chief Executive Officer
- Midah Industries Sdn Bhd
- Midah Industries (North) Sdn Bhd
- Epic Diversity Sdn Bhd
- Kempurna Sdn Bhd

LOK BOON CHENG

Chief Executive Officer
- Metex Steel Group of Companies

Director
- Metex Modular Sdn Bhd
- Saujana Vision Sdn Bhd

TAN CHEAK JOO

Chief Executive Officer & Director
- PP Chin Hin Sdn Bhd

Director
- Midah Industries Sdn Bhd
- Midah Industries (North) Sdn Bhd
- Epic Diversity Sdn Bhd
- Kempurna Sdn Bhd

LEE HAI PENG

Executive Director cum Chief Financial Officer
- Chin Hin Group Berhad

CHUA SHIOU MENG

Chief Executive Officer
- Chin Hin Concrete Holdings Sdn Bhd
- Chin Hin Concrete (KL) Sdn Bhd
- Chin Hin Concrete (North) Sdn Bhd

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

TAN CHEAK JOO

Malaysian | Male | Age 52

Chief Executive Officer & Director

- PP Chin Hin Sdn Bhd

Director

- Midah Industries Sdn Bhd
- Midah Industries (North) Sdn Bhd
- Epic Diversity Sdn Bhd
- Kempurna Sdn Bhd

Mr Tan Cheak Joo is the Chief Executive Officer of PP Chin Hin Sdn Bhd. He was appointed as Director of Midah Industries Sdn Bhd and Epic Diversity Sdn Bhd in 2017. Then, he was appointed as Director of Midah Industries (North) Sdn Bhd in 2018 and Kempurna Sdn Bhd in 2019. He completed his secondary school at Sekolah Menengah Jenis Kebangsaan Seg Hwa, Johor in December 1988 and has since then acquired over twenty one (21) years of working experience in the trading and manufacturing of building materials.

In April 1991, he started working as the Personal Assistant of the Managing Director at a textile manufacturer, Li Ann Textile in Batu Pahat, Johor. He then left to join Gainvest Builders (M) Sdn Bhd, a building contractor company that was involved in the construction of high rise buildings and infrastructure projects in May 1995 as a Site Supervisor.

In June 1996, he joined United Straits Amalgamated Sdn Bhd as a Sales Executive selling building materials. In June 1997, he joined NCK Wire Manufacturer Sdn Bhd as a Sales Executive selling British Reinforcement Concrete wire mesh and other steel wire products. In April 2000, he joined F.S. Steel Sdn Bhd, a company involved in the manufacturing of steel products and trading and distribution of building materials as its Sales Director. He then joined PP Chin Hin Sdn Bhd in August 2004 where he was involved in growing and expanding our business operations, which included the setting up of our branches in Kuala Lumpur, Mentakab, Kuala Terengganu, Melaka, Johor and Ipoh.

He has been one of the Executive Committee Member of the Building Materials Distributors Association of Malaysia since December 2013.

Mr Tan Cheak Joo does not hold directorships in any public companies, he has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

LOK BOON CHENG

Malaysian | Male | Aged 58

Chief Executive Officer & Director

- Metex Steel Group of Companies

Director

- Metex Modular Sdn Bhd
- Saujana Vision Sdn Bhd

Mr Lok Boon Cheng is the Chief Executive Officer of Metex Steel Group of Companies and the Director of Metex Modular Sdn Bhd and Saujana Vision Sdn Bhd.

He manages the manufacturing & sales of the wire mesh and modular operations for our Group. He graduated from University of Malaya with a Bachelor's Degree in Civil Engineering in April 1988. He is a registered Professional Engineer from Board of Engineers Malaysia.

He has more than thirty one (31) years of working experience in the business of precast concrete and manufacturing steel products for the construction industry. Upon graduation, he was employed by Engineering & Environmental Consultants as a graduate engineer. He then left and joined Hume Industries Bhd in October 1988 as Product/Marketing Engineer until April 1991 before moving to join Southern Steel Berhad in May 1991 as a Technical Engineer. Over the years with Southern Steel Berhad, he was promoted a number of times to different positions, such as Technical Service Manager (April 1993); Operations Manager (April 1995); Senior Manager (April 1999); General Manager (January 2003) and finally as Senior General Manager in June 2008. During his tenure as Senior General Manager, he was responsible for managing the overall businesses for the company, which includes the manufacturing of welded mesh, cut and bend reinforcement bars and also the sales and marketing of steel billets and steel bars. He was also a director and board member of Steel Industries Sabah Sdn Bhd. He left Southern Steel Berhad in June 2012 and subsequently joined our Group to spearhead the setting up of Metex Steel Sdn Bhd.

Mr Lok Boon Cheng does not hold directorships in any public companies, he has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

NG WAI LUEN | Malaysian | Male | Age 53

Chief Executive Officer & Director

- Starken AAC Sdn Bhd
- G-Cast Concrete Sdn Bhd
- MI Polymer Concrete Pipes Sdn Bhd
- MI Polymer Concrete Pipes (S) Pte Ltd
- Starken Drymix Solutions Sdn Bhd
- G-Cast UHPC Sdn Bhd
- Green Cement Sdn Bhd
- Starken AAC 2 Sdn Bhd
- Starken Paint Sdn Bhd
- Green Integrated Base Stabliser Sdn Bhd
- Addington Sdn Bhd

Director

- Starken Philippines, Inc

Chief Executive Officer

- Midah Industries Sdn Bhd
- Epic Diversity Sdn Bhd
- Kempurna Sdn Bhd
- Midah Industries (North) Sdn Bhd

Mr Ng Wai Luen is the Chief Executive Officer and Director of Starken Group and Midah Group of Companies.

He manages the manufacturing and sales activities of lightweight concrete products and precast concrete products of our Group. He obtained a Bachelor of Business Degree in Accounting from Royal Melbourne Institute of Technology University, Australia in November 1992. He also obtained his Certified Public Accountants ("CPA") of Australia with distinctions and Malaysian CPA in December 1994 and June 1995, respectively. He has since then become a member of CPA of Australia and CPA of Malaysia as well as a Chartered Accountant of Malaysia Institute of Accountants. He has over twenty three (23) years of working experience in the field of auditing, finance and general management.

He started his carrer at KPMG Malaysia in December 1992 and joined OKA Corporation Berhad as its Finance Manager. In December 2002, he was promoted as its General Manager and Chief Financial Officer, responsible for its restructuring and development prior to its listing on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) in June 2003. He was also involved in the setting up of new factories. He subsequently joined our Group as the Head of Starken AAC Sdn Bhd in December 2010.

Mr Ng Wai Luen is also the Director and Audit Committee Chairman of Perak Transit Berhad, a company listed on the Main Board of Bursa Malaysia. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

CHUA SHIOU MENG | Malaysian | Male | Aged 50

Chief Executive Officer

- Chin Hin Concrete Holdings Sdn Bhd
- Chin Hin Concrete (KL) Sdn Bhd
- Chin Hin Concrete (North) Sdn Bhd

Mr Chua Shiou Meng is the Chief Executive Officer of Chin Hin Concrete Group of Companies.

He completed his education of Business Administration in INTI College Subang and has more than twenty five (25) years of working experience in the Concrete industry. He started off his career as a Sales Executive with TOKO Business Machine Sdn Bhd in 1995 and a few years later moved to CI Readymix Sdn Bhd which started his career into the Concrete industry.

In 2000 he moved to the Sales Manager Position in Hanson Building Materials Malaysia Sdn Bhd where he was responsible for managing the Sales Associates.

In April 2007, he joined Tasek Concrete Sdn Bhd ("TCSB") as Sales Manager and he remained there for twelve (12) years. During his time in TCSB, he was promoted numerous times and each new role widened his scope and responsibilities; from Regional Sales Manager – Central & Eastern Region to General Manager (National Sales & Marketing) and finally to Senior General Manager of TCSB Group. He was responsible for the development and implementation of business strategies, developing sales teams, delivering continuous improvement, providing direction and operational leadership and achieving corporate targets.

He joined Chin Hin Concrete Holdings Sdn Bhd in 2019 and he is a Council Member of National Ready Mixed Concrete Association Malaysia.

Mr Chua Shiou Meng does not hold directorships in any public listed companies, he has no relationship with any director and/or major shareholder of the company, no conflict of interest with the company and has not committed any offences within the past five (5) years other than traffic offences if any.

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Chin Hin Group Berhad ("Chin Hin" or "the Company" or "the Group"), it is my pleasure and privilege to present the Annual Report and Audited Financial Statement for the financial year ended 31 December 2021 ("FY2021").

DATUK SERI CHIAU BENG TEIK, JP
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

CHIN HIN GROUP BERHAD ("**Chin Hin" / "Group**") is a fully integrated building materials manufacturer and distributor conglomerate. We began our journey approximately fifty (50) years ago with humble beginning as a building materials trader in Alor Setar. Over the years, our hard work, vision, commitment and customer focus have enabled us to become a highly respected leader in building materials and a billion Ringgit public-listed company with nation-wide presence. Chin Hin today has expanded its business to cover not only trading but also manufacturing, services, property development and construction across:

1) **Investment Holding and Management Services**

2) **Building Material Division**
   - Fire-Rated and Wooden Doors
   - High Quality Door Locks
   - Steel Door Frames
   - Concrete Drymix
   - Wire Mesh Products
   - Ready-Mix Concrete
   - Provision of Logistics
   - Modular Building Solutions
   - Pre-Cast Concrete Products
   - Polymer Concrete Pipes
   - Autoclaved Aerated Concrete ("**AAC**")
   - Ultra-High-Performance Concrete ("**UHPC**")
   - Sanitaryware and Fittings Solutions

3) **Vehicle Division**
   - Manufacturing and Trading of Commercial Vehicles and Bodyworks
   - Rental and Fleet Management Services

4) **Property Development**

5) **Construction**

6) **Associates**
   - Solar Energy Solutions
   - Home and Living Solutions

During the financial year ended 31 December ("**FY**") 2021, the Group continued its focus in strengthening its presence as a one of the preferred and trusted market leaders in the building material industry. Chin Hin has diversified into the property development by acquiring 176,608,435 ordinary shares and 37,561,700 warrants in Chin Hin Group Property Berhad ("**CHGP**") for a total consideration of RM88.86 million which was completed on 4 August 2021. The acquisition of CHGP represents a strategic opportunity for the Group to expand into the property development segment, which is complementary to the Group's existing business in building materials. After the diversification, the property development division has aggressively embarked on a robust landbank accumulation strategy within the Klang Valley in anticipation of property market recovery in 2022. The Group believes that it is the right timing to embark on the land acquisitions in view of the comparable lower cost of acquisitions. This move is expected to bear fruit and contribute positively to the Group in the long term.

The property development division has subsequently further diversified its existing businesses to include the construction business, which is complementary to the Group, via the acquisition of 65% equity stake in Kayangan Kemas Sdn Bhd ("**Kayangan Kemas**") for RM37.95 million. Kayangan Kemas possessed Construction Industry Development Board ("**CIDB**")'s Grade 7 license. The acquisition was completed on 23 November 2021. Kayangan Kemas is expected to contribute more than 25% of the property division's future profits.

Subsequent to that, the property development division has further expanded its construction business through the proposed acquisition of 60% equity interest in Makna Setia Sdn Bhd ("**Makna Setia**") by its subsidiary, Kayangan Kemas for RM9.00 million in cash. This proposed acquisition was subsequently novated to Chin Hin Construction Sdn Bhd on 15 April 2022. Makna Setia is also a Grade 7 contractor registered with CIDB. The Company is mainly involved in the construction of public infrastructure, which includes bridges, railway tracks and highways. Some of its prominent projects include Mass Rapid Transit ("**MRT**") Package V210, Pan Borneo Highway, West Coast Expressway, SUKE Highway, Kajang 2 – Jalan Reko Flyover, Bandar Utama Elevated Bridge and Sunway Serene Scenic Lake Bridge. The acquisition will enable Chin Hin to further diversify and tap into the infrastructure construction industry.

On 16 February 2022, our wholly owned indirect subsidiary Chin Hin Construction Sdn Bhd has proposed the acquisition of 60% equity stake in Asia Baru Construction Sdn Bhd ("**ABC**"). ABC is a Grade 7 contractor registered with CIDB with five (5) stars rating by CIDB. ABC is principally engaged in the civil engineering and building construction specializing in water works project (including all mechanical electrical installation) ranging from dams, water or sewerage treatment plants, river intakes, pumping stations, reservoirs and pipelines to major pipeline diversion or interconnection with live pipeline. Some prominent projects completed by ABC are construction

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

of water treatment plant and water distribution system from Kahang to Kluang City, procurement, construction and commissioning of raw water supply project to RAPID ("**PAMER**"), raw water transfer project from PAMER scheme (Sg Seluyut Reservoir) to Upper Layang Dam and Layang 2 Project to supply raw water from Sg. Sedili to Seluyut and from Sg. Seluyut to Upper Layang Dam (Phase 2), procurement, construction and commissioning of raw water supply project to Rapid. Since its incorporation, ABC had undertaken and completed approximately RM2.30 billion worth of projects and currently undertaking approximately RM385.49 million worth of projects with expected completion period between May 2022 up and until May 2024.

In the wake of the recent massive flood catastrophes in various states of Malaysia, Environment and Water Minister - Datuk Seri Tuan Ibrahim Tuan Man urges the allocation of additional budget for preventive measures against recurrence of similar incidents. He commented during a special Parliament recently that a fifty (50)-year period plan with an estimated projected cost of RM300 billion is required for long-term measures in flood mitigation until year 2100. Measures shall include developing water infrastructure such as flood mitigation, construction of embankments and tyres, coastal erosion prevention, amongst others. The acquisition of ABC enabled Chin Hin to diversify further and tap into the water infrastructure construction works, which is complementary to the Company's existing property development and construction business and is expected to contribute positively to the bottom line of Chin Hin in view of the additional budget allocation for flood prevention measures.

On 18 March 2022, the Company entered into a conditional share sale agreement with Dato' Chan Wah Kiang and Avia Kapital Sdn Bhd to acquire 72,000,000 ordinary shares in Ajiya Berhad ("**Ajiya**"), representing approximately 24.68% equity interest (excluding treasury shares) in Ajiya, for total cash consideration of RM104.40 million. This move gives an opportunity for the Group to expand its product range from building materials into high value-added safety glass products, metal roofing, metal door and window frames. Synergistic benefits are expected to arise from the acquisition as both the Group and Ajiya are operating in and servicing the same industry, namely the construction and property development industry.

The Group will continue to consolidate on its upstream to downstream supply chain system which include the manufacturing and distribution of building materials, property development, construction of buildings and hospital, construction of public and water infrastructure industry to remain as one of the preferred market leaders. We will also continue to invest in brand building and promotional activities to remain competitive. The Group is still constantly sourcing for new business opportunities that are in synergy with the Group's current product range and activities.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

STATEMENTS OF COMPREHENSIVE INCOME

	FY2021	FY2020	Variance	
	RM'000	RM'000	RM'000	%
Revenue	1,150,317	968,761	181,556	18.74
Gross profit	97,214	74,094	23,120	31.20
Gross profit margin (%)	8.45%	7.65%	0.80%	10.46
Profit before tax ("PBT")	41,744	25,108	16,636	66.26
Profit after tax ("PAT")	30,969	16,905	14,064	83.19
PAT margin (%)	2.69%	1.74%	0.95%	54.60

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

Revenue

	FY2021	FY2020	Variance	
	RM'000	RM'000	RM'000	%
Investment holding and management services	7,560	11,736	(4,176)	(35.58)
Building Material Division				
Distribution of building materials and provision of logistics	598,554	546,059	52,495	9.61
Ready-mixed concrete	51,833	59,224	(7,391)	(12.48)
Manufacturing of fire-rated and wooden door	29,572	33,197	(3,625)	(10.92)
Manufacturing of AAC and precast concrete products	316,036	287,477	28,559	9.93
Manufacturing of wire mesh	164,919	115,568	49,351	42.70
Modular building solutions	459	353	106	30.03
Sanitaryware and bathroom fittings solutions	99	-	99	-
Vehicle Division Manufacturing and trading of commercial vehicle and bodyworks	48,214	-	48,214	-
Rental and fleet management services	1,248	-	1,248	-
Property Development and Construction Division				
Construction	32,427	-	32,427	-
Property Development	2,407	-	2,407	-
Others	130	-	130	-
Sub-total	**1,253,458**	**1,053,614**	**199,844**	**18.97**
Adjustment and eliminations	(103,141)	(84,853)	(18,288)	21.55
Total	**1,150,317**	**968,761**	**181,556**	**18.74**

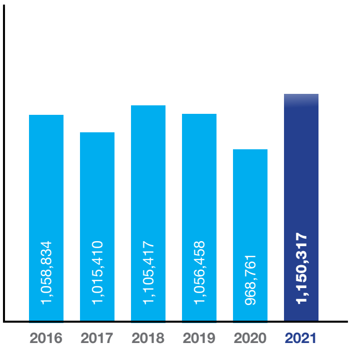
The Group reported a revenue of RM1,150.32 million in FY2021, an increase of RM181.56 million or 18.74% as compared to RM968.76 million in the preceding FY2020. The distribution of building materials, the manufacturing of AAC and the manufacturing of wire mesh sectors' revenue have increased remarkably in FY2021 as the construction site progress started to catch up after the full movement control order has been lifted. The revenue hike from the distribution of building materials were contributed by the varieties of building materials such as plywood and sherra plank wood besides the main product, cement and steel bar. The manufacturing of wire mesh mainly contributed by the high demand of steel mesh coupled with the increased in steel price worldwide. Moreover, Chin Hin's expansion into the property development and construction sector has brought in the revenue of RM49.46 million and RM34.83 million in the vehicle and property development & construction division respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

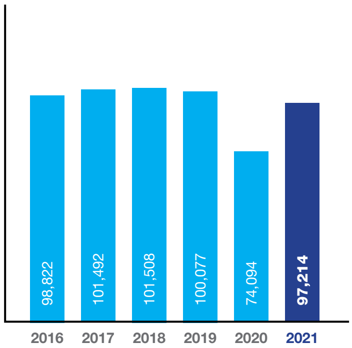
REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

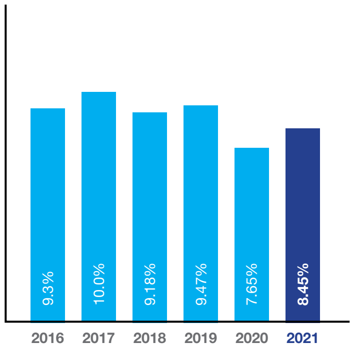
REVENUE (RM'000)



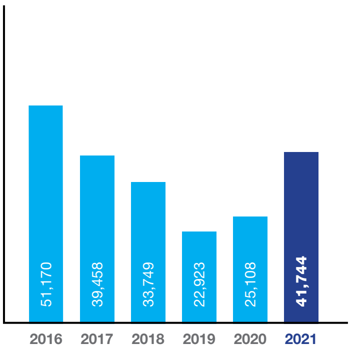
GROSS PROFIT (RM'000)



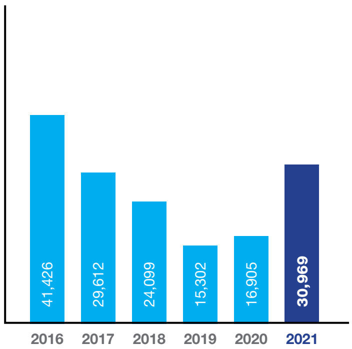
GROSS PROFIT MARGIN (%)



PROFIT BEFORE TAXATON (PBT) (RM'000)



PROFIT AFTER TAXATION (PAT) (RM'000)



Gross profit and gross margin

The Group's gross profit has increased by RM23.12 million or 31.20% to RM97.21 million in FY2021 (FY2020: RM74.09 million). The gross profit margin for the current year was recorded at 8.45%, increased by 0.80 basis point as compared to the preceding year of 7.65%. Majority of the gross profit hike was contributed by the followings:

- Construction segment i.e. profit recognised on the construction of fifteen (15) storey of Dewan Bandaraya Kuala Lumpur ("**DBKL**") enforcement department complex located at Bandar Tun Razak and casting of precast concrete beam and half slab (site cast) for Miri Hospital Annex Building, Sarawak;
- Distribution of building materials sector has focused on selling varieties of building materials such as plywood and sherra plank wood besides their main product, cement and steel bar which contributed higher product margin;
- High demand of steel mesh as the construction site progress started to catch up after the full movement control order has been lifted coupled with their ability to react fast to the huge fluctuation in the steel price worldwide and locally has contributed to the increase in gross profit; and
- Chin Hin's expansion into the CHGP has brought in the contribution from the manufacturing and trading of commercial vehicles and bodyworks.

Other income has decreased by RM1.00 million or 12.66% from RM7.90 million in the preceding year to RM6.90 million in the current year primarily due to the gain on disposal of properties belongs to PP Chin Hin Sdn Bhd to Midas Signature Sdn Bhd ("**Midas**") (related party) totalling RM1.54 million in the preceding year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

Finance income

Finance income has decreased by RM0.65 million or 21.17% from RM3.07 million in the preceding year to RM2.42 million in the current year mainly due to the lesser overdue interest collected from the delinquent trade debtors.

Fair value adjustment on investment properties

There was a fair value adjustment on investment properties of RM0.37 million in FY2021 which was resultant from the valuation deficit on the two (2) units of four (4) storey stratified Platinum Walk shop/office located at Setapak, Kuala Lumpur.

Gain on disposal of investment in associates

The gain on disposal of investment in associates of RM9.68 million derived solely from the disposal of 8,692,300 units shares in Solarvest Holdings Berhad ("**Solarvest**"). The rationale of the disposal is for Chin Hin to unlock and realise its investment in Solarvest. The proceeds from the said disposal were solely utilised to reduce Chin Hin's bank borrowings and to strengthen its balance sheet.

Gain on disposal of investment in subsidiary companies

There was a gain on disposal of our loss-making subsidiaries namely CH Floorsmith Sdn Bhd, CH Yohaus Sdn Bhd and Kloe Design Sdn Bhd totalling RM0.17 million. These subsidiaries were incorporated in the last financial year with the intention to carry out home living solutions business. The role of the said companies was redundant after the acquisition of Signature International Berhad ("**Signature**") in March 2021.

Gain on disposal of warrants

There was a gain on disposal of all its 39,865,500 units of Solarvest's warrants totalling RM26.00 million.

Impairment loss on goodwill

A further impairment loss on goodwill amounted to RM10.92 million was made pertaining to the investment in Midah Industries Sdn Bhd ("**Midah**"), Epic Diversity Sdn Bhd ("**Epic**") and Saujana Vision Sdn Bhd ("**Saujana**") in current year due to these companies were not performed well since FY2020.

Expenses

The increase in the administration expenses of RM6.71 million were contributed by:

- the acquisition of CHGP which was completed in August 2021 and the subsequent finalisation of expansion into the construction business, Kayangan Kemas in November 2021 has resulted in increase in administration expenses;
- the professional fee incurred in relation to the corporate exercises undertaken during the year i.e. acquisition of CHGP and Signature;
- legal fee, stamp duties and processing in securing the banking facilities RM141.00 million term loan for the acquisition of CHGP and Signature;
- Software support service expenses for ODOO ERP software, Dashboard and cloud services; and
- Brokerage fee involved in dealing with Solarvest shares.

Other expenses have increased by RM1.08 million or 28.58% YoY mainly due to:

- the charging out of rectification cost for understrength concrete of RM1.45 million after our appeal against Betamusifa Trading Sdn Bhd & Anor being dismissed with cost by the Court of Appeal in June 2021. This incident was taken placed in 2015;
- Tax penalty of RM0.21 million paid by BKG Development Sdn Bhd for under-estimate of tax payment for YA2021; and
- higher bad debts written off especially in the manufacturing of wire mesh and precast concrete sector totalling RM0.59 million.

Offset with:

- the decrease in inventory written off/down in FY2021 of RM1.03 million; and
- lower loss on disposal of Property, Plant and Equipment ("**PPE**") of RM0.14 million in the current year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

Expenses (Cont'd)

Net loss on impairment of financial instruments has decreased by RM2.07 million or 25.63% YoY mainly due to the lower provision for impairment of trade receivables and expected credit loss in the building materials sectors coupled with the ability to collect doubtful debts from the delinquent debtors by the ready-mixed concrete division. However, these positive impacts were dragged down to a certain extent by the higher provision for impairment of trade receivables in the manufacturing of precast concrete products and distribution of building material division due to the slow collection from certain customers.

The Group's finance cost in FY2021 has marginally increased by RM0.28 million or 1.53% YoY. Our finance cost principally contributed by:

- the drawdown of new term loan of RM141.00 million by Chin Hin to partly finance the acquisition of CHGP and refinance the acquisition of Signature;
- RM30.50 million term loan was drawdown by the precast concrete division to fund their working capital;
- revolving credit and bankers' acceptence of RM27.61 million were drawdown to defray the working capital of the distribution of building materials division and the manufacturing of autoclaved aerate concrete sector;
- in conjunction with the acquisition of Kayangan Kemas, CHGP has drawdown a new term loan of RM23.00 million;
- the drawdown of RM46.00 million new term loan to partly finance the acquisition of a piece of freehold land located at Daerah Petaling, Pekan Kinrara, Selangor for a cash consideration of RM59.77 million. This acquisition was completed on 1 November 2021;
- The drawdown of RM41.84 million new term loan to partly finance the acquisition of five (5) pieces of freehold lands at Mukim Serendah, Selangor for a total cash consideration of RM54.52 million. This acquisition was completed on 20 December 2021; and
- Drawdown of additional overdraft of RM6.81 million to fund the working capital of Starken AAC2 and Kayangan Kemas.

The increase in finance cost from the new drawdown of loans were offset partially by the pare down of the Group's existing term loans.

Share of results of associates

Share of profit from associate company has increased by RM2.89 million or 66.24% YoY primarily contributed by the share of earning from Signature after the acquisition of the said Company was completed in March 2021. Besides, there were share of earning from Starken Philippines Inc ("**Starken Philippines**") and the 47% share of 8th & Stellar project profit recognition from the property development segment with Stellar 8 Sdn Bhd.

Share of results of joint venture

Share of results of joint venture, R Synergy Sdn Bhd of RM0.27 million for the current year solely derived from the profit recognised on the construction of Miri Hospital Annex Building, Sarawak (Design and Build).

Profit

Given the abovementioned analysis, the Group reported a higher PBT of RM41.74 million as compared to RM25.11 million reported in FY2020.

Order book

The Group's order book presently stands at RM805.14 million, which will keep the Group busy for the next twelve (12) to thirty-six (36) months. In view of the order books on hand and the continue efforts to secure sales volume, the Group expects the level of sales and profitability in the FY2022 will be optimistic.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF FINANCIAL POSITION

	FY2021	FY2020	Variance	
	RM'000	RM'000	RM'000	%
Non-current assets	945,741	520,831	424,910	81.58
Current assets	833,087	550,751	282,336	51.26
Total assets	**1,778,828**	**1,071,582**	**707,246**	**66.00**
Total equity	**621,466**	**445,288**	**176,178**	**39.56**
Non-current liabilities	327,817	83,818	243,999	291.11
Current liabilities	829,545	542,476	287,069	52.92
Total liabilities	**1,157,362**	**626,294**	**531,068**	**84.80**
Net assets per shares attributable to ordinary owner of the Company	0.79	0.81	(0.02)	(2.47)

Total assets

As at 31 December 2021, total assets of the Group had increased by RM707.25 million to close the financial year at RM1,778.83 million, with the analysis below:

Non-Current Assets

- the addition of Property, Plant and Equipment ("**PPE**") and Right of Use ("**ROU**") of assets worth RM40.99 million and RM3.71 million respectively via the acquisition of subsidiary companies, CHGP, Kayangan Kemas and Addington;
- the additions of PPE and ROU of assets worth RM13.20 million and RM8.07 million (RM7.57 million related to ROU leases) respectively (as per the addition of capital expenditure ("**Capex**") below);
- the increased in Investment Properties ("**IP**") of RM31.61 million resulting from the acquisition of CHGP and Kayangan Kemas offset with the deficit on fair value adjustment on PP Chin Hin Sdn Bhd's IP i.e. two (2) units of four (4) storey stratified Platinum Walk shop/office located at Setapak, Kuala Lumpur of RM0.37 million;
- Retention sum receivables of RM3.19 million from Kayangan Kemas's project clients, where the projects are still within the defect liability period;
- Increase of RM192.69 million in investment in associate resultant from the acquisition of the following associates:

		RM (million)
(i)	Signature	102.67
(ii)	Solarvest	39.84
(iii)	Starken Philippines	0.29
(iv)	CubeX Industries Ltd	0.02
(v)	Associates of CHGP, effect from the acquisition during the year BKG Development Sdn Bhd subscribed 35,000,000 preference shares in Stellar 8 Sdn Bhd for effective interest of 47% in accordance with Joint Venture Agreement dated 24 May 2019	35.00
(vi)	Share of profit from Stellar 8 Sdn Bhd since 2019	10.96
(vii)	Investment and share of results in Weida Kayangan Sdn Bhd (the associate of Kayangan Kemas)	1.67
(viii)	Share of current year results of those associates from item (i) to (iii)	3.88
(ix)	Disposal of Solarvest's shares	(1.64)
		192.69

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Total assets (Cont'd)

Non-Current Assets (Cont'd)

- Investment in joint venture, R Synergy Sdn Bhd (Kayangan Kemas Group) at cost of investment of RM0.30 million plus share of profit totalling RM1.29 million;
- Increase in inventories-land held for development of RM159.54 million solely contributed by CHGP, which is in line with their robust land bank accumulation strategy especially in the Klang Valley in anticipation of a positive market recovery in 2022;
- Goodwill arising from the acquisition of subsidiary companies namely CHGP, Kayangan Kemas and Addington Sdn Bhd ("**Addington**") totalling RM15.44 million offset with the impairment loss on goodwill for Midah, Epic and Saujana totalling RM10.92 million;
- Derivative financial assets of RM1.52 million resulting from the keyman insurance taken up in relation to the new term loans secured by Chin Hin Group Bhd and G-Cast Concrete Sdn Bhd; and
- Other investment which relates to the club membership in Kayangan Kemas Sdn Bhd of RM0.07 million.

Offset with:

- Depreciation charged on PPE of RM28.55 million and the ROU of assets of RM6.70 million (RM5.13 million related to ROU leases)

Non-current assets have increased from RM520.83 million as at 31 December 2020 to RM945.74 million as at 31 December 2021, mainly contributed by the increase in investment of associate companies, Signature, Solarvest, and CHGP.

Current Assets

- YoY increase in contract assets of RM19.54 million in Kayangan Kemas arising from the revenue recognition on contract work;
- Increase in inventories of RM26.83 million mainly contributed by CHGP after the acquisition was completed in FY2021, especially the vehicle division due to the increase in outsourced sale. Besides the increaser also contributed by the distribution of building materials sector as the construction site progress started to catch up after the full movement control order has been lifted and finally from the manufacturing of AAC block and wall panel due to the surge in demand from the Singapore market. The hike in the sales of our Industrialised Building System ("**IBS**") products i.e. AAC block and wall panel as the products are tested to resolve the labour shortage issues faced by the market as it can reduce the construction time by approximately 20%.
- More than 90% of the YoY increased in trade receivables of RM144.12 million were contributed from the CHGP Group of companies and the balance was contributed from the distribution of building materials sector in line with the increase in sales.
- YoY increase in other receivables of RM52.07 million where 97.29% was mainly contributed from CHGP, where RM24.25 million was related to deposits paid for purchase of raw materials in relation to the rebuilt of vehicles. There was RM21.43 million advance payment made to subcontractors in Kayangan Kemas, pending the finalisation of progress payment certificates coupled with deposit payment for acquisition of Makna Setia, utilities & others of RM2.53 million, prepayment of RM0.25 million and earnest money for tender of RM1.14 million;
- YoY increase in tax recoverable from Lembaga Hasil Dalam Negeri of RM0.34 million due to the over payment of corporate tax as a result of tax estimates for the current year of assessment ("**YA**") should not be less than 85% of the revised estimate of tax payable for the immediate preceding YA.
- Fixed deposits with licensed banks increased by RM13.02 million; and
- Cash and bank balances increased by RM37.86 million.

Offset with:

- Decrease in assets held for sales of RM11.45 million in relation to the completion of disposal of the final six (6) units of Kuchai Lama office shop lots to Midas (related party transaction).

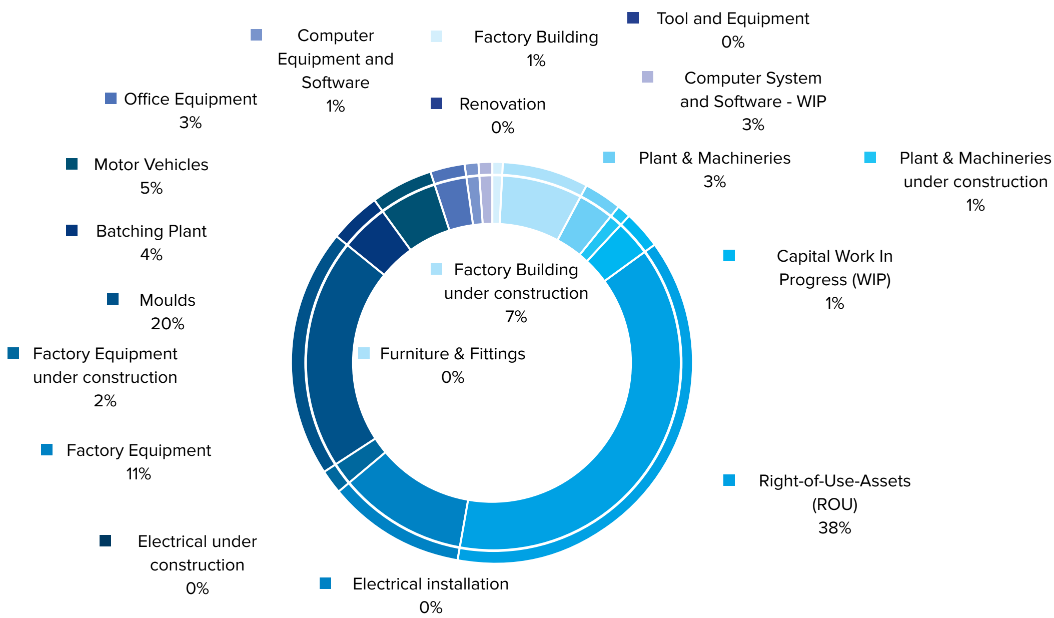
The total current assets have increased from RM550.75 million as at 31 December 2020 to RM833.09 million as at 31 December 2021, mainly contributed from CHGP as mentioned above.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Capital Expenditure ("Capex")	Breakdown of Capex (RM)
Factory Buildings	290,484
Factory Buildings under construction	1,396,198
Plant & Machineries	570,653
Plant & Machineries under construction	128,669
Capital Work-In-Progress (WIP)	232,013
Right-of-Use-Assets (ROU)	8,069,407
Electrical installation	16,929
Electrical under construction	38,240
Factory Equipment	2,299,213
Factory Equipment under construction	399,000
Moulds	4,228,992
Batching Plant	914,922
Motor Vehicles	1,056,833
Office Equipment	531,106
Computer Equipment and Software	326,484
Computer System and Software - WIP	668,633
Renovation	49,642
Furniture & Fittings	53,214
Tool and Equipment	1,480
Total	**21,272,112**



Breakdown of Capex

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Total assets (Cont'd)

In FY2021, 99.51% of total capex was incurred on the outlay on factory building, factory building under construction, plant & machineries, plant and machinery under construction, capital work-in-progress, ROU on leasehold building (including leases on factory, warehouse and offices of RM7.57 million), electrical installation, electrical under construction, factory equipment, factory equipment under construction, mould, batching plant, motor vehicles, office equipment, computer equipment & software and computer system & software under construction. Majority of the capex spent other than the ROU of rentals on factory, warehouse and offices mainly arising from the followings:

- RM7.19 million was spent on the purchase of moulds, factory equipment, factory equipment under construction, motor vehicles and foundation enhancement at G-Cast Concrete Sdn Bhd ("**G-Cast Concrete**")'s plants located at Rawang, Kota Tinggi, Kulai, Bidor, Kuantan and Serendah plants;
- RM1.64 million was spent on the reinforced concrete work, install of steel superstructure, drainage work, crusher run for roadwork and fire protection system at Green Cement Sdn Bhd ("**Green Cement**")'s cementitious grinding plant located in Kota Tinggi, Johor;
- RM0.64 million was spent on the infrastructure works at Chin Hin Concrete (KL) Sdn Bhd's ready-mixed concrete plants located at Sentul, Kuala Lumpur North and Ampang. Another RM0.27 million was spent on the batching plant. RM0.48 million was spent on refurbishment of mixer trucks plus RM0.12 million was spent on cabin, cube mould and office equipment;
- RM0.67 million were spent on the Starken Drymix Solutions Sdn Bhd ("**Starken Drymix**")'s plant located at Bidor. Equipment purchased include render spray application machine, one (1) unit of CompAir screw compressor 75kw/100HP, pressurised hydrant system, goods hoist completed with structure, furniture & fittings and office equipment;
- RM0.67 million was spent on lorries and forklift, computer hardware, office equipment, digitalisation cost on robotic process automation ("**RPS**") and renovation by PP Chin Hin Sdn Bhd;
- RM0.76 million was spent on the quadrilateral saw and accessories, compressed air system equipment including piping and armoured cable, XJL finger tenon assemble machine, XJL semi comb tenon mortising machine, laptop, desktop, graphic card, office chair, table, cabinet and ODOO ERP software setting up cost in Midah Industries Sdn Bhd; and
- RM0.24 million was spent on the computer equipment and software; Implement Robotic Process Automation (RPA) Accounts Receivable, Payable & Early Payment Rebate System; Odoo ERP software production blueprint requirement study for factory and Synchronisation of data between Odoo and Epicor; one unit of Mesh Gripper-Part Replacement for Welder ATT 1; two units of air-conditioners and a unit of color laserjet pro printer for quality control department in Metex Steel Sdn Bhd.

Total equity

Total equity increased by RM176.18 million or 39.56% YoY, mainly due to the followings:

- Enhancement of total comprehensive income for the year of RM31.18 million;
- Increase in share capital of RM56.06 million pursuant to the private placement exercise undertaken which made up of 50,500,000 shares at RM1.11 each;
- Acquisition of subsidiary companies of RM95.20 million during the year i.e. CHGP, Kayangan Kemas Group of companies, Kloe Design Sdn Bhd, CH Yohaus Sdn Bhd and Green Integrated Base Stabiliser Sdn Bhd;
- Dilution of 4.81% equity stake in CHGP of RM33.45 million due to warrants conversion and special issue of shares and dilution of 30% equity stake in Boon Koon Commercial Sdn Bhd; and
- Disposal of the entire shareholding in Kloe Design Sdn Bhd, CH Floorsmith Sdn Bhd and CH Yohaus Sdn Bhd totalling RM0.11 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Total equity (cont'd)

Offset against:
- Changes in ownership interests of 25% and 4.87% equity stake in G-Cast UHPC and CHGP respectively totalling RM24.77 million;
- Dividend payment of RM14.41 million;
- Share buy-back totalling 250,100 units for RM0.34 million; and
- Share issuance expenses of RM0.30 million in relation to the private placement.

As such, our net assets per share have decreased by RM0.02 per share or 2.47% YoY from RM0.81 per share to RM0.79 per share.

Total liabilities

Total liabilities increased by RM531.07 million YoY, mainly contributed by the increase in bank borrowings, trade payables, other payables, deferred tax liabilities, lease liabilities, tax payable and contract liabilities of RM376.85 million, RM78.31 million, RM66.37 million, RM3.45 million, RM4.58 million, RM2.06 million and RM0.22 million respectively, offset by the reduction in amount due to directors of RM0.76 million. The significant hike in bank borrowings principally contributed by:

- borrowings of CHGP and Kayangan Kemas of RM82.17 million and RM2.47 million respectively after the acquisition was completed in August 2021 and November 2021;
- drawdown of new term loan of RM141.00 million by Chin Hin to partly finance the acquisition of CHGP and refinance the acquisition of Signature;
- RM30.50 million term loan was drawdown by the precast concrete division to fund their working capital;
- revolving credit and bankers' acceptance of RM27.61 million were drawdown to defray the working capital of the distribution of building materials division and the manufacturing of autoclaved aerate concrete sector;
- our property development division has drawdown RM87.84 million term loans to part finance the acquisition of three pieces of freehold lands in Rawang and a piece of freehold land located at Pekan Kinrara;
- CHGP has drawndown a new term loan of RM23.00 million to part finance the acquisition of Kayangan Kemas; and
- Drawdown of additional overdraft of RM6.81 milliion to fund the working capital of Starken AAC 2 and Kayangan Kemas.

These increase of bank borrowings were set-off partially with the reduction of existing term loans of RM24.55 million.

The increase in trade payables of RM78.31 million mainly came from the property development and construction sector and the balance of RM14.43 million was contributed by the distribution of building materials and the manufacturing of steel mesh division in line with the increase in inventories and sales. Whereas the increase in other payables were contributed majority from the vehicle, property development and construction sectors within CHGP Group of companies of RM41.27 million, RM11.48 million and RM8.90 million respectively. 66.44% increase in other payables in the vehicle division were contributed by the deposits received from customers for the purchase of parts for rebuilt vehicles.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF CASH FLOWS

	FY2021	FY2020	Variance	
	RM'000	RM'000	RM'000	%
Net cashflows (used in)/from operating activities	(93,292)	29,954	(123,246)	> -100.00
Net cashflows (used in)/from investing activities	(202,395)	83,905	(286,300)	> -100.00
Net cashflows from/(used in) financing activities	325,085	(117,682)	442,767	> 100.00
Net increase/(decrease) in cash and cash equivalents	29,398	(3,823)	33,221	> 100.00

The Group's net cashflows generated from operating activities for the FY2021 stood at negative RM93.29 million. The decrease in net cashflows from operating activities was principally due to the robust landbank accumulation strategy undertaken by the property development division in the Klang Valley as the Group believed that it is the right timing for them to embark on the land acquisitions exercise in view of the comparable lower cost of acquisitions. The property division has spent a total of RM158.66 million in acquiring ten (10) pieces of land. As of the date of this report, acquisition of eight pieces of land was completed.

Cash inflows from investing activities recorded at negative RM202.40 million in FY2021 mainly derived from the transactions below:

- Additional investment in subsidiary company, CHGP of RM24.77 million;
- Acquisition of associate companies i.e. Signature, Solarvest, Starken Philippines and CubeX Industries Ltd for RM142.82 million;
- Acquisition of subsidiary companies i.e. CHGP, Kayangan Kemas and Addington for RM103.16 million; and
- Capital expenditure on the purchase of property, plant and equipment by way of cash amounted to RM13.20 million;

Mitigated partially by:

- Proceeds from the disposal of asset held for sales of RM11.60 million;
- Proceeds from the disposal of investment in associate company, Solarvest of RM11.32 million;
- Proceeds from the disposal of warrants totalling RM26.00 million; and
- Capital contribution by non-controlling interests due to warrants conversion and special issue of shares in CHGP totalling RM33.15 million.

The net cash flows from financing activities of RM325.08 million, mainly stemmed from the activities below:

- Drawdown of total term loans amounted to RM282.34 million as explained earlier in the total liabilities above;
- Drawdown of bankers' acceptance, trust receipt and revolving credits totalling RM27.61 million; and
- Proceeds from issuance of share capital pursuant to private placement exercise of RM56.06 million.

Offset against:

- Pare down of existing term loans of RM24.55 million;
- Interim dividend payment for FY2021 of RM5.56 million;
- Repayment of lease liabilities of RM5.50 million;
- Repayment of advances to director of RM1.53 million;
- Fixed deposits pledged as collateral of RM3.14 million;
- Repurchase of 250,100 units of treasury share from the open market, at an average of RM1.3528 per share costing RM0.34 million; and
- Share issue expenses incurred pursuant to the issuance of 50,500,000 units shares during private placement exercise of RM0.30 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF CASH FLOWS (CONT'D)

Our business operations are financed by a combination of internal and external sources of funds. Internal sources of funds comprise mainly shareholders' equity and cash generated from our operations, while external source of funds comprises trust receipts and bankers' acceptance, revolving credit, term loans, hire purchase, overdraft, loan from directors as well as credit terms granted by our suppliers. Credit terms granted to us by our suppliers ranging from 14 to 90 days.

The Management believes that after taking into account our cash and bank balances, existing banking facilities, as well as the funds envisaged to be generated from our business operations, we will have adequate working capital to meet our present and foreseeable day-to-day business operation requirements.

Save as aforementioned, we are not aware of any other known trends and events that are reasonably likely to have a material effect on our operations, performance, financial condition and liquidity.

REVIEW OF OPERATING ACTIVITIES

GENERAL OVERVIEW

Below is the progress status of Chin Hin's digital transformation programme ("**DTAP**") in FY2021:

Progress on DTAP and Industry Revolution 4.0

No.	Project	Description	Business Unit	Status	RM	Manpower Savings (pax)
1	Digitalisation	Implement Robotic Process Automation (RPA) Transport Management System, Bank Reconciliation and Auto Generation of Invoices from Cement Suppliers System.	PP Chin Hin Sdn Bhd	Implementing and still fine-tuning	148,187	1
2	Digitalisation	Implement Robotic Process Automation (RPA) Debit & Credit Note Automation, Accounting Report, CEO & Performance Management dashboard.	Starken Group of companies	Implementing and still fine-tuning	85,410	-
3	Digitalisation	Implement Robotic Process Automation (RPA) Accounts Receivable, Payable & Early Payment Rebate System; Odoo ERP software production blueprint requirement study for factory and Synchronisation of data between Odoo and Epicor.	Metex Steel Sdn Bhd	Implementing and still fine-tuning	129,038	-
4	Automation	CNC Quadrilateral Saw & Accessories	Midah Industries Sdn Bhd	Commissioning	305,998	3
					668,633	**4**

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

GENERAL OVERVIEW (CONT'D)

*Picture: Computer Numerical Control ("**CNC**") Qudrilateral Saw and Accessories at Midah's factory located in Kapar, Klang*

Although FY2021 was the second year of Coronavirus Disease 2019 ("**Covid-19**") pandemic, however Chin Hin still continued with its innovative spirit whereby our manufacturing subsidiaries continued to introduce new products and new applications to the building material and concrete drymix solution market. Below are the range of product and application expanded:

- AAC panel – Our panel was being applied in Tenaga National Berhad ("**TNB**") substation and refuse chamber in the housing sector to increase its application.
- Concrete Drymix Solution – Research and development in Starken Drymix continues to improve product performance and develop new products. Apart from the conventional trowelling, we developed a series render and skim coat using machine spraying application. Spraying series highly increase the application speed. In addition, this series can improve the product performance, reduce the wastage during application and increase the working efficiency of workers. Since June 2020, the government of Malaysia has frozen the new intake of foreign workers until the end of 2021. Thus, these spray render and skim coat is able to resolve the labour woes in the construction sector. The total cost of render and skim coat application can be reduced accordingly. This series has under gone many sites mock-up. They were launched in the first quarter of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

GENERAL OVERVIEW (CONT'D)

- Eco-friendly products & Environment, Social and Governance ("**ESG**") initiative – Green Cement has developed a series of new eco-friendly products by recycling of coal bottom ash (scheduled waste) to produce composite fill which is a filler material used primarily as cost-effective modifier or filler addition in rubber or polymer-resin industries. Another newly developed eco-friendly product, binder fill which is used as soil stabilizer to upgrade existing roads and build long lasting and cost-effective durable road. The strength of binder fill includes the reduction of soil plasticity by control swell and shrinkage characteristics caused by moisture changes and durability and better resistance to weathering and traffic loading.

Picture: Composite fill

Picture: Binder Fill in Jumbo Bags

Picture: Binder Fill in Bulk

Our Group Marketing Department is effectively functioning with a pre-set Key Performance Indicator ("**KPI**") with the ultimate aim to boost up sales through "Cross Selling". Weekly meetings among sales staffs are held and chair by the Group Marketing Head to share the market intelligence and projects leads. The efforts of the Group Marketing Department are expected to contribute positively to the bottom line of Chin Hin. The Group is using Customer Relationship Management ("**CRM**") software as the business intelligence, sales, product and customer management platform to increase business opportunities and revenue from new and existing customers. New leads are share among the sales personnel within the Group with clear follow up strategy until it is successfully closed. Sales post mortem meetings are held after sales fails. The goal of these meetings is to reflect and talk candidly about what went well and what didn't go well during the process of sales closing. Post mortems offer the unique opportunity to gather perspective and information that can be used to avoid making the same missteps down the road.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

SEGMENTAL OVERVIEW

Building Material Division

Distribution of building materials and logistics

Malaysia's economy shrank by 4.5% in the third quarter ended 30 September 2021 compared with a 16.1% expansion in the second quarter but the economy is on a recovery trajectory in the fourth quarter and extending into 2022. In 3Q21, the services sector shrank by 4.0%, manufacturing 0.8%, agriculture 1.9%, mining 3.6% and construction the biggest at 20.6%. This was largely attributable to the strict containment measures particularly in July, under Phase 1 of the National Recovery Plan ("**NRP**") 1. Economic activity subsequently picked up as more states transitioned into Phase 2 with less restrictive containment measures. The construction sector contracted the most due to operating capacity limits. However, since the building materials distribution landscape has changed massively since last year after the first movement control order with numbers of building material player pulled out from the market in view of the shrank market and intense competition which affected their earnings and margin, our distribution of building materials and logistics sector recorded a total revenue of RM598.55 million in FY2021, an increase of RM52.49 million or 9.61% as compared to RM546.06 million recorded in the previous financial year, which contributed 52.03% (FY2020: 56.37%) of the Group's consolidated revenue.

In line with the increase in revenue, gross profit has increased by RM6.24 million YoY or 18.79% from RM33.21 million in FY2020 to RM39.45 million in FY2021. Gross profit margin has increased by 0.51 basis point from 6.08% in FY2020 to 6.59% in FY2021. The higher margin was contributed by the cement volume rebate and emphasize more on selling other building materials such as plywood, sherra roofing and sherra plank wood which fetch better margin. As such, PBT has increased considerably by RM10.05 million or 558.33%, from RM1.80 million in FY2020 to RM11.85 million in FY2021.

Ready-mixed concrete

The revenue for the ready-mixed concrete segment decreased by approximately RM7.39 million or 12.48% from RM59.22 million in FY2020 to RM51.83 million in FY2021, which contributed 4.51% (FY2020: 6.11%) of the Group's consolidated revenue. However, this segment recorded a loss before tax ("**LBT**") of RM1.75 million, an improvement of RM2.45 million, approximately 58.33% from RM4.20 million LBT in FY2020.

The decrease in revenue from the ready-mixed concrete segment were mainly due to the Northern loss-making plants has been fully shut down in the third quarter of FY2020 and the soft market demand for construction materials as a result of properties overhang and the economic meltdown resultant from Covid-19 pandemic and imposition of multiples movement control order. The reduction of losses was taken placed after the loss-making plants were fully shut down and the Company has managed to recover some bad debts during the year.

Manufacturing of fire-rated and wooden door

The manufacturing of fire-rated and wooden door segment recorded a revenue of RM29.57 million, a decline of RM3.63 million or 10.93% as compared to the preceding year's results of RM33.20 million, which contributed 2.57% (FY2020: 3.43%) of the Group's consolidated revenue. The decline in revenue was resulted from the shortage of foreign workers which has affected their production due to the government's move to freeze the intake of foreign labour. In addition, Malaysian logs is facing severe supply shortages, which has resulted in shortage of timber and plywood that dampen our fire-rated and wooden door industry.

The LBT has increased by RM3.17 million, from last year LBT of RM2.77 million to the current year LBT of RM5.94 million. The considerable increase in losses for the manufacturing of fire-rated and wooden door division was contributed by the reasons as mentioned above. Besides, the raw materials pricing i.e. timber and steel for the fire door business have increased significantly throughout the years and yet the cost hike cannot be passed on to the client due to the locked in order and market competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

SEGMENTAL OVERVIEW (CONT'D)

Building Material Division (cont'd)

Manufacturing of AAC and precast concrete products

The manufacturing of AAC and precast concrete products segment recorded a total revenue of RM316.04 million in FY2021, representing an increase of 9.93% as compared to RM287.48 million recorded in FY2020 and contributed 27.47% (FY2020: 29.67%) of the Group's consolidated revenue. This sector recorded a PBT of RM3.47 million, representing a decline of 39.65% as compared to RM5.75 million in FY2020.

Manufacturing of AAC and Precast Concrete Products Sector	FY2021 RM'000	FY2021 RM'000	FY2020 RM'000	FY2020 RM'000	Remarks
	Revenue	PBT	Revenue	PBT	
Starken AAC Sdn Bhd ("**Starken AAC**")	91,923	520	73,196	(1,145)	
G-Cast Concrete Sdn Bhd	107,691	2,864	119,920	12,129	
Starken Drymix Solutions Sdn Bhd ("**Starken Drymix**")	30,452	3,099	29,166	7,145	There was a fair value gain on investment property of RM0.45 million and RM4.10 million respectively in FY2021 and FY2020 which subsequently reclassified as PPE at the Group consolidation level. Starken Drymix actual PBT before investment property gain was RM2.65 million and RM3.05 million respectively for FY2021 and FY2020.
MI Polymer Concrete Pipes Sdn Bhd ("**MIPCP**")	11,317	939	10,515	935	FY2021 – Inter-company sales of RM10.70 million.
MI Polymer Concrete Pipes (S) Pte Ltd	11,213	234	11,043	6	FY2020 – Inter-company sales of RM10.51 million
G-Cast UHPC Sdn Bhd ("**G-Cast UHPC**")	2,187	(3,803)	4,112	(7,793)	
Starken AAC 2 Sdn Bhd ("**Starken AAC 2**")	54,182	(2,043)	34,692	(6,852)	
Green Cement Sdn Bhd	6,694	1,875	4,822	1,346	
Green Integrated Base Stabiliser Sdn Bhd ("**GIBS**")	328	(43)	-	-	
Starken Paint Sdn Bhd ("**Starken Paint**")	49	(172)	11	(26)	
Total	**316,036**	**3,470**	**287,477**	**5,745**	

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

SEGMENTAL OVERVIEW (CONT'D)

Building Material Division (cont'd)

Manufacturing of AAC and precast concrete products (Cont'd)

Starken AAC: The increase in revenue of Starken AAC of RM18.73 million or 25.58% YoY as the construction site progress started to catch up after the full movement control order has been lifted. Strong demand for our IBS (block wall/wall panel system) as it is tested to resolve the current labour shortage issue and hence the construction time by approximately 20%. However, PBT has only increased by RM1.67 million YoY due to the significant hike in steel mesh price, important component in the wall panel cannot be passed on fully to the client due to locked-in order price and intense competition where competitors willing to accept lower margin to ensure survival.

G-Cast Concrete: The revenue for precast concrete products experienced a decline of RM12.23 million or 10.20% to RM107.69 million in FY2021 from RM119.92 million in FY2020. The decline was due to the supply of infrastructure products i.e. prestress and reinforce concrete beam, crosshead, cable trough and emergency walkway being hold back by client due to progress work delay at site. However, PBT has declined significantly by RM9.27 million or 76.39% YoY due to the hike in steel price, important component in the precast concrete product which cannot be passed on fully to the client due to the locked-in order contract price and intense competition where competitors willing to accept lower margin to ensure survival.

Starken Drymix: Our organic growth company, whom specialise in the production of thin adhesive base, render, skim coat, tile adhesive, panel plaster and basic skim has has delivered commendable growth in 2021 amid full lock down imposed in June 2021. The Company reported a revenue of RM30.45 million, a surge of RM1.29 million or 4.41% YoY. PBT has decreased by RM0.40 million (excluding the fair value gain on investment property of RM0.45 million and RM4.10 million for both financial years) or 13.11% YoY due to the hike in cement cost, important component in drymix's products which can't be passed down to client due to the locked-in order price and intense competition where competitors willing to accept lower margin to ensure survival.

MIPCP Group of companies: The consolidated revenue has increased by RM0.78 million or 7.06% from RM11.05 million in FY2020 to RM11.83 million in FY2021 (after eliminating inter-company sales) as our delivery to our main market, Singapore has improved considerably. However, it still has not returned to its Pre Covid-19 levels. However, MIPCP's PBT has increased marginally by RM0.01 million or 0.60% YoY due to the raw materials, resin iso and resin ortho cost has increased in line with the world price hike. Singapore market continues to be MIPCP main market in FY2021. Covid-19 pandemic in Singapore had a drastic effect on polymer concrete pipe industry whereby project execution speed is slower than the norm. Land Transport Authority ("**LTA**") & Housing Development Board ("**HDB**") projects execution are experiencing delays ranging from six months to one year due to the Covid-19 pandemic and shortage of manpower. All the projects secured suffering delays with varying lengths which affect our pipe deliveries/sales.

G-Cast UHPC: G-Cast UHPC has endured a LBT of RM3.80 million which was inconsistent with the decrease in revenue of RM1.93 million or 46.81% lower YoY. The lower losses were attributed to the downsizing of non- productive supporting department to reduce the losses suffered.

Starken AAC 2: The revenue has increased by RM19.49 million or 56.18% YoY. As such, the LBT have declined by RM4.81 million or 70.18% YoY. The Company has continued to endure losses consecutively for four years due to the production utilisation rate is still hovering around 45%. 161.42% and 262.89% of the losses were contributed by the finance cost and depreciation of PPE (excluded ROU leases) respectively. This new AAC production line in Starken AAC 2 with 600,000m3 installed capacity located at Kota Tinggi, Johor has managed to maintained its production utilisation rate at 45% in view of the increase demand for the IBS products due to the shortage of foreign labour in the market. The export sales for panel and block to Singapore has surged after the lifting of Covid-19 Circuit Breaker. The export of AAC block by Starken AAC 2 to the Philippines market has also growth steadily when compared to the preceding year. The Company will continue to penetrate and expand its overseas market to fill up the excess capacity in Starken AAC 2.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

SEGMENTAL OVERVIEW (CONT'D)

Building Material Division (cont'd)

Manufacturing of AAC and precast concrete products (Cont'd)

Green Cement: The increased in revenue of RM1.87 million and PBT of RM0.53 million derived solely from the selling of extra Pulverised Fuel Ash ("**PFA**") from the Tanjung Bin Energy Sdn Bhd ("**TBE**")'s power plant located in Johor to Chin Hin's related company within the Group (59.39%) and a few third-party companies (40.61%). 35.89% of the PFA sold came from the Jimah East Power Plant ("**Jimah East**") located in Port Dickson, pursuant to the Letter of Agreement signed with Jimah Energy Ventures Sdn Bhd ("**Jimah Energy**") on 19 April 2018 for the temporary collection of PFA which has expired on 18 July 2018 where the term of the agreement has been extended on a month-to-month basis, to be renewed automatically every month unless terminated by Jimah Energy with not less than seven (7) days' notice in writing. 64.11% of the PFA sold came from supercritical coal fired power station plant located in Tanjung Bin, Johor Darul Takzim which is owned by Tanjung Bin Power Sdn Bhd ("**TBP**"), pursuant to the Coal Ash Offtake Agreement signed on 3 August 2020 between TBE and Green Cement. The Agreement shall be effective and valid for a period of ten (10) years, with an option to extend for additional three (3) years, or any period to be agreed by both parties. The balance of the PFA sold came from TBE's coal-fired power plant located in Johor, Malaysia. The bottom ash collected from both the power plants, TBP and TBE were being used as raw material for the production of precast concrete pipes and ready-mixed concrete products.

GIBS: This company has just started its operation this year with a minimal revenue RM0.33 million, sale of soil stabiliser which manufactured by Green Cement and endured a start-up loss of RM0.04 million.

Starken Paint: Majority of this Company sales contributed by the trading of metal paint which formed approximately 63.00% of its revenue. With these low sales, the Company has suffered a loss of RM0.17 million.

Manufacturing of wire mesh

	FY2021 RM'000	FY2020 RM'000	Variance	%
Manufacturing of Wire Mesh – PBT	5,033	6,243	(1,210)	(19.38)
Adjustments for exceptional items:				
Inter-company interest charged to Metex Modular Sdn Bhd ("**Metex Modular**") (other income)	(758)	(664)	(94)	14.16
Gain on disposal of Ace Logistic Sdn Bhd	-	(4,000)	4,000	100.00
Actual results for the manufacturing of Wire Mesh	**4,275**	**1,579**	**2,696**	**>100.00**

The manufacturing of steel mesh segment recorded a total revenue of RM164.92 million in FY2021, representing an increase of 42.70% as compared to RM115.57 million recorded in FY2020, and contributed 14.34% (FY2020: 11.93%) of the Group's consolidated revenue. The wire mesh business performance has improved remarkably in FY2021 with a higher adjusted PBT of RM4.28 million YoY. The improved results in FY2021 were contributed by the high demand for steel mesh as the construction site progress started to catch up after the full movement control order has been lifted coupled with the surge of steel price worldwide. Gross profit margin for FY2021 was 5.53%, much higher than 3.59% in FY2020 due to the fast and effective reaction of Metex Steel Sdn Bhd ("**Metex Steel**")'s management team in response to the volatile steel price.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

SEGMENTAL OVERVIEW (CONT'D)

Building Material Division (cont'd)

Modular building solutions

Metex Modular has recognised RM0.46 million of revenue, an increase of RM0.11 million or 30.08% YoY. This segment contributed 0.04% (FY2020: 0.04%) of the Group's consolidated revenue. The modular building solutions revenue for the current year was negligible as the Company has yet to secure any new project during the year. As a result, this segment recorded a LBT of RM4.17 million as compared to a LBT of RM6.33 million in the preceding year. 22.54% (RM0.94 million) and 67.21% (RM2.80 million) of the losses sustained by this Company were caused by the inter-company interest charged and impairment loss on investment in subsidiary, Saujana Vision.

Sanitaryware and fittings Solutions

On 1 December 2021, Chin Hin started to consolidate Addington's results after the completion of acquisition with a revenue RM0.10 million and LBT of RM0.03 million due to project secured has yet to deliver.

Vehicle Division

Manufacturing and trading of commercial vehicles and bodyworks

The manufacturing and trading of commercial vehicles and bodyworks segment, revenue recorded at RM48.21 million with PBT of RM1.71 million. This segment contributed 4.19% (FY2020: Nil) of the Group's consolidated revenue. The demand for rebuilt commercial vehicles has been steadily increased over the year despite the movement control order.

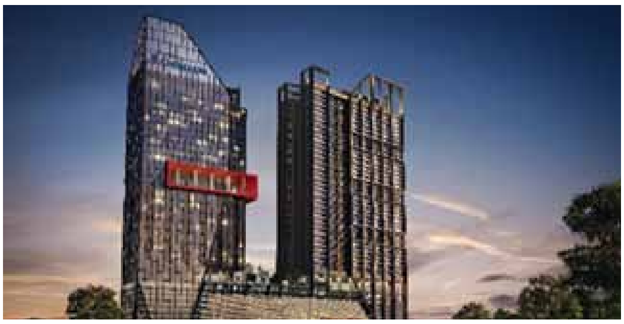
Rental and fleet management services

For rental and fleet management services segment, revenue recorded at RM1.25 million with PBT of RM0.14 million. The segment contributed 0.11% (FY2020: Nil) of the Group's consolidated revenue. Majority of the rental of fleet management services were provided to Tesco Stores (M) Sdn Bhd ("**Tesco**").

Property Development and Construction Division

Property development

The revenue for property development division recorded at RM2.41 million with a LBT of RM3.09 million. This segment contributed 0.21% (FY2020: Nil) of the Group's consolidated revenue. As at 31 December 2021, the stage of recognition for Aera Project was 100.00%. The LBT was attributable to almost nil construction activities at site as Aera project already reached tail end and new project has yet to launch. Whereas for the 8th & Stellar project, share of joint venture profit under the captioned (share of results of associates) recorded at RM0.20 million for FY2021, with weighted stage of recognition of approximately 20.68% for commercial lots and 23.11% for residential lots as at 31 December 2021.



Picture: 8th & Stellar Project

Picture: Aera Project

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

SEGMENTAL OVERVIEW (CONT'D)

Property Development and Construction Division (Cont'd)

Construction

For the construction segment, revenue and profit before tax recorded at RM32.43 million and RM7.93 million respectively after the completion of acquisition of Kayangan Kemas in the last quarter of 2021. This segment contributed 2.82% (FY2020: Nil) of the Group's consolidated revenue. Majority of the revenue and profit recognised were derived from the construction of fifteen (15) storey of DBKL enforcement department complex located at Bandar Tun Razak and casting of precast concrete beam & half slab (site cast) for Miri Hospital Annex Building, Sarawak.

THE GROUP'S PROSPECTS

The Malaysian economy contracted by 4.5% in the third quarter of 2021 (2Q 2021: +16.1%). This was largely attributable to the strict containment measures particularly in July, under Phase 1 of the NRP. Economic activity subsequently picked up as more states transitioned into Phase 2 with lesser restrictive containment measures. On the supply side, all economic sectors registered a contraction. The construction sector contracted the most due to operating capacity limits. On the expenditure side, domestic demand declined by 4.1% (2Q 2021: +12.4%), weighed down mainly by the contraction in private consumption and investment activities, while continued increase in public sector consumption spending provided support to growth. Governor Datuk Nor Shamsiah said "Progressive lifting of containment measures and continued improvements in the labour market will be key to support the recovery going forward".

Going forward into 2022, Malaysia's growth trajectory is expected to improve given resumption of economic activities, further improvement in the labour market, continued policy support and expansion in external demand. The progress and efficacy of vaccinations, compliance with Standard Operating Procedures ("**SOP**") as well as the ability to effectively contain outbreaks from any new Covid-19 variants of concern will be key to the expected recovery. Chin Hin has continued to adopt a cautious and prudent strategy in focusing on consolidating its existing business, closing down/turnaround the loss-making investment, initiate cost cutting measures via digitalisation and automation across plantwide and officewide to lower down its operation cost and to stay competitive in the market. Besides, Chin Hin will also continue its expansion strategy to acquire the related building material upstream and downstream company which is complement to its existing business.

Trading Sector

Bank Negara Malayia Gross Domestic Product forecast is within the range of 5.5% to 6.5% for year 2022. Industry's growth is expected to be supported by a recovery in the economic conditions coupled with investment in infrastructure, renewable energy, telecommunication, residential etc. As part of 2022 budget, the government has allocated a development expenditure of RM75.6 billion which is higher than 2021. The government effort to address the country's housing shortage by RM2 billion allocation under the housing credit guarantee scheme to assist those without steady income to purchase their first home will help to spur the industry growth.

Going forward, the construction sector has a brighter outlook as the authority allows to increase the industry operational capacity from 60% to 100%. Following the normalization in fourth quarter of 2021, construction sector and its activities are expected to be fully ramped up in 2022. Productivity is expected to improve in tandem with the full sector reopening and ease of restrictions. Primary focus is still the affordable housing as a whole.

In view of this favourable development, our trading division will focus to expedite on the growth of market share in terms of revenue through customer expansion and geographical coverage while continuing to be a major channel for the distribution of the bulk cement and other building materials to our customers. In terms of projects and dealers' network, the trading sector will use CRM extensively to track products and sales value by projects and customers according to project status of progress. With the downsizing of other major trading companies in town, we will capitalise on the emerging window of opportunities available from less players or competitors in the market to improve our business prospects and maximise the returns.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Manufacturing of AAC and Precast Concrete Products Sector

Starken AAC

The construction market is forecasted to pose a sharp recovery in the second half of 2022 assuming that there is no repeat of Covid-19 containment measures that were in place in 2021. Tighter immigration control has reduced the foreign labour availability. The developers in town are looking for faster construction method like IBS (block wall and wall panel system) to resolve the labour issue. Shortage of manpower in the construction market will certainly benefit our IBS wall system as it is proven to reduce the construction time by approximately 20%.

Starken AAC wall systems comply with CIDB's IBS classification/criteria with IBS factors of 0.5 and 1 for blocks and panels respectively. Apart from encouraging the use of IBS in Malaysia, it is the government's objective to dwindle the dependency on foreign labour and save the country's loss in foreign exchange. Buildings or townships are rated based on the Green Building Index ("**GBI**") score, Platinum 86+, Gold 76 to 85, Silver 66 to 75 and Certified 50 to 65. Starken AAC products can assist in achieving a maximum of 20 IBS points. GBI is recognized and supported by several town councils namely DBKL, Majlis Bandaraya Petaling Jaya ("**MBPJ**") & Majlis Bandaraya Pulau Pinang ("**MPPP**"). Increase in Plot Ratio (DBKL) and the reduction in planning fee (MPPP) are among incentives given to development in compliance with GBI. Starken AAC has supplied its customized wall panel to several government projects such as Sekolah Daif in Sarawak, Hospital Tanjung Karang, Hospital Bachok Kelantan, Hospital Uniza and Hospital Kemaman at Terengganu.

The export of AAC block by Starken AAC to the Philippines market has seen a commendable growth in FY2021. Starken AAC will continue to export its AAC block and wall panel to the neighbouring countries particularly to Singapore, Philippines, Maldives and Australia to expand its market. Starken AAC's order bank as at end of December 2021 stood at RM55.80 million.

Starken AAC is still supplying to three out of the four affordable housing project owns by HDB in Singapore which adopted the prefabricated, prefinished, volumetric construction ("**PPVC**") precast system. The export market demand for panel and block are fast gaining in popularity especially in Singapore and the Philippines.

Our Starken AAC 2's AAC production line with 600,000 m3 installed capacity located at Kota Tinggi, Johor has managed to beef up the production utilisation rate to 34% as at end January 2021 in view of the increase demand for the IBS products due to the shortage of foreign labour in the market. The Company will continue to penetrate and expand overseas market to fill up the excess capacity in Starken AAC 2.

Picture: Starken AAC was honoured to supply AAC block wall as internal wall for this prestigious building, Merdeka 118. The building is expected to be completed by early 2023. It will be the tallest building in Malaysia and Southeast Asia.

Picture: Starken AAC supplies the AAC block wall as internal wall to the Exchange 106 (Tun Razak Exchange ("TRX") Signature Tower), the supertall skycrapper.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Picture: Starken AAC supplied the AAC panel wall as external wall to the Ikea, Klang.

Picture: Starken AAC supplied the AAC panel wall as internal wall to the TRX Residence.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Manufacturing of AAC and Precast Concrete Products Sector

G-Cast Concrete

Our precast concrete plants located at Serendah, Kulai, Bidor, Rawang, Kota Tinggi and Kuantan with a total capacity of up to 400,000 metric tonnes per annum has enabled Chin Hin to undertake more infrastructure precast concrete projects which require added technical expertise particularly within the railway sub-sector since 2019 after our expansion of product portfolio.

The Company continues to supply pre-tensioned and reinforce concrete tee beam, U beam, TM beam, jacking pipe, crosshead, cable trough, manholes, tunnel walkway, emergency walkway, long span girder, box culvert and eco modules to the mega infrastructure projects in town such as Light Rail Transit ("**LRT**") 3, Gemas-Johor Bahru Railway Electrified Double Tracking Project, MRT 3, Kota Bharu-Kulai Krai Highway Package 2B, West Coast Expressway Seksyen 11 Changkat Jering West Coast Expressway, Central Spine Road Package 4C and Kuala Terengganu Bypass.

G-Cast Concrete is following up closely on East Coast Rail Link ("**ECRL**") Project and other infrastructure projects in the Asia countries i.e Singapore, India, the Philippines and Indonesia. Lately, the Company has managed to secure cable-trough and lids project for the trackwork at Thomson-East Coast Line Stage 4 & 5, Downtown Line Stage 3 Extension and East-West Upgrade Line in Singapore.

Another new project namely, "manufacture, test and supply of cable troughs and covers plus third rail support blocks for J150, Jurong Region Line" was managed to secure in Singapore. G-Cast Concrete has also succeeded to secure the supply of Jacking Pipes for Valenzuela Sewage Interceptor System and Structure Package 1 and 60MLD Valenzuela Sewage Treatment Plant in the Philippines. The progress in securing more projects in the Philippines and Singapore is very promising since G-Cast Concrete has grabbed a strong footing in these two countries. Nevertheless, the progress in India and Indonesia remains slow due to the continued lock down as a result of Covid-19 new variant outbreak. The Company will continuously bid for more new contracts to replenish its order book after the tail end of the national sewerage projects.

Picture: Casting of Long Span Girder at Rawang factory.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Manufacturing of AAC and Precast Concrete Products Sector

G-Cast Concrete (Cont'd)

Picture: Casted Long Span Girder at Air Kuning Tanjung Tualang, Perak Tengah Site.

Picture: Launching of Long Span Girder at Jalan Air Kuning Tanjung Tualang, Perak Tengah to replace a wooden bridge

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Manufacturing of AAC and Precast Concrete Products Sector

G-Cast Concrete (Cont'd)

Picture: G-Cast's ID2500mm composite jacking pipe is supplied to Project Langat 2 Water Treatment Plant ("**LRAL 2**") Phase 1 and Distribution System from KL-Seremban Highway to Besraya Highway in conjunction with the Tunnel Boring Machine Launching Ceremony held near Wisma Standard Chartered in Bukit Jalil.

Green Cement

Chin Hin continued getting its supply of PFA from Jimah East and TBE plants for FY2021. The major supply came from TBE plant which formed 64.11% of the total PFA offtake in FY2021. Besides, the Company also getting the supply of bottom ash from TBE plant. Overall, Chin Hin has benefitted in terms of lower raw material cost and it is part of our sustainability initiatives to consume the recycle ash as construction and infrastructure material.

Finding effective solutions of processing and useful new applications of bulk perennial waste materials problems are the keys to address the problem of their deleterious effects on environment while simultaneously creating wealth as in this case of Coal Ash utilization. Green Cement possesses the technology to process and recycle waste materials to be utilized as feedstock for industrial use that offers environmental advantages which are of great importance in the present context of sustainability of natural resources. A series of eco-friendly and cost-effective Binder and Filler enhancer products have been developed which cover general applications of Concrete, Mortar, Polymer-Resin and Subgrade Soil Stabilizer industries.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Manufacturing of AAC and Precast Concrete Products Sector

Green Cement (Cont'd)

Picture: Ball Mill installed at Green Cement's grinding plant located in Kota Tinggi, Johor

Picture: Material Mixing equipment installed at Green Cement's grinding plant located in Kota Tinggi, Johor

MIPCP

MIPCP has completed all the long-term test for its polymer pipes which are capable of withstanding 50 and 100 years of design life and are 1.7 time stronger than that specified and required in DIN 54815. Mi polymer pipes are in compliance with BS EN 14636-1:2009. With the said accreditation, we have enhanced our presence locally and regionally especially in Singapore, the Philippines, Indonesia and Australia. The unique design of Mi polymer pipes with its internal glass reinforced plastic ("**GRP**") liner makes them totally corrosion resistant to all chemicals found in water, sewage, and the ground. The Jacking Pipes produced by MIPCP are the ideal products for installation of pipes using the Trenchless Technology which avoid surface disruption and traffic congestion.

MIPCP has obtained the Category (A) Suruhanjaya Perkhidmatan Air Negara ("**SPAN**") approval on the 4 December 2019 for its complete range of Polymer Concrete Pipes size & Fittings. We are still waiting for the new Malaysian Sewerage Industry Guidelines ("**MSIG**") to be adopted which has incorporated our polymer pipes.

In the past 3 years, we steadily increased and maintained our main market, Singapore and dominated over 95% of all major projects for jacking pipes of diameter 800mm and below through high quality products at competitive prices and good customer service. The Philippines and Indonesia markets remain promising although it has been affected by Covid-19 in 2021. Covid-19 pandemic and the travel restrictions have caused further delays in our efforts to penetrate the neighboring countries.

In order to penetrate into the international markets and to protect our brand, we have registered the mipipes® trade mark in the countries like Australia, India and the Philippines. In addition, we have also registered the midrains® in Malaysia as well.

Picture: Mi Polymer pipes were stacked up properly using pallet within the factory compound pending delivery to client

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Manufacturing of AAC and Precast Concrete Products Sector

Starken Drymix

Starken Drymix has delivered commendable growth in 2021 amid movement control order imposed in June 2021. In line with the business growth, the Company has expanded its presence in various residential, commercial and public infrastructure projects. The Company is leveraging on the government initiatives on affordable housing scheme and in supports for the productivity improvements, it has soft launched its maiden Jet Series in 2022. Jet Series is a mechanised solutions for plastering and skim coating works, which is sprayable and pumpable. Bundled with the machinery, the advance formulations enable improved speed and efficiency with minimum manpower allocation at site to resolve the labour woes in the construction sector now. Besides, Starken Drymix will continue with its on-going initiatives to drive further growth in revenue through market penetration, expanding market coverage.

Picture: The application of spray Jet Render 668 at construction site.

Metex Steel

The post full movement control order recovery for the construction industry was slow and had taken more than four months before an improvement was seen in new building project kick-off. This was possible due to the stabilized pandemic situation and vaccination level achieved and it seems to be in tandem with the national budget 2022 where construction industry is estimated to grow at 11.5%. The prospect will be more promising as we move to the endemic phase in the near future.

Construction activities remain public-sector-driven and largely infrastructure based. However, with the following measures laid down in budget 2022, private sector projects, especially residential units are set to pick up strongly:

1) RM2 billion for Housing Credit Guarantee Scheme for gig workers;
2) RM1.5 billion for continuation of rent-to-own housing scheme for low-income group;
3) Real Property Gain Tax ("**RPGT**") for individuals abolished for property sold after 5th year; and
4) More affordable homes in the pipeline.

Comparing year 2021, mesh market condition may be very different in terms of raw material cost management where its prolonged price escalation provided an opportunity to capitalise with some forward purchase and also periodical price revision for locked-in orders made possible. Raw material remains the single most important cost to monitor and manage, especially during this very volatile and globalized market situation.

Metex Steel has continued to put in place strategies to gain more market share and remain to be a dominant player in 2022, especially in the cut-to-size mesh segment where we are specialised in. The Company shall continue to build up strong technical and design support team by offering optimum yet competitive costing to the industry to broaden its revenue base.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Metex Steel (Cont'd)

Picture: Metex Steel supplied standard sheet mesh to Medicare Factory, Prai. This project was completed in 2021.

Picture: Metex Steel supplied cut-to-size wire mesh to The Park 2, Bukit Jalil, KL. This project was completed in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Addington

On 1 December 2021, the wholly owned subsidiary of Chin Hin, Starken AAC has acquired 100% equity interest in Addington, one of the subsidiaries of Signature. Addington's principal activity is involved in the trading of sanitaryware and bathroom fittings. Addington will continue to use "Signature" brand to penetrate the market by partnering up with leading sanitary ware manufacturers. The Company is working closely with designers and technical experts that integrate innovative technology to create a seamless connection between aesthetics and functionality superior quality bathroom products.

CHGP – Property and Construction business

The property development division has lately embarked aggressively on a landbank accumulation strategy within the Klang Valley and further diversify their business to include building, hospital, infrastructure and civil engineering construction specializing in water works project (including all mechanical electrical installation). This full spectrum of construction knowledges will enable Chin Hin to secure a wider scope of contract works in the future.

Picture: Construction of Tanah Merah Hospital Extension building, Kelantan by Kayangan Kemas

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Associate Company - Solar Power Generation Income plus Other Income

The Group has recorded Green Technology Solar Panel gross income of RM2.82 million in FY2021 from its electricity production capacity of 2,425 kilowatt per hour ("**kWh**").

Solarvest Group after being shortlisted for the 50 Megawatt ("**MW**") bid of solar assets in "Large Scale Solar Power Plant - Fourth Competitive Bidding Round ("**LSS@MEnTARI**"), the Company has successfully bided for eight (8) Engineering, Procurement, Construction and Commissioning ("**EPCC**") projects totalling RM572.55 million (189.07 MW) from other successful bidders in the LSS@Mentari programme.

Solarvest Group had on 29 October 2021 entered into a Memorandum of Understanding ("**MOU**") with Hsinjing Holding Corporate Limited to jointly develop solar projects in Taiwan for the capacity of around 500MW by the end of year 2025. The Company's project orders remained "very active" from both the Largescale Solar Photovoltaic ("**LSSPV**"), as well as the commercial and industrial segments. Solarvest, QBE Insurance (Malaysia) Berhad ("**QBE**"), and Anora Agency Sdn Bhd ("**Anora**") had on January 2022 signed a tripartite MOU to offer solar photovoltaic ("**PV**") investors better coverage to ensure business continuity and peace of mind. Under the collaboration, Solarvest will be able to take up, as well as provide its solar PV investors the all-new SolarPro Line-Stoppage insurance policy, a comprehensive general liability policy with consequential loss underwritten by QBE, through Anora. With this insurance scheme in place, it will definitely strengthen the value proposition of Solarvest's EPCC work, and help them in further building their formidable unbilled orderbook of over RM750.00 million.

The outlook remains positive for the renewable energy sector. Solarvest is looking for more investment opportunities for large-scale solar projects in the overseas market, such as Taiwan, to expand its portfolio of solar assets.

Picture: Solarvest has successfully delivered the largest hypermarket solar PV projects which include 15 designated Tesco (currently known as Lotus's) stores with a cumulative capacity of approximately 10,614kWp located across Peninsular Malaysia.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Associate Company – Home and Living Solutions

Signature has redeveloped its 50,000 square feet flagship store at Kota Damansara headquarters to be the biggest showroom and concept space in Malaysia. Upon completion, customers can truly experience and imagine their dream home living space and seek inspiration which match their idea. This flagship store offers full range of consultation for design, build and installation services including the customised solution package for individual and project. This flagship store is expected to be in operational by the second quarter of 2022 and contribute positively to Signature's bottom line.

ANTICIPATED OR KNOWN RISKS

In line with Bursa Malaysia Securities Berhad's regulatory framework on the disclosure requirements, we highlight below the key anticipated or known risks that our Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks have also been disclosed below:-

(i) Risks relating to the industries in which our Group operates

Our Group is involved in the distribution and manufacturing of building materials to the construction and property development industries. As such, our Group is exposed to the vagaries of these industries caused by various factors which include political and economic stability, inflation, labour shortages, as well as increase in raw material costs. Although our Group's management will endeavour to closely monitor and manage our business to mitigate such effects, any adverse changes to the construction and property development industries will adversely affect the business of our Group.

Nevertheless, our Group has been taking effective measures to mitigate the aforementioned risks such as prudent financial management and efficient operating procedures. Further, we constantly keep abreast of economic and regulatory changes relating to our business.

(ii) Operational risks

Due to the nature of our Group's operations, interruptions in our Group's operating capabilities through disruption in electricity supply and failure or damage of production machineries or other disruptions to our manufacturing processes due to any outbreaks of diseases including pandemics may have an adverse effect to our Group's business and financial performance.

In 2021, we continued to implement strict safety measures and SOPs to ensure that everyone could return to work safely. We encouraged our staff to be vaccinated and as of 31 December 2021, 100% of our employees are fully vaccinated and we are in the process of ensuring all our employees complete their booster doses. We also have been providing self-test kits to our employees on need basis as we continue to be vigilant and encourage adherence to SOPs, while providing a safe workplace for our employees.

To avoid major breakdowns and disruptions to our operations, electricity supply and relevant equipment are constantly monitored and our production machineries undergo scheduled maintenance.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED OR KNOWN RISKS (CONT'D)

(iii) We are dependent on our experienced management and key personnel

We attribute our success to the leadership and continued contribution of our key senior management team led by our Group Managing Director, Chief Executive Officer and Chief Financial Officer. We believe that our continued and future success largely depend on our continued ability to hire, train, motivate and retain our key senior management and technical team comprising engineers and other qualified personnel needed to develop new products, services, support our existing range of products.

Having a strong key senior management and technical team are vital to maintain the quality of our Group's services whilst retaining the business confidence of the clients. The loss of these key senior management and technical team simultaneously or within a short span of time without suitable and timely replacement, or our inability to attract and retain qualified and competent personnel, may adversely affect our Group's operations. Separately, the loss of our Group Managing Director, Chief Executive Officer and Chief Financial Officer may also adversely affect us.

To mitigate such risk, our Human Resource Department had drawn up a contingency plan for human resource risks such as death, disability and employees quitting. Effective succession planning such as training and coaching the second liner can reduce such risk.

(iv) We are subject to the credit risk of our customers

Our financial performance and position are dependent, to a certain extent on the creditworthiness of our customers. If our customers are unable to pay us on time or have difficulty in making payments to us, our cash flow will be affected. We generally grant our customer credit terms within the range of thirty (30) to two hundred and ten (210) days. We are exposed to credit risks arising from trade receivable which risks may increase during periods of economic uncertainty or market downturn as a result of Covid-19 pandemic, and which are beyond our control.

During credit application process, our Credit Control Department ("**CCD**") will perform Central Credit Reference Information System ("**CCRIS**") and Credit Tip-Off Service ("**CTOS**") check on the background our new client. Based on the financial data obtained, CCD will recommend the credit limit for management approval. Continuous monitoring of customer payment trend and conduct of customer visit to effectively mitigate the risk of customer default in their payment.

(v) Competition risks

The building materials industry in which our Group operates is highly competitive in nature especially during Covid-19 pandemic. Although there is intense competition amongst the existing players (both new and existing in the manufacturing of building material industry), there are high barriers to entry such as high initial capital investment and working capital resources, which lessen the threat from more players entering the industry.

Our strategies are to continually leverage on our economies of scale, negotiating power, strong financial resources and wide distribution network which other market players do not have.

(vi) We are dependent on obtaining adequate financing to fund our operations

There is an inherent timing difference between our trade collections from our customers and payments to our suppliers. Normally, we are granted trade credit facilities of between fourteen (14) to ninety (90) days by our suppliers, whereas our trade collections are between thirty (30) to two hundred and ten (210) days. As such, we are required to fund our purchases from our suppliers, either from internal resources or borrowings. If we are unable to secure adequate financing, our cash flow, operations, growth and expansion plans will be adversely affected.

Our total borrowings as at 31 December 2021 amounted to approximately RM790.89 million. Any significant increase in interest rates will adversely affect our profitability. Thus far, we do not experience any significant increase in interest rates levels which has resulted in a material adverse impact on our financial performance.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED OR KNOWN RISKS (CONT'D)

{vii) Safety, Health & Environment ("SHE") risk

SHE hazard could lead to penalty by authorities and stop work order in the worst case scenario may have a significant impact on production timeline.

Our strategies are to establish SHE policy and procedures, and conduct safety trainings to promote a safety working environment and to conduct regular inspections and reports on unsafe practices by Safety Officer for rectification.,

Chin Hin continues to undertake cost cutting measures via digitalisation and automation programmes across plantwide and officewide to lower down its operation cost and to stay competitive in the market.

FORWARD-LOOKING STATEMENT

Moving forward, Chin Hin remains cautiously optimistic on the outlook for FY2022. Our focus will be to continue strengthening our position as a conglomerate. Chin Hin has lined up a number of key strategies to tap into the emerging opportunities. After the completion of acquisition of Makna Setia and ABC, the Group plans to secure more design and build construction, infrastructure, water treatment plant and water distribution system project to widen its revenue base and to attain better operating margins. The robust landbank accumulation strategy undertaken by the property development division especially in the Klang Valley is expected to bear fruit and contribute positively to the Group in the long term. Aggressive properties launching will be in the pipeline soon.

In addition, Chin Hin continues to source for potential business partners in different markets to form strategic alliance. Through collaborations and equity interest in related business, the Company is confident of achieving a better economies-of-scale, which in turn would lower the operating costs and optimise profit margin. With the diversification of market, it opens up greater opportunity for the Group to grow internationally.

With regard to industry challenges, we foresee intense market competition with the emergence of new players and over-supply of building material products in the market. To mitigate these risks, Chin Hin will focus its attention on the optimisation programme to stay lean and mean and to gear towards Industrial Revolution 4.0 plant wide to reduce over reliance on foreign workers. In view of the sluggish property market, the Company has redirected its focus towards tendering overseas projects and approaching foreign customer to expand its geographical market.

Despite the tough market conditions, we are gratified that our efforts over the years to build up our own brand and deliver outstanding products as well as service quality have not gone unrecognised. As mentioned above, the Group will be focusing on growing its geographical expansion and also invest in product development to expand our product offerings. Barring any unforeseen circumstances, Chin Hin envisages a positive outlook for FY2022.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

Chin Hin Group Berhad ("**Chin Hin**") and its subsidiaries ("**Chin Hin Group**" or "**the Group**") is delighted to present our Fifth Annual Sustainability Statement, which provides an overview of the Group's impact to the key sustainability pillars, namely Governance, Economic, Environment and Social, as well as our relevant sustainability performance.

To-date, Chin Hin is a billion-ringgit public-listed company with twelve (12) business segments, serving customers all around Malaysia. Being a sizeable and responsible public-listed company, we are committed to maintain high governance standards throughout our business operations in order to promote ethical and sustainable business practises, while manage environmental impacts and meet the social needs of the local community.

Scope of this Sustainability Statement

This Sustainability Statement covers the sustainability efforts and performances of Chin Hin Group for the financial year from 1 January 2021 to 31 December 2021 ("**FYE 2021**"), unless otherwise specified.

Information presented in this Sustainability Statement covers major business operations of the Group from twelve (12) segments segregated into three (3) divisions as follow: -

Investment holding and management services

Building Material Division

- Distribution of building materials and logistics services
- Ready-mixed concrete
- Manufacturing of wire mesh
- Manufacturing of autoclaved aerate concrete ("**AAC**") and precast concrete
- Manufacturing of fire-rated and wooden door
- Modular building solutions
- Sanitaryware and fittings solutions

Vehicle Division

- Manufacturing and trading of commercial vehicles and bodyworks
- Rental and fleet management services

Property Development and Construction Division

- Property development
- Construction

In additional to the abovementioned business segments, we also have solar energy solutions as well as home and living solutions as our associate in the Group.

Basis of this Sustainability Statement

This Sustainability Statement was developed in accordance to Bursa Malaysia's Main Market Listing Requirements relating to Sustainability Statements and its Sustainability Reporting Guide 2nd Edition.

Feedback

Feedback from all stakeholders is welcomed to improve our sustainability performance and/or the content of this Sustainability Statement. Relevant comments or queries can be directed to info@chinhingroup.com.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE STRUCTURE

The Board of Directors ("**the Board**") assumes the collective responsibility to ensure the effectiveness of the Group's sustainability strategies and management. Whilst the Board is holding the ultimate responsibilities, they are supported by several committees as depicted below: -

Board of Directors ("Board")

- Ultimately accountable for the overall sustainability initiatives and strategies.

Risk Management Committee ("RMC")

*Consisted of three (3) Independent Directors and Chief Financial Officer ("**CFO**")*

- Oversee the formulation, management and implementation of risk management and sustainability strategies.
- Assess any new material matters relevant to the Group.

Group Risk Management Working Committee

*Consisted of Group Managing Director ("**MD**"), CFO, Business Units ("**BU**") Chief Executive Officers ("**CEO**"), Group Finance Director, Head of Group IT, Head of Credit Control and Corporate Service Director*

- Develop and ensure execution of risk management and sustainability strategies.
- Identify any new material matters relevant to the Group.

BU Risk Management Working Committee

*Consisted of BU CEO and Head of Department ("**HOD**") of the various business segments*

- Enforce risk management and sustainability strategies in daily business operations.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDERS' ENGAGEMENT

Chin Hin acknowledges the significance of having ongoing engagement with our various stakeholders in order to develop sustainable business strategies, by striking the right balance between the requirements and expectations of our stakeholders. During FYE 2021, we have interacted with our stakeholders with the following approaches to address their areas of concern: -

Stakeholders	Areas of Interest/Material Matters	Engagement Approaches
Shareholders/ Investors	• Investment returns and associated risks • Sustainable business growth • Financial and operational performance • Corporate governance	• Quarterly financial results • Annual report • General meetings • Company website
Employees	• Career opportunities • Competitive salary and benefits package • Occupational health and safety • Training and development	• Internal communications • Performance appraisal • Training and development programme
Customers	• Quality products and services • Competitive pricing and on-time delivery • Customer satisfaction • Product development and innovation	• Customer satisfaction survey • Site visit • Company website
Suppliers	• Sustainable business relationships • Fair and transparent procurement procedures • Credit terms and timely payments	• Supplier evaluation • Email and face-to-face communications
Government/ Regulators	• Legal compliance • Corporate governance	• Compliance audit • Bursa announcements • Renewal of license and permits

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDERS' ENGAGEMENT (CONT'D)

Stakeholders	Areas of Interest/Material Matters	Engagement Approaches
Analyst/Media	• Financial and operational performance • Business growth and expansion plans • Corporate governance • Share price performance	• Quarterly financial results • Annual report • General meetings • Interview sessions • Company website • Bursa announcements
Community	• Environmental impact from business operations • Local job creation and economic support	• Company website

MATERIALITY ASSESSMENT

Materiality Assessment Process

By gaining insights from stakeholders, we are able to perform materiality assessment using the following approaches to identify, assess and prioritise all material sustainability matters which are relevant to our Group and the stakeholders: -

Identification

Identify relevant sustainability matters across the Group's operations.

Assessment

Assess the material matters from the Group and stakeholders' perspectives

Prioritisation

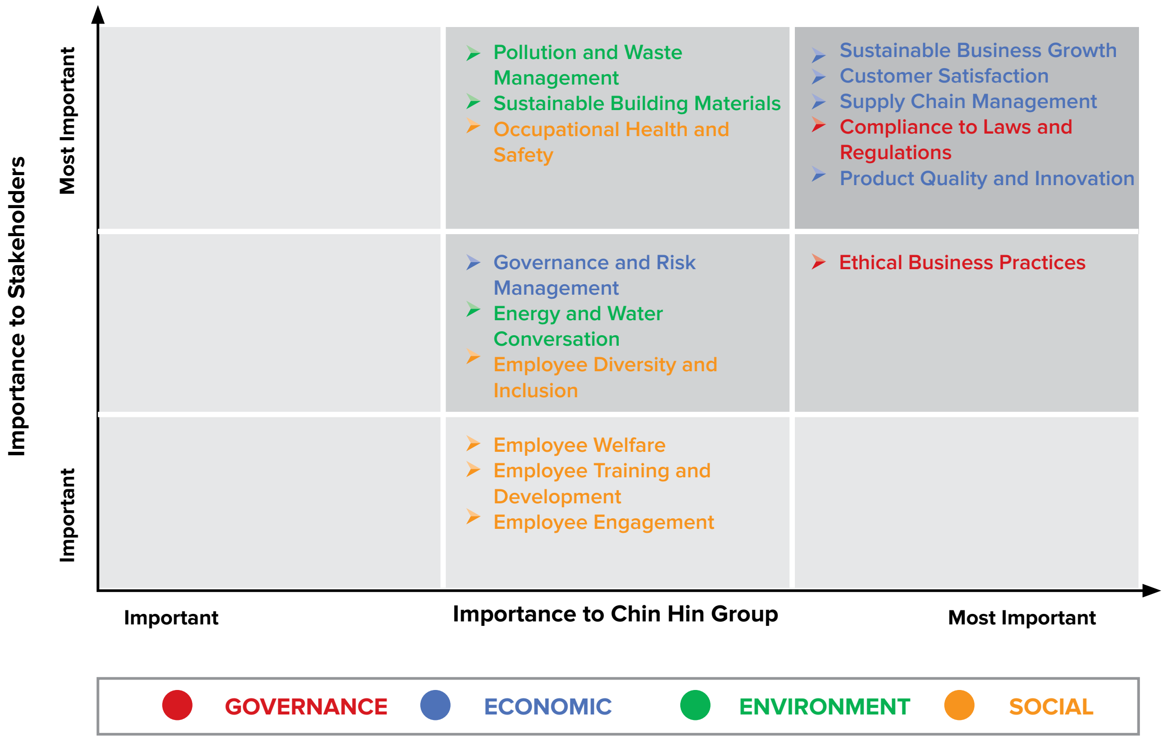
Rank each material matter in accordance to the analysis of impacts to the Group and various stakeholders.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT (CONT'D)

Materiality Matrix

In FYE 2021, we have re-assessed our materiality assessment and have identified and ranked fifteen (15) important areas that matter the most to our Group and stakeholders, scaling from "Important" to "Most Important," as indicated in the following Material Matters Matrix: -



SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT (CONT'D)

Sustainability Strategies

On top of the aforementioned material matters which are identified by its significance towards the Group and stakeholders, we have also identified the relevant stakeholders in order to clearly develop our sustainability strategies.

As guided by the 2030 Agenda for Sustainable Development which promotes 17 Sustainable Development Goals ("**SDGs**") that were adopted by all United Nations Member States in 2015, we have also mapped five (5) SDGs to our sustainability strategies as our endeavours towards meeting the SDGs.

	Material Matters	Stakeholders	Sustainability Strategies	SDGs
GOVERNANCE	• Ethical Business Practices • Compliance to Laws and Regulations	• Government/ Regulators • Shareholders/ Investors • Employees • Customers • Suppliers	• Relevant policies and procedures implemented to ensure sound corporate governance.	
ECONOMIC	• Sustainable Business Growth • Product Quality and Innovation • Customer Satisfaction • Supply Chain Management	• Shareholders/ Investors • Employees • Customers • Suppliers • Analyst/Media	• Expansion plans developed to maximise the economic value generated, while managing financial risks and opportunities. • Initiatives and measures undertaken to understand customers' requirements and expectation in order to build sustainable business. • Continuous engagement with suppliers to support the local economy.	
ENVIRONMENT	• Sustainable Building Materials • Pollution and Waste Management • Energy and Water Conservation	• Government/ Regulators • Employees • Community	• Green products introduced and green actions implemented to preserve the environment.	
SOCIAL	• Employee Diversity and Inclusion • Occupational Health and Safety • Employee Welfare • Employee Training and Development • Employee Engagement	• Employees • Community	• Creation of conducive workplace with ongoing training programs to retain and foster our employees. • Measures and management system in place to promote employee's health and safety so as to nourish their wellbeing.	

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE

Ethical Business Practices

Chin Hin Group is committed to conduct business ethically with integrity. The Group is guided by our Code of Conduct and Ethics ("**the Code**") that was developed base on the principles of sincerity, integrity, responsibility and corporate social responsibility. It serves as a guideline relating to the standards and ethics that all employees are expected to adhere to, with the aim to enhance the overall corporate governance standard of the Group.

Aligned to SDG Target 16.5, the Group has zero tolerance against any form of bribery and corruption. In this regard, the Group has put in place the Anti-Bribery and Corruption Policy ("**ABC Policy**") to state the Group's overall position on bribery and corruption and provide guidance to the Group's Directors, employees and external stakeholders on standards of behaviour when dealing with bribery and corruption.

In addition, the Group has also put in place a Whistle Blowing Policy ("**WB Policy**") to facilitate reporting on any unethical business behaviours or bribery and corruption practices. Investigation shall be conducted by designated person(s) who is independent from the reported incident and appropriate action shall be taken thereafter.

The Code, ABC Policy and WB Policy are publicly available on the Group's website at https://www.chinhingroup.com/investors-relations/. We are pleased to report that none of our Directors, management or employees are involved in any suspected bribery and corruption practices or unethical behaviors in FYE 2021.

Compliance to Laws and Regulations

Chin Hin Group strives to abide with all applicable laws and regulations relevant to our business. Various internal standard operating policies and procedures ("**SOPs**") have been established to guide the respective department/personnel on the responsibilities and obligations that need to be fulfilled in order to ensure compliance to various applicable laws and regulations.

The key laws and regulations that applicable to our business are as follows: -

- Industrial Co-ordination Act 1975;
- Factory and Machinery Act 1967;
- Town and Country Planning Act 1976;
- Malaysia Construction Industry Development Board Act 1994;
- Housing Development (Control and Licensing) Act 1996;
- Commercial Vehicles Licensing Board Act 1987;
- Occupational Safety and Health Act 1994;
- Environmental Quality Act 1974;
- Environmental Quality (Scheduled Wastes) Regulations 2005;
- Environmental Quality (Clean Air) Regulations 2014;
- Environmental Quality (Sewage) Regulations 2009;
- Employment Act 1995; and
- Industrial Relations Act 1967.

We are pleased to highlight that there was no material breach of laws and regulations reported in FYE 2021.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC

Sustainable Business Growth

	Audited	
	FYE 2020 RM'000	**FYE 2021 RM'000**
Revenue	968,761	1,150,317
Gross Profit	74,094	97,214
Profit After Tax	16,905	30,969

Chin Hin Group's operating activities are mainly derived from three (3) divisions, namely building material division, vehicle division and property development and construction division.

In FYE 2021, the Group recorded a total revenue of RM1.15 billion, an increase of 18.7% compared to revenue of RM0.97 billion in financial year ended 31 December 2020 ("**FYE 2020**"). The increase was mainly contributed from the building material division, where the distribution of building materials, the manufacturing of AAC and the manufacturing of wire mesh sectors' revenue have increased remarkably as demands from the construction industry players started to catch up after the full movement control order ("**FMCO**") has been lifted in early September 2021.

In addition, Chin Hin Group is working towards SDG Target 8.2 by expanding its business portfolio eagerly via diversification into manufacturing and trading of commercial vehicles industry, property development industry and construction industry in FYE 2021. Diversification via acquisition of leading companies within the relevant industries has enabled the Group to reap on a total of RM84.29 million revenue immediately in FYE 2021. Kindly refer to the Management Discussion and Analysis ("**MD&A**") section of this Annual Report for further in-depth discussion on the Group's financial performance in FYE 2021.

We shall continue to expand our market presence both locally and globally to ensure a sustainable business growth. On top of expansion via acquisitions mentioned above, the Group has also put in place a few key expansion plans as follows: -

(i) Continuously secure infrastructure projects in Malaysia, Singapore, India, Philippines and Indonesia for the supply of precast reinforced concrete products;
(ii) Continuously penetrate and expand overseas market for the supply of AAC in view of increasing popularity for industrialised building system ("**IBS**") products;
(iii) Launch and promote Jet Series, a mechanised solutions for plastering and skim coating works, which is sprayable and pumpable. Bundled with the machinery, the advance formulations improve speed and efficiency with minimum manpower required at site to resolve labour shortage in the current construction sector;
(iv) Embark on robust landbank accumulation strategy especially in Klang Valley, for future property development activities; and
(v) Diversify further into water infrastructure construction segment via proposed acquisition of 60% equity stake in Asia Baru Construction Sdn Bhd, a Grade 7 contractor registered with Construction Industry Development Board ("**CIDB**") with 5 stars rating.

We believe that these expansion plans will further improve our business performance in future and drive long term value creations to our various stakeholders.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC (CONT'D)

Product Quality and Innovation

Product quality and innovation is always our priority in meeting the changing requirement and demand from our customers. We adopt stringent control by complying to various quality standards and requirements to ensure reliability, durability and good performance of our products as follows: -

Certifications/Licenses	
• ISO 9001:2015 Quality Management Systems	• SIRIM MS1064: Part 8: 2011
• SIRIM ECO 023:2010 Eco-Label Mark	• Green Label Certification (ISO 14024 Type I ECO-Labels)
• SIRIM MS 144:2014 Certification Mark	• Singapore Green Building Product Certificate
• SIRIM MS 145:2014 Certification Mark	• Singapore Green Label
• SIRIM MS 146:2014 Certification Mark	• IBS Manufacturing and Production Assessment & Certification
• SIRIM BS 476: Part 22: 1987	

While we emphasise on product quality, we are also transparent in product information disclosure. All our products are labelled with proper disclosure on the product information and any chemical contents in accordance to the relevant regulations and guidelines. This is to ensure that our customers are aware of what they are getting and to help them differentiate our products from others.

In addition, we endeavour to work on product innovation. We constantly research and develop products that are innovative to the market and effective in adoption. In FYE 2021, we are involving in the development of Jet Series, a mechanised solutions for plastering and skim coating works using machine spraying application. It is able to increase application speed, reduce wastage during application and minimise manpower that is required to perform application as compared to the conventional trowelling method. Ultimately, Jet Series enable cost saving while improve work efficiency for our customers. It has been launched to the market in the first quarter of 2022.

Customer Satisfaction

Meeting our customers' expectations and needs gives a competitive edge to our business. We are dedicated to provide best quality and service to our customers. In ensuring their satisfaction towards our products and services, the Group conducts customer satisfaction survey annually to gauge their satisfaction level, identify any expectation gap and assess for any improvement opportunities.

All customers feedbacks/ complaints are addressed in a timely and professional manner in accordance to the Group's Sales and Marketing SOP. To take it to another level, we also perform site visits and/or meetings with our customers to better understand their needs and address any issues that they raised.

In FYE 2021, we received twenty (20) complaints mainly relevant to minor defect on products quality. We have taken necessary actions to address the said complaints. We shall tighten the product checking and monitoring procedures before release to customers.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC (CONT'D)

Supply Chain Management

Establishing an efficient and sustainable supply chain is pivotal to ensure: -

- quality materials and services are procured;
- materials and services obtained are with fair and competitive price; and
- no disruption to our business operations due to shortage of materials or services.

Evaluation on suppliers is conducted prior to initial placement of order/ awarding contract and at least once a year subsequently. The key criteria assessed include: -

- product and service quality;
- manufacturing capacity;
- delivery performance;
- price;
- market reputation; and
- Environmental, Health, and Safety ("**EHS**") compliance.

Suppliers who do not meet our requirements will be ruled out in order to maintain a high-quality and cost-effective supply chain. The overall performance of our suppliers in FYE 2021 is satisfactory with no one being ruled out during the year.

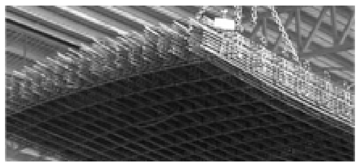
On a separate note, we are working towards SDG Target 8.1 to make purchase locally as an effort to support the local economy. In FYE 2021, at least 90% of our procurements are sourced locally, an increase of 5.0% compared to 85% local purchases in FYE 2020.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT

Sustainable Green Building Materials

Chin Hin Group understands that the impacts from our business operations to the environment is far-reaching and hence, we strive to incorporate environment friendly ideas into our business operations. With this in mind and considering SDG Target 12.5, thoughtful deliberations and innovations are included into the design and functioning of our products. We are devoted to offer the following products that are recyclable and/or environment friendly, with the hope that our products can in turn contribute to the betterment of the environment: -

Starken AAC Product	Polymer Concrete Pipes - Mipipes®	Steel Wire Mesh – Metex Fabric
 	 	 
Our Starken AAC products are made out of natural composition with non-toxic property and contains up to 20% recycled materials. They are lightweight with high-performance features such as thermal comfort, energy savings, water and fire resistance as well as resilience characteristics that are similar to normal concrete or stone, and workability is far better than wood. In addition, it meets CIDB's QLASSIC requirements and it is recyclable at the end of its product life cycle, making it an outstanding green building material. In FYE 2021, we managed to supply 516,082m3 AAC products to customers as compared to 393,566m3 in FYE 2020.	Our mipipes® are made out of polymer concrete that comes with great decomposition resistance, with long-life span and low maintenance and repair required. These features enable energy and cost savings to the customers. Meanwhile, our mipipes® adopts trenchless technology installation method which can minimise the requirements for surface excavation and reduce harmful environment impact brought by traditional underground pipeline installation. Over the years, we have delivered about 136.5km of polymer concrete pipes in total. In FYE 2021, we have supplied 17.5km of polymer concrete pipes to our customers, an increase of 2.5km as compared to 15km in FYE 2020.	Our Metex Fabric production generates lower wastage and scraps as compared to mild steel bars production. It allows for speedy fabrication while maintaining full design strength in the concrete structure. Reduced time and labour to install reinforcement in the concrete structure can eventually save cost and energy to the customers. In addition, its metal scrap has an average recycling rate of 80%, and it is recyclable into new steel products with reproduction process. This will reduce the usage of new raw materials.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT (CONT'D)

Pollution and Waste Management

The Group is working towards SDG Target 12.4 by ensuring proper management on pollution and waste generated from our business operations. We have in place Chemical Management Policy and Waste Management Policy to serve as a guidance to employees to ensure compliance to environmental legislations.

It is inevitable that some of our production facilities produce hazardous gas. We closely monitor the air pollution via Stack Air Emission Monitoring to ensure compliance to Environmental Quality (Clean Air) Regulations 2014. In FYE 2021, our air emission monitoring has indicated that the air impurities generated from our production facilities are within the limit allowed by the relevant regulations.

On top of air pollution monitoring, we ensure proper handling and disposal of wastes generated from our business operations.

Scheduled waste generated from our business operations is supposed to be stored in proper containers with clear labels, located at designated area in accordance to the guidelines prescribed by the Department of Environment ("**DOE**") Malaysia, so as to prevent spillage or leakage of scheduled waste to the environment. In addition, all our scheduled waste generated should be properly disposed on periodical basis through the agents approved by the DOE Malaysia.

General waste or non-hazardous solid wastes generated from our business operations should be properly disposed to the regulated landfills or dedicated sludge pit.

Despite our monitoring efforts, we regret to report that we were imposed with one (1) monetary fine and two (2) field citations by DOE Malaysia in FYE 2021 due to scheduled waste wasn't stored in designated areas. We will be taking more precaution steps in dealing with scheduled waste moving forward so as to ensure compliance to Environmental Quality (Scheduled Wastes) Regulations 2005.

While managing pollution and waste generated from our business operations, we take a step further to minimise pollution and waste generated from third party's business operations. Coal ash is a harmful by-product generated from coal-fired power station which are classified as scheduled waste. To align with SDG Target 12.2, we collect coal fly ash and coal bottom ash from power station to recycle into cementitious replacement and eco-sand and filler respectively. These recycled materials will then be adopted as a substitute material for production of higher-grade cements which are stronger and more durable. We also utilise pulverised fuel ash to mix with our ordinary portland cement, an ingredient for concrete production. In FYE 2021, we have collected and recycled approximately 65,000mt coal fly ash and 3,500mt coal bottom as compared to 44,000mt of coal fly ash and 1,846mt of coal bottom ash in FYE 2020.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT (CONT'D)

Energy and Water Conservation

Electrical energy and petroleum energy constitute the main proportions of the Group's energy consumption from the business operations across the building material, vehicle and property development and construction divisions. We place great emphasis on cultivating energy saving and energy efficient usage practices across the Group so as to effectively reduce depletion of natural resources in line with SDG Target 12.2.

Although we are lucky to have abundance of rainfall and water resources in Malaysia, we endeavour to contribute to SDG 6.3 by minimising water usage and practice recycling use of water in our business operations.

Our employees are guided by the Group's Energy and Water Management Policy in conserving energy and water usage. Our various energy and water conservation initiatives are as follows:-

Energy Conservation Initiatives	• To run high electricity consumption machinery such as ball mill at off-peak hours; • To participate program with energy consultant to optimise energy usage; • To perform preventive maintenance for all machines and equipment; • To install power meter for tracking of machine performance; • To reduce energy consumption by converting conventional high bay light to LED light and solar energy generation;	• To reduce the energy usage by switching off the batching plant lighting at night, especially the spotlights; • To switch off electricity in office and operation sites whenever not in use; • To monitor for any abnormal energy consumption on monthly basis; and • To monitor and ensure air compressor is operating at optimum level without leakage.
Water Conservation Initiatives	• To recycle condensate water for production usage; • To recycle water from sump pit for ball mill operation; • To recycle water by enclose cooling system, such as cooling tower and water chiller;	• To conduct preventive maintenance for water boiler; and • To switch off water tap in office and operation sites whenever not in use.

SUSTAINABILITY STATEMENT (CONT'D)

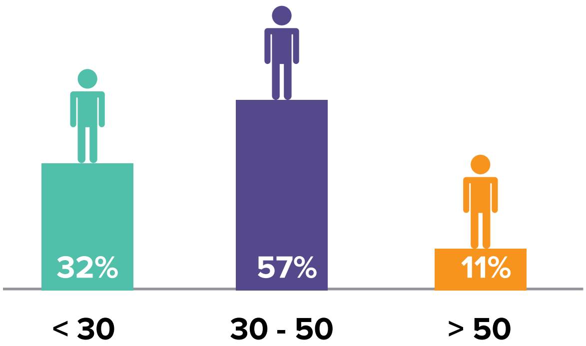
SOCIAL

Employee Diversity and Inclusion

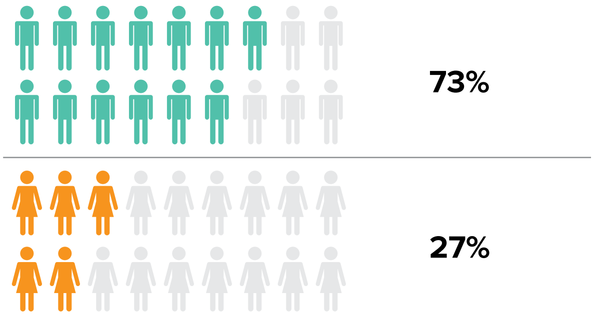
To align with SDG Target 10.2 in promoting social, economic, and political inclusion regardless of age, sex, disability, race, ethnicity, or other status, we embrace diversity and inclusion in our workforce. We are in cognisant the value of having a diverse workforce with different cultural backgrounds, experiences, gender, age group, and religion to boost creativity, productivity and push the Group to greater heights.

As at 31 December 2021, we have a total of 1,382 workers. Our employees' demographic is as follows:-

Age Group



Gender



Ethnicity

Chinese 27%

Indian 9%

Malay 43%

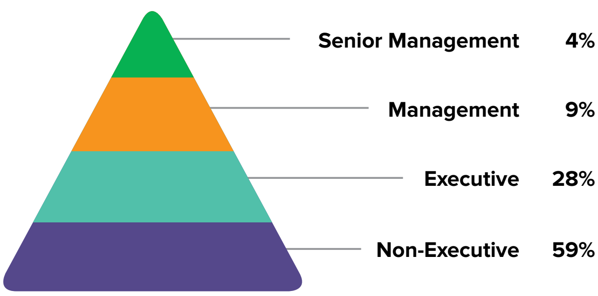
Others 21%

Nationality

Local 79%

Foreign 21%

Employee Structure



1 Disable Employee

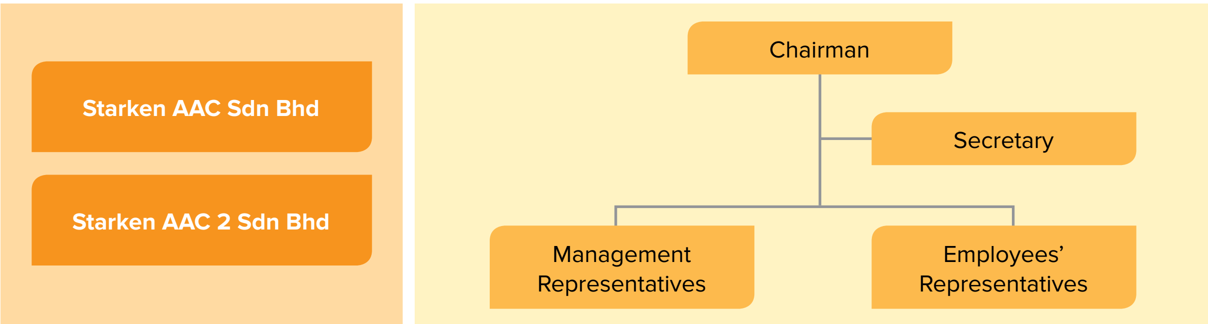
SUSTAINABILITY STATEMENT (CONT'D)

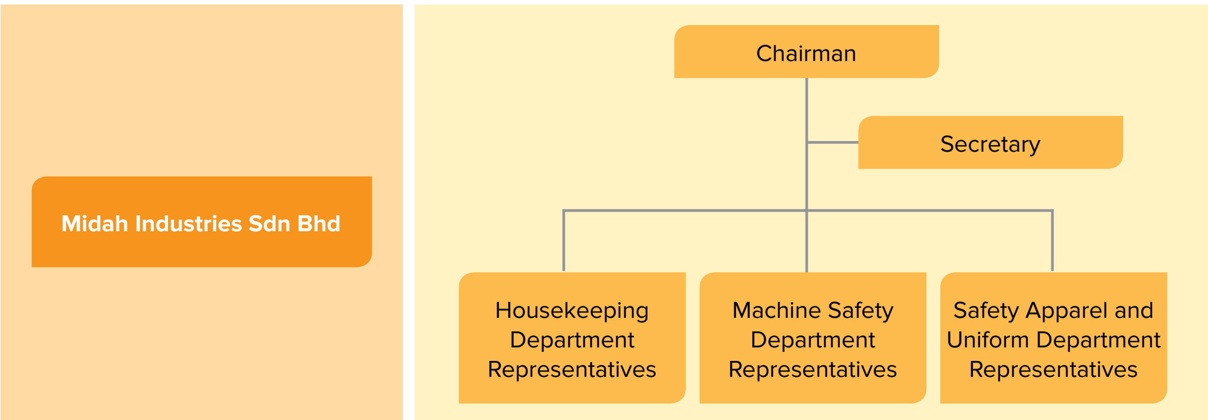
SOCIAL (CONT'D)

Occupational Health and Safety

Maintenance of a safe and healthy working environment is always one of our top priorities. In line with SDG Target 8.8 to promote safe and secure working environments for all workers, we are dedicated to keep our working environment comfortable for employees by actively taking measures that maintain and promote sound physical and mental health of the employees.

As Chin Hin Group is considerably a sizeable entity with business operations across three (3) major divisions, several Safety, Health, and Environmental ("**SHE**") Committees were formed at the subsidiary level to better govern SHE matters within the respective business operations. Examples of the SHE Committees structure are as follows: -





The Group has established a SHE Policy to serve as a key guideline to our employees in ensuring high health and safety standards within our workplace. The objectives of our SHE Policy are as follows: -

- Provide and maintain a safe and healthy working environment.
- Comply to all applicable statutory and regulatory requirements.
- Prevent safety and health accident and environment pollution.
- Enhance awareness, skill and competence of our employees and contractors to ensure safety for everyone.
- Continual improvement of our SHE management system and performance.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Occupational Health and Safety (Cont'd)

The Group provides health and safety training programs to our employees constantly throughout the year in order to enhance their awareness and understanding on SHE matters and the relevant responding measures. Furthermore, health and safety evaluations are undertaken on a regular basis to identify any arising SHE concerns and mitigation strategies.

Our health and safety training programs related to SHE conducted in FYE 2021 are as follows: -

SHE Training Programs 2021	
January 2021 • Audiometric/ Noise Monitoring • Dark Smoke & Stack Monitoring • Hearing and Noise Conservation • Crane Operation • Wheel Loader Operation	**February 2021** • Audiometric/ Noise Monitoring • Machinery- Eye & Hand Safety • Wheel Loader Operation
March 2021 • Dosh Inspection (PMA/PMT/CLK) • Personal Protective Equipment ("**PPE**") • Working with Heights Training • Hot Work Training	**April 2021** • LEV Monitoring • Dark Smoke & Stack Monitoring • Fire Squad- Intermediate • First Aids Training
May 2021 • HIRADC & EAI Register Review • Chemical & Scheduled Waste Management • First Aids Training	**June 2021** • ISO EMS14001 External Audit • Chemical Exposure Monitoring • Machinery- Eye & Hand Safety • Autoclave Process
July 2021 • Dark Smoke & Stack Monitoring • PPE • Boiler	**August 2021** • Ergonomic & Manual Handling • Emergency Respond Team/ Fire Squad Training
September 2021 • Dosh Inspection (PMA/PMT/CLK) • Safety Committee- SHE Inspection • Emergency Respond Team/ Fire Squad Training	**October 2021** • Audiometric/ Noise Monitoring • Dark Smoke & Stack Monitoring • Machinery- Eye & Hand Safety • Authorized Entry and Stand by Person
November 2021 • HIRADC & EAI Register Review • PPE • In-house Working Near Conveyor Training	**December 2021** • Safety Day • Dosh Inspection (PMA/PMT/CLK) • Chemical & Scheduled Waste Management • First Aids Training • Emergency Respond Team/ Fire Squad Training • In-house Working Near Conveyor Training • Refresher Training

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Occupational Health and Safety (Cont'd)

Aside from the aforementioned training programmes, our subsidiary namely Starken AAC will conduct Safety Toolbox Talks on a weekly basis and SHE Briefings on a monthly basis to highlight various safety measures and procedures to the employees.

Dipping Crane Operation

Weekly Safety Toolbox Talk

Forklift Training

Monthly SHE Briefing

With our continuous efforts in SHE management, we have reported lower injury cases in FYE 2021, i.e., fifteen (15) cases as compared to 19 cases reported in FYE 2020. Injury cases reported in FYE 2021 include eight (8) lost-time injuries, one (1) near miss case and six (6) minor accidents.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Employee Welfare

In Chin Hin Group, employees' contributions are very much appreciated as they are the key assets in ensuring business sustainability and growth of the Group.

In advocating SDG 8.8 to protect labour rights for all workers, we take care of the wellbeing of our employees and ensure they are entitled to the following basic rights regardless of their position within the Group: -

Humane Treatment & Non-Discrimination

- Employee must be treated humanely at all times. Sexual harassment, slavery, punishment, mental or physical coercion, verbal or physical abuse and any forms of intimidation are strictly prohibited.
- Unlawful discrimination irrespective of race, religion, gender, position, status or union membership are also strictly prohibited.
- Every disciplinary issue will be handled based on guidelines and procedure set by Ministry of Human Resources.
- Industrial Relation Department duty is to conduct training every year to respective Line Manager on how to handle disciplinary issues.

Rights To Freely Choose Employment

- Work is performed voluntarily. Forced, bonded or involuntary prison labour is prohibited.
- Unlawful employment is neither engaged in nor condoned.
- Employee may freely leave employment once a reasonable notice period has been served.

Working Hours, Wages, And Benefits

- Compensations paid to employees shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits, and shall be paid on timely manner.

Freedom of Association

- Chin Hin respects the rights of employees to associate freely, to decide whether they wish to join labour unions and to seek representation in accordance with relevant laws and regulations.

On top of protecting the employees' basic rights, it is worth mentioning that the Group has additionally provided three (3) days "Wellness Leave" to all employees for Covid-19 vaccination appointments purpose. This is to encourage all employees to get vaccinated in support of the nationwide vaccination program to increase the national herd immunity. We are delighted to highlight that 100% of our employees have been vaccinated with at least 2 compulsory doses as at 31 December 2021.

Employee Training and Development

The wellbeing and development of our people are key to the growth and success of Chin Hin Group. We prioritise development of leadership capabilities and foster a result-centric work environment that promotes operational excellent and efficiency.

SUSTAINABILITY STATEMENT (CONT'D)

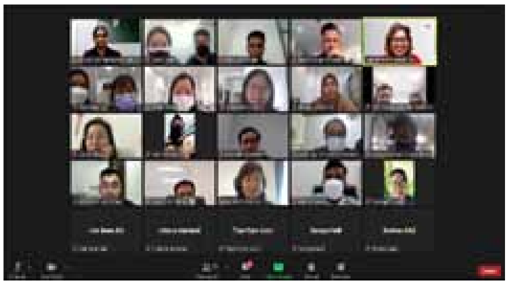
SOCIAL (CONT'D)

Staff Orientation and Workshop

All new employees are required to attend the New Staff Orientation and Core Value Workshop as part of their on-boarding process when they first started their career journey with Chin Hin Group. New joiners are briefed with background, beliefs and work cultures of the Group during the workshop. The said workshop was conducted without fail even during Covid-19 pandemic via online platform in order to assist the new joiners to adapt to the new environment quickly.

Managing Absenteeism and Poor Performance Training

In October 2021, some of our employees have been selected to join an online training held by MECA Employers Consulting Agency Sdn Bhd, a firm that is specialised in employment laws consultancy. The purpose of the training is to inculcate best practices in managing absenteeism and poor performance which would help to increase productivity, work quality and morale of employees.



Employee Engagement

Moving into another year of Covid-19 pandemic, we should be well aware on the importance of taking good care of ourselves and people surrounding us. Chin Hin recognises that the outbreak of Covid-19 has not only threatened our physical health and safety, but also affected our mental health and wellbeing. In this regard, Chin Hin has rolled out the following initiatives and events to cater for our mental health and wellbeing: -

WED 815 Talk

We understand that many of us could have faced difficult time dealing with grief moment especially in this Covid-19 pandemic. To support our employees through the difficult time, we have engaged Eirini Counselling to host a series of talks called WED 815. Hard to Heart, is the first series that aims to tackle eight (8) different topics on how to approach and overcome issues and challenges in life.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Employee Engagement (Cont'd)

Ok Not to Be Ok - You Are Not Alone Talk

To increase awareness on mental health well-being during this Covid-19 pandemic, we have encouraged our employees to join the training, learn some helpful behaviours and emotional-being practices that promotes emotional and mental resiliency towards a healthier lifestyle.

It was a fruitful session where we talk about what is mental health and what are the causes of mental health. We have also talked about how to manage stress while working from home, how to keep the team spirit alive, tips on handling children at home, managing seniors at home and etc.

"Understanding the Vaccine" Webinar

In view of the Covid-19 pandemic and the uncertainties of getting vaccinated, we have engaged HealthMetrics to conduct an educational webinar to ensure that our employees are furnished with accurate information on vaccination. The HealthMetrics's Wellness Manager together with a registered doctor, had attended to questions raised by our employees and dispelled any uncertainties on the Covid-19 vaccines.

Self-Care Awareness Week

In conjunction with our internal self-care awareness week, we have organised healthy activities such as yoga and group workout via online. We encourage our employees to stay focus and take care of themselves especially in this Covid-19 pandemic. We believe that physical health will somehow influence our mentality and we need to channel positivity to stay healthy.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Employee Engagement (Cont'd)

Aside to Covid-19 initiatives and events undertaken in FYE 2021, we continue to take care of our people's health by enhancing their health awareness and health management through the following programs: -

Biomarkme

We have engaged Biomarkme, a company that provides online consultancy service to analysis health data and give a personalised supplements recommendation report within 24 hours. Our employees are given a free consultation session to assess their health level after uploading their blood report to the online portal.

Employee Benefits Administration and Health Care Management

We have collaborated with HealthMetrics to simplify our employee benefits administration and health care management process. Our employees are trained to apply medical leaves and keep track of medical claims or etc using the HealthMetrics Mobile App.

In addition, we have also conducted other events to assist, enrich and bring insights to our employees: -

Helping Hand from Flood

In December 2021, some of our employees at the East Coast are suffering from severe floods due to the heavy downpours. To align with the Group's core value of "Treat Everyone Like Family", we were opening up for cash donation and successfully raised approximately RM7,000. The donation has been distributed to the employees in assisting them to weather through the storms.

Blood Donation

We had in collaboration with Pusat Darah Negara to organise a Blood Donation Campaign at our headquarter office located at Kuchai Lama, Kuala Lumpur. Many of our employees have taken part in this campaign to show their social responsibility and contributions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**the Board**") of Chin Hin Group Berhad ("**Chin Hin**", "**CHGB**", "**the Company**") recognise the importance of maintaining corporate governance best practices and continues to be committed to ensuring that a high standard of corporate governance is practiced throughout the Group and its subsidiaries ("**the Group**") as a fundamental part of discharging its responsibilities to protect and enhance long-term shareholder value while safeguarding the interests of all stakeholders.

Set out below in this Annual Report is an overview statement, made pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("Bursa Securities"), on the Group's corporate governance practices in accordance with the principles and recommendations set out in the Malaysian Code on Corporate Governance ("**MCCG**") for the financial year ended 31 December 2021.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Group is headed by a Board who is collectively responsible for meeting the Group's long-term goals and objectives. To ensure these are achieved, the Board establishes the strategic directions and targets for Senior Management and monitors the achievement of those goals and targets.

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. Hence, to develop corporate objectives and position descriptions including the limits to management's responsibilities, which the management is aware and are responsible for meeting.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long-term viability of the Group.

Annual Business Plans had been prepared for the Group and its respective Business Units and the Board is responsible for the oversight and monitoring for the achievement of the Business Plan. The Business Plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company's website at www.chinhingroup.com.

The principal roles and responsibility assumed by the Board are as follows:

i) **Review and Adopt Strategic Plan of the Group**

The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board will be briefed by the Executive Directors with the short and long-term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitors budgetary exercise which to support the Group's business plan and budget plan.

ii) **Implementation of Internal Compliance Controls and Justifies Measures to Address Principal Risks**

The Board is fully alert of the responsibilities to maintain a proper internal control system. The Board's responsibilities for the Group's system of risk management and internal controls including the financial condition of the business, operational, regulatory compliance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (Cont'd)

The principal roles and responsibility assumed by the Board are as follows: (Cont'd)

iii) **To formulate and Have in Place an Appropriate Succession Plan**

The Board is responsible for formulating and having in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors.

iv) **Developing and Implementing an Investor Relations Program or Shareholder Communications Policy for the Group**

The Board recognises that shareholder and other stakeholder are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company's website is the primary medium in providing information to all shareholders and stakeholders.

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and adequately segregated. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgment. This offers a strong check and balance on the Board's deliberations.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Executive Directors holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Executive Directors, assisted by the senior management, is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to four (4) committees as stated below :

i) Audit Committee;
ii) Nomination Committee;
iii) Remuneration Committee; and
iv) Risk Management Committee.

All the Board Committees have its own terms of reference and have the authority to act on behalf of the Board within the authority as laid out in terms of reference and report to the Board with the necessary recommendation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Executive Chairman

The Board is currently chaired by Datuk Seri Chiau Beng Teik, JP, the Executive Chairman of the Company and half of the Board consists of Independent Non-Executive Directors. The Board of the Company, notwithstanding that the Chairman is an Executive Director, is of the opinion that the element of independence which currently exists is adequate to provide assurance that there is a balance of power and authority of the Board. In addition, the presence of the three (3) Independent Directors from a total of the six (6) Board members are sufficient to provide the necessary checks and balances on the decision making process of the Board.

Separation of Positions of the Chairman and Group Managing Director

During the financial year under review, the positions of the Chairman and the Group Managing Director are held by different individuals.

The Group has a clear distinction and separation of roles between the Chairman and the Group Managing Director, with clear division of responsibilities in order to ensure a clear balance of power between the Chairman and the Group Managing Director.

The Chairman is primarily responsible for the governance and management of the Board, and also serves as the communication point between the Board and the senior management.

The Group Managing Director and his management team are responsible for implementing the strategic objectives and achieving the targets set by the Group, with clear authority delegated by the Board.

Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries attend Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Information and Support for Directors

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers will be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advice or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Information and Support for Directors (Cont'd)

In addition, all Directors have direct access to the advice and services of the Company Secretaries who are responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. The senior management team from different business units will also be invited to participate in the Board meetings to enable the Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the respective Board Committees will brief the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

Board Charter

As part of the governance process, the Board has adopted a Board Charter which serves as a source of reference for the Directors. The Board Charter establishes the respective roles and responsibilities of the Board, Board Committees and individual directors providing among others, guidance and clarity on the Board's roles and responsibilities as well outlining the issues and decisions which are reserved to be made solely by the authority of the Board.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available on the Company's website at www.chinhingroup.com.

Code of Conduct and Ethics

The Group has an established Code of Conduct and Ethics ("**the Code**") that applies to all Directors and employees of the Group.

The Code is guided by the Group's Core Values as follows:

- Fulfilled balance life;
- Do the right things;
- Exceed expectation;
- Treat everyone like family;
- Influence and inspire others;
- Embrace change and innovation; and
- Be open and willing to share.

The Group's Employee Engagement Team conducts regular engagement, dialogue and training programs in order to inculcate the core values as the Corporate Culture of the Group.

All employees are required to read, understand and abide by the Code and the Code will be reviewed from time to time by the Board. The Code describes measures put in place to handle issues relating to:

- Conflicts of interest;
- Corrupt practices which include the offering and acceptance of gifts and/or other forms of benefits;
- Unlawful and unethical behavior;
- Protection and proper use of company assets; and
- Compliance with laws, rules and regulations.

A copy of the Code is available for reference at the Company's website at www.chinhingroup.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Promote Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance ("**ESG**") aspects of the business which underpins sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhance investor perception and public trust.

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, management, employees and other stakeholders are clear on what is considered acceptable behavior and practice in the Company.

Whistle-Blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices. The policy is a specific mean by which an employee can exercise their responsibility to report or disclose through established channels, their legitimate concerns regarding any unethical conduct, illegal acts or failure to comply with the Company's policies and regulatory requirements responsibly and sensibly.

The Board encourages employees to report genuine concerns of breach of legal obligation, miscarriage of justice, danger of health and safety or to the environment and the cover-up of any of these in the workplace to be reported by filling up a Whistle-blowing Report Form and email to:

Attention	: Mr Yeoh Chin Hoe
Designation	: Audit Committee Chairman
Email	: yeohhoe@gmail.com

A copy of the Whistle-blowing Policy is available at the Group's website at www.chinhingroup.com.

Anti-Bribery and Corruption Policy

In line with the amendments to the Malaysian Anti-Corruption Commission Act 2009 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020, the Group had on 1 June 2020 adopted the Anti-Bribery and Corruption Policy ("**ABC Policy**").

The Company had also conducted briefings and trainings to all employees of the Group to create awareness on the ABC Policy to foster commitment of the employees in instill the spirit of integrity and avoid all forms of corruption practices within the organisation.

A copy of the ABC Policy is available at the Group's website at www.chinhingroup.com.

Board Composition

The current Board of Directors consists of six (6) members, comprising an Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Company thus complies with Paragraph 15.02 of the MMLR whereby at least two (2) or one-third (1/3) of the Board of Directors, whichever is higher, are Independent Directors. In the event of any vacancy in the Board of Directors resulting in non-compliance with the MMLR, the Board shall fill the vacancy within three (3) months from the date of that event. The profile of each Director is presented separately on pages 10 to 16 of this Annual Report.

The Group believes that a strong composition of the members of the Board would be able to strengthen the decision-making process and influence the ability of the Board to fulfil oversight responsibilities. The current Board members consists of mixtures of skills, knowledge and experience and would be able to contribute significantly to the Group by value adding and to equip the Board to respond to challenges that may arise.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (Cont'd)

The Board is mindful of the MCCG's recommendation which stated "at least half of the board shall comprise of Independent Directors. For Large Companies, the Board shall comprise a majority independent director." Although increasing number in the Independent Directors may provide more fresh ideas and viewpoints to the Board, the Board is of the view that there is balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objective as the Independent Non-Executive Directors of the Company have strong personalities with high levels of integrity and play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. Further, all the Independent Non-Executive Directors are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations. The current Board of Directors consists of six (6) principal members, comprising an Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Company thus complies with the MCCG recommendation of at least half of the board comprises independent directors.

Tenure of Independent Directors

As recommended by MCCG, the Board has implemented a nine (9) years policy for its Independent Non-Executive Directors. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the re-designation of the said person as a Non-Independent Director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek annual shareholders' approval through a two-tier voting process.

As at 31 December 2021, the tenure of the Independent Non-Executive Directors of the Company are as follows:

	1-3 Years	4-6 Years	7-9 Years
Datuk Cheng Lai Hock		√	
Yeoh Chin Hoe		√	
Datuk Hj Mohd Yusri Bin Md Yusof	√		

Currently, none of the Independent Directors had served the Company for more than nine (9) years as per the recommendations of MCCG.

New Candidates for Board Appointment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee of the Company. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending on the circumstances and timing of the appointment. The Nomination Committee will help assess and recommend to the Board, the candidature of directors, the appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

New Candidates for Board Appointment (Cont'd)

Currently, the sources to identify suitably qualified candidates for appointment of directors are on recommendations from existing Board members, senior management or major shareholders. However, the Board and the Nomination Committee would not hesitate to utilise independent sources to identify suitably qualified candidates, where necessary.

In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of a director to the Board is as follows:

i) The Nomination Committee reviews the Board's composition through Board assessment/evaluation;
ii) The Nomination Committee determines the skills matrix;
iii) The Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
iv) The Nomination Committee recommends to the Board for appointment; and
v) The Board approves the appointment of the candidates.

Factors considered by the Nomination Committee when recommending a person for appointment as a director include:

i) the merits and time commitment required for a Director to effectively discharge his/her duties to the Company;

ii) the outside commitments of a candidate to be appointed or elected as a Director and the need for that person to acknowledge that they have sufficient time to discharge their duties effectively; and

iii) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

A familiarisation programme, including visits to the Group's business and operations premises and meetings with the management will be arranged for new Directors to facilitate their understanding of the Group's business operations.

Boardroom Diversity

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. However, the Board does not adopt any formal boardroom diversity policy in the selection of new Board candidates and does not have specific policies on setting the target for female candidates in the Group. The Group basically evaluate the suitability of candidates as a new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

Currently, save and except for Ms Shelly Chiau Yee Wern, the alternate director to Datuk Seri Chiau Beng Teik, JP, our Board does not comprise of any female director. As recommended by the MCCG of at least 30% representation of women on Boards, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of female director onto the Board in future to bring about a more diverse perspective.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed the maximum number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his/her responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). Any Director is, while holding office, at liberty to accept other Board appointments in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company.

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

During the financial year ended 31 December 2021, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section below.

Board Meetings

There were five (5) Board of Directors' meetings held during the financial year ended 31 December 2021. Details of the attendance of the Directors at the Board of Directors' meetings are as follow:

Directors	Total Meetings Attended	Percentage of Attendance (%)
Datuk Seri Chiau Beng Teik, JP	5/5	100
Datuk Cheng Lai Hock	5/5	100
Chiau Haw Choon	5/5	100
Lee Hai Peng	5/5	100
Yeoh Chin Hoe	5/5	100
Datuk Hj Mohd Yusri Bin Md Yusof	5/5	100

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2021.

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings will be convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

The tentative dates for Board and Board Committee meetings for the year will be circulated by the Company Secretaries well in advance towards the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting. At the end of each Board and Audit Committee meetings, the date of the next meetings is to be re-confirmed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Continuing Education Programs

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("**MAP**") prescribed by Bursa Securities. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes / seminars / conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

Details of seminars/conferences/training programmes attended by the Board members during the financial year as listed below:

Name of Director	Seminars/Conferences/Training Programmes Attended
Datuk Cheng Lai Hock	• Seminar Percukaian Kebangsaan 2021; • Salient Features of OSH and its Impact on the responsibilities of Directors & Officers; • Real Property Gain Tax; • Members' Voluntary winding up and Company Secretaries; • Corporate Talk "HRDF : the Relevance and significance of PMSB of the Companies Act,2016; and • Effective Minutes Writing & Online Meeting
Chiau Haw Choon	• YPO Forum; • Face2Face with Innovators – Uri Levine, Co-Founder of WAZE; • GLS 21: Asia-Pacific Summit; and • Strategy Execution
Yeoh Chin Hoe	• Sustainable Finance: Making better financial decisions; • Board and Audit Committee Priorities 2021; • Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Analysis of Corporate Governance Monitor 2019 & 2020 and Malaysian Code on Corporate Governance (Revised); • What you need to know about Whistleblower Protection Act 2021- its Merit & Deficiencies; • Implementing ESG Practices in the organisation; and • Malaysia Post-Budget 2022 RoundTable Discussion, Recovery, Resilience and Reform
Datuk Hj Mohd Yusri Bin Md Yusof	• Here's how to get a jump start on the upcoming tax session; • E-Commerce Marketplace; • Spotlight on Malaysia: Every Dark Cloud; and • Spotlight on Malaysia Every Dark Cloud has a Silver Lining

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Continuing Education Programs (Cont'd)

During the financial year ended 31 December 2021, Datuk Seri Chiau Beng Teik, JP and Mr Lee Hai Peng were unable to attend any training due to their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as the Directors of the Company.

The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to discharge their duties effectively.

In addition to the above, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and Company Secretaries during the Committees and Board Meetings.

Conflict of Interest and Related Party Transactions

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are reminded by the Company Secretaries of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, all related party transactions are submitted to the Audit Committee for review on a quarterly basis.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board, or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

The details of the related party transactions for the financial year ended 31 December 2021 are set out on pages 98 to 110 of this Annual Report and the Company's Circular to Shareholders dated 29 April 2022 relating to the proposed new shareholders' mandate and renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature. The Audit Committee had reviewed the related party transactions that arose within the Group to ensure that the transactions were fair, reasonable and on normal commercial terms as well as not detrimental to the minority shareholders and were in the best interest of the Company.

Nomination Committee

In line with the Best Practices of MCCG, the Board has established the Nomination Committee which comprise exclusively of Independent Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

The Terms of Reference of the Nomination Committee can be viewed at the Company's website at www.chinhingroup.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Nomination Committee (Cont'd)

The present members of the Nomination Committee of the Company are:

Designation	Name	Directorship
Chairman	Datuk Hj Mohd Yusri Bin Md Yusof	Independent Non-Executive Director
Member	Yeoh Chin Hoe	Senior Independent Non-Executive Director
Member	Datuk Cheng Lai Hock	Independent Non-Executive Director

The summary of activities undertaken by the Nomination Committee during the financial year included the following :

i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;

ii) Reviewed and assessed the independence of its Independent Non-Executive Directors;

iii) Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Constitution; and

iv) Reviewed the Terms of Reference of the Nomination Committee.

Evaluation for Board, Board Committees and Individual Directors

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annually basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the forthcoming Annual General Meeting of the Company, with a view to meeting current and future requirements of the Group.

The criteria used by the Nomination Committee in evaluating the performance of an individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The results of the evaluation were summarised by the Company Secretary and discussed by the Nomination Committee which were then reported to the Board. The Board did not engage any external party to undertake an independent assessment of the Directors.

Based on the assessment conducted for the financial year ended 31 December 2021, the Board and the Nomination Committee is satisfied with the current composition of Board members and believes that it is well balanced with the right mix of high-calibre individuals with the necessary skills and qualifications, credibility and independence to discharge its duties and responsibilities effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Re-Election of Directors

The procedure on the re-election of directors by rotation is set out in the Company's Constitution. Pursuant to the Company's Constitution, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first Annual General Meeting after their appointment. The Company's Constitution also provide at least one-third (1/3) of the remaining Directors are subject to re-election by rotation at each Annual General Meeting and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

Upon the recommendation of the Nomination Committee and the Board, the Directors who are standing for re-election at the forthcoming Annual General Meeting of the Company are as stated in the Notice of Annual General Meeting and have been recommended for re-election / re-appointment at the forthcoming Annual General Meeting of the Company.

Annual Assessment of Independence

Annual assessments will be conducted by the Nomination Committee on annually basis and the criteria for assessment covers areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board's effectiveness. The independence of Independent Directors was assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the MMLR of Bursa Securities.

Based on the assessment carried out for the financial year ended 31 December 2021, the Board and the Nomination Committee is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfil the definition of independence as set out in the MMLR of Bursa Securities.

Remuneration Committee

In line with the Best Practices of MCCG, the Board has established the Remuneration Committee which comprise majority of Independent Non-Executive Directors, with the responsibilities to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors.

The Terms of Reference of the Remuneration Committee can be viewed at the Company's website at www.chinhingroup.com.

The present members of the Remuneration Committee of the Company are:

Designation	Name	Directorship
Chairman	Chiau Haw Choon	Group Managing Director
Member	Yeoh Chin Hoe	Senior Independent Non-Executive Director
Member	Datuk Cheng Lai Hock	Independent Non-Executive Director

The summary of activities undertaken by the Remuneration Committee during the financial year included the following :

i) Reviewed and recommended the payment of Directors' fees and other benefits payable to Directors; and

ii) Reviewed the Term of Reference of the Remuneration Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration Policy

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The principal objective of Remuneration Committee is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The Remuneration Committee also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.

Directors' Remuneration

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the financial year ended 31 December 2021 are as follows :

Director	Company		Group	
	Fees (RM)	Salaries and other emoluments (RM)	Fees (RM)	Salaries and other emoluments (RM)
Datuk Seri Chiau Beng Teik, JP	–	–	–	239,971
Chiau Haw Choon	–	–	–	1,777,716
Lee Hai Peng	–	–	–	574,697
Datuk Cheng Lai Hock	60,000	12,500	70,000	14,900
Yeoh Chin Hoe	60,000	12,750	60,000	12,750
Datuk Hj Mohd Yusri Bin Md Yusof	60,000	11,250	70,000	13,650
Total	**180,000**	**36,500**	**200,000**	**2,633,684**

Remuneration of Key Senior Management

The top six (6) senior management of the Company (including its direct held subsidiary) are Mr Chiau Haw Choon, Mr Lee Hai Peng, Mr Tan Cheak Joo, Mr Ng Wai Luen, Mr Lok Boon Cheng and Mr Chua Shiou Meng, their profile is presented separately on pages 17 to 20 in this Annual Report. The total remuneration of these top six (6) senior management was RM5,287,379 representing 7.67% of the total employees' remuneration of the Group for the financial year ended 31 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration of Key Senior Management (Cont'd)

The remuneration of the aforesaid top six (6) senior management is a combination of annual salary, benefits-in-kind and other emoluments which are determined in a similar manner as other management employee of the Company. This is based on their individual performance and the overall performance of the Company. The basis of determination has been applied consistently from previous year.

The Company notes the need for corporate transparency in disclosing the details of the remuneration of its top six (6) senior management, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues. Thus, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the full details of the top six (6) senior management personnel who are not Directors of the Company.

The Board is of the opinion that disclosure of remuneration of the Directors of the Board by appropriate components and the top six (6) senior management's total combined remuneration package should meet the intended objectives of the MCCG and the interest of the shareholders will not be prejudiced as a result of non-disclosure of the key senior management on named basis.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Independence of the Audit Committee

Chin Hin recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company were former key audit partners of the external auditors appointed by the Group. As recommended by MCCG, the Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

Financial Literacy of the Audit Committee Members

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualification and experience of the individual Audit Committee members are disclosed in the Directors' Profile on pages 13 to 15 of this Annual Report. During the financial year ended 31 December 2021, all members of the Audit Committee had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to discharge their duties effectively.

Compliance with Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 31 December 2021 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

The statement by the Board pursuant to Paragraph 15.26(a) of the MMLR on its responsibilities in preparing the financial statements is set out on page 111 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Audit Committee and the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

To assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of, among others, the following:

i) the adequacy of the competency, experience and quality of the External Auditors;

ii) the External Auditor's resource capacity and ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and

iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Audit Committee and the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to respond and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2021.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 31 December 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Risk Management and Internal Control

The Group is fully aware of its overall responsibility to continuously maintain a sound system for risk management and internal controls which covers financial, operational and compliance. With this in mind, the Group has established an internal control system and risk management framework which is adopted by Group and all its business units to ensure the effectiveness of identification, analysis, assessment, monitoring and communication of risks and internal control issues that will allow the Group to safeguard shareholders investments and assets by mitigating losses and maximising opportunities.

The Group's Risk Management framework consists of a formal Risk Management Structure that includes the following:

i) Board Risk Management Committee;
ii) Group Risk Management Working Committee; and
iii) Business Unit Risk Management Committee.

Risk Management structure:

Group Risk Management Working Committee:
- GMD and CFO
- Business Unit's Chief Executive Officer (CEO)
- Group Finance Director
- Head of Group IT
- Head of Credit Control
- Corporate Services Director

Board Risk Management Committee:
- 3 Independent Directors; and
- Chief Financial Officer (CFO)

Business Unit (BU) Risk Management Committee:
- Chief Executive Officer (CEO) of Business Units
- Head of Departments

* ***Oversight and Reassurance provided by Internal Auditor***

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Risk Management and Internal Control (Cont'd)

The framework further establishes the internal control and risk management processes which encourages a disciplined environment for proactive decision making as follows:

A. The Internal Control Framework establishes a platform for the Board to:

i) Continuously review the adequacy and integrity of the systems of internal controls (Articulating);
ii) Review and approve the Internal Audit Plan (Implementing); and
iii) Continuously review the effectiveness of the internal controls put in place to mitigate fraud through the Internal Audit Reports (Reviewing).

B. The Risk Management Framework establishes a platform for the Board to:

i) Continuously identify risks (Identification);
ii) Continuously review the status of the risks (Assessment);
iii) Continuously discuss and implement strategies to deal with those risks (Mitigation); and
iv) Continuously follow-up on the actions to be taken (Monitoring).

Whilst acknowledging their responsibility, the Board is aware that such systems and frameworks as designed to manage rather than to eliminate risks and therefore may not be able to provide an absolute assurance against material misstatement or loss.

The Statement on Risk Management and Internal Control which provides an overview of the Group's state of internal control and risk management is set out in pages 112 to 114 in this report.

Internal Audit Activities

The Group has appointed an established external professional Internal Audit firm, who reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

The Internal Audit firm appointed by the Company is an independent professional internal audit service provider is manned by three (3) professionally qualification and experienced staff. For each internal audit review, a team led by Engagement Director, Mr. Lionel Vernon Yong Nguon Kee and/or Senior Director, Mr. Leonard Lim Weng Leong will be assigned by Internal Audit firm to undertake the review in accordance to the internal audit plan approved by the Audit Committee. The Engagement Director of the firm is a Certified Internal Auditor, United States of America (CIA), a Chartered Accountant (Malaysia), a Member of the Malaysian Institute of Accountants (MIA), a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom (FCCA) and a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). The Senior Director of the firm is a Fellow Member of Institute of Public Accountants (FIPA), a Fellow Member of Institute of Financial Accountants (FFA) and a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). The Internal Audit firm appointed by the Company is free from any relationships or conflict of interest which could impair their objectivity and independence. The Internal Auditors performed their work by referring to a recognised framework such as the standards recommended by the International Professional Practices Framework of the Institute of Internal Auditors.

Internal audit provides an independent assessment on the effectiveness and efficiency of internal controls utilising an acceptable audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Internal Audit Activities (Cont'd)

The Audit Committee approved the internal audit plan during the first Audit Committee meeting each year. Any subsequent changes to the internal audit plan shall be reviewed and approved by the Audit Committee. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

The cost incurred by the Group for the internal audit function during the financial year ended 31 December 2021 amounted to RM60,000.

The functions of the internal auditors are including but not limited to the following :

i) perform internal audit work in accordance with the pre-approved internal audit plan, that covers reviews of the internal control system, risk management and follow up audits to address observations reported in preceding internal audit visits;

ii) carry out reviews on the systems of internal control of the Group;

iii) review and comment on the effectiveness and adequacy of the existing internal control policies and procedures; and

iv) provide recommendations, if any, for the improvement of the internal control policies and procedures.

During the financial year, the following activities were carried out by the internal auditors in discharge of its responsibilities :

i) Reviewed the adequacy and effectiveness of the systems of internal control and compliance with the Group's policies and procedures;

ii) Proposed and presented the internal audit plan for the Audit Committee's approval and ensured that appropriate actions were taken to carry out the audits based on the approved plan; and

iii) Reported to the Audit Committee the results of the internal audit reports and its findings and the implementation of the management responses to the findings.

Based on the internal audit review conducted by the internal auditors, the Audit Committee and the Board is of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year ended 31 December 2021.

The Audit Committee and the Board further agreed that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

The Audit Committee and Board are satisfied with the performance of the internal auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsourcing of the Internal Audit function.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Communication with Stakeholders

The Board acknowledges the importance of on-going engagement and communication with stakeholders and to ensure that communication is timely, regular, transparent and effective.

The Group has established a dedicated section for Investor Information on the Group's website at www.chinhingroup.com where shareholders as well as members of the public may access the latest information on the Group. Information is also communicated through the following channels :

i) Various disclosures and announcements to Bursa Securities including quarterly results;
ii) Press releases and announcements to Bursa Securities and to the media;
iii) Publication of the Group's Annual Report;
iv) Dialogues with shareholders, potentials investors and analysts and fund managers;
v) Conduct Annual General Meetings; and
vi) Social media and other electronic channels.

While the Group endeavors to provide as much information as possible to its shareholders, the Group is mindful of the legal and regulatory frameworks governing the release of material and price sensitive information.

The Group's annual report for the financial year ended 31 December 2021 adopts partly the Integrated Reporting approach which covers how the Group's strategy, performance, governance and future business prospects are connected towards achieving value creation for its shareholders.

Dialogue with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Chairman or the Executive Directors of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought at the general meeting.

Whilst the Company aims to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Annual General Meeting

The Annual General Meeting ("**AGM**") is the principal forum for dialogue with the shareholders. As recommended by the MCCG, the notice of AGM will be despatched to shareholders at least twenty eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published at least in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution.

At the AGM, the Board will brief the shareholders on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session there at, where they will be given the opportunity to raise questions or seek more information during the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS (CONT'D)

In light of the coronavirus outbreak, governmental decrees, and the encouragement of the Securities Commission Malaysia, as well as in the best interest of public health and the health and safety of the Board, employees and shareholders of the Company, the Company's AGM held on 8 June 2021 was conducted by way of fully virtual basis and entirely via the Remote Participation and Voting ("**RPV**") Facilities.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

Attendance of Directors at General Meetings

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make the necessary arrangement to attend the planned AGM.

At the Seventh (7th) AGM of the Company held on 8 June 2021, all the Directors have attended the said AGM to engage directly with shareholders, and be accountable for their stewardship of the Company.

Poll Voting

In line with Paragraph 8.29A of the MMLR, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights to a poll voting. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of votes received, both for and against for each separate resolution. The outcome of a general meeting will be announced to Bursa Securities on the same meeting day.

Effective Communication and Proactive Engagement

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices recommended by the MCCG with regards to strengthening engagement and communication with shareholders.

Shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the "Corporate Information" section of this Annual Report. The Share Registrar is also available to attend to administrative matters relating to shareholder interests. As recommended by the MCCG, the Company has appointed a Senior Independent Non-Executive Director to whom queries and concerns regarding the Group may be conveyed.

Compliance Statement

Other than as disclosed and/or explained in this Annual Report, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.

OTHER DISCLOSURE REQUIREMENTS

UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

i) As at 31 December 2021, the proceeds of approximately RM76.45 million from the disposal of ACE Logistic Sdn Bhd and 35 properties have been fully utilised as follows :

		Utilisation						
	Details of the Utilisation of Proceeds	Proceeds RM'000	Actual RM'000	Balance RM'000	* Variations of disposal proceeds utilisation RM'000	After valuation of disposal proceeds utilisation RM'000	Balance after variation of disposal proceeds utilisation RM'000	Estimated timeframe for utilisation from the completion of the Proposed Disposal
(a)	Repayment of bank borrowings	50,000	50,000	–	–	–	–	Within 3 months
(b)	Working capital to purchase inventories	23,450	15,109	8,341	144	8,485	–	Within 12 months
(c)	Expenses for the exercise	3,000	2,856	144	(144)	–	–	Within 3 months
		76,450	**67,965**	**8,485**	**–**	**8,485**	**–**	

Note :

* The company had transferred RM144,000 of unutilised balance from the estimated expenses incurred on the disposal of Ace Logistic Sdn Bhd and the 35 properties to the working capital for purchase of inventories.

ii) As at 31 December 2021, the status of utilisation of proceeds of approximately RM56.055 million from the first tranche of private placement are as follows :

		Utilisation			
	Details of the Utilisation of Proceeds	Proceeds RM'000	Actual (First Tranche) RM'000	Balance RM'000	Estimated timeframe for utilisation from the date of listings
(a)	Acquisition of shares and warrants in Chin Hin Group Property Berhad	88,864	55,648	33,216	Within 6 months
(b)	Repayment of borrowings	60,400	–	60,400	Within 6 months
(c)	Estimated expenses for the Proposed Private Placement	960	407	553	Within 1 month
		150,224	**56,055**	**94,169**	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

AUDIT AND NON-AUDIT FEE PAID TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2021 where as follows:

	Company Level (Chin Hin Group Berhad) RM	Group Level RM
Audit services rendered - Current year - Over provision in prior year	 60,000 –	 574,854 (17,000)
Non-Audit services Rendered		
(a) Review of statement of risk management and internal control	5,000	10,000
(b) Review of component auditors workpapers	–	10,000
(c) Limited review on associate account	–	30,000

MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

During the financial year, there were no material contracts or contracts relating to loan entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")

The Company is seeking approval from shareholders for the proposed new shareholders' mandate and renewal of the existing shareholders' mandate for the Group to enter into RRPT(s) of a revenue or trading nature pursuant at the forthcoming Annual General meeting to be held on 3 June 2022.

The details of RRPTs of a revenue or trading nature of the Group for the financial year ended 31 December 2021 are follows:

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
AS Chin Hin Sdn Bhd	• CHGB Group	• Supply and/or purchase of building materials based on prevailing market price.	1,385	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Beng Soo and Ng Peng Peng, the brother and sister-in-law of Datuk Seri Chiau Beng Teik, JP, are the directors and substantial shareholders of AS Chin Hin Sdn Bhd.
		• Provision and/or receipt of transportation services based on prevailing market price.	Nil	
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

<table>
<tr><th>Related Party</th><th>CHGB Group - Transacting Party</th><th>Nature of Transaction with CHGB Group</th><th>Value of Transaction (RM'000)</th><th>Nature of relationship between CHGB Group and the Related Party</th></tr>
<tr><td rowspan="3">Italia Ceramics Sdn Bhd</td><td rowspan="3">• CHGB Group</td><td>• Supply and/or purchase of building materials based on prevailing market price.</td><td>Nil</td><td rowspan="3">• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.
• Yeoh Hock Seng, the brother-in-law of Datuk Seri Chiau Beng Teik, JP is a director and substantial shareholder of Italia Ceramics Sdn Bhd.</td></tr>
<tr><td>• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.</td><td>Nil</td></tr>
<tr><td>• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.</td><td>Nil</td></tr>
<tr><td rowspan="4">CH Hardware & Transport Sdn Bhd</td><td rowspan="4">• CHGB Group</td><td>• Provision of transportation services based on prevailing market price.</td><td>Nil</td><td rowspan="4">• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB.
• Chiau Thean Bee, the brother of Datuk Seri Chiau Beng Teik, JP, is the director and substantial shareholder of CH Hardware & Transport Sdn Bhd.</td></tr>
<tr><td>• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.</td><td>Nil</td></tr>
<tr><td>• Supply and/or purchase of building materials based on prevailing market price.</td><td>Nil</td></tr>
<tr><td>• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.</td><td>Nil</td></tr>
</table>

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Pintar Muda Development Sdn Bhd	• CHGB Group	• Sale of building materials based on prevailing market price.	Nil	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Pintar Muda Development Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty Sdn Bhd ("**PP Chin Hin Realty**"), a Major Shareholder of CHGB.
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	3	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	
GA Hotel Management Sdn Bhd	• CHGB Group	• Sale of building materials based on prevailing market price.	Nil	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon were the directors of GA Hotel Management Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB. • GA Hotel Management Sdn Bhd was ceased to be subsidiary of PP Chin Hin Realty on 22 July 2020.
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	
		• Provision of hotel accommodations by GA Hotel Management Sdn Bhd based on prevailing market price	Nil	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Chip Hin Trading Sdn Bhd	• CHGB Group	• Provision and/or receipt of transportation services based on prevailing market price.	Nil	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Beng Sun, the brother of Datuk Seri Chiau Beng Teik, JP, is the director and substantial shareholder of Chip Hin Trading Sdn Bhd.
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	
CHL Logistic Sdn Bhd	• CHGB Group	• Provision and/or receipt of transportation services based on prevailing market price.	1,958	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datin Seri Wong Mee Leng is a Major Shareholder of CHGB. • Chiau Haw Loon, the son of Datuk Seri Chiau Beng Teik, JP and Datin Seri Wong Mee Leng, and brother of Chiau Haw Choon, is the director and substantial shareholder of CHL Logistic Sdn Bhd.
		• Sales and/or purchase of building materials based on prevailing market price.	4,683	
		• Sale of vehicle insurance premium and road tax to CHL Logistic Sdn Bhd (as agent of the insurance company).	17	
		• Rental income received by Chin Hin Concrete (KL) Sdn Bhd for office space rented to CHL Logistic Sdn Bhd.	22	
		• Rental income received for motor vehicles rented out to CHL Logistic Sdn Bhd.	Nil	
		• Rental income received by Chin Hin Concrete (KL) Sdn Bhd for land rented to CHL Logistic Sdn Bhd.	62	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Teras Maju Sdn Bhd	• CHGB Group	• Sale of building materials based on prevailing market price.	Nil	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Yeoh Hock Seng, the brother-in-law of Datuk Seri Chiau Beng Teik, JP is the director and substantial shareholder of Teras Maju Sdn Bhd.
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	
Chin Hin Gypsum Sdn Bhd	• CHGB Group	• Purchase of raw materials based on prevailing market price.	1,475	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP is the director and substantial shareholder of Chin Hin Gypsum Sdn Bhd.
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	
		• Leasing / renting / letting of office premises to and/or from Chin Hin Group based on market value and is payable on an equal pro-rated monthly basis.	50	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Perimore Sdn Bhd	• CHGB Group	• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon were the directors of Perimore Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB. • Perimore Sdn Bhd has ceased to be subsidiary of PP Chin Hin Realty on 11 October 2019.
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	
Sens Hotel Sdn Bhd	• PP Chin Hin Sdn Bhd	• Rental income received from Sens Hotel Sdn Bhd for renting of shop houses belonging to PP Chin Hin Sdn Bhd.	162	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datin Seri Wong Mee Leng is a Major Shareholder of CHGB. • Chiau Haw Loon, the son of Datuk Seri Chiau Beng Teik, JP and Datin Seri Wong Mee Leng and brother of Chiau Haw Choon, is the director and substantial shareholder of Sens Hotel Sdn Bhd.
		• Rental income received from Sens Hotel Sdn Bhd for renting parking lot belonging to PP Chin Hin Sdn Bhd.	12	
	• CHGB Group	• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	
		• Provision of hotel accommodations by Sens Hotel Sdn Bhd based on prevailing market price.	Nil	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Chiau Beng Sun	• CHGB Group	• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	3	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Beng Sun is the brother of Datuk Seri Chiau Beng Teik, JP.
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	
Laksana Saujana Sdn Bhd	• CHGB Group	• Rental expenses paid to Laksana Saujana Sdn Bhd for renting of warehouse-cum office.	120	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors and substantial shareholders of Laksana Saujana Sdn Bhd.
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	
Chin Hin Hotel Sdn Bhd	• CHGB Group	• Sale of building materials based on prevailing market price.	Nil	• Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Chiau Haw Choon is the director of Chin Hin Hotel Sdn Bhd, which is turn is substantially owned by PP Chin Hin Realty, a Major Shareholder of CHGB.
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Chin Hin Concrete Mix Sdn Bhd	• PP Chin Hin Sdn Bhd	• Rental paid for renting of office space by PP Chin Hin Sdn Bhd.	10	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors and substantial shareholders of Chin Hin Concrete Mix Sdn Bhd.
	• CHGB Group	• Leasing / renting / letting of office premises to and/or from Chin Hin Group based on market value and is payable on an equal pro-rated monthly basis.	Nil	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	
Murni Jaya Enterprise Sdn Bhd	• CHGB Group	• Provision of transportation services based on prevailing market price.	1,046	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Beng Sun, the brother of Datuk Seri Chiau Beng Teik, JP is the director and substantial shareholder of Murni Jaya Enterprise Sdn Bhd.
		• Rental income received from Murni Jaya Enterprise Sdn Bhd for the renting of motor vehicles from C&H Transport.	Nil	
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
PP Chin Hin Realty	• CHGB Group	• Sale of building materials based on prevailing market price.	Nil	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • PP Chin Hin Realty is a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors and substantial shareholders of PP Chin Hin Realty. • Datin Seri Wong Mee Leng is a Major Shareholder of CHGB and a substantial shareholder of PP Chin Hin Realty
		• Rental income received from PP Chin Hin Realty for renting parking lot belonging to PP Chin Hin Sdn Bhd.	10	
		• Rental paid to PP Chin Hin Realty for rental of office space by Chin Hin Concrete (KL) Sdn Bhd.	38	
		• Rental paid to PP Chin Hin Realty for rental of office space by CHGB.	8	
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	113	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Aera Property Group Sdn Bhd (formerly known as Asthetik Property Group Sdn Bhd)	• CHGB Group	• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Aera Property Group Sdn Bhd, which is turn is a wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB.
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	
Chin Hin Plywood Co. Sdn Bhd	• CHGB Group	• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datin Seri Wong Mee Leng is a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Datin Seri Wong Mee Leng are the directors and substantial shareholders of Chin Hin Plywood Co. Sdn Bhd. • Chiau Haw Choon is a director of Chin Hin Plywood Co. Sdn Bhd.
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Ace Logistic Sdn Bhd	• CHGB Group	• Renting of factory / office premises to CHGB Group based on market value and is payable on an equal pro-rated monthly basis.	1,440	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Ace Logistic Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB.
		• Renting of solar panel to CHGB Group based on market value and is payable on an equal pro-rated monthly basis.	10	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	
Midas Signature Sdn Bhd	• CHGB Group	• Renting of 89 car parks to CHGB Group based on market value and is payable on an equal pro-rated monthly basis.	160	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Midas Signature Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB.
		• Renting of office space to CHGB Group based on market value and is payable on an equal pro-rated monthly basis.	855	
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Stellar 8 Sdn Bhd	• CHGB Group	• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	6	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Stellar 8 Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB.
Platinum Eminent Sdn Bhd	• CHGB Group	• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	74	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Platinum Eminent Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Chin Hin Group Property Berhad ("**Chin Hin Property**") and its subsidiary companies	• CHGB Group	• Rental paid for motor vehicles rented • Purchase of motor vehicles based on prevailing market price. • Supply and/or purchase of materials based on prevailing market price. • Provision of insurance and other administrative services by Chin Hin Group based on prevailing market price. • Provision of construction services based on prevailing market price. • Leasing / renting / letting of office premises to and/or from Chin Hin Group based on market value and is payable on an equal pro-rated monthly basis.	185	• Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. He is also a Non-Independent Non-Executive Chairman and a Major Shareholder of Chin Hin Property. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. He is also an Executive Director of Chin Hin Property. • Chin Hin Property had on 4 August 2021 become a subsidiary of CHGB follows the completion of the acquisition of shares and warrants in CHGP as announced to Bursa Securities on 4 August 2021.
		• Provision of IT, e-commerce related services, interior design consultation, carpentry work, household furniture, lightings, plaster ceiling, flooring, appliances, outdoor furniture other renovation works and ancillary products by CHGB Group.	Nil	

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

The Directors are responsible for ensuring that the Company keeps proper accounting records with reasonable accuracy of the financial position of the Company. The Directors are to ensure that the financial statements comply with mandatory provisions of the Companies Act, 2016, the Malaysian Financial Reporting Standards and the MMLR of Bursa Securities. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2021, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**the Board**") of Chin Hin Group Berhad recognises the importance of having a systematic approach of reviewing the Group's risk management and internal control processes and is committed to the continuous improvements of our existing systems in practice. The Board is pleased to present its Statement on Risk Management and Internal Control, which has been prepared pursuant to Paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**MMLR**") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**the Guidelines**"). This statement has been made in accordance with the recommendations of the Malaysian Code of Corporate Governance.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's internal control and risk management systems which has been embedded in the Group's Business Units.

The Board through its Audit Committee has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements.

The Board ensures the effectiveness of such systems through reviews of the risk management and internal control activities by the Risk Management Committee established by the Board which consists of three (3) independent Non-Executive Director and Executive Director cum Chief Financial Officer of the Company.

Due to inherent limitations in the systems of internal control and risk management, such systems can only manage rather than eliminate all risks of failure to achieve business objectives, and as such, they can only provide reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

As part of the Board's commitment to protect shareholders interests, the Board has established the Risk Management Committee to ensure that enterprise risk management practices are practiced throughout the Group.

The Risk Management Committee continues to perform the following functions :

i) To review and provide oversight on the Groups existing risk management framework;
ii) To ensure that the process of identifying, evaluating, monitoring and managing significant risks faced by the Group is continuous;
iii) To review the risk management report and the risk register;
iv) To review the management action plans to mitigate the identified risks;
v) To report back to the Board on the status of risk management practices; and
vi) To highlight potential high-risk areas to the attention of the Board and to advise the Board accordingly.

Respective Committees has also been established at the Group, Senior Management level and at the Operational Management level at the Business units. This is to ensure that all levels of management are committed to safeguard shareholders' investments and the Group's assets by reviewing the adequacy and integrity of such systems. The Committees established are as follows :

i) Board Risk Management Committee;
ii) Group Risk Management Working Committee; and
iii) Business Unit Risk Management Committee.

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

INTERNAL CONTROL

The features of the Group's system of internal control systems enables the Audit Committee to perform the following functions of articulating, implementing and reviewing the integrity of the Group's system of internal controls by :

i) Continuously review the adequacy and integrity of the systems of internal controls (Articulating);
ii) Review and approve the Internal Audit Plan (Implementing); and
iii) Continuously review the effectiveness of the internal controls put in place to mitigate fraud through the Internal Audit Reports (Reviewing).

Other key features include the following :

i) Clearly defined lines of responsibility and limits of authority to facilitate the operations of the individual Business Units and Group Support Divisions.

ii) Group centralised control over key functions such as finance, human resource, credit control, information technology, business processes and internal audit.

iii) Roadmap workshops and business plan development and setting of key performance indicators established for each Business Unit's Departments.

iv) Detailed Budgeting processes which include the review of actual performance compared with budget, with detailed explanations provided for major variances at Monthly Management meetings.

v) Performance monitoring via Monthly KPI check in and execution map system in our On-line Portal of all employees ranked Executive and above.

vi) Twice yearly performance appraisal review for all employees of the Group which includes the review of the competencies and results of key performance indicators.

vii) Monthly Management meetings (MOM) and Executive Committee (EXCO) meetings to discuss the Group's financial performance, business development, operational and corporate issues.

The Board does not regularly review the internal control system of its associate, as the Board does not have any direct control over their operations. The Group's interest are served through representations on the board of associate and the review of their management account, and enquire thereon. These representations also provide the Board with information and timely decision-making on the continuity of the Group's investments based on the performance of the associate.

INTERNAL AUDIT FUNCTION

The Group outsources the internal audit function to an establish external professional internal audit firm. The firm is appointed by and reports directly to the Audit Committee. Its role is to provide the Audit Committee with regular assurance on the continuity, integrity and effectiveness of the internal control system through regular monitoring and review of the internal control framework and management processes.

During the financial year, the Internal audit functions conducted regular reviews on the Business Unit operations based on an annually approved Internal Audit Plan. Ad-hoc audits were also commissioned by the Senior Management when necessary. The areas internal audit covered were Payment, Credit Management and Credit Control of Chin Hin Group and the Gap Analysis Review on Anti-Bribery Corruption Framework of the Company.

Based on the internal audit review conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2021. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is inconsistent with their understanding of the processes the Board has adopted in reviewing the adequacy and integrity of risk management and internal control within the Group.

MANAGEMENT'S ASSURANCE

The Group Managing Director and Group Chief Financial Officer, representing the management, have given reasonable assurance to the Board that the Group's risk management and internal control systems are adequate and effective, in all material aspects, based on the risk management and internal controls adopted by the Group and similar assurance given by the respective heads of operations.

CONCLUSION

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual Report. The Board is of the view that the existing Group's system of risk management and internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board recognises the fact that the Group's system of risk management and internal control practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board is committed to continuously strengthen the Group's system of internal control and risk management framework.

AUDIT COMMITTEE REPORT

In line with the best practices of MCCG, the Board has set up the Audit Committee which comprising exclusively of Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board.

The present members of the Audit Committee are as follows:

Designation	Name	Directorship
Chairman	Yeoh Chin Hoe	Senior Independent Non-Executive Director
Member	Datuk Cheng Lai Hock	Independent Non-Executive Director
Member	Datuk Hj Mohd Yusri Bin Md Yusof	Independent Non-Executive Director

The primary objective of the Audit Committee is to establish a documented, formal and transparent procedure to assists the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, a system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations.

TERMS OF REFERENCE

The terms of reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at www.chinhingroup.com.

ATTENDANCE OF MEETINGS

During the financial year ended 31 December 2021, the Audit Committee held five (5) meetings and the details of the attendance are as follows:

Designation	Name	Meeting Attendance
Chairman	Yeoh Chin Hoe	5/5
Member	Datuk Cheng Lai Hock	5/5
Member	Datuk Hj Mohd Yusri Bin Md Yusof	5/5

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year in the discharge of its functions and duties, included the following :

(1) Financial Reporting

Reviewed the quarterly and annual financial statements of the Group prepared by the management focusing particularly on:

i) Any significant changes to accounting policies and practices;

ii) Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters were addressed;

iii) Significant adjustments arising from the audit; and

iv) Compliance with accounting standards and other legal requirements.

(2) Risk Management and Internal Control

i) Reviewed the effectiveness of the internal control system and risk management framework adopted within the Group and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to mitigate losses and maximise opportunities;

ii) Assessed the systems processes, policy and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;

iii) Reviewed the system of internal control to ensure that they are in place, effectively administered and regularly monitored;

iv) Recommended to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit Committee itself;

v) Reviewed the updates on the risk profile and summary of risk presented by the Risk Management Committee; and

vi) Highlighted to the Board of Directors any significant new risks which had come to its attention from the Internal Audit or Risk Management reports which are of sufficient importance to warrant the attention of the Board.

(3) Internal Audit Function

i) Reviewed the effectiveness of internal audit function, including the ability, competency and qualification of the internal audit team and/or outsourced internal auditors (if any) to perform its duties;

ii) Reviewed the adequacy of the scope, functions competency and resources, and that it has the necessary authority to carry out its work;

iii) Reviewed and approved the internal audit plan and ensured that appropriate actions were taken to carry out the audits based on the approved plan;

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

(3) Internal Audit Function (Cont'd)

iv) Received and reviewed on a regular basis the Internal audit reports, findings and recommendations of the internal audit team and outsourced internal auditors and to ensure that appropriate actions had been taken to implement the audit recommendations;

v) Assisted and ensured that the internal audit team and outsourced internal auditors had full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and

vi) Reviewed any matters concerning the employment or appointment (and re-appointment) of the in- house and/or the outsourced internal auditors (as the case may be) and the reasons for resignation or termination of either party.

(4) External Audit

i) Reviewed the external auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and co-ordination of the external auditors;

ii) Reviewed the annual performance assessment, including the suitability and independence of the external auditors and make recommendations to the Board, the appointment or re-appointment of the external auditors;

iii) Assessed the suitability and independence of the external auditors.

iv) Reviewed the external auditor's audit report, and significant matters and/or management letter highlighted by the external auditors and management's response to the management letter; and

v) Reviewed the external auditors' findings arising from audits, particularly any comments and responses in audit recommendations as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

(5) Related Party Transactions / Conflict of Interest Situations

i) Reviewed any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

ii) Reviewed the related party transactions in relation to the mandate approved by the shareholders.

(6) Audit Reports

i) Prepared the annual Audit Committee report to the Board for inclusion in the Annual Report;

ii) Reviewed the Corporate Governance Overview Statement on compliance with the MCCG for inclusion in the Annual Report; and

iii) Reviewed the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report.

AUDIT COMMITTEE REPORT (CONT'D)

HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR

i) Financial Reporting

The Audit Committee had reviewed the unaudited quarterly financial results and the annual audited financial statements of the Company and of the Group and made recommendations to the Board for approval and for announcement to Bursa Securities.

The Audit Committee also had reviewed the annual audited financial statements with the External Auditors and finance team to ensure that the financial statements give a true and fair view of the financial position and performance of the Group are in compliance with the relevant accounting standards, other legal requirements and to ensure compliance with the provisions of the Companies Act, 2016 and the MMLR.

ii) External Auditors

During the financial year under review, the Audit Committee had met with the External Auditors without the presence of any Executive Director or management of the Company to review on the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries arising from the audit.

Significant matters requiring follow up were highlighted in the management letter by the External Auditors and enquired on the adequacy and effectiveness of remedial actions taken by management in resolving these issues.

The Audit Committee also had reviewed and evaluated the audit planning memorandum and audit review memorandum prepared and presented by the External Auditors. The proposed audit fees for the External Auditors in respect of their audit of the financial statements of the Company and its subsidiaries were analysed and reviewed by the Audit and Risk Management Committee for recommendation to the Board for approval.

The Audit Committee also evaluated the performance and independence of the External Auditors covering areas such as calibre, quality processes/performance, audit team, independence and objectivity, audit scope and planning, audit fees as well as the audit communications of the External Auditors.

The Audit Committee having been satisfied with the independence and performance of Messrs UHY, had recommended the re-appointment of Messrs UHY as External Auditors to the Board for consideration and tabled to the shareholders for approval at the forthcoming Annual General Meeting.

iii) Internal Audit

During the financial year under review, the Audit Committee had reviewed and evaluated the Internal Audit Reports ("**IAR**") pertaining to the internal control of the following areas of the Group prepared by the Internal Auditors of the Company :

- Payment for PP Chin Hin Sdn Bhd, Chin Hin Concrete Sdn Bhd and Starken AAC Sdn Bhd;
- Gap Analysis Review on Anti-Bribery Corruption Framework;
- Credit Management of Starken AAC Sdn Bhd and G-Cast Concrete Sdn Bhd; and
- Credit control of PP Chin Hin Sdn Bhd and Chin Hin Concrete Sdn Bhd.

AUDIT COMMITTEE REPORT (CONT'D)

HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR (CONT'D)

iii) Internal Audit (Cont'd)

The IAR on audit findings, description, implication, recommendations to improve any weaknesses or non-compliance and the management action plan and comments thereto were tabled to the Audit Committee for their review and deliberations. The management was invited to attend the meetings as and when necessary to brief the Audit Committee on matters relating to their areas of responsibility.

Some weaknesses in internal control were identified for the year under review and measures have been or are being taken to address these weaknesses. The Internal Auditors monitored the implementation of management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

iv) Enterprise Risk Management

During the financial year under review, the Audit Committee also assisted the Board to oversee the execution of the risk management framework. The Risk Management Committee has been entrusted by the Board to appraise and evaluate the effectiveness of the overall risk management and internal control system and report to the Audit Committee on weaknesses and significant risks which will affect the operations, industrial relations, financial position and compliance status of the Group.

The Risk Management Committee held four (4) meetings in the financial year ended 31 December 2021 and reviewed the findings consolidated and prioritised by the divisions and/ or departments on the risks evaluated under their purview, prior to reporting to the Audit Committee for further deliberation.

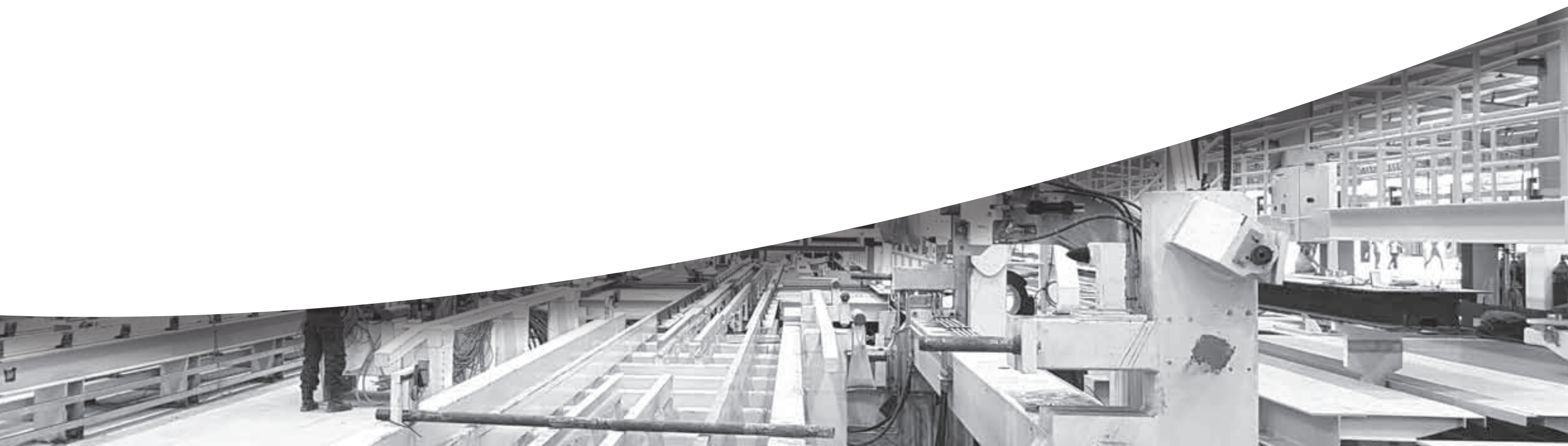
In addition to reviewing the top risks, the Risk Management Committee also maintained oversight of second-tier risks to ensure overall adequacy and effectiveness of risk mitigation plans and controls. Major incidents, if any, were reported to the Audit Committee to facilitate the review of the effectiveness of crisis management and the adequacy of mitigating measures taken by the Group to address the underlying risks.

With the reporting and update by the Risk Management Committee on key risk management issues and summary of activities undertaken during the financial year under review, the Audit Committee reviewed the key corporate risk profiles, risk assessment of core business processes, operational risks and mitigation measures as well as the process for identifying, evaluating, and managing risk through the risk management framework as to ensure that the risk management process and culture are embedded throughout the Group.

v) Related Party Transactions

The related party transactions including recurrent related party transactions of a revenue and entered into by the Group were reviewed by the Audit Committee to ensure that they were conducted on the Group's normal commercial terms and adequate internal procedures had been deployed in the Group in relation to such transactions to monitor compliance with the MMLR and to ascertain that the transactions entered into were not prejudicial to the interest of the non-controlling shareholders.

FINANCIAL STATEMENTS



DIRECTORS' REPORT

The Directors of Chin Hin Group Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal Activities

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

The results of the Group and of the Company for the financial year are as follows:

	Group RM	Company RM
Profit for the financial year	30,969,210	31,337,639
Attributable to:		
Owners of the Parent	30,700,449	31,337,639
Non-controlling interests	268,761	-
	30,969,210	31,337,639

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the changes in accounting policies as disclosed in Note 2(a) to the financial statements and significant event during the year as disclosed in Note 44 to the financial statements.

DIRECTORS' REPORT (CONT'D)

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in financial statements.

Dividends

The dividends on ordinary shares paid/payable by the Company during the financial year ended 31 December 2021 were as follows:

	RM
In respect of the financial year ended 31 December 2021: A first interim single tier dividend of RM0.01 per ordinary share paid on 6 January 2022	8,847,068
In respect of the financial year ended 31 December 2020: A second interim single tier dividend of RM0.01 per ordinary share paid on 5 April 2021	5,561,379
	14,408,447

The Directors do not recommend any final dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issued:

(a) 278,193,996 new ordinary shares through a bonus issue on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held in the Company, by way of Nil consideration; and

(b) 50,500,000 placement shares at an issue price of RM1.11 each under Private Placement.

The new ordinary shares issued during the financial year shall rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

DIRECTORS' REPORT (CONT'D)

Treasury Shares

During the financial year, the Company repurchased 250,100 ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.35 per share. The total consideration paid for the repurchase, including transaction costs, was RM338,335. The repurchased transactions were financed by internally generated funds. As at 31 December 2021, the number of treasury shares held was 375,150 ordinary shares, including 125,050 ordinary shares issued on 1 April 2021 via bonus issue on the basis of one (1) bonus shares for every two (2) ordinary shares held in Chin Hin Group Berhad. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Further relevant details are disclosed in Note 21 to the financial statements.

Share Options

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

Directors

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Chiau Haw Choon*
Datuk Cheng Lai Hock*
Datuk Seri Chiau Beng Teik, JP*
Lee Hai Peng*
Yeoh Chin Hoe
Datuk Hj Mohd Yusri Bin Md Yusof*
Shelly Chiau Yee Wern, alternate director to Datuk Seri Chiau Beng Teik, JP

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year and during the period from the end of the financial year to the date of this report are:

Benedict Lee Yee Kuan
Datin Seri Wong Mee Leng
Ng Wai Luen
Tan Cheak Joo
Woo Jing Kun, Freeman
Yeoh Meng Hooi

DIRECTORS' REPORT (CONT'D)

Directors (Cont'd)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year and during the period from the end of the financial year to the date of this report are: (Cont'd)

Lok Boon Cheng	
Lau See Hua	
Poh Way Chard	
Margaret Voon Lee Ching, alternate director to Lau See Hua	
Chiau Haw Yew	
Khoo Chee Siang	
Datuk Yeo Chun Sing	
Shelly Chiau Yee Wern	
Ng Chee Wei	
Khor Choon Wooi	
Koay Chun Yeong	
Alvin Tan Jit Kwong	
Ong Tong Ing	
Kan Keat Peng	
Datuk Arif Shah Bin Osmar Shah	
Chan Kin Keong	
Khor Chee Yong	
Abdul Jalil Bin Abdul Kadir	(appointed on 11.2.2021)
Khor Kai Fu	(appointed on 24.12.2021)
Roger Lim Swee Kiat	(appointed on 24.12.2021)
Se Kok Weng	(resigned on 21.1.2021)
Wong Wei Sheng	(resigned on 12.4.2021)

* Director of the Company and of its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' REPORT (CONT'D)

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares				
	At 01.01.2021	Bought	Bonus Issue	Sold	At 31.12.2021
Interests in the Company					
Direct Interests					
Chiau Haw Choon	16,570,700	105,147,800	9,785,350	(80,150,000)	51,353,850
Datuk Cheng Lai Hock	100,000	-	50,000	-	150,000
Datuk Seri Chiau Beng Teik, JP	166,713,300	80,560,000	70,681,350	(187,627,100)	130,327,550
Lee Hai Peng	1,374,000	-	687,000	-	2,061,000
Yeoh Chin Hoe	100,000	-	50,000	-	150,000
Indirect Interests					
Chiau Haw Choon*	219,207,100	17,055,500	102,253,950	(14,699,200)	323,817,350
Datuk Seri Chiau Beng Teik, JP*	219,207,100	17,055,500	102,253,950	(14,699,200)	323,817,350

* *Deemed interest pursuant to Section 8 of the Companies Act 2016 ("the Act") by virtue of their substantial shareholdings in Divine Inventions Sdn. Bhd.*

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors and shown in Note 38(c) to the financial statements) 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, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 38(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

Indemnity and Insurance Costs

During the financial year, certain Directors and officers of the Group are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, certain Directors and officers of the Group subject to the terms of the policy. The total amount of indemnity coverage and premium paid for the Directors' and Officers' Liability Insurance by the Group was RM20,000,000 and RM20,667 respectively.

There was no indemnity given to or insurance effected for auditors of the Group in accordance with Section 289 of the Companies Act 2016.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

   (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

   (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT (CONT'D)

Other Statutory Information (Cont'd)

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 8 to the financial statements.

Significant Events During the Financial Year and Subsequent Events

The details of the significant events during the financial year and subsequent events are disclosed in Note 44 to the financial statements.

DIRECTORS' REPORT (CONT'D)

Auditors

The Auditors, UHY, have expressed their willingness to continue in office.

Auditors' Remuneration

The amount paid as remuneration of the auditors for the financial year ended 31 December 2021 is as disclosed in Note 31 to the financial statements.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

DATUK SERI CHIAU BENG TEIK, JP

CHIAU HAW CHOON

KUALA LUMPUR

25 April 2022

STATEMENT BY DIRECTORS

The Directors of Chin Hin Group Berhad state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors,

DATUK SERI CHIAU BENG TEIK, JP

CHIAU HAW CHOON

KUALA LUMPUR

25 April 2022

DECLARATION
BY THE DIRECTOR

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, Lee Hai Peng (MIA Membership No: CA 8876), being the Director primarily responsible for the financial management of Chin Hin Group Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEE HAI PENG

Subscribed and solemnly declared by the abovenamed Lee Hai Peng at Kuala Lumpur in the Federal Territory, this 25 April 2022.

Before me,

No. W790
ZAINUL ABIDIN BIN AHMAD
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHIN HIN GROUP BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chin Hin Group 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 and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 140 to 300.

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 financial 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 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 financial 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.

Key Audit Matters	How we addressed the key audit matters
Revenue and Cost Recognition for Property Development Activity and Construction Contracts	
The Group is involved in construction and property development activities which span more than one accounting period. The revenue from construction and property development activities is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation by reference to the costs incurred to date as a percentage of the estimated total costs of the project. We identified revenue, construction and property development costs as key audit matter as significant management judgement and estimates are involved in estimating the total construction and property development costs.	We evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers*. We performed a range of audit procedures which included reviewing contract documentation, variation orders and enquiring of key personnel regarding status of on-going contracts, adjustments for job costing and potential impairment losses. In relation to construction and property development revenue or costs, we, amongst others and where applicable, agreed this to original signed contracts, letter of awards and approved variation orders. We evaluated the project progress and recovery of cost to supporting evidences including but not limited to verification of third-party surveyors' certificates, progress report and interviews with project team.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Revenue and Cost Recognition for Property Development Activity and Construction Contracts (Cont'd)	
Key management judgements include: (a) Estimating the budgeted costs to complete the project; (b) The future profitability of the project; and (c) The percentage of completion at the end of the reporting period. Changes in these judgements could lead to a material change in the value of revenue recognised.	In assessing management's assumptions in estimating the costs to completion for contracts, we verified the budgeted cost to sub-contractors' contracts. We verified the construction and property development costs incurred to date to sub-contractors' progress claims and recalculating the percentage of completion at the reporting date. We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 *Revenue from Contracts with Customers*.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Impairment on Trade Receivables, Other Receivables and Contract Assets	
The Group's receivables amounting to RM606 million, representing approximately 34% of the Group's total assets as at 31 December 2021. We focused on this area due to the Group has significant trade and other receivables and contract assets as at 31 December 2021 and it is subject to credit risk exposure. The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. This is considered a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to the recoverability of receivables and contract assets.	We have reviewed the Group's receivables to determine whether are there any indication of impairment. Our impairment review is focused towards receivables which are overdue but not impaired as at 31 December 2021. We reviewed the Group's policy on management of credit risk and its credit exposures. We assessed the reasonableness of the methods and assumptions used by the management in estimating the recoverable amount and impairment loss both specific impairment and expected credit loss. We also tested the accuracy and completeness of the data used by the management. We develop our understanding on receivables which poses a high risk of default through reviewing the receivables ageing analysis, discussion with the Group's internal credit control department and validating to legal reports by solicitors for cases where the Group has commenced legal actions. We reviewed the adequacy of the impairment loss and enquired the management regarding the recoverability of samples of trade receivables that are individually significant and group of receivables with similar credit risk characteristics. We examined the repayment patterns, review any settlement agreement and obtained evidence of cash receipts where these has been received. We considered the adequacy of disclosure made in accordance with MFRS 9 Financial Instruments.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Inventories - Net Realisable Value The Group's inventories amounting to RM282 million, representing approximately 16% of the Group's total assets as at 31 December 2021. Inventories are measured at the lower of cost and net realisable value. The Group estimates the realisable value of inventories based on an assessment of expected sales prices. Details of inventories are disclosed in Note 13. The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets.	We compared on a test basis, the unit price used in the final inventory listing summary to current price lists, recent sales invoices, or recent vendor invoices. For finished goods manufactured by the company, we compared, on a test basis, inventory carrying amounts and recent selling prices or sales invoices; estimated cost to complete for work-in-process items and estimated costs necessary to make the sale; and ascertained that such carrying amounts are not in excess of net realisable value. We compared the inventory turnover ratio and gross profit percentage of the current period to prior periods. We attended year end physical inventory count to observe physical existence and condition of inventories and assessed the implementation of controls during the count.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information 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 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, 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.

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 Group's and the Company's ability 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 Group's and the Company's internal control.

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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: (Cont'd)

- 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 Group's or the Company's ability 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 achieves fair presentation.

- 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 financial 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 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 subsidiary companies of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

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.

UHY
Firm Number: AF 1411
Chartered Accountants

LIM WAN YINN
Approved Number: 03262/04/2023 J
Chartered Accountant

KUALA LUMPUR

25 April 2022

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	381,934,937	356,412,058	722,248	760,637
Right-of-use assets	5	69,720,060	64,692,084	179,619	69,313
Investment properties	6	59,000,000	27,760,000	-	-
Goodwill on consolidation	7	39,194,330	34,671,624	-	-
Investment in subsidiary companies	8	-	-	507,938,262	386,788,160
Investment in associates	9	229,963,207	37,270,689	160,911,706	20,037,796
Investment in a joint venture	10	1,590,226	-	-	-
Other investments	11	93,448	24,384	-	-
Other financial assets	12	1,519,196	-	1,161,154	-
Inventories	13	159,539,724	-	-	-
Trade receivables	15	3,185,712	-	-	-
		945,740,840	520,830,839	670,912,989	407,655,906
Current Assets					
Inventories	13	122,685,944	95,854,268	-	-
Contract assets	14	21,175,710	1,634,170	-	-
Trade receivables	15	511,878,279	367,757,131	-	-
Other receivables	16	69,265,620	17,196,534	523,333	1,629,998
Net investment in lease	17	69,406	69,406	-	-
Amount due from subsidiary companies	18	-	-	104,128,435	88,101,290
Tax recoverable		5,861,935	5,519,593	186,701	-
Fixed deposits with licensed banks	19	13,036,735	21,041	-	-
Cash and bank balances		89,113,316	51,249,287	7,801,655	3,152,359
		833,086,945	539,301,430	112,640,124	92,883,647
Assets held for sale	20	-	11,450,000	-	-
		833,086,945	550,751,430	112,640,124	92,883,647
Total Assets		1,778,827,785	1,071,582,269	783,553,113	500,539,553

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
EQUITY					
Share capital	21	381,850,595	325,795,595	381,850,595	325,795,595
Treasury shares	21	(338,054)	-	(338,054)	-
Reserves	22	134,962,120	124,339,280	54,180,580	37,548,479
Equity attributable to owners of the parent		516,474,661	450,134,875	435,693,121	363,344,074
Non-controlling interests		104,991,251	(4,846,339)	-	-
Total Equity		621,465,912	445,288,536	435,693,121	363,344,074
LIABILITIES					
Non-Current Liabilities					
Contract liabilities	14	24,613	-	-	-
Trade payables	23	6,681,175	-	-	-
Amount due to a subsidiary company	18	-	-	127,517,855	82,968,098
Lease liabilities	25	5,324,182	3,203,742	72,067	-
Bank borrowings	26	298,766,572	67,042,739	118,907,261	-
Deferred tax liabilities	27	17,020,775	13,571,319	60,588	51,662
		327,817,317	83,817,800	246,557,771	83,019,760
Current Liabilities					
Contract liabilities	14	195,526	-	-	-
Trade payables	23	207,525,565	135,900,063	-	-
Other payables	24	122,605,690	56,236,242	10,056,042	508,305
Amount due to Directors	28	5,672	770,033	-	-
Amount due to subsidiary companies	18	-	-	69,789,312	53,536,808
Lease liabilities	25	4,363,470	1,906,510	108,747	70,653
Bank borrowings	26	492,121,517	346,991,286	21,348,120	-
Tax payable		2,727,116	671,799	-	59,953
		829,544,556	542,475,933	101,302,221	54,175,719
Total Liabilities		1,157,361,873	626,293,733	347,859,992	137,195,479
Total Equity and Liabilities		1,778,827,785	1,071,582,269	783,553,113	500,539,553

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	29	1,150,316,785	968,760,579	6,949,000	7,190,280
Cost of sales		(1,053,103,183)	(894,666,761)	-	-
Gross profit		97,213,602	74,093,818	6,949,000	7,190,280
Other income		6,901,106	7,898,519	38,599	-
Finance income		2,423,686	3,068,082	970,886	-
Gain on disposal of subsidiary companies		168,317	3,855,466	-	-
Gain on disposal of associates		9,679,425	27,787,796	9,679,425	27,787,796
Gain on disposal of warrants		25,999,671	-	25,999,671	-
Fair value adjustment on investment properties		(370,000)	(50,550)	-	-
Impairment loss on goodwill on consolidation		(10,918,103)	(4,376,687)	-	-
Distribution expenses		(10,797,102)	(11,447,328)	-	-
Administrative expenses		(56,873,862)	(50,168,525)	(8,726,098)	(6,151,946)
Other expenses		(4,870,470)	(3,788,023)	-	(1,163)
Net loss on impairment of financial instruments	31	(5,996,027)	(8,062,807)	-	-
Finance costs	30	(18,344,457)	(18,067,634)	(3,395,722)	(3,821)
Share of results of associates		7,257,302	4,365,556	-	-
Share of results of a joint venture		270,544	-	-	-
Profit before tax	31	41,743,632	25,107,683	31,515,761	28,821,146
Taxation	32	(10,774,422)	(8,203,138)	(178,122)	(275,470)
Profit for the financial year		30,969,210	16,904,545	31,337,639	28,545,676

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Deferred tax liabilities relating to revaluation of land and buildings due to change in tax rate		62,317	-	-	-
Item that is or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		153,129	(1,339)	-	-
Other comprehensive income/(loss) for the financial year, net of tax		215,446	(1,339)	-	-
Total comprehensive income for the financial year		31,184,656	16,903,206	31,337,639	28,545,676
Profit for the financial year attributable to:					
Owners of the parent		30,700,449	21,259,269	31,337,639	28,545,676
Non-controlling interests		268,761	(4,354,724)	-	-
		30,969,210	16,904,545	31,337,639	28,545,676
Total comprehensive income attributable to:					
Owners of the parent		30,915,895	21,257,930	31,337,639	28,545,676
Non-controlling interests		268,761	(4,354,724)	-	-
		31,184,656	16,903,206	31,337,639	28,545,676
Earnings per share					
Basic and diluted earnings per share (sen)	33	4	4		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Share Capital RM	Treasury Shares RM	Currency Translation Reserve RM	Merger Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
At 1 January 2021		325,795,595	-	249,895	(147,391,284)	9,413,437	262,067,232	450,134,875	(4,846,339)	445,288,536
Profit for the financial year		-	-	-	-	-	30,700,449	30,700,449	268,761	30,969,210
Other comprehensive income		-	-	153,129	-	62,317	-	215,446	-	215,446
Total comprehensive income		-	-	153,129	-	62,317	30,700,449	30,915,895	268,761	31,184,656
Realisation of revaluation reserve upon disposal of properties		-	-	-	-	(3,122,836)	3,122,836	-	-	-
Realisation of revaluation reserve		-	-	-	-	(83,937)	83,937	-	-	-
Acquisition through business combination		-	-	-	-	-	-	-	94,976,637	94,976,637
Transaction with owners:										
Issue of ordinary shares	21	56,055,000	-	-	-	-	(297,091)	55,757,909	-	55,757,909
Share repurchased	21	-	(338,054)	-	-	-	-	(338,054)	-	(338,054)
Dividends to owners of the Company	34	-	-	-	-		(14,408,447)	(14,408,447)	-	(14,408,447)
Balance brought forward		56,055,000	(338,054)	-	-	-	(14,705,538)	41,011,408	-	41,011,408

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(CONT'D)

Group	Note	Attributable to owners of the parent								
		Non-distributable					Distributable			
		Share Capital RM	Treasury Shares RM	Foreign Currency Translation Reserve RM	Merger Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Transaction with owners: (Cont'd)										
Balance carried forward		56,055,000	(338,054)	-	-	-	(14,705,538)	41,011,408	-	41,011,408
Disposal of subsidiary companies		-	-	-	-	-	-	-	111,107	111,107
Non-controlling interests arising from acquisition of subsidiary companies		-	-	-	-	-	-	-	175,028	175,028
Capital contribution by non-controlling interests arising from incorporation of subsidiary companies		-	-	-	-	-	-	-	45,043	45,043
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	33,147,038	33,147,038
Changes in ownership interests in subsidiary companies		-	-	-	-	-	(5,917,212)	(5,917,212)	(18,856,329)	(24,773,541)
Disposal of equity interest to non-controlling interests		-	-	-	-	-	329,695	329,695	(29,695)	300,000
Total transactions with owners		56,055,000	(338,054)	-	-	-	(20,293,055)	35,423,891	14,592,192	50,016,083
At 31 December 2021		381,850,595	(338,054)	403,024	(147,391,284)	6,268,981	275,681,399	516,474,661	104,991,251	621,465,912

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		Attributable to owners of the parent								
		Non-distributable					Distributable			
Group	**Note**	**Share Capital RM**	**Treasury Shares RM**	**Foreign Currency Translation Reserve RM**	**Merger Reserve RM**	**Revaluation Reserve RM**	**Retained Earnings RM**	**Total RM**	**Non-Controlling Interests RM**	**Total Equity RM**
At 1 January 2020		325,795,595	(4,991,708)	251,234	(153,191,580)	16,368,496	238,684,854	422,916,891	(795,366)	422,121,525
Profit for the financial year		-	-	-	-	-	21,259,269	21,259,269	(4,354,724)	16,904,545
Other comprehensive income		-	-	(1,339)	-	-	-	(1,339)	-	(1,339)
Total comprehensive income		-	-	(1,339)	-	-	21,259,269	21,257,930	(4,354,724)	16,903,206
Realisation of revaluation reserve upon disposal of properties		-	-	-	-	(6,199,284)	6,199,284	-	-	-
Realisation of reserves upon disposal of a subsidiary company		-	-	-	5,800,296	(755,775)	(5,044,521)	-	-	-
Transaction with owners:										
Share repurchased	21	-	(7,892,314)	-	-	-	-	(7,892,314)	-	(7,892,314)
Disposal of treasury shares	21	-	12,884,022	-	-	-	6,532,226	19,416,248		19,416,248
Dividends to owners of the Company	34	-	-	-	-	-	(5,563,880)	(5,563,880)	-	(5,563,880)
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	303,751	303,751
Total transactions with owners		-	4,991,708	-	-	-	968,346	5,960,054	303,751	6,263,805
At 31 December 2020		325,795,595	-	249,895	(147,391,284)	9,413,437	262,067,232	450,134,875	(4,846,339)	445,288,536

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Note	Non-distributable Share Capital RM	Non-distributable Treasury shares RM	Distributable Retained Earnings RM	Total Equity RM
Company					
At 1 January 2021		325,795,595	-	37,548,479	363,344,074
Profit for the financial year, representing total comprehensive income for the financial year		-	-	31,337,639	31,337,639
Transactions with owners:					
Issue of ordinary shares	21	56,055,000	-	(297,091)	55,757,909
Share repurchased	21	-	(338,054)	-	(338,054)
Dividends to owners of the Company	34	-	-	(14,408,447)	(14,408,447)
Total transactions with owners		56,055,000	(338,054)	(14,705,538)	41,011,408
At 31 December 2021		381,850,595	(338,054)	54,180,580	435,693,121
At 1 January 2020		325,795,595	(4,991,708)	8,034,457	328,838,344
Profit for the financial year, representing total comprehensive income for the financial year		-	-	28,545,676	28,545,676
Transactions with owners:					
Share repurchased	21	-	(7,892,314)	-	(7,892,314)
Disposal of treasury shares	21	-	12,884,022	6,532,226	19,416,248
Dividends to owners of the Company	34	-	-	(5,563,880)	(5,563,880)
Total transactions with owners		-	4,991,708	968,346	5,960,054
At 31 December 2020		325,795,595	-	37,548,479	363,344,074

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash Flows From Operating Activities				
Profit before tax	41,743,632	25,107,683	31,515,761	28,821,146
Adjustments for:				
Amortisation of other investments	936	936	-	-
Bad debts written off - Trade	1,530,528	1,019,139	-	-
Deposits written off	-	41,850	-	-
Depreciation of property, plant and equipment	28,552,836	28,257,880	280,976	358,103
Depreciation of right of use assets	6,700,499	6,048,914	108,463	104,697
Dividend income	-	-	-	(1,063,080)
Fair value adjustment on investment properties	370,000	50,550	-	-
(Gain)/Loss on disposal of:				
- Subsidiary companies	(168,317)	(3,855,466)	-	-
- Investment in associates	(9,679,426)	(27,787,796)	(9,679,425)	(27,787,796)
- Investment in an associate's warrants	(25,999,671)	-	(25,999,671)	-
- Property, plant and equipment	(37,412)	(156,903)	-	-
- Right-of-use assets	36,438	-	-	-
- Assets held for sale	(150,000)	(1,544,500)	-	-
Impairment loss on:				
- Goodwill on consolidation	10,918,103	4,376,687	-	-
- Trade receivables	18,101,214	13,639,940	-	-
- Other receivables	477,704	42,840	-	-
Interest expenses	18,192,182	18,067,634	3,395,722	3,821
Interest income	(2,423,686)	(3,068,082)	(970,886)	-
Inventories written down	496,513	-	-	-
Inventories written off	163,509	1,692,660	-	-
Gain on modification of lease contract	(63,889)	(70,368)	-	-
Property, plant and equipment written off	61,544	400,527	-	-
Reversal of impairment loss on trade receivables	(12,582,891)	(5,619,973)	-	-
Share of results of associates	(7,257,302)	(4,365,556)	-	-
Share of results of a joint venture	(270,544)	-	-	-
Net effect of unwinding of interest from discounting arising from trade receivables	(252,541)	-	-	-
Unwinding of discount on trade payables	152,275	-	-	-
Unrealised loss on foreign exchange	268,690	69,885	-	-
Operating profit/(loss) before working capital changes	68,880,924	52,348,481	(1,349,060)	436,891

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Cash Flows From Operating Activities (Cont'd)					
Changes in working capital:					
Inventories		(153,914,346)	7,353,811	-	-
Trade receivables		(18,605,029)	(21,170,537)	-	-
Other receivables		15,275,723	9,140,666	43,585	2,204,832
Net investment in lease		-	8,750	-	-
Trade payables		20,471,436	(5,055,640)	-	-
Other payables		5,915,360	6,420,718	700,669	446,114
Contract assets/liabilities		(6,443,981)	1,703,099	-	-
Subsidiary companies		-	-	(3,809,200)	(4,033,180)
		(137,300,837)	(1,599,133)	(3,064,946)	(1,382,234)
Cash (used in)/generated from operations		(68,419,913)	50,749,348	(4,414,006)	(945,343)
Interest paid		(18,192,182)	(18,067,634)	(3,395,722)	(3,821)
Interest received		2,423,686	3,068,082	970,886	-
Tax paid		(9,635,719)	(3,823,060)	(415,850)	(242,892)
Tax refunded		880,250	-	-	-
Real property gain tax paid		(348,000)	(1,972,499)	-	-
		(24,871,965)	(20,795,111)	(2,840,686)	(246,713)
Net cash (used in)/from operating activities		(93,291,878)	29,954,237	(7,254,692)	(1,192,056)
Cash Flows From Investing Activities					
(Advance to)/Repayment from subsidiary companies		-	-	(12,217,945)	62,617,836
Additional investment in subsidiary companies		(24,773,541)	-	(24,773,541)	(81,399,998)
Acquisition of subsidiary companies		(103,159,561)	-	(96,376,561)	-
Acquisition of associates		(102,979,832)	-	(102,669,500)	-
Additional investment in associates		(39,842,805)	-	(39,842,805)	
Capital contribution by non-controlling interests		33,192,081	303,751	-	-
Dividend received		1,063,080	-	1,063,080	-
Disposal of equity interest to non-controlling interests	8(f)(i)	300,000	-	-	-
Purchase of property, plant and equipment		(13,202,705)	(11,258,498)	(246,693)	(45,509)
Purchase of right-of-use assets	5(d)	(496,151)	(1,240,095)	-	-
Purchase of other financial assets		(1,519,196)	-	(1,161,154)	
Purchase of investment properties		-	(2,630,550)	-	-
Proceeds from disposal of associates		11,317,821	32,500,000	11,317,820	32,500,000
Proceeds from disposal of an associate's warrants		25,999,671	-	25,999,671	-
Balance brought forward		(214,101,138)	17,674,608	(238,907,628)	13,672,329

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Cash Flows From Investing Activities (Cont'd)					
Balance carried forward		(214,101,138)	17,674,608	(238,907,628)	13,672,329
Proceeds from disposal of subsidiary companies, net of cash disposed	8(d)	(12,931)	20,437,181	-	-
Proceeds from disposal of assets held for sale		11,600,000	44,630,000	-	-
Proceeds from disposal of property, plant and equipment		108,405	1,163,160	4,106	-
Proceeds from disposal of right-of-use assets		11,000	-	-	-
Net cash (used in)/from investing activities		(202,394,664)	83,904,949	(238,903,522)	13,672,329
Cash Flows From Financing Activities					
Issuance of ordinary shares	21	56,055,000	-	56,055,000	-
Dividend paid		(5,561,379)	(11,029,960)	(5,561,379)	(11,029,960)
Drawdown of term loans		282,335,920	-	141,000,000	-
Net changes on banker acceptance, trust receipt and revolving credits		27,612,075	(86,065,642)	-	-
Increase in fixed deposits pledged		(3,138,844)	(593)	-	-
Advance from subsidiary companies		-	-	60,802,261	216,381
Repayment to Directors		(1,534,655)	(15,084,619)	-	(15,550,256)
Payment of lease liabilities		(5,497,243)	(4,225,816)	(108,608)	(104,180)
Repayment of share issuance expenses		(297,091)	-	(297,091)	-
Repayment of term loans		(24,550,807)	(12,799,346)	(744,619)	-
Proceeds from disposal of treasury shares		-	19,416,248	-	19,416,248
Purchase of treasury shares		(338,054)	(7,892,314)	(338,054)	(7,892,314)
Net cash from/(used in) financing activities		325,084,922	(117,682,042)	250,807,510	(14,944,081)
Net increase/(decrease) in cash and cash equivalents		29,398,380	(3,822,856)	4,649,296	(2,463,808)
Cash and cash equivalents at the beginning of the financial year		49,722,912	53,547,107	3,152,359	5,616,167
Effect of exchange translation differences on cash and cash equivalents		153,129	(1,339)	-	-
Cash and cash equivalents at the end of the financial year		79,274,421	49,722,912	7,801,655	3,152,359

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(CONT'D)

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		89,113,316	51,249,287	7,801,655	3,152,359
Bank overdrafts	26	(9,838,895)	(1,526,375)	-	-
Fixed deposits with licensed banks	19	13,036,735	21,041	-	-
		92,311,156	49,743,953	7,801,655	3,152,359
Less: Fixed deposits pledged with licensed banks	19	(13,036,735)	(21,041)	-	-
		79,274,421	49,722,912	7,801,655	3,152,359

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2021

1. **Corporate Information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at No. A-1-9, Wisma Chin Hin, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.

The registered office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 8. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. **Basis of Preparation**

(a) Statement of compliance

The financial statements of the Group and of 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 financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 16	Covid-19 Related Rent Concessions
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current - Deferral of Effective Date
Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest rate benchmark reform – Phase 2
IFRIC Agenda Decision on MFRS 123	Borrowing Costs

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

The Group and Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	References to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contract – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020 • Amendments to MFRS 1 • Amendments to MFRS 9 • Amendments to MFRS 16 • Amendments to MFRS 141		1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 -Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs and amendments to MFRSs when they become effective.

The initial application of the above-mentioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) 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 RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumption

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumption (Cont'd)

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Satisfaction of performance obligations in relation to contracts with customers

The Group and the Company are required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group and the Company recognise revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's and by the Company's performance as the Group and the Company performs;

(b) the Group and the Company do not create an asset with an alternative use to the Group and to the Company and has an enforceable right to payment for performance completed to date; and

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumption (Cont'd)

Judgements (Cont'd)

<u>Satisfaction of performance obligations in relation to contracts with customers (Cont'd)</u>

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group and the Company assess each contract with customers to determine when the performance obligation of the Group and of the Company under the contract is satisfied.

<u>Determining the lease term of contracts with renewal and termination options - Group as lessee</u>

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group and the Company include the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumption (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives / depreciation of property, plant and equipment and right-of-use ("ROU") asset

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amounts at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 7.

Revaluation of property, plant and equipment and ROU assets

The Group engaged independent valuation specialist to reassess fair value of freehold land and buildings and leasehold buildings as at 31 December 2018 and 16 December 2019. Freehold land was carried at revalued amounts with changes in fair value being recognised in other comprehensive income. Freehold land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. Freehold and leasehold buildings are carried at revalued amounts with changes in fair value being recognised in other comprehensive income. The fair value of buildings was determined using the depreciated replacement cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The key assumptions used to determine the fair value of the property, plant and equipment and ROU assets are provided in Notes 4 and 5 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumption (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Fair value of investment properties

The Group engaged an independent valuation specialist to assess fair value of investment properties as at 31 December 2021. Investment properties are carried at fair value, with changes in fair value being recognised in profit or loss. The fair values of the investment properties have been derived using the sales comparison approach, adjusted for differences in key attributes such as property size, time, age, tenure, level, surrounding, accessibility, visibility, orientation, facing and position of the units.

The key assumptions used to determine the fair value of the investment properties is disclosed in Note 6.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 13.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumption (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Determination of transaction prices

The Group and the Company are required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values or retail price. Discounts are not considered as they are not only given in rare circumstances.

Revenue from property development contract

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgements are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 14(b).

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of its receivables, include trade and other receivables, contract assets and amounts due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and on the Company's past history, existing market conditions at the end of each reporting period.

The carrying amounts of the Group's and the Company's loan and receivables are disclosed in Notes 14, 15, 16 and 18 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumption (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Notes 27 and 32.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2021, the Group and the Company have tax recoverable of RM5,861,935 and RM186,701 (2020: RM5,519,593 and Nil) respectively and tax payable of RM2,727,116 and Nil (2020: RM671,799 and RM59,953) respectively.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 43.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies**

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiary companies are consolidated using the acquisition method of accounting except for the business combination which was accounted for under the merger method of accounting as the business combination of these subsidiary companies involved an entity under common control.

Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Under the acquisition method of accounting, subsidiary companies are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceased. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instrument* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(q)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(iii) Disposal of subsidiary company

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(q)(i) to the financial statements on impairment of non-financial assets.

(b) Investment in associates

An associate is an entity over which the Group or the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(b) Investment in associates (Cont'd)

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are either stated at cost less accumulated impairment losses or equity method. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(q)(i) to the financial statements on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(c) Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in a joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of joint venture's profit or loss for the period in which the investment is acquired.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture. Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amounts is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equal or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirement of MFRS 136 *Impairment of Assets* are applied determines whether it is necessary to recognise any impairment loss with respect to its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the carrying amount of the investment in the joint venture is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(c) Investment in joint ventures (Cont'd)

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in joint ventures are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(q)(i).

(d) Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

(e) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(e) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, 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 foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related 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 company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(q)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss. On disposal of a revalued asset, the amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Land and buildings are measured at fair value less accumulated depreciation on leasehold land and buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every two to five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(f) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of buildings is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Capital work-in-progress consists of buildings, plant and machinery and computer software and equipment under construction/installation. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under installation until the property, plant and equipment are ready for their intended use.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(f) Property, plant and equipment (Cont'd)

(iv) Depreciation (Cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold buildings	50 years
Computer equipment and softwares	3 - 10 years
Cabins	10 years
Cranes	10 years
Electrical installation	10 years
Fire protection and security system	10 years
Furniture and fittings	4 - 15 years
Motor vehicles	3 - 10 years
Moulds	10 years
Office equipment	2.5 - 10 years
Plant and machineries	5 - 21 years
Signboards	3 - 15 years
Skid tanks	10 years
Tool and equipment	3 - 21 years
Factory equipment	5 years
Renovation	5 - 10 years
Batching plant	3 - 10 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(g) Leases

(i) As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU 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 site on which it is located, less any lease incentives received.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(g) Leases (Cont'd)

(i) As lessee (Cont'd)

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(q)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold buildings	50 years
Leasehold land	Over the remaining lease period
Motor vehicles	5 years
Plant and machineries	5 - 7 years
Lease of land	2 - 3 years
Lease of shophouse and building	2 - 6 years
Lease of plant and machinery	5 years
Lease of hostel	4 years
Lease of factory equipment	3 - 4 years
Lease of warehouse, office and factory	2 - 6 years

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(g) Leases (Cont'd)

(i) As lessee (Cont'd)

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 rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option.

(ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(h) Investment properties

Investment properties are properties which are owned or held under a leasehold interest 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 are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(i) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables and lease receivables, amount due from subsidiary companies, fixed deposits with licensed banks and cash and bank balances.

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Fair value through other comprehensive income ("FVOCI")

The Group and the Company have not designated any financial assets as FVOCI.

(iii) Financial assets at fair value through profit or loss ("FVTPL")

The Group and the Company have not designated any financial assets at FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(j) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(k) 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 when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

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

(l) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(m) Inventories

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

(i) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these inventories will be stated at the lower of cost or fair value costs to see. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expense in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

The cost of completed properties held for sale includes costs of land and related development cost or its purchase costs and incidental cost of acquisition. Cost is determined on a specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(m) Inventories (Cont'd)

(iii) Other inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

The costs of inventories are determined principally by the following methods:

(i)	Inventories of fire door and related accessories and products	First-in-first out basis
(ii)	Inventories of commercial vehicles and forklift	First-in-first out basis
(iii)	Inventories of cement, precast concrete, autoclaved aerated concrete (AAC) and others	Weighted average basis

The cost of raw materials, consumable and engineering stocks and trading inventories represents cost of purchase and other costs incurred in bringing it to their present location and condition. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion 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.

(n) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(n) Construction contracts (Cont'd)

When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(o) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(q) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, contract assets, assets held for sale and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, or that are not yet available for use, 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. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. 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 cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. 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 (group of cash-generating units) on a pro rata basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(q) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

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 only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(r) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

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.

(s) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(t) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(u) Revenue recognition

(i) Revenue from contract with customers

Revenue is recognised when the Group and the Company satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(u) Revenue recognition (Cont'd)

(i) Revenue from contract with customers (Cont'd)

The Group and the Company recognise revenue from the following major sources:

(a) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the proportion of contract costs incurred for the work performed up to the end of the reporting period as a percentage of the estimated total costs of the construction contracts.

(b) Property development

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and to the Company and the Group and the Company have an enforceable right to payment for performance completed to-date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(u) Revenue recognition (Cont'd)

(i) Revenue from contract with customers (Cont'd)

The Group and the Company recognise revenue from the following major sources: (Cont'd)

(b) Property development (Cont'd)

If control of the asset transfers over time, revenue is recognised over the period of the contract by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

(c) Sale of goods

Revenue from contract with customers is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue from the sale of goods is recognised upon delivery of goods where control of the goods has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

(d) Rendering of services

Revenue from services rendered is recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(e) Rental and fleet management service income

Rental and fleet management service income are recognised on a straight-line basis over lease term.

(f) Management fee

Management fee is recognised on accrual basis when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(u) Revenue recognition (Cont'd)

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest Income

Interest income is recognised on accruals basis using the effective interest method.

(iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Significant financing component

The Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customers and when the customer pays for that goods or service will be one year or less.

(v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(w) Income taxes

Tax expense in profit or loss 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 financial 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 for all 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 temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which 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.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts 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. 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 liabilities and assets 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 difference 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 the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(x) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(y) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(z) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment are not depreciated once classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. **Significant Accounting Policies (Cont'd)**

(aa) 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 and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used 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 and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. **Property, Plant and Equipment**

	At Valuation/At Cost							
	At 1 January RM	Acquisition through business combination RM	Additions RM	Disposals RM	Transfer from inventories RM	Reclassification RM	Written off RM	At 31 December RM
Group								
2021								
At Valuation								
Freehold land	-	20,300,000	-	-	-	-	-	20,300,000
Freehold buildings	53,231,531	18,200,000	290,484	-	-	4,150,265	-	75,872,280
At Cost								
Freehold land	26,147,747	1,350,000	-	-	-	-	-	27,497,747
Computer equipment and softwares	3,066,045	-	326,484	(7,138)	-	55,291	(34,706)	3,405,976
Cabins	391,230	-	-	(14,000)	-	-	(3,550)	373,680
Electrical installation	9,936,245	-	16,929	-	-	977,158	-	10,930,332
Fire protection and security system	18,318	-	-	-	-	-	-	18,318
Furniture and fittings	3,007,437	13,148	53,214	-	-	-	-	3,073,799
Motor vehicles	37,429,208	10,328,742	1,056,833	(140,000)	-	40,000	(99,348)	48,615,435
	133,227,761	50,191,890	1,743,944	(161,138)	-	5,222,714	(137,604)	190,087,567

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. **Property, Plant and Equipment (Cont'd)**

	At Valuation/At Cost							
	At 1 January RM	**Acquisition through business combination RM**	**Additions RM**	**Disposals RM**	**Transfer from inventories RM**	**Reclassification RM**	**Written off RM**	**At 31 December RM**
Group								
2021								
At Cost (Cont'd)								
Balance brought forward	133,227,761	50,191,890	1,743,944	(161,138)	-	5,222,714	(137,604)	190,087,567
Moulds	26,510,092	-	4,228,992	-	-	-	-	30,739,084
Office equipment	6,847,944	5,722,984	531,106	(2,900)	-	(55,291)	-	13,043,843
Plant and machineries	208,383,117	21,705,699	570,653	(29,006)	14,212	(2,510,574)	(1,400)	228,132,701
Signboards	117,620	-	-	-	-	-	-	117,620
Skid tanks	9,600	-	-	-	-	-	-	9,600
Tool and equipment	2,908,351	-	1,480	-	-	7,107,077	-	10,016,908
Factory equipment	31,368,376	-	2,299,213	(302,700)	-	(34,096)	-	33,330,793
Renovation	6,460,391	42,637	49,642	-	-	-	-	6,552,670
Batching plant	1,854,451	-	914,922	-	-	-	-	2,769,373
Capital - Work in progress (WIP)	74,492,287	482,153	2,862,753	-	-	(9,729,830)	(2,000)	68,105,363
	492,179,990	78,145,363	13,202,705	(495,744)	14,212	-	(141,004)	582,905,522

4. **Property, Plant and Equipment (Cont'd)**

	Accumulated depreciation						
	At 1 January RM	Acquisition through business combination RM	Charge for the financial year RM	Disposals RM	Reclassification RM	Written off RM	At 31 December RM
Group							
2021							
At Valuation							
Freehold buildings	2,002,186	1,147,749	1,327,887	-	-	-	4,477,822
At Cost							
Computer equipment and softwares	2,321,486	-	348,725	(833)	4,510	(661)	2,673,227
Cabins	128,730	-	33,930	(3,354)	-	(976)	158,330
Electrical installation	4,111,210	-	1,065,936	-	-	-	5,177,146
Fire protection and security system	8,299	-	1,563	-	-	-	9,862
Furniture and fittings	1,900,964	13,147	250,949	-	-	-	2,165,060
Motor vehicles	29,157,300	10,067,065	3,170,351	(115,498)	14,000	(77,823)	42,215,395
	39,630,175	11,227,961	6,199,341	(119,685)	18,510	(79,460)	56,876,842

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. **Property, Plant and Equipment (Cont'd)**

	Accumulated depreciation						
	At 1 January RM	Acquisition through business combination RM	Charge for the financial year RM	Disposals RM	Reclassification RM	Written off RM	At 31 December RM
Group							
2021							
At Cost (Cont'd)							
Balance brought forward	39,630,175	11,227,961	6,199,341	(119,685)	18,510	(79,460)	56,876,842
Moulds	8,512,452	-	2,841,821	-	-	-	11,354,273
Office equipment	5,144,467	4,892,623	681,605	-	(4,510)	-	10,714,185
Plant and machineries	55,925,650	20,932,623	12,014,005	(2,368)	(690,227)	-	88,179,683
Signboards	76,753	-	10,101	-	-	-	86,854
Skid tanks	9,599	-	-	-	-	-	9,599
Tool and equipment	2,844,690	-	639,224	-	690,227	-	4,174,141
Factory equipment	18,148,460	-	5,211,034	(302,698)	(14,000)	-	23,042,796
Renovation	4,916,372	42,637	355,795	-	-	-	5,314,804
Batching plant	559,314	-	599,910	-	-	-	1,159,224
	135,767,932	37,095,844	28,552,836	(424,751)	-	(79,460)	200,912,401

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. **Property, Plant and Equipment (Cont'd)**

	Accumulated impairment loss			Carrying amount
	At 1 January RM	**Acquisition through business combination RM**	**At 31 December RM**	**At 31 December RM**
Group				
2021				
At Valuation				
Freehold land	-	-	-	20,300,000
Freehold buildings	-	-	-	71,394,458
At Cost				
Freehold land	-	-	-	27,497,747
Computer equipment and softwares	-	-	-	732,749
Cabins	-	-	-	215,350
Cranes	-	-	-	-
Electrical installation	-	-	-	5,753,186
Fire protection and security system	-	-	-	8,456
Furniture and fittings	-	-	-	908,739
Motor vehicles	-	-	-	6,400,040
Moulds	-	-	-	19,384,811
Office equipment	-	-	-	2,329,658
Plant and machineries	-	58,184	58,184	139,894,834
Signboards	-	-	-	30,766
Skid tanks	-	-	-	1
Tool and equipment	-	-	-	5,842,767
Factory equipment	-	-	-	10,287,997
Renovation	-	-	-	1,237,866
Batching plant	-	-	-	1,610,149
Capital - Work in progress (WIP)	-	-	-	68,105,363
	-	58,184	58,184	381,934,937

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. **Property, Plant and Equipment (Cont'd)**

	At Valuation/At Cost						
	At 1 January RM	Additions RM	Disposals RM	Disposal of a subsidiary company RM	Reclassification RM	Written off RM	At 31 December RM
Group							
2020							
At Valuation							
Freehold buildings	74,519,708	785,217	-	(23,028,030)	954,636	-	53,231,531
At Cost							
Freehold land	26,147,747	-	-	-	-	-	26,147,747
Computer equipment and softwares	2,851,314	215,817	(12,957)	(4,228)	16,099	-	3,066,045
Cabins	381,580	9,650	-	-	-	-	391,230
Cranes	460,000	-	-	(460,000)	-	-	-
Electrical installation	9,907,610	28,635	-	-	-	-	9,936,245
Fire protection and security system	172,803	-	-	(154,485)	-	-	18,318
Furniture and fittings	3,097,116	30,744	-	(10,404)	-	(110,019)	3,007,437
Motor vehicles	40,220,461	896,052	(3,687,305)	-	-	-	37,429,208
	157,758,339	1,966,115	(3,700,262)	(23,657,147)	970,735	(110,019)	133,227,761

4. **Property, Plant and Equipment (Cont'd)**

	At Valuation/At Cost						
	At 1 January RM	Additions RM	Disposals RM	Disposal of a subsidiary company RM	Reclassification RM	Written off RM	At 31 December RM
Group							
2020							
At Cost (Cont'd)							
Balance brought forward	157,758,339	1,966,115	(3,700,262)	(23,657,147)	970,735	(110,019)	133,227,761
Moulds	24,085,856	2,424,236	-	-	-	-	26,510,092
Office equipment	6,924,639	323,110	(5,340)	(36,331)	6,542	(364,676)	6,847,944
Plant and machineries	207,937,783	790,730	(612,693)	-	267,297	-	208,383,117
Signboards	126,850	-	-	-	-	(9,230)	117,620
Skid tanks	9,600	-	-	-	-	-	9,600
Tool and equipment	2,924,981	-	(16,630)	-	-	-	2,908,351
Factory equipment	29,994,779	1,536,330	(154,833)	-	-	(7,900)	31,368,376
Renovation	6,495,508	69,487	-	-	-	(104,604)	6,460,391
Batching plant	2,215,742	367,235	(212,477)	-	-	(516,049)	1,854,451
Capital - Work in progress (WIP)	72,025,898	3,781,255	(48,748)	-	(1,266,118)	-	74,492,287
	510,499,975	11,258,498	(4,750,983)	(23,693,478)	(21,544)	(1,112,478)	492,179,990

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. **Property, Plant and Equipment (Cont'd)**

	Accumulated depreciation							Carrying amount
	At 1 January RM	Charge for the financial year RM	Disposals RM	Disposal of a subsidiary company RM	Reclassification RM	Written off RM	At 31 December RM	At 31 December RM
Group								
2020								
At Valuation								
Freehold buildings	2,005,820	1,062,919	-	(1,066,553)	-	-	2,002,186	51,229,345
At Cost								
Freehold land	-	-	-	-	-	-	-	26,147,747
Computer equipment and softwares	1,975,046	352,909	(2,242)	(4,227)	-	-	2,321,486	744,559
Cabins	97,164	31,566	-	-	-	-	128,730	262,500
Cranes	381,300	42,166	-	(423,466)	-	-	-	-
Electrical installation	3,122,888	988,322	-	-	-	-	4,111,210	5,825,035
Fire protection and security system	132,607	16,115	-	(140,423)	-	-	8,299	10,019
Furniture and fittings	1,717,025	271,847	-	(10,405)	-	(77,503)	1,900,964	1,106,473
Motor vehicles	29,136,730	3,391,234	(3,370,664)	-	-	-	29,157,300	8,271,908
	38,568,580	6,157,078	(3,372,906)	(1,645,074)	-	(77,503)	39,630,175	93,597,586

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. **Property, Plant and Equipment (Cont'd)**

	Accumulated depreciation							Carrying amount
	At 1 January RM	Charge for the financial year RM	Disposals RM	Disposal of a subsidiary company RM	Reclassification RM	Written off RM	At 31 December RM	At 31 December RM
Group								
2020								
At Cost (Cont'd)								
Balance brought forward	38,568,580	6,157,078	(3,372,906)	(1,645,074)	-	(77,503)	39,630,175	93,597,586
Moulds	6,002,015	2,510,437	-	-	-	-	8,512,452	17,997,640
Office equipment	4,830,160	635,210	(5,337)	(33,373)	-	(282,193)	5,144,467	1,703,477
Plant and machineries	44,445,020	11,741,892	(261,367)	-	105	-	55,925,650	152,457,467
Signboards	74,373	10,994	-	-	-	(8,614)	76,753	40,867
Skid tanks	9,599	-	-	-	-	-	9,599	1
Tool and equipment	2,209,328	642,499	(7,137)			-	2,844,690	63,661
Factory equipment	12,796,884	5,408,083	(53,479)	-	-	(3,028)	18,148,460	13,219,916
Renovation	4,560,816	425,899	-	-	-	(70,343)	4,916,372	1,544,019
Batching plant	148,296	725,788	(44,500)	-	-	(270,270)	559,314	1,295,137
Capital - Work in progress (WIP)	-	-	-	-	-	-	-	74,492,287
	113,645,071	28,257,880	(3,744,726)	(1,678,447)	105	(711,951)	135,767,932	356,412,058

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. **Property, Plant and Equipment (Cont'd)**

	Office equipment RM	Computer software RM	Renovation RM	Signboard RM	Motor vehicles RM	Total RM
Company						
2021						
Cost						
At 1 January	399,224	250,280	475,475	26,900	1,125,166	2,277,045
Additions	109,188	133,075	4,430	-	-	246,693
Disposals	(4,479)	-	-	-	-	(4,479)
Reclassification	(7,000)	7,000	-	-	-	-
At 31 December	496,933	390,355	479,905	26,900	1,125,166	2,519,259
Accumulated depreciation						
At 1 January	162,451	161,687	193,031	13,864	985,375	1,516,408
Charge for the financial year	42,962	56,541	47,953	2,690	130,830	280,976
Disposals	(373)	-	-	-	-	(373)
At 31 December	205,040	218,228	240,984	16,554	1,116,205	1,797,011
Carrying amount						
At 31 December	291,893	172,127	238,921	10,346	8,961	722,248

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. **Property, Plant and Equipment (Cont'd)**

	Office equipment RM	Computer software RM	Renovation RM	Signboard RM	Motor vehicles RM	Total RM
Company						
2020						
Cost						
At 1 January	373,715	230,280	475,475	26,900	1,125,166	2,231,536
Additions	25,509	20,000	-	-	-	45,509
At 31 December	399,224	250,280	475,475	26,900	1,125,166	2,277,045
Accumulated depreciation						
At 1 January	124,812	116,494	145,484	11,174	760,341	1,158,305
Charge for the financial year	37,639	45,193	47,547	2,690	225,034	358,103
At 31 December	162,451	161,687	193,031	13,864	985,375	1,516,408
Carrying amount						
At 31 December	236,773	88,593	282,444	13,036	139,791	760,637

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. **Property, Plant and Equipment (Cont'd)**

(a) Assets pledged as securities to financial institutions

The net carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 26, details as follows:

	Group	
	2021 RM	2020 RM
Freehold buildings	56,562,494	40,175,416
Freehold land	21,843,750	193,750
Freehold building under construction	482,153	-
	78,888,397	40,369,166

(b) Revaluation of property, plant and equipment

Freehold land and buildings of subsidiary companies were revalued on 31 December 2018 and 16 December 2019, by the independent firm of professional valuer.

The fair value of buildings are within level 2 of the fair value hierarchy. The fair value was determined by based on market comparable approach that reflects recent transaction price for similar properties.

There have been no changes to the valuation technique during the financial year.

There were no transfer between fair value hierarchy levels during the financial year.

Had the land and buildings been carried at historical cost less accumulated depreciation and impairment loss, its carrying amounts would have been RM63,233,280 (2020: RM43,170,174).

(c) The net carrying amount of property, plant and equipment of the Group that in the progress of issuance of strata title are as follows:

	Group	
	2021 RM	2020 RM
Freehold buildings	16,205,200	16,550,799

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. **Right-of-use assets**

	At Valuation/At Cost					
	At 1 January RM	**Acquisition through business combination RM**	**Additions RM**	**Disposals RM**	**Lease modification RM**	**At 31 December RM**
Group						
2021						
At Valuation						
Leasehold buildings	35,874,066	-	435,553	-	-	36,309,619
At Cost						
Leasehold land	27,878,057	1,300,705	-	-	-	29,178,762
Motor vehicles	2,295,832	3,610,699	60,598	(180,902)	-	5,786,227
Plant and machineries	964,000	378,285	-	-	-	1,342,285
Lease of land	5,176,405	-	94,458	-	-	5,270,863
Lease of shophouse and building	93,064	733,828	119,693	-	68,228	1,014,813
Lease of plant and machinery	111,305	-	-	-	-	111,305
Lease of hostel	139,050	-	13,578	-	(51,185)	101,443
Lease of factory equipment	1,048,267	371,604	76,804	(371,604)	-	1,125,071
Lease of warehouse, office and factory	5,138,780	1,811,498	7,268,723	-	(88,309)	14,130,692
	78,718,826	8,206,619	8,069,407	(552,506)	(71,266)	94,371,080

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. **Right-of-use assets (Cont'd)**

	Accumulated depreciation						Accumulated impairment	Carrying amount
	At 1 January RM	Acquisition through business combination RM	Charge for the financial year RM	Disposals RM	Lease modification RM	At 31 December RM	At 1 January/ 31 December RM	At 31 December RM
Group								
2021								
At Valuation								
Leasehold buildings	2,128,984	-	736,051	-		2,865,035	1,148,488	32,296,096
At Cost								
Leasehold land	1,308,431	48,176	333,723	-	-	1,690,330	-	27,488,432
Motor vehicles	1,224,615	2,474,527	445,225	(133,464)	-	4,010,903	-	1,775,324
Plant and machineries	60,250	366,306	60,179	-	-	486,735	-	855,550
Lease of land	2,778,182	-	990,872	-	-	3,769,054	-	1,501,809
Lease of shophouse and building	69,798	443,355	135,061	-	(2,888)	645,326	-	369,487
Lease of plant and machinery	29,680	-	22,261	-	-	51,941	-	59,364
Lease of hostel	69,445	-	35,320	-	(21,327)	83,438	-	18,005
Lease of factory equipment	495,967	371,604	351,210	(371,604)	-	847,177	-	277,894
Lease of warehouse, office and factory	4,712,902	795,015	3,590,597	-	(45,921)	9,052,593	-	5,078,099
	12,878,254	4,498,983	6,700,499	(505,068)	(70,136)	23,502,532	1,148,488	69,720,060

5. **Right-of-use assets (Cont'd)**

	At Valuation/At Cost				
	At 1 January RM	Additions RM	Lease modification RM	Reclassification RM	At 31 December RM
Group					
2020					
At Valuation					
Leasehold buildings	35,512,144	364,178	-	(2,256)	35,874,066
At Cost					
Leasehold land	27,878,057	-	-	-	27,878,057
Motor vehicles	1,386,097	909,735	-	-	2,295,832
Plant and machineries	964,000	-	-	-	964,000
Lease of land	2,111,142	3,685,286	(620,023)	-	5,176,405
Lease of shophouse and building	323,372	46,532	(276,840)	-	93,064
Lease of plant and machinery	111,305	-	-	-	111,305
Lease of hostel	151,845	77,942	(90,737)	-	139,050
Lease of factory equipment	913,006	111,461	-	23,800	1,048,267
Lease of warehouse, office and factory	4,807,883	330,897	-	-	5,138,780
	74,158,851	5,526,031	(987,600)	21,544	78,718,826

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. **Right-of-use assets (Cont'd)**

	Accumulated depreciation						Accumulated impairment loss	Carrying amount
	At 1 January RM	Charge for the financial year RM	Lease modification RM	Disposal of a subsidiary company RM	Reclassification RM	At 31 December RM	At 1 January/ 31 December RM	At 31 December RM
Group								
2020								
At Valuation								
Leasehold buildings	1,407,070	727,027	-	(5,008)	(105)	2,128,984	1,148,488	32,596,594
At Cost								
Leasehold land	983,310	325,121	-	-	-	1,308,431	-	26,569,626
Motor vehicles	791,568	433,047	-	-	-	1,224,615	-	1,071,217
Plant and machineries	12,050	48,200	-	-	-	60,250	-	903,750
Lease of land	1,453,328	1,800,205	(475,351)	-	-	2,778,182	-	2,398,223
Lease of shophouse and building	202,398	24,709	(157,309)	-	-	69,798	-	23,266
Lease of plant and machinery	7,420	22,260	-	-	-	29,680	-	81,625
Lease of hostel	55,485	59,328	(45,368)	-	-	69,445	-	69,605
Lease of factory equipment	173,512	322,455	-	-	-	495,967	-	552,300
Lease of warehouse, office and factory	2,426,340	2,286,562	-	-	-	4,712,902	-	425,878
	7,512,481	6,048,914	(678,028)	(5,008)	(105)	12,878,254	1,148,488	64,692,084

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. **Right-of-use assets (Cont'd)**

	Lease of office	
	2021	**2020**
	RM	**RM**
Company		
At Cost		
At 1 January	372,256	372,256
Additions	218,769	-
At 31 December	591,025	372,256
Accumulated depreciation		
At 1 January	302,943	198,246
Charge for the financial year	108,463	104,697
At 31 December	411,406	302,943
Carrying amount		
At 31 December	179,619	69,313

(a) Assets pledged as securities to financial institutions

The net carrying amount of right-of-use assets of the Group pledged as securities for bank borrowings as disclosed in Note 26, details as follows:

	Group	
	2021	**2020**
	RM	**RM**
Leasehold buildings	17,199,332	17,581,369
Leasehold land	19,803,670	20,042,243
	37,003,002	37,623,612

(b) Assets held under finance lease arrangement

As at 31 December 2021, the net carrying amount of leased property, plant and equipment of the Group under finance lease arrangement are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Plant and machineries	855,550	903,750
Motor vehicles	1,775,324	849,849
	2,630,874	1,753,599

Leased assets are pledged as security for the related finance lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. **Right-of-use assets (Cont'd)**

(c) The remaining lease period of the leasehold land ranged from 45 to 88 years (2020: 46 to 89 years).

(d) Purchase of right-of-use assets

The aggregate additional cost for the right-of-use assets of the Group and of the Company during the financial year acquired under finance lease financing and cash payments are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Aggregate costs	8,069,407	5,526,031	218,769	-
Less: Lease liabilities recognised	(7,573,256)	(3,480,936)	(218,769)	-
Finance lease financing	-	(805,000)	-	-
Cash payments	496,151	1,240,095	-	-

(e) Revaluation of right-of-use assets

Leasehold land and buildings of subsidiary companies were revalued on 31 December 2018 and 16 December 2019, by the independent firm of professional valuer.

The fair value of land and buildings are within level 2 of the fair value hierarchy. The fair value was determined by based on market comparable approach that reflects recent transaction price for similar properties.

There have been no changes to the valuation technique during the financial year.

There were no transfer between fair value hierarchy levels during the financial year.

Had the buildings been carried at historical cost less accumulated depreciation and impairment loss, its carrying amounts would have been RM35,774,916 (2020: RM34,876,133).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. Investment Properties

	Group 2021 RM	Group 2020 RM
At 1 January	27,760,000	25,180,000
Acquisition through business combination	31,610,000	-
Additions	-	2,630,550
Changes in fair value recognised in profit or loss	(370,000)	(50,550)
At 31 December	59,000,000	27,760,000
Included in the above are:		
At fair value		
Freehold land and building	36,110,000	4,500,000
Leasehold land and building	22,890,000	23,260,000
	59,000,000	27,760,000

(a) Investment properties under leases

Investment properties comprise a number of freehold land and building, leasehold land and buildings and warehouse that are leased to third parties. Each of the leases contains a cancellable period ranging from two (2) to three (3) years. Subsequent renewals are negotiated with the lessee on an average renewal period of two (2) years. No contingent rents are charged.

(b) Fair value basis of investment properties

The investment properties are valued at fair value based on market values determined by the independent firms of professional valuers amounting to RM59,000,000 (2020: RM27,760,000).

The fair values of the investment properties were determined within level 2 in previous financial year and was increased to level 3 of the fair value hierarchy in the financial year ended 31 December 2021. The transfer between fair value levels during current and previous financial year are due to greater estimation uncertainty and more unobservable market data that require more judgement and assumptions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. **Investment Properties (Cont'd)**

(b) Fair value basis of investment properties (Cont'd)

The fair values of the freehold land, shop office, shoplots and condominium have been derived using the sales comparison approach. The most significant input into this valuation approach is price per square foot of comparable properties. Sales prices of comparable properties in close proximity are adjusted either positively or negatively for differences in key attributes such as property size, time, age, tenure, level, surrounding, accessibility, visibility, orientation, facing and position of the units.

The fair values of the freehold buildings have been derived using the depreciated replacement cost approach. The most significant input into this valuation approach is construction price per square foot of subject properties and adjusted for differences in key attributes such as condition, time, size, location and age of property and its improvement.

The decrease in fair value of RM370,000 (2020: decrease in fair value of RM50,550) was recognised in the current year profit or loss.

(c) Income and expenses recognised in profit or loss

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

	Group	
	2021	**2020**
	RM	**RM**
Lease income	967,800	3,175,772
Direct operating expenses:		
- Income generating investment properties	(65,397)	(207,852)
- Non-income generating investment properties	(42,025)	-

(d) Investment properties pledged as securities to licensed banks

Investment properties of the Group amounting to RM51,310,000 (2020: RM22,510,000) have been pledged to secure banking facilities granted to the Group as disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. Goodwill on Consolidation

	Group	
	2021	2020
	RM	RM
At cost		
At 1 January	39,048,311	39,048,311
Acquisition through business combination	15,440,809	-
At 31 December	54,489,120	39,048,311
Accumulated impairment losses		
At 1 January	4,376,687	-
Recognised during the financial year	10,918,103	4,376,687
At 31 December	15,294,790	4,376,687
Carrying amount		
At 31 December	39,194,330	34,671,624

The aggregate carrying amounts of goodwill allocated to each cash-generating unit ("CGU") are as follows:

	Group	
	2021	2020
	RM	RM
Midah Industries Sdn. Bhd.	3,537,754	8,481,006
Epic Diversity Sdn. Bhd.	769,307	1,025,743
MI Polymer Concrete Pipes Sdn. Bhd.	19,074,631	19,074,631
Kempurna Sdn. Bhd.	371,829	371,829
Saujana Vision Sdn. Bhd.	-	5,718,415
Addington Sdn. Bhd.	166,667	-
Chin Hin Group Property Berhad	11,815,172	-
Kayangan Kemas Sdn. Bhd.	3,458,970	-
	39,194,330	34,671,624

The recoverable amounts of CGUs in respect of the goodwill were determined based on value-in-use ("VIU") calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five to ten-year period.

Key assumptions used in the VIU calculations for the goodwill impairment assessment is gross profit margin. The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. **Goodwill on Consolidation (Cont'd)**

A pre-tax discount rates of 6.2% (2020: 4.9%) were applied in determining the recoverable amounts of the CGUs. The discount rate used is pre-tax and reflect the specific risks relating to the respective CGU. A reasonable possible change in the key assumptions would not result in any impairment.

Based on the impairment test, an impairment loss of RM10,918,103 (2020: RM4,376,687) was recognised in the profit or loss.

8. **Investment in Subsidiary Companies**

	Company	
	2021 RM	**2020 RM**
At cost		
Quoted shares in Malaysia	121,150,102	-
Unquoted shares in Malaysia	386,788,160	386,788,160
	507,938,262	386,788,160
Market value of quoted shares	218,070,122	-

Details of the subsidiary companies are as follows:

Name of Company	Place of business/ Country of Incorporation	Effective Interest 2021 %	Effective Interest 2020 %	Principal Activities
Direct interest:				
PP Chin Hin Sdn. Bhd.	Malaysia	100	100	Dealing in cement, hardware and general trading, letting of properties, hire purchase financing, property development and transport
Chin Hin Concrete Holdings Sdn. Bhd.	Malaysia	100	100	Provision of management services
Metex Steel Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of welded mesh and wire products
Starken AAC Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of AAC products and transportation
Stradaverse Sdn. Bhd. (formerly known as CH Home Three Sixty Sdn. Bhd.)	Malaysia	100	100	Dealing in E-Commerce digital marketing, online advertising and software programming

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Place of business/ Country of Incorporation	Effective Interest 2021 %	Effective Interest 2020 %	Principal Activities
Direct interest: (Cont'd)				
Midah Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading in wood products
Chin Hin Group Property Berhad	Malaysia	55.02	-	Investment holding and provision of management service
Indirect interest:				
Held through PP Chin Hin Sdn. Bhd.:				
- PP Chin Hin Pte. Ltd.*	Singapore	100	100	Wholesale of construction material, hardware, plumbing, heating equipment and supplies of NEC products
- C&H Transport Sdn. Bhd.	Malaysia	100	100	Transportation
Held through Starken AAC Sdn. Bhd.:				
- Starken Drymix Solutions Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of plaster and mortar products
- G-Cast Concrete Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of precast concrete products
- Green Cement Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of construction building materials
- Starken AAC 2 Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of Industrialised Building System components including but not limited to wall panel, beam, column and slab

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Place of business/ Country of Incorporation	Effective Interest 2021 %	Effective Interest 2020 %	Principal Activities
Indirect interest:(Cont'd) Held through Starken AAC Sdn. Bhd.: (Cont'd)				
- MI Polymer Concrete Pipes Sdn. Bhd.	Malaysia	100	100	Manufacturing and supplying of pipes
- G-Cast UHPC Sdn. Bhd.	Malaysia	95	70	Manufacture and sale of ultra-high performance concrete products
- Starken Paint Sdn. Bhd.	Malaysia	100	100	Dsitributor and manufacturing of paints and related products
- Addington Sdn. Bhd.	Malaysia	100	-	Trading in water heater, bathroom, accessories and other related equipment
Held through MI Polymer Concrete Pipes Sdn. Bhd.:				
- MI Polymer Concrete Pipes (S) Pte. Ltd.*	Singapore	100	100	Trading, import and export of polymer concrete products
Held through Green Cement Sdn. Bhd.:				
- Green Integrated Base Stabiliser Sdn. Bhd.	Malaysia	55	-	Trading of construction building materials
Held through Metex Steel Sdn. Bhd.:				
- Metex Asia Sdn. Bhd.	Malaysia	100	100	Assembly and erection of prefabricated constructions on the site
- Metex Modular Sdn. Bhd.	Malaysia	70	70	Manufacture of prefabricated buildings mainly of steel

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Place of business/ Country of Incorporation	Effective Interest 2021 %	Effective Interest 2020 %	Principal Activities
Indirect interest:(Cont'd) Held through Metex Modular Sdn. Bhd.:				
Saujana Vision Sdn. Bhd.	Malaysia	49	49	Building contractor of construction works
Held through Chin Hin Concrete Holdings Sdn. Bhd.:				
- Chin Hin Concrete (North) Sdn. Bhd.	Malaysia	100	100	Manufacturing, selling, distributing and transporting ready mixed concrete
- Chin Hin Concrete (KL) Sdn. Bhd.	Malaysia	100	100	Manufacturing, selling, distributing and transporting ready mixed concrete
Held through Midah Industries Sdn. Bhd.:				
- Epic Diversity Sdn. Bhd.	Malaysia	100	100	Dealing in consumer products including lock set, alarm system and other related business
- Kempurna Sdn. Bhd.	Malaysia	100	100	Manufactures metal doors and window frames
- Midah Industries (North) Sdn. Bhd.	Malaysia	51	51	Wholesale of logs, swan timber, plywood, veneer related products and variety of goods without any particular speciali- sation as well as instal- lation of doors, windows door and window frames of wood or other materials, fitted kitchens, staircases, shop fittings and furniture

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Principal place of business/ Country of Incorporation	Effective Interest 2021 %	Effective Interest 2020 %	Principal Activities
Indirect interest:(Cont'd)				
Held through Stradaverse Sdn. Bhd. (formerly known as CH Home Three Sixty Sdn. Bhd.):				
- CH Floorsmith Sdn. Bhd.	Malaysia	-	100	Dormant
- CH Yohaus Sdn. Bhd.	Malaysia	-	70	Dormant
- KLOE Design Sdn. Bhd.	Malaysia	-	-	Dormant
Held through Chin Hin Group Property Berhad:				
- Boon Koon Vehicles Industries Sdn. Bhd.	Malaysia	55.02	-	Manufacturing and assembling of rebuilt commercial vehicles and the provision of related services
- BKG Development Sdn. Bhd.	Malaysia	55.02	-	Property development
- Boon Koon Vehicles Pte. Ltd. *#	Singapore	55.02	-	Sale of commercial vehicles, motor vehicles accessories and the provision of related services
- BK Fleet Management Sdn. Bhd.	Malaysia	55.02	-	Sale and rental of commercial vehicles, provision of fleet management and other related services

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Principal place of business/ Country of Incorporation	Effective Interest 2021 %	Effective Interest 2020 %	Principal Activities
Indirect interest:(Cont'd) Held through Chin Hin Group Property Berhad: (Cont'd)				
- Boon Koon Fleet Management Sdn. Bhd.	Malaysia	55.02	-	Forklift and equipment rental business and the provision of repairs and maintenance services
- BKCV Sdn. Bhd.	Malaysia	55.02	-	Manufacturing and assembling of new commercial vehicles
- Boon Koon Motors Sdn. Bhd.	Malaysia	55.02	-	Sale of commercial vehicles and the provision of related services
- Kayangan Kemas Sdn. Bhd.	Malaysia	35.76	-	Building and general construction
Held through Boon Koon Vehicles Industries Sdn. Bhd.:				
- BKGM Industries Sdn. Bhd.	Malaysia	55.02	-	Provision of sub-contractor services to the commercial vehicle industry
- BK Sepadu Sdn. Bhd. #	Malaysia	34.39	-	Sale of commercial vehicle and provision of related services

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Principal place of business/ Country of Incorporation	Effective Interest 2021 %	2020 %	Principal Activities
Indirect interest:(Cont'd) Held through BKG Development Sdn. Bhd.:				
- Boon Koon Capital Sdn. Bhd.	Malaysia	55.02	-	Property development and investment holding
- BKSP Autoworld Sdn. Bhd.	Malaysia	55.02	-	Property development and investment holding
- Boon Koon Commercial Sdn. Bhd.	Malaysia	38.51	-	Property development and property construction
- BK Alliance Sdn. Bhd.	Malaysia	28.06	-	Property development and property construction
- BKHS Capital Sdn. Bhd.	Malaysia	55.02	-	Property development
- Stellar Trinity Sdn. Bhd.	Malaysia	55.02	-	Property development and investment holding
- Chin Hin Construction Sdn. Bhd.	Malaysia	55.02	-	Property development, property construction and investment holding
- Stellar Platinum Sdn. Bhd.	Malaysia	55.02	-	Property development
Held through Kayangan Kemas Sdn. Bhd.:				
- 5th Capital Sdn. Bhd.	Malaysia	35.76	-	Property investment

** Subsidiary company not audited by UHY*
 # Under member's voluntary liquidation

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows: (Cont'd)

(a) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interest:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests 2021 %	2020 %	Loss allocated to non-controlling interests 2021 RM	2020 RM	Accumulated non-controlling interests 2021 RM	2020 RM
Metex Modular Sdn. Bhd. and its subsidiary company	30.00	30.00	(2,249,873)	(1,931,963)	(3,691,462)	(1,441,589)
Chin Hin Group Property Berhad and its subsidiary companies	44.98	-	579,310	-	107,802,041	-
					104,110,579	(1,441,589)
Individually immaterial subsidiaries with non-controlling interests					880,672	(3,404,750)
Total non-controlling interests					104,991,251	(4,846,339)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows: (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	Metex Modular Sdn. Bhd. and its subsidiary company		**Chin Hin Group Property Berhad and its subsidiary companies**	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Summarised statements of financial position				
Non-current assets	65,049,101	70,940,077	291,393,042	-
Current assets	587,005	9,405,494	254,634,387	-
Non-current liabilities	(32,418)	(100,878)	(120,592,540)	-
Current liabilities	(73,811,107)	(80,952,535)	(210,986,899)	-
Net (liabilities)/assets	(8,207,419)	(707,842)	214,447,990	-
Summarised statements of profit or loss and other comprehensive income				
Revenue	43,804	11,087	84,297,482	-
(Loss)/Profit for the financial year	(7,499,577)	(6,439,877)	1,287,898	-
Total comprehensive (loss)/income for the financial year	(7,499,577)	(6,439,877)	1,287,898	-
Summarised statements of cash flows				
Net cash used in operating activities	(2,695,644)	(68,995)	(114,412,258)	-
Net cash used in investing activities	-	-	(18,014,549)	-
Net cash from/(used in) financing activities	2,724,181	(27,345)	137,006,020	-
Net increase/(decrease) in cash and cash equivalents	28,537	(96,340)	4,579,213	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

(b) Incorporation of subsidiary companies

<u>During the financial year</u>

(i) KLOE Design Sdn. Bhd. ("KLOE")

On 5 January 2021, Stradaverse Sdn. Bhd. ("SSB") (formerly known as CH Home Three Sixty Sdn. Bhd.), a wholly owned subsidiary company of the Company, incorporated a 60% owned subsidiary company, KLOE Design Sdn. Bhd. ("KLOE") with cash subscription of RM60.

(ii) Green Integrated Base Stabiliser Sdn. Bhd. ("GIBS")

On 11 February 2021, Green Cement Sdn. Bhd. ("GCSB"), a wholly owned subsidiary company of Starken AAC Sdn. Bhd. ("SAAC"), incorporated a 55% owned subsidiary company, Green Integrated Base Stabiliser Sdn. Bhd. ("GIBS") with cash subscription of RM55. Subsequently, on 10 September 2021, GIBS had increased its paid-up capital from RM100 to RM100,000. The Company has subscribed for an additional 54,945 shares in GIBS.

There is no incorporation of subsidiary companies in the previous financial year.

(c) Acquisition of subsidiary companies

<u>During the financial year</u>

(i) Chin Hin Group Property Berhad ("CHGP")

On 4 August 2021, the Company has acquired 176,608,435 ordinary shares in Chin Hin Group Property Berhad ("CHGP") at RM0.45 each for cash consideration of RM79,473,796. On 11 August 2021 and 16 August 2021, the Company completed its exercise of 19,000,000 and 18,561,700 warrants by way of issuance of 37,561,700 ordinary shares in CHGP at issue price of RM0.25 each for cash consideration of RM9,390,425. Upon the completion of the share acquisition in August 2021, the Company has acquired 214,170,135 shares in CHGP for total consideration of RM96,376,561, representing 54.96% of equity shareholding in CHGP.

In November and December 2021, the Company has acquired additional 19,050,000 and 9,080,000 ordinary shares of CHGP respectively for a total cash consideration of RM24,773,541. Consequently, CHGP has become a 55.02% owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

(c) Acquisition of subsidiary companies (Cont'd)

<u>During the financial year (Cont'd)</u>

(ii) Addington Sdn. Bhd. ("ASB")

On 1 December 2021, SAAC has subscribed for 200,000 ordinary shares in ASB, representing the entire equity interest in ASB for a total cash consideration of RM880,997.

(iii) Kayangan Kemas Sdn. Bhd. ("KKSB")

On 23 November 2021, CHGP, the 55.02% owned subsidiary company of the Company, had acquired 6,500,000 ordinary shares, representing 65% equity interest in KKSB for a total consideration of RM37,950,000, satisfied partially by cash consideration of RM29,150,000 and issuance of 11,000,000 new ordinary shares of CHGP at an issue price of RM0.80 per share.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	2021 RM
Cash consideration paid	118,895,218
Allotment of shares	8,800,000
	127,695,218

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

(c) Acquisition of subsidiary companies (Cont'd)

During the financial year (Cont'd)

Fair value of identifiable assets acquired and liabilities assumed at the date of acquisition

	2021 RM
Property, plant and equipment	40,991,335
Right-of-use assets	3,707,636
Investment properties	31,610,000
Investment in associates	47,380,225
Investment in a joint venture	1,384,613
Other investment	70,000
Deferred tax assets	1,907,360
Inventories	33,131,288
Contract assets	13,000,846
Trade and other receivables	203,826,457
Tax recoverable	1,179,033
Fixed deposits with licensed banks	9,876,850
Cash and bank balances	26,035,651
Contract liabilities	(314,170)
Trade and other payables	(109,628,710)
Tax payable	(3,619,581)
Lease liabilities	(2,566,406)
Bank borrowings	(83,144,356)
Bank overdraft	(1,499,994)
Amount due to Directors	(770,294)
Deferred tax liabilities	(5,151,709)
Non-controlling interest	(175,028)
Total identifiable net assets	207,231,046

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

(c) Acquisition of subsidiary companies (Cont'd)

During the financial year (Cont'd)

Net cash inflows arising from acquisition of subsidiary companies

	2021 RM
Purchase considerarion settled in cash	127,695,218
Less: Cash and cash equivalents of subsidiary companies acquired	
- Cash and bank balances	(26,035,651)
- Fixed deposits with licensed banks	(9,876,850)
- Bank overdraft	1,499,994
	(34,412,507)
Less: Fixed deposits pledged with licensed banks	9,876,850
	(24,535,657)
	103,159,561

Goodwill arising from business combination

	2021 RM
Fair value of consideration transferred	127,695,218
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	94,976,637
Fair value of identifiable assets acquired and liabilities assumed	(207,231,046)
Goodwill on consolidation	15,440,809

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary companies into the Group's existing business.

Acquisition-related costs

The Group incurred acquisition-related costs of RM349,943 (2020: Nil) related to external legal fees, due diligence costs and other related expenses. The expenses have been included in administrative expenses in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

(c) Acquisition of subsidiary companies (Cont'd)

In the previous financial year

(i) On 10 February 2020, Midah Industries Sdn. Bhd. ("MISB"), a wholly owned subsidiary company of the Company increased its issued and paid-up capital from RM500,000 to RM16,800,000 by issuance of 16,300,000 new ordinary shares for consideration of RM16,300,000 to the Company by way of capitalisation of amount owing. Consequently, MISB remained as a wholly owned subsidiary company of the Company.

(ii) On 25 February 2020, Starken AAC Sdn. Bhd. ("SAAC"), a wholly owned subsidiary company of the Company increased its issued and paid-up capital from RM50,000,000 to RM115,000,000 by issuance of 65,000,000 new ordinary shares for consideration of RM65,000,000 to the Company by way of capitalisation of amount owing. Consequently, SAAC remained as a wholly owned subsidiary company of the Company.

(iii) On 23 July 2020, Stradaverse Sdn. Bhd. ("SSB") (formerly known as CH Home Three Sixty Sdn. Bhd.), a wholly owned subsidiary company of the Company increased its issued and paid-up capital from RM2 to RM100,000 by issuance of 99,998 new ordinary shares for consideration of RM99,998 to the Company by way of capitalisation of amount owing. Consequently, SSB remained as a wholly owned subsidiary company of the Company.

(d) Disposal of subsidiary companies

During the financial year

On 30 June 2021, Stradaverse Sdn Bhd ("SSB") (formerly known as CH Home Three Sixty Sdn. Bhd.), a wholly owned subsidiary company of the Company entered into a share sale agreement ("SSA") with a third party to dispose of its 100% equity interest in CH Floorsmith Sdn. Bhd. ("Floorsmith") for a total cash consideration of RM1.

On 30 June 2021, SSB entered into a share sale agreement ("SSA") with a third party to dispose of its 70% equity interest in CH Yohaus Sdn. Bhd. ("Yohaus") for a total cash consideration of RM1.

On 30 June 2021, SSB entered into a share sale agreement ("SSA") with a third party to dispose of 60% equity interest in KLOE Design Sdn. Bhd. ("KLOE") for a total cash consideration of RM1.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

(d) Disposal of subsidiary companies (Cont'd)

During the financial year (Cont'd)

The effect of the disposal of Floorsmith, Yohaus and KLOE on the financial position of the Group as at the date of disposal was as follows:

	2021 RM
Trade and other receivables	237,113
Cash and bank balances	12,934
Contract liabilities	(190,744)
Trade and other payables	(338,724)
Net liabilities	(279,421)
Less: Non-controlling interests	111,107
Total net liabilities disposed	(168,314)
Gain on disposal	168,317
Proceeds from disposal	3
Less: Cash and bank balances disposed	(12,934)
Net cash outflows from disposal	(12,931)

In the previous financial year

On 8 November 2019, Metex Steel Sdn. Bhd. ("MSSB") a wholly owned subsidiary of the Company entered into a conditional share sale agreement ("CSSA") with PP Chin Hin Realty Sdn Bhd ("PP CH Realty") for disposal of 100% equity interest in Ace Logistic Sdn Bhd ("ALSB") to PP CH Realty for a total cash consideration of RM20,800,000. The disposal was completed on 10 November 2020.

The effect of the disposal of ALSB on the financial position of the Group as at the date of disposal was as follows:

	2020 RM
Property, plant and equipment	22,010,023
Trade and other receivables	66,844
Tax recoverable	6,600
Cash and bank balances	362,819
Other payables	(5,333,411)
Deferred tax liabilities	(168,341)
Total net assets disposed	16,944,534
Gain on disposal	3,855,466
Proceeds from disposal	20,800,000
Less: Cash and bank balances disposed	(362,819)
Net cash inflows from disposal	20,437,181

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

(e) Acquisition of non-controlling interest

<u>During the financial year</u>

(i) Chin Hin Group Property Berhad ("CHGP")

In November and December 2021, the Company had subscribed additional 19,050,000 and 9,080,000 ordinary shares in CHGP, a 55.02% owned subsidiary company respectively, increasing its ownership for a total cash consideration of RM24,773,541.

The effect of changes in the equity interest in CHGP that is attributable to owners of the Company:

	2021 RM
Carrying amount of non-controlling interest acquired	22,362,618
Consideration paid to non-controlling interest	(24,773,541)
Decrease in parent's equity	(2,410,923)

(ii) G-Cast UHPC Sdn. Bhd. ("UHPC")

On 1 May 2021 and 1 November 2021, Starken AAC Sdn. Bhd. ("SAAC"), a wholly-owned subsidiary company of the Company, subscribed additional 7,000,000 and 7,079,998 new ordinary shares in UHPC respectively, resulting on increasing of its ownership from 70% to 95% for consideration other than cash of RM14,079,998 by way of capitalisation of amount owing.

The effect of changes in the equity interest in UHPC that is attributable to owners of the Company:

	2021 RM
Carrying amount of non-controlling interest acquired	(3,506,289)
Consideration paid to non-controlling interest	-
Decrease in parent's equity	(3,506,289)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. **Investment in Subsidiary Companies (Cont'd)**

(e) Acquisition of non-controlling interest (Cont'd)

<u>During the financial year (Cont'd)</u>

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owed by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

There is no acquisition of non-controlling interest during the previous financial year.

(f) Disposal to non-controlling interest

<u>During the financial year</u>

(i) Boon Koon Commercial Sdn. Bhd. ("BKC")

On 30 August 2021, Chin Hin Group Property Berhad ("CHGP"), a 55.02% owned subsidiary company of the Company, had disposed 300,000 shares, representing 30% of equity interest in BKC, a wholly owned subsidiary company of the CHGP for a total consideration of RM300,000. Upon the completion of disposal, the Company's equity interest in Boon Koon Commercial Sdn. Bhd. decreased from 100% to 70%.

The effect of changes in the equity interest in BKC that is attributable to owners of the Company:

	2021 RM
Carrying amount of share disposed	29,695
Consideration received from non-controlling interest	300,000
Increase in parent's equity	329,695

There is no disposal to non-controlling interest during the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. Investment in Associates

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Quoted shares, at cost in Malaysia	20,037,796	24,750,000	20,037,796	24,750,000
Unquoted shares, at cost by acquisition through business combination	37,370,000	-	-	-
Acquisition of associate	102,979,832	-	102,669,500	-
Acquisition of additional shares in associates	39,842,805	-	39,842,805	-
Disposal of associate	(2,538,395)	(4,712,204)	(1,638,395)	(4,712,204)
	197,692,038	20,037,796	160,911,706	20,037,796
Share of post-acquisition reserves	21,360,944	17,232,893	-	-
Share of post-acquisition reserves by acquisition through business combination	10,910,225	-	-	-
Less: Accumulated impairment losses	-	-	-	-
	229,963,207	37,270,689	160,911,706	20,037,796
Presented by:				
At cost				
Unquoted shares:				
- In Malaysia	36,470,000	-	-	-
- Outside Malaysia	310,332	-	-	-
	36,780,332	-	-	-
Quoted shares:				
- In Malaysia	160,911,706	20,037,796	160,911,706	20,037,796
	197,692,038	20,037,796	160,911,706	20,037,796
Market value of quoted shares			351,439,212	200,922,120

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. **Investment in Associates**

Movement in the allowance of impairment losses are as follows:

	Group 2021 RM	Group 2020 RM
At 1 January	-	-
Acquisition through business combination	900,000	-
Disposal of an associate	(900,000)	-
At 31 December	-	-

Details of the associates are as follows:

Name of Company	Place of business/ Country of Incorporation	Effective Interest 2021 %	Effective Interest 2020 %	Principal Activities
Direct interest:				
Solarvest Holdings Berhad*	Malaysia	27.5	25.2	Investment holding
Signature International Berhad*	Malaysia	30.4	-	Investment holding
Held through Starken AAC Sdn. Bhd.:				
- Starken Phillippines Inc.*	Phillipines	30	-	Trading of construction building material
Held through G-Cast UHPC Sdn. Bhd.:				
- CubeX Industries Ltd*	United Kingdom	19	-	Sale of ultra-high performance concrete product
Held through BKCV Sdn. Bhd.:				
- CNMY Truck Sdn. Bhd.	Malaysia	-	-	Trading in new commercial vehicles and the provision of related services
Held through BKG Development Sdn. Bhd.				
- Stellar 8 Sdn. Bhd.*	Malaysia	25.9	-	Property development
Held through Kayangan Kemas Sdn. Bhd.				
- Weida Kayangan Sdn. Bhd.*	Malaysia	17.5	-	Building contrator

* *Associate not audited by UHY*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. **Investment in Associates (Cont'd)**

(a) Acquisition of associates

<u>During the financial year</u>

(i) Signature International Berhad ("SIB")

On 8 March 2021, the Company entered into a conditional share sale agreement ("SSA") with third parties to acquire 80,000,000 ordinary shares in Signature International Berhad ("Signature"), representing approximately 30.45% equity interest in Signature, for a total cash consideration of RM93,600,000. The acquisition was completed on 8 March 2021.

Upon the completion of issuance of 32,524,950 new ordinary shares by SIB through exercise of Warrants in March, April and May 2021, the Company's shareholding reduced from 30.45% to 27.1%.

Subsequently, on 10 September 2021, the Company had subscribed for an additional 9,700,000 ordinary shares in SIB for a total cash consideration of RM9,069,500. Consequently, SIB became a 30.4% owned associate of the Company.

(ii) Starken Phillipines Inc. ("SPI")

On 12 March 2021, Starken AAC Sdn. Bhd., a wholly owned subsidiary company of the Company, completed its subscription of 30,300 shares, representing 30% equity interest in Starken Philippines Inc. for a total cash consideration of PHP 3,300,000 (equivalent to approximately RM286,440).

(iii) Solarvest Holdings Berhad ("SHB")

On 24 March 2021, the Company entitled for 53,154,000 new ordinary shares of SHB though a bonus issue on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held in the SHB, by way of Nil consideration.

Subsequently, in July and August 2021, the Company had subscribed for an additional 16,127,400 ordinary shares in SHB for a total cash consideration of RM19,655,981. Consequently, SHB became 26.45% owned associate of the Company.

In September 2021, the Company had disposed 8,692,300 ordinary shares at RM1.30 each for a total cash consideration of RM11,317,820. Consequently, SHB became 25.14% owned associates of the Company.

In November and December 2021, the Company had subscribed for an additional 16,694,200 ordinary shares in SHB for a total cash consideration of RM20,186,824. Upon the completion of the acquisition, the Company's shareholding in SIB increased from 25.14% to 27.5%.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. **Investment in Associates (Cont'd)**

(a) Acquisition of associates (Cont'd)

During the financial year (Cont'd)

(iv) CubeX Industries Ltd ("CXIL")

On 28 October 2021, G-Cast UHPC Sdn. Bhd., a 95% owned subsidiary company of the Starken AAC Sdn. Bhd., completed its subscription of 275 shares, representing 20% equity interest in CubeX Industries Ltd for a total cash consideration of GBP 4,125 (equivalent to approximately RM23,892).

There is no acquisition of associates in the previous financial year.

(b) Disposal of associates

During the financial year

On 24 December 2021, BKCV Sdn, Bhd., a wholly owned subsidiary company of Chin Hin Group Property Berhad, had disposed 900,000 shares representing 30% of equity interest in CNMY Truck Sdn Bhd ("CNMY") for a total consideration of RM1. Upon the completion of disposal, the Company's equity interest in CNMY Sdn. Bhd. has been fully disposed.

In the previous financial year

On 4 June 2020, the Company disposed of 20,000,000 ordinary shares in SHB to 2 individuals for a total cash consideration of RM24,000,000. On 26 June 2020, the Company disposed of 5,000,000 ordinary shares in Solarvest to a Director of the Company, namely Datuk Seri Chiau Beng Teik, JP for a total cash consideration of RM8,500,000. Upon completion of the disposals, the Company's shareholding in SHB reduced from 33.6% to 27.2%.

Upon partially disposal of shareholding in SHB by the Company in June 2020, and completion of private placement of issuance 32,000,000 new ordinary shares by SHB in November 2020, the Company's shareholding reduced from 33.6% to 25.2%.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. **Investment in Associates (Cont'd)**

Summarised financial informations of the Group's material associates, Solarvest Holdings Berhad ("SHB") and Signature International Berhad ("SIB") are set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

(c) Summarised statements of financial position

Summarised statements of financial position	**Solarvest and its subsidiary companies 2021 RM**	**Solarvest and its subsidiary companies 2020 RM**	**Signature and its subsidiary companies 2021 RM**	**Signature and its subsidiary companies 2020 RM**
Non-current assets	27,699,870	23,291,700	112,864,000	-
Current assets	210,090,275	194,848,016	187,504,000	-
Non-current liabilities	(16,215,534)	(14,761,840)	(10,241,000)	-
Current liabilities	(49,569,896)	(77,258,510)	(83,478,000)	-
Net assets	172,004,715	126,119,366	206,649,000	-
Interest in associate	27.5%	25.2%	30.4%	-
Group's share of net assets	47,301,297	31,782,080	62,779,966	-
Carrying value of the Group's interest in associates	76,807,977	37,270,689	105,093,466	-

(d) Summarised statements of profit or loss and other comprehensive income

Summarised statements of profit or loss and other comprehensive income	**Solarvest and its subsidiary companies 2021 RM**	**Solarvest and its subsidiary companies 2020 RM**	**Signature and its subsidiary companies 2021 RM**	**Signature and its subsidiary companies 2020 RM**
Revenue	163,572,296	212,476,157	127,049,000	-
Profit for the financial year	9,963,439	14,032,431	8,432,000	-
Total comprehensive income for the financial year	9,963,439	14,032,431	8,432,000	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. Investment in a Joint Venture

	Group 2021 RM	Group 2020 RM
Unquoted shares, at cost in Malaysia	-	-
Acquisition through business combination	1,384,613	-
Share of post-acquisition reserves	205,613	-
	1,590,226	-

Details of the joint venture are as follows:

Name of Company	Place of business/ Country of Incorporation	Effective Interest 2021 %	Effective Interest 2020 %	Principal Activities
Indirect interest: Held through Kayangan Kemas Sdn. Bhd.:				
R Synergy Sdn. Bhd.	Malaysia	11.8	-	Building contractor

11. Other Investments

	Group 2021 RM	Group 2020 RM
Club memberships		
At cost		
At 1 January	32,028	32,028
Acquisition through business combination	70,000	-
At 31 December	102,028	32,028
Accumulated amortisation		
At 1 January	7,644	6,708
Amortisation for the financial year	936	936
At 31 December	8,580	7,644
Carrying amount		
At 31 December	93,448	24,384

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. **Other Financial Assets**

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Keyman life insurance policy	1,519,196	-	1,161,154	-

The investment-linked keyman life insurance policy relates to life insurance policy purchased by the Group and by the Company for one of its Directors. The insured amount of the Contract is RM7,215,571 (2020: Nil). After 10 years from date of commencement of the policy, the surrender value of the policy is expected to be equal to the accumulated value of the policy.

13. **Inventories**

		Group	
	Note	**2021 RM**	**2020 RM**
Non-current			
Land held for property development	(a)	159,539,724	-
Current			
Property development cost	(b)	1,613,083	-
Other inventories	(c)	121,072,861	95,854,268
		122,685,944	95,854,268

(a) Land held for property development

	At cost		
	Freehold land RM	**Leasehold land RM**	**Total RM**
Group			
Non-current			
2021			
At 1 January	-	-	-
Acquisition through business combination	884,475	-	884,475
Additions	136,154,738	22,500,511	158,655,249
At 31 December	137,039,213	22,500,511	159,539,724

The freehold land of RM121,669,091 (2020: Nil) is pledged to a licensed bank as securities for banking facility granted to a subsidiary company as disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. **Inventories (Cont'd)**

(b) Property development costs

	Group	
	2021 RM	**2020 RM**
Current		
Freehold land, at cost		
At 1 January	-	-
Acquisition through business combination	1,205,617	-
At 31 December	1,205,617	-
Cumulative property development costs		
At 1 January	-	-
Acquisition through business combination	148,534,300	-
Cost incurred during the financial year	1,932,847	-
At 31 December	150,467,147	-
Less: Cumulative costs recognised in profit or loss		
At 1 January	-	-
Acquisition through business combination	148,560,334	-
Recognised during the financial year	1,499,347	-
At 31 December	150,059,681	-
Total property development costs	1,613,083	-

(i) The property development costs of the Group represent expenditure incurred in relation to the mixed residential and commercial development.

BKG Development Sdn. Bhd. ("BKGD"), a 55% indirect owned subsidiary company of Chin Hin Group Berhad, has entered into the Joint Development Agreement with Platinum Eminent Sdn. Bhd. ("PESB") for the implementation and completion of the Development Project on the leasehold land owned by PESB. BKGD shall be effectively entitled 60% of the gross development profits of the development project as disclosed in Note 35.

(ii) The freehold land of RM1,205,617 (2020: Nil) is pledged to a licensed bank as securities for banking facility granted to a subsidiary company as disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. **Inventories (Cont'd)**

(c) Other inventories

	Group	
	2021	**2020**
	RM	**RM**
At cost		
Raw materials	32,243,363	24,733,638
Work-in-progress	2,737,940	4,843,412
Finished goods	72,993,020	59,559,340
Consumables	5,884,012	5,758,310
Engineering stocks	1,548,142	-
Scrap	-	49,801
	115,406,477	94,944,501
At net realisable value		
Raw materials	1,237,054	-
Work-in-progress	1,142,073	-
Finished goods	3,287,257	909,767
	5,666,384	909,767
	121,072,861	95,854,268
Recognised in profit or loss:		
Inventories recognised as cost of sales	936,829,180	794,253,694
Inventories written down	496,513	-
Inventories written off	163,509	1,692,660

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. Contract Assets/(Liabilities)

		Group	
	Note	2021 RM	2020 RM
Non-current			
Contract liabilities			
Deferred income:			
- Extended warranty and services		(24,613)	-
Current			
Contract assets			
Construction contracts	(a)	21,175,710	1,634,170
Contract liabilities			
Deferred income:			
- Extended warranty and services		(13,724)	-
Construction contracts	(a)	(181,802)	-
Property development activities	(b)	-	-
		(195,526)	-
At 31 December:			
Contract assets		21,175,710	1,634,170
Contract liabilities		(220,139)	-
		20,955,571	1,634,170

Contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its contracted project activities. The amount due from contract customers will be transferred to trade receivables when the rights become unconditional.

Contract liabilities primarily relate to the advance consideration received from customer for construction contract, which revenue is recognised over time during the contracted project activities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. **Contract Assets (Cont'd)**

(a) Construction contracts

	Group 2021 RM	Group 2020 RM
Contract costs incurred to date	132,827,622	14,705,383
Attributable profits or losses	(1,169,943)	(2,066,145)
Less: Provision for foreseeable losses	(60,030)	(715,324)
	131,597,649	11,923,914
Less: Progress billings	(110,603,741)	(10,289,744)
	20,993,908	1,634,170
Presented as:		
Contract assets	21,175,710	1,634,170
Contract liabilities	(181,802)	-

The costs incurred to date on construction contracts include the following costs during the financial year:

	Group 2021 RM	Group 2020 RM
Lease of equipments and machineries	183,597	-
Lease of motor vehicles	17,458	-
Lease of workers house	19,915	-
Staff cost	1,295,532	1,216,799

(b) Property development activities

	Group 2021 RM	Group 2020 RM
At 1 January	-	-
Acquisition through business combination	(264,053)	-
Property development revenue recognised during the financial year	2,407,214	-
Less: Progress billings issued during the financial year	(2,143,161)	-
At 31 December	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. **Contract Assets (Cont'd)**

Contract value yet to be recognised as revenue

The followings table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) at the reporting date:

	Group			
	2022 RM	2023 RM	2024 RM	Total RM
Construction contracts	57,259,882	83,126,951	52,712,586	193,099,419
Property development activities	9,408,986	-	-	9,408,986
Deferred income	13,724	3,113	21,500	38,337
	66,682,592	83,130,064	52,734,086	202,546,742

The Group expects to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 12 - 36 months.

15. **Trade Receivables**

	Group	
	2021 RM	2020 RM
Non-current		
Trade receivables		
- Retention sum	3,185,712	-
Current		
Trade receivables		
- Third parties	459,156,945	390,745,872
- Related parties	89,178,536	190,060
	548,335,481	390,935,932
Less: Accumulated impairment losses	(42,682,564)	(23,178,801)
	505,652,917	367,757,131
Accured billing	6,087,109	-
Retention sum	138,253	-
	511,878,279	367,757,131
	515,063,991	367,757,131

Trade receivables are non-interest bearing and are generally on 30 to 210 days (2020: 60 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other credit terms are assessed and approved on case by case basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. **Trade Receivables (Cont'd)**

Included in the trade receivables is an amount of RM10,269,783 (2020: Nil) due from joint venture and an amount of RM73,904,976 (2020: Nil) due from Platinum Eminent Sdn. Bhd. ("PESB"), a company in which certain Directors of the Company have significant financial interest. The trade receivables are recognised at their original certificate of claimed amounts which represent their fair value on initial recognition.

Related parties refer to companies in which certain Directors of the Company have substantial financial interests.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Credit impaired RM	Lifetime allowance RM	Total RM
2021			
At 1 January	22,321,818	856,983	23,178,801
Acquisition through business combination	7,930,859	6,129,771	14,060,630
Impairment loss recognised	17,472,706	628,508	18,101,214
Impairment loss reversed	(8,963,624)	(3,619,267)	(12,582,891)
Written off	(75,190)	-	(75,190)
At 31 December	38,686,569	3,995,995	42,682,564
2020			
At 1 January	14,350,360	1,488,311	15,838,671
Impairment loss recognised	13,472,595	167,345	13,639,940
Impairment loss reversed	(4,821,300)	(798,673)	(5,619,973)
Written off	(679,837)	-	(679,837)
At 31 December	22,321,818	856,983	23,178,801

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly. Reversal of an impairment loss amounting to RM12,582,891 (2020: RM5,619,973) is recognised when the amount is recovered.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. **Trade Receivables (Cont'd)**

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Gross amount RM	Loss allowance RM	Net Amount RM
2021			
Neither past due nor impaired	165,944,505	(469,638)	165,474,867
Past due not impaired:			
Less than 30 days	96,346,811	(39,193)	96,307,618
31 to 60 days	68,998,015	(21,173)	68,976,842
More than 60 days	187,770,655	(3,465,991)	184,304,664
	353,115,481	(3,526,357)	349,589,124
	519,059,986	(3,995,995)	515,063,991
Individual impaired	38,686,569	(38,686,569)	-
	557,746,555	(42,682,564)	515,063,991
2020			
Neither past due nor impaired	166,017,553	(55,248)	165,962,305
Past due not impaired:			
Less than 30 days	68,688,486	(71,729)	68,616,757
31 to 60 days	56,135,085	(89,795)	56,045,290
More than 60 days	77,772,990	(640,211)	77,132,779
	202,596,561	(801,735)	201,794,826
	368,614,114	(856,983)	367,757,131
Individual impaired	22,321,818	(22,321,818)	-
	390,935,932	(23,178,801)	367,757,131

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2021, trade receivables of RM349,589,124 (2020: RM201,794,826) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM38,686,569 (2020: RM22,321,818), related to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. Other Receivables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables				
- Third parties	24,472,084	3,151,306	-	-
- Related parties	454,589	248,209	4,197	8,310
- Associate company	3,469,104	-	-	-
	28,395,777	3,399,515	4,197	8,310
Less: Accumulated impairment losses	(4,209,435)	(479,977)	-	-
	24,186,342	2,919,538	4,197	8,310
Dividend receivables	-	-	-	1,063,080
Deposits	33,190,367	4,529,802	17,500	17,500
Prepayments	9,180,475	6,516,177	501,636	541,108
GST recoverable	2,708,436	3,231,017	-	-
	69,265,620	17,196,534	523,333	1,629,998

Included in the Group's deposits is an amount of RM24,246,169 (2020: Nil) are related to deposits paid for purchase of goods.

Related parties refer to companies in which certain Directors of the Group have substantial financial interests. The amount due from related parties represent unsecured, non-interest bearing and repayable on demand.

Movements in the allowance for impairment losses of other receivables are as follows:

	Credit impaired RM	Lifetime allowance RM	Total RM
2021			
At 1 January	479,977	-	479,977
Acquisition through business combination	3,136,142	115,612	3,251,754
Impairment loss recognised	-	477,704	477,704
At 31 December	3,616,119	593,316	4,209,435
2020			
At 1 January	437,137	-	437,137
Impairment loss recognised	42,840	-	42,840
At 31 December	479,977	-	479,977

Other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. Net Investment in Lease

	Group	
	2021 RM	2020 RM
Minimum lease receivable		
Within one year	88,631	88,631
Less: Future finance income receivable	(19,225)	(19,225)
Present value of minimum lease receivable	69,406	69,406
Present value of minimum lease receivable		
Within one year	69,406	69,406
Analysed as:		
Repayable within twelve months	69,406	69,406

Hire purchase facilities granted to customer are based on credit procedures and policies set by the Group in accordance with Hire-Purchase Act 1967.

The net investment in lease of the Group is bearing interest at rate ranging from 5% to 18% (2020: 5% to 18%) per annum.

18. Amount Due from/(to) Subsidiary Companies

Current assets and current liabilities

	Company	
	2021 RM	2020 RM
Amount due from subsidiary companies		
- Trade in nature	11,191,380	7,382,180
- Non-trade in nature	92,937,055	80,719,110
	104,128,435	88,101,290
Amount due to subsidiary companies		
- Non-trade in nature	(69,789,312)	(53,536,808)

Trade balances is given credit term of 60 days. (2020: 60 days).

Non-trade balances is unsecured, bear interest at rate of 1.30% (2020: Nil) per annum and are repayable on demand.

Amount due to subsidiary companies represent non-trade in nature, unsecured, bear interest at range of 1.30% to 3.45% (2020: Nil) per annum and are payable on demand.

Non-current liabilities
This represents non-trade in nature, unsecured, bearing interest at rate of 3.45% (2020: Nil) per annum and payable after twelve months.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. **Fixed Deposits with Licensed Banks**

The fixed deposits of the Group which are pledged with licensed banks as security for credit facilities granted to the Group as disclosed in Note 26.

The range of interest rates and maturities of deposits are 1.55% to 3.10% (2020: 1.85%) per annum and 1 to 12 months (2020: 12 months).

The fixed deposits amounting to RM30,277 (2020: RM21,041) are held in trust by certain Directors of a subsidiary company.

20. **Assets Held for Sale**

	Group	
	2021 RM	**2020 RM**
At 1 January	11,450,000	54,535,500
Disposals	(11,450,000)	(43,085,500)
At 31 December	-	11,450,000

(a) In September and November 2019, PP Chin Hin Sdn. Bhd., a subsidiary company of the Company entered into several sale and purchase agreements with third parties to dispose of numbers of properties for a total cash consideration of RM56,230,000. Included in these properties that classified as assets held for sale:

(i) assets held for sale at net carrying amount of RM43,085,500 with disposal cash consideration of RM44,630,000. The disposal was completed in November and December 2020 and resulted a gain of RM1,544,500.

(ii) assets held for sale at net carrying amount of RM11,450,000 with disposal cash consideration of RM11,600,000. The disposal was completed in February 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. Share Capital

	Group and Company			
	Number of Shares		Amount	
	2021 Units	2020 Units	2021 RM	2020 RM
Ordinary shares with no par value				
Issued and fully paid shares				
At 1 January	556,388,000	556,388,000	325,795,595	325,795,595
Bonus issue	278,193,996	-	-	-
Private share placement	50,500,000	-	56,055,000	-
At 31 December	885,081,996	556,388,000	381,850,595	325,795,595

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM325,795,595 to RM381,850,595 by way of:

(a) issuance of new 278,193,996 ordinary shares through a bonus issue on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held in the Company, by way of Nil consideration;
(b) issuance of 50,500,000 ordinary shares pursuant to a private placement exercise at an issue price of RM1.11 per ordinary shares.

Included in the share capital is share premium amounting to RM7,655,532 that was not utilised on or before its expiry date of 30 January 2019.

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 meeting of the Company. All ordinary rank equally with regards to the Company's residual assets. In respect of the treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. **Share Capital (Cont'd)**

Treasury shares

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 8 June 2021, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

	Group and Company			
	2021		2020	
	Number of shares	Amount RM	Number of shares	Amount RM
At 1 January	-	-	6,320,000	4,991,708
Purchase of own share	250,100	338,054	7,760,000	7,892,314
Disposal of own share	-	-	(14,080,000)	(12,884,022)
Bonus issue	125,050	-	-	-
At 31 December	375,150	338,054	-	-

During the financial year, the Company repurchased 250,100 (2020: 7,760,000) of its issued share capital from the open market at an average price of RM1.35 (2020: RM1.02) per share including transaction costs. The purchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares. As at 31 December 2021, the number of treasury shares held was 375,150 ordinary shares, including 125,050 ordinary shares issued on 1 April 2021 via bonus issue on the basis of 1 bonus shares for every 2 ordinary shares held in Chin Hin Group Berhad. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

22. **Reserves**

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Non-distributable					
Merger reserve	(a)	(147,391,284)	(147,391,284)	-	-
Revaluation reserve	(b)	6,268,981	9,413,437	-	-
Foreign currency translation reserve	(c)	403,024	249,895	-	-
Distributable					
Retained earnings		275,681,399	262,067,232	54,180,580	37,548,479
		134,962,120	124,339,280	54,180,580	37,548,479

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. **Reserves (Cont'd)**

The nature of reserves of the Group and of the Company is as follows:

(a) Merger reserve

The merger arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries acquired under the merger method of accounting.

(b) Revaluation reserve

This is in respect of revaluation surplus net of deferred tax arising from the revaluation of the Group's buildings and is non-distributable.

	Group	
	2021	**2020**
	RM	**RM**
At 1 January	9,413,437	16,368,496
Realisation of revaluation reserve upon disposal of properties	(3,122,836)	(6,199,284)
Realisation of revaluation reserve upon disposal of a subsidiary company	-	(755,775)
Realisation of revaluation reserve	(83,937)	-
Effect due to changes in tax rate	62,317	-
At 31 December	6,268,981	9,413,437

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. Trade Payables

	Group	
	2021 RM	2020 RM
Non-current		
Retention sums	6,681,175	-
Current		
Trade payables		
- Third parties	187,908,362	131,905,699
- Related parties	16,225,210	3,994,364
Retention sums	3,391,993	-
	207,525,565	135,900,063
	214,206,740	135,900,063

Credit terms of trade payables of the Group ranged from 14 to 120 days (2020: 14 to 120 days) depending on the term of the contracts. Whereas, retention sums are payable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months.

Included in trade payables is an amount of RM14,762,324 (2020: Nil) due to Platinium Eminent Sdn. Bhd. ("PESB"), a company in which certain Directors of the Company have significant financial interests.

Related parties refer to companies in which certain Directors of the Company have substantial financial interests.

24. Other Payables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables				
- Third parties	20,824,683	21,168,000	682,370	451,305
- Related parties	10,798,790	5,557,998	-	-
- Associate company	10,720,000	-	-	-
	42,343,473	26,725,998	682,370	451,305
Advance payment received	8,339,632	-	-	-
Deferred income	35,397	-	-	-
Dividend payable	8,847,068	-	8,847,068	-
Deposit received	28,779,451	5,104,143	-	-
Accruals	34,128,974	24,321,387	526,604	57,000
GST payable	131,695	84,714	-	-
	122,605,690	56,236,242	10,056,042	508,305

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. **Other Payables (Cont'd)**

Included in the Group's deposit received consists an amount of RM27,481,378 (2020: Nil) are related to deposit received for the purchase of goods and are non-refundable.

Related parties refer to companies in which certain Directors of the Company have substantial financial interests. The amount due to related parties represents unsecured, non-interest bearing and repayable on demand.

25. **Lease Liabilities**

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
At 1 January	5,110,252	5,430,072	70,653	174,833
Acquisition through business combination	2,566,406	-	-	-
Additions	7,573,256	4,285,936	218,769	-
Lease modifications	(65,019)	(379,940)	-	-
Payments	(5,497,243)	(4,225,816)	(108,608)	(104,180)
At 31 December	9,687,652	5,110,252	180,814	70,653
Presented as:				
Non-Current	5,324,182	3,203,742	72,067	-
Current	4,363,470	1,906,510	108,747	70,653
	9,687,652	5,110,252	180,814	70,653

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Within one year	4,779,856	2,086,633	114,000	71,500
Later than one year and not later than two years	3,819,670	2,129,107	73,200	-
Later than two years and not later than five years	1,583,235	1,312,937	-	-
	10,182,761	5,528,677	187,200	71,500
Less: Future finance charges	(495,109)	(418,425)	(6,386)	(847)
Present value of lease liabilities	9,687,652	5,110,252	180,814	70,653

The Group and the Company lease various land and buildings, machineries and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. Bank Borrowings

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Non-Current				
Secured				
Term loans	298,766,572	67,042,739	118,907,261	-
Current				
Secured				
Bank overdrafts	9,838,895	1,526,375	-	-
Revolving credits	141,177,081	93,331,369	-	-
Bankers' acceptance	291,494,000	230,626,000	-	-
Trust receipts	516,132	217,769	-	-
Term loans	49,095,409	21,289,773	21,348,120	-
	492,121,517	346,991,286	21,348,120	-
	790,888,089	414,034,025	140,255,381	-

The bank borrowings are secured by the following:

(i) Legal charge over the freehold land and buildings, leasehold land and buildings, investment properties, land held for development and land held under property development cost of the subsidiary companies as disclosed in Notes 4, 5, 6 and 13 respectively;

(ii) Debenture incorporating a fixed specific charge over freehold land and land held for development of the subsidiary companies;

(iii) Pledge of fixed deposits of the Group as disclosed in Note 19;

(iv) Corporate guarantee by the Company;

(v) Joint and several guaranteed by certain Company's Directors;

(vi) Corporate guarantee by certain subsidiary companies;

(vii) Charge over securities of acquired subsidiary company's shares owned by the subsidiary company;

(viii) Charge over securities of acquired subsidiary company and associates' shares owned by the Company; and

(ix) Debentures incorporating fixed charges over all present and future assets of the certain subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. **Bank Borrowings (Cont'd)**

The maturity of bank borrowings are as follows:

	Group 2021 RM	Group 2020 RM
Within one year	492,121,517	346,991,286
Later than one year and not later than two years	51,359,055	18,284,530
Later than two years and not later than five years	132,397,323	44,720,954
Later than five years	115,010,194	4,037,255
	790,888,089	414,034,025

	Company 2021 RM	Company 2020 RM
Within one year	21,348,120	-
Later than one year and not later than two years	23,732,292	-
Later than two years and not later than five years	25,680,292	-
Later than five years	69,494,677	-
	140,255,381	-

The range of interest rates per annum are as follows:

	Group 2021 %	Group 2020 %
Bank overdrafts	6.15 - 7.90	6.15 - 7.65
Revolving credits	2.00 - 4.40	3.06 - 5.35
Bankers' acceptance	2.06 - 4.15	1.96 - 4.35
Trust receipts	6.42 - 7.44	7.44 - 8.69
Term loans	2.75 - 6.35	2.71 - 6.44

	Company 2021 %	Company 2020 %
Term loans	3.45 - 4.46	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. Deferred Tax Liabilities

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	13,571,319	11,360,034	51,662	63,637
Acquisition through business combination	3,244,349	-	-	-
Disposal of a subsidiary company	-	(168,341)	-	-
Recognised in other comprehensive income	(62,317)	-	-	-
Recognised in profit or loss (Note 32)	2,101,820	2,408,622	7,876	(6,316)
Over provision in prior years (Note 32)	(1,834,396)	(28,996)	1,050	(5,659)
At 31 December	17,020,775	13,571,319	60,588	51,662

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax liabilities	41,956,178	37,346,341	60,588	51,662
Deferred tax assets	(24,935,403)	(23,775,022)	-	-
	17,020,775	13,571,319	60,588	51,662

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. **Deferred Tax Liabilities (Cont'd)**

The movements and components of deferred tax liabilities and assets prior to offsetting are as follows:

Deferred tax liabilities

	Accelerated capital allowances RM	Revaluation of investment property RM	Revaluation of property, plant and equipment RM	Total RM
Group				
At 1 January 2021	35,314,483	525,000	1,506,858	37,346,341
Acquisition through business combination	1,883,209	-	3,268,500	5,151,709
Recognised in profit or loss	974,190	-	17	974,207
Over provision in prior years	(1,304,092)	-	(211,987)	(1,516,079)
At 31 December 2021	36,867,790	525,000	4,563,388	41,956,178
At 1 January 2020	33,521,213	731,287	2,160,213	36,412,713
Recognised in profit or loss	1,822,266	(206,287)	(485,014)	1,130,965
Disposal of a subsidiary company	-	-	(168,341)	(168,341)
Over provision in prior years	(28,996)	-	-	(28,996)
At 31 December 2020	35,314,483	525,000	1,506,858	37,346,341

	Accelerated capital allowances	
	2021 RM	2020 RM
Company		
At 1 January	51,662	63,637
Recognised in profit or loss	8,198	(11,975)
Over provision in prior years (Note 32)	728	-
At 31 December	60,588	51,662

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. **Deferred Tax Liabilities (Cont'd)**

The movements and components of deferred tax liabilities and assets prior to offsetting are as follows: (Cont'd)

Deferred tax assets

	Unabsorbed capital allowances RM	Unutilised tax losses RM	Unutilised reinvestment allowances RM	Total RM
Group				
At 1 January 2021	(20,020,993)	(2,893,134)	(860,895)	(23,775,022)
Acquisition through business combination	(2,820)	(1,904,540)	-	(1,907,360)
Recognised in profit or loss	(352,244)	733,136	765,091	1,145,983
Over provision in prior years (Note 32)	391,752	(499,510)	(291,246)	(399,004)
At 31 December 2021	(19,984,305)	(4,564,048)	(387,050)	(24,935,403)
At 1 January 2020	(20,206,603)	(3,312,087)	(1,533,989)	(25,052,679)
Recognised in profit or loss	185,610	418,953	673,094	1,277,657
At 31 December 2020	(20,020,993)	(2,893,134)	(860,895)	(23,775,022)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2021 RM	Group 2020 RM
Unabsorbed capital allowances	16,723,078	13,319,307
Unutilised tax losses	47,262,218	28,181,472
Other temporary differences	1,043,004	883,169
	65,028,300	42,383,948

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the unutilised tax losses of the Group and of the Company will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward can be carried forward for a maximum period of 7 consecutive years of assessment. With effect from year of assessment 2022, unutilised tax losses that were allowed to be carried forward up to seven consecutive years was extended to a maximum of ten consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. **Amount Due to Directors**

This represents unsecured advances, non-interest bearing and is repayable on demand.

29. **Revenue**

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Revenue from contracts with customers:				
- Sales of goods	1,055,850,362	955,594,063	-	-
- Services rendered	8,554,361	10,119,019	-	-
- Construction contract revenue	33,186,194	56,637	-	-
- Interest income from net investment in lease	-	2,100	-	-
- Management fees received	-	-	6,949,000	6,127,200
- Sales of commercial vehicles and body works	48,274,923	-	-	-
- Rental and fleet management service income	1,182,318	-	-	-
- Property development	2,407,214	-	-	-
	1,149,455,372	965,771,819	6,949,000	6,127,200
Revenue from other sources:				
- Dividend income	-	-	-	1,063,080
- Interest income	1,035	-	-	-
- Lease income from investment properties	860,378	2,988,760	-	-
	861,413	2,988,760	-	1,063,080
	1,150,316,785	968,760,579	6,949,000	7,190,280

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. **Revenue (Cont'd)**

Timing of revenue recognition:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
At a point in time	1,116,269,178	965,715,182	-	-
Over time	33,186,194	56,637	6,949,000	6,127,200
Total revenue from contracts with customers	1,149,455,372	965,771,819	6,949,000	6,127,200

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. **Revenue (Cont'd)**

Breakdown of the Group is revenue from contract with customers:

	Investment holding and management services RM	Manufacturing of fire rated and wooden door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh RM	Modular building solutions RM	Balance carried forward RM
2021								
Major goods and services:								
Sales of goods	-	25,777,447	587,434,913	51,741,197	267,685,848	121,492,419	-	1,054,131,824
Services rendered	26,671	-	8,527,690	-	-	-	-	8,554,361
Construction contract revenue	236,667	-	-	-	1,975,818	-	43,804	2,256,289
Sales of commercial vehicles and body works	-	-	-	-	-	-	-	-
Rental and fleet management service income	-	-	-	-	-	-	-	-
Property development	-	-	-	-	-	-	-	-
Total revenue from contracts with customers	263,338	25,777,447	595,962,603	51,741,197	269,661,666	121,492,419	43,804	1,064,942,474

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. **Revenue (Cont'd)**

Breakdown of the Group is revenue from contract with customers: (Cont'd)

	Balance brought forward RM	Trading of sanitaryware and fittings RM	Manufacturing and trading commercial vehicles and bodyworks RM	Rental and fleet management services RM	Property development RM	Construction RM	Others RM	Total RM
2021								
Major goods and services:								
Sales of goods	1,054,131,824	98,883	-	-	-	1,496,837	122,818	1,055,850,362
Services rendered	8,554,361	-	-	-	-	-	-	8,554,361
Construction contract revenue	2,256,289	-	-	-	-	30,929,905	-	33,186,194
Sales of commercial vehicles and body works	-	-	48,209,393	65,530	-	-	-	48,274,923
Rental and fleet management service income	-	-	-	1,182,318	-	-	-	1,182,318
Property development	-	-	-	-	2,407,214	-	-	2,407,214
Total revenue from contracts with customers	1,064,942,474	98,883	48,209,393	1,247,848	2,407,214	32,426,742	122,818	1,149,455,372

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. **Revenue (Cont'd)**

Breakdown of the Group is revenue from contract with customers: (Cont'd)

	Investment holding and management services RM	Manufacturing of fire rated and wooden door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh RM	Modular building solutions RM	Balance carried forward RM
2021								
Geographical market:								
Malaysia	263,338	25,777,447	595,962,603	51,741,197	233,061,892	118,253,059	43,804	1,025,103,340
Singapore	-	-	-	-	31,628,855	3,239,360	-	34,868,215
Australia	-	-	-	-	26,166	-	-	26,166
Philippines	-	-	-	-	4,944,753	-	-	4,944,753
Total revenue from contracts with customers	263,338	25,777,447	595,962,603	51,741,197	269,661,666	121,492,419	43,804	1,064,942,474

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. **Revenue (Cont'd)**

Breakdown of the Group is revenue from contract with customers: (Cont'd)

	Balance brought forward RM	Trading of sanitaryware and fittings RM	Manufacturing and trading commercial vehicles and bodyworks RM	Rental and fleet management services RM	Property development RM	Construction RM	Others RM	Total RM
2021								
Geographical market:								
Malaysia	1,025,103,340	98,883	48,209,393	1,247,848	2,407,214	32,426,742	122,818	1,109,616,238
Singapore	34,868,215	-	-	-	-	-	-	34,868,215
Australia	26,166	-	-	-	-	-	-	26,166
Philippines	4,944,753	-	-	-	-	-	-	4,944,753
Total revenue from contracts with customers	1,064,942,474	98,883	48,209,393	1,247,848	2,407,214	32,426,742	122,818	1,149,455,372

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. **Revenue (Cont'd)**

Breakdown of the Group is revenue from contract with customers: (Cont'd)

	Investment holding and management services RM	Manufacturing of fire rated and wooden door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh RM	Modular building solutions RM	Total RM
2020								
Major goods and services:								
Sales of goods	-	28,588,049	530,421,480	59,136,546	249,951,809	87,496,179	-	955,594,063
Services rendered	-	-	10,119,019	-	-	-	-	10,119,019
Construction contract revenue	45,550	-	-	-	-	-	11,087	56,637
Interest income from net investment in lease	-	-	2,100	-	-	-	-	2,100
Total revenue from contracts with customers	45,550	28,588,049	540,542,599	59,136,546	249,951,809	87,496,179	11,087	965,771,819

29. **Revenue (Cont'd)**

Breakdown of the Group is revenue from contract with customers: (Cont'd)

	Investment holding and management services RM	Manufacturing of fire rated and wooden door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh RM	Modular building solutions RM	Total RM
2020								
Geographical market:								
Malaysia	45,550	28,588,049	529,000,369	59,136,546	211,959,136	85,025,566	11,087	913,766,303
Singapore	-	-	11,542,230	-	32,017,510	2,470,613	-	46,030,353
Australia	-	-	-	-	1,678,653	-	-	1,678,653
Philippines	-	-	-	-	4,148,669	-	-	4,148,669
Others	-	-	-	-	147,841	-	-	147,841
Total revenue from contracts with customers	45,550	28,588,049	540,542,599	59,136,546	249,951,809	87,496,179	11,087	965,771,819

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Finance Costs

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Interest expenses on:				
Bank overdrafts	265,285	496,553	-	-
Bankers' acceptance	7,719,007	8,591,764	-	-
Bank guarantee	850,773	-	-	-
Revolving credits	4,208,822	4,543,938	-	-
Term loans	4,569,930	4,125,729	1,005,637	-
Trust receipts	12,943	26,406	-	-
Lease liabilities	410,469	274,001	3,392	3,821
Advance by subsidiary companies	-	-	2,386,693	-
Unwinding of discount on trade payables	152,275	-	-	-
Others	154,953	9,243	-	-
	18,344,457	18,067,634	3,395,722	3,821

31. Profit Before Tax

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Auditors' remuneration				
- Statutory				
- Current year	574,854	354,500	60,000	47,000
- Over provision in prior years	(17,000)	(12,360)	-	-
- Non-statutory				
- Current year	50,000	5,000	5,000	5,000
Amortisation of other investments	936	936	-	-
Bad debts written off				
- Trade	1,530,528	1,019,139	-	-
Bad debts recovered	(32,170)	(57,112)	-	-
Deposit written off	-	41,850	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. **Profit Before Tax (Cont'd)**

Profit before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Depreciation of property, plant and equipment	28,552,836	28,257,880	280,976	358,103
Depreciation of right-of-use assets	6,700,499	6,048,914	108,463	104,697
Non-executive Directors' remunerations				
- Fee	200,000	225,000	180,000	225,000
- Other emoluments	41,300	38,250	36,500	38,250
Net loss on impairment of financial instruments:				
- Impairment loss on				
- Trade receivables	18,101,214	13,639,940	-	-
- Other receivables	477,704	42,840	-	-
- Reversal of impairment loss on trade receivables	(12,582,891)	(5,619,973)	-	-
	5,996,027	8,062,807	-	-
Impairment loss on goodwill on consolidation	10,918,103	4,376,687	-	-
Inventories written down	496,513	-	-	-
Inventories written off	163,509	1,692,660	-	-
Lease expenses relating to short-term leases	1,545,957	2,284,127	29,864	14,588
Lease expenses relating to low-value asset	302,224	223,230	41,160	32,610
(Gain)/Loss on foreign exchange				
- Realised	(467,377)	228,439	-	-
- Unrealised	268,690	69,885	-	-
Management fee income	(20,000)	(60,000)	-	-
Net effect of unwinding of interest from discounting arising from trade receivables	(252,541)	-	-	-
Property, plant and equipment written off	61,544	400,527	-	-
Gain on modification on lease contract	(63,889)	(70,368)	-	-
Fair value adjustment on investment properties	370,000	50,550	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. **Profit Before Tax (Cont'd)**

Profit before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
(Gain)/Loss on disposal of:				
- Subsidiary companies	(168,317)	(3,855,466)	-	-
- Investment in associates	(9,679,426)	(27,787,796)	(9,679,425)	(27,787,796)
- Investment in associate's warrants	(25,999,671)	-	(25,999,671)	-
- Property, plant and equipment	(37,412)	(156,903)	-	-
- Right-of-use assets	36,438	-	-	-
- Assets held for sale	(150,000)	(1,544,500)	-	-
Interest income from bank	(94,196)	(68,372)	(11,579)	-
Interest income from fixed deposits	(601)	(593)	-	-
Interest income from overdue account	(2,328,889)	(2,999,117)	-	-
Interest income from net investment lease	-	(2,100)	-	-
Interest income on inter-company loan	-	-	(959,307)	-
Lease income	(156,590)	(177,810)	-	-
Other income from solar power panels	(2,823,469)	(2,767,192)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. **Taxation**

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Tax expenses recognised in profit or loss:				
Income tax:				
- Current year taxation	10,716,078	3,876,505	181,300	222,954
- (Over)/Under provision in prior years	(557,080)	(25,492)	(12,104)	64,491
	10,158,998	3,851,013	169,196	287,445
Real property gain tax	348,000	1,972,499	-	-
Deferred tax:				
- Origination and reversal of temporary differences	2,101,820	2,408,622	7,876	(6,316)
- (Over)/Under provision in prior years	(1,834,396)	(28,996)	1,050	(5,659)
	267,424	2,379,626	8,926	(11,975)
Tax expenses for the financial year	10,774,422	8,203,138	178,122	275,470

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. **Taxation (Cont'd)**

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	41,743,632	25,107,683	31,515,761	28,821,146
At Malaysian statutory tax rate of 24% (2020: 24%)	10,018,472	6,025,846	7,563,783	6,917,075
Non taxable income	(10,142,962)	(9,475,181)	(8,575,026)	(6,924,210)
Expenses not deductible for tax purposes	6,213,668	3,735,477	1,200,419	223,773
Utilisation of current year reinvestment allowances	(672,083)	(606,228)	-	-
Real property gain tax	348,000	1,972,499	-	-
Deferred tax assets not recognised	5,434,644	5,967,844	-	-
Income under partial tax exemption scheme	(81,813)	(34,942)	-	-
Effect of differentiate of tax rate	(83,130)	(25,687)	-	-
Effect of share of results of associates	2,066,171	697,998	-	-
Effect of share of results of joint venture	64,931	-	-	-
(Over)/Under provision of taxation in prior years	(557,080)	(25,492)	(12,104)	64,491
(Over)/Under provision of deferred tax in prior years	(1,834,396)	(28,996)	1,050	(5,659)
Tax expenses for the financial year	10,774,422	8,203,138	178,122	275,470

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. **Taxation (Cont'd)**

The Group and the Company have the following estimated unabsorbed capital allowances, unutilised reinvestment allowances and unutilised tax losses available to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Unabsorbed capital allowances	99,991,005	95,113,369	-	-
Unutilised reinvestment allowances	1,612,710	4,800,587	-	-
Unutilised tax losses	66,279,086	41,848,296	-	-
	167,882,801	141,762,252	-	-

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the unutilised tax losses of the Group and of the Company will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward can be carried forward for a maximum period of 7 consecutive years of assessment. With effect from year of assessment 2022, unutilised tax losses that were allowed to be carried forward up to seven consecutive years was extended to a maximum of ten consecutive years of assessment under the current tax legislation. The unutilised reinvestment allowances will be imposed with a time limit up to fifteen consecutive years while the unabsorbed capital allowances do not expire under current tax legislation.

Pursuant to Section 44(5F) of the Income Tax Act 1967, the unutilised tax losses can only be carried forward until the following years of assessment.

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Unutilised tax losses to be carried forward until:				
- Year of assessment 2025	-	18,907,591	-	-
- Year of assessment 2026	-	5,829,890	-	-
- Year of assessment 2027	-	17,072,631	-	-
- Year of assessment 2028	27,238,260	38,184	-	-
- Year of assessment 2029	11,003,926	-	-	-
- Year of assessment 2030	17,554,651	-	-	-
- Year of assessment 2031	10,482,249	-	-	-
	66,279,086	41,848,296	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. Earnings Per Share

The basic earnings per share is calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year. The weighted average number of ordinary shares in issue excludes the weighted average of treasury shares held by the Company.

	Group	
	2021 RM	2020 RM
Profit attributable to owners of the parent	30,700,449	21,259,269
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 January	556,388,000	556,388,000
Effect of treasury shares held	(243,150)	(10,413,743)
Effect of treasury shares sold	-	3,104,669
Effect of ordinary shares issued during the year	230,351,641	-
Weighted average number of ordinary shares at 31 December	786,496,491	549,078,926
Basic earnings per share (sen)	4	4

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any dilutive potential ordinary shares in issue.

34. Dividends

	Group/Company	
	2021 RM	2020 RM
Dividends recognised as distribution to ordinary shareholders of the Company:		
First interim single tier dividend in respect of the financial year ended - 31 December 2020 (single tier dividend of RM0.01 per ordinary share)	-	5,563,880
Second interim single tier dividend in respect of the financial year ended - 31 December 2020 (single tier dividend of RM0.01 per ordinary share)	5,561,379	-
First interim single tier dividend in respect of the financial year ended - 31 December 2021 (single tier dividend of RM0.01 per ordinary share)	8,847,068	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. **Dividends (Cont'd)**

The Directors do not recommend any final dividend in respect of the current financial year.

35. **Interest in Joint Operation**

The details of the joint operation are as follows:

Name of Company	Place of business/ Country of Incorporation	Effective Interest 2021 %	Effective Interest 2020 %	Principal Activities
Platinum Eminent Sdn. Bhd.	Malaysia	33	-	Property development

* Joint ventures not audited by UHY

On 29 June 2017, BKG Development Sdn. Bhd. ("BKGD"), a wholly-owned subsidiary company of Chin Hin Group Property Berhad, had entered into a joint venture development agreement with Platinum Eminent Sdn. Bhd. ("PESB"), a wholly-owned subsidiary company of Aera Property Group Sdn Bhd (formerly known as Asthetik Property Group Sdn. Bhd.), for the implementation and completion of a mixed residential and commercial development project.

Under the Proposed Joint Development, Platinum Eminent shall implement and complete the Development Project in its capacity as the developer for the Development Project and BKGD shall facilitate the implementation and completion of the Development Project. BKGD is required to pay Platinum Eminent the Participation Fees. In return, BKGD shall be effectively entitled to 60% of the gross development profits of the Development Project estimated at RM93.5 million.

The following are recognised in profit or loss in respect of interest in joint operations:

	Group 2021 RM	Group 2020 RM
Revenue	2,407,214	-
Cost of sales	(2,412,828)	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. Staff Costs

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Salaries, wages and other emoluments	59,366,588	58,752,160	4,297,254	3,886,194
Defined contribution plans	7,133,993	6,761,624	518,691	469,126
Other benefits	2,436,912	2,183,544	101,388	130,007
	68,937,493	67,697,328	4,917,333	4,485,327

Included in staff costs is aggregate amount of remuneration received and receivables by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Directors of the Company				
Salaries and other emoluments	2,307,714	2,022,240	-	-
Defined contribution plans	284,670	258,934	-	-
	2,592,384	2,281,174	-	-
Directors of the subsidiary companies				
Salaries and other emoluments	2,139,630	2,496,773	-	-
Defined contribution plans	258,479	297,552	-	-
	2,398,109	2,794,325	-	-
	4,990,493	5,075,499	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37. **Reconciliation of Liabilities Arising from Financing Activities**

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes:

				Non-cash changes			
	At 1 January 2021 RM	Financing cash flows RM	Dividend Declared RM	Acquisition through business combination RM	Lease modifications RM	New leases RM	At 31 December 2021 RM
Group							
Lease liabilities	5,110,252	(5,497,243)	-	2,566,406	(65,019)	7,573,256	9,687,652
Term loans	88,332,512	257,785,113	-	1,744,356	-	-	347,861,981
Other borrowings	324,175,138	27,612,075	-	81,400,000	-	-	433,187,213
Dividend payable	-	(5,561,379)	14,408,447	-	-	-	8,847,068
Amount due to Directors	770,033	(1,534,655)	-	770,294	-	-	5,672
	418,387,935	272,803,911	14,408,447	86,481,056	(65,019)	7,573,256	799,589,586
Company							
Lease liabilities	70,653	(108,608)	-	-	-	218,769	180,814
Dividend payable	-	(5,561,379)	14,408,447	-	-	-	8,847,068
Amount due to subsidiary companies	136,504,906	60,802,261	-	-	-	-	197,307,167
Term loans	-	140,255,381	-	-	-	-	140,255,381
	136,575,559	195,387,655	14,408,447	-	-	218,769	346,590,430

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37. **Reconciliation of Liabilities Arising from Financing Activities (Cont'd)**

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes: (Cont'd)

	At 1 January 2020 RM	Financing cash flows RM	Dividend Declared RM	Non-cash changes: Lease modifications RM	Non-cash changes: New leases RM	At 31 December 2020 RM
Group						
Lease liabilities	5,430,072	(4,225,816)	-	(379,940)	4,285,936	5,110,252
Term loans	101,131,858	(12,799,346)	-	-	-	88,332,512
Other borrowings	410,240,780	(86,065,642)	-	-	-	324,175,138
Dividend payable	5,466,080	(11,029,960)	5,563,880	-	-	-
Amount due to Directors	15,854,652	(15,084,619)	-	-	-	770,033
	538,123,442	(129,205,383)	5,563,880	(379,940)	4,285,936	418,387,935
Company						
Lease liabilities	174,833	(104,180)	-	-	-	70,653
Dividend payable	5,466,080	(11,029,960)	5,563,880	-	-	-
Amount due to subsidiary companies	136,288,525	216,381	-	-	-	136,504,906
Amount due to Directors	15,550,256	(15,550,256)	-	-	-	-
	157,479,694	(26,468,015)	5,563,880	-	-	136,575,559

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. **Related Party Disclosures**

(a) Identifying 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 joint 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. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances as disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company during the reporting periods are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Transactions with companies in which Directors of the Company has substantial financial interests		
- Transportation services rendered	(3,003,574)	(4,292,429)
- Sales of goods	5,303,461	677,009
- Purchase of goods	(6,386,645)	(7,135,389)
- Progress billing receivables	2,356,953	-
- Contract cost payable	(2,034,463)	-
- Lease received/receivables	308,480	610,160
- Lease paid/payables	(2,782,594)	(381,630)
- Hotel accommodation paid	-	(588)
- Other income	239,124	223,886
	(5,999,258)	(10,298,981)
Transactions with a Director of the Company		
- Proceeds from disposal of shares in associate	-	8,500,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. **Related Party Disclosures (Cont'd)**

(b) Significant related party transactions (Cont'd)

	Company	
	2021	**2020**
	RM	**RM**
Transactions with subsidiary companies		
- Management fee income	6,949,000	6,127,200
- Lease expenses	(84,300)	(84,000)
- Interest expenses	(2,386,693)	-
- Interest income	959,307	-
	5,437,314	6,043,200
Transactions with a Director of the Company		
- Proceeds from disposal of shares in associate	-	8,500,000
Transactions with associate		
- Dividend income	-	1,063,080
Transactions with companies in which Directors of the Company has substantial financial interests		
- Lease expenses	(28,000)	(24,000)

(c) Compensation of key management personnel

Remuneration of Directors and other member of key management are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Salaries, fees and other other emoluments	4,710,453	5,185,770	-	-
Defined contribution plans	576,926	411,007	-	-
	5,287,379	5,596,777	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. **Segment Information**

For management purposes, the Group is organised into business units based on their products and services, and has 12 (2020: 7) reportable segments as follows:

(a)	Investment holding and management services		Investment holding and provision of management services
(b)	Building material division		
	(i)	Manufacturing of fire rated and wooden door	Manufacturing and sales of fire rated and wooden door
	(ii)	Distribution of building materials and provision of logistics	Trading and distribution of building materials, letting of properties and hire purchase financing
	(iii)	Ready-mixed concrete	Distribution of ready-mixed concrete
	(iv)	Manufacturing of AAC and precast concrete products	Manufacturing and sales of precast concrete products
	(v)	Manufacturing of wire mesh	Manufacture and sales of wire mesh
	(vi)	Modular building solutions	Manufacture of prefabricated buildings mainly of metal
	(vii)	Sanitaryware and bathroom fittings solutions	Trading of sanitaryware and fittings
(c)	Vehicle division		
	(i)	Manufacturing and trading of commercial vehicles and bodyworks	Manufacturing and trading of rebuilt and new commercial vehicles and the manufacture of body works and their related services
	(ii)	Rental and fleet management service	Rental of commercial vehicles and provision of fleet management and other related services
(d)	Property development division		Property development activities
(e)	Construction division		Construction

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. **Segment Information (Cont'd)**

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Investment holding and provision of management services are being managed by three different companies within the Group. These operating segments have been aggregated to form a reportable segment as management services taking into account the following factors:

- These operating segments have similar long-term gross profit margin;
- The nature of the services and production processes are similar; and
- The methods used to render the services to the customers are similar.

Other non-reportable segments comprise operations related to rental of investment properties. None of these segments met the quantitative thresholds for reporting segments in 31 December 2020 and 2021.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. **Segment Information (Cont'd)**

Group 2021	Investment holding and management services RM	Manufacturing of fire rated and wooden door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh RM	Modular building solutions RM	Balance carried forward RM
Revenue								
External customers	264,373	25,777,447	596,822,981	51,741,197	269,661,666	121,492,419	43,804	1,065,803,887
Inter-segment	7,296,120	3,794,107	1,731,299	92,158	46,373,853	43,426,244	415,121	103,128,902
Total revenue	7,560,493	29,571,554	598,554,280	51,833,355	316,035,519	164,918,663	458,925	1,168,932,789
Results								
Segment result	34,701,996	(5,871,909)	20,035,121	(101,665)	14,104,244	7,122,177	(3,195,119)	66,794,845
Interest income	(1,486,998)	(11,835)	(3,175,987)	(1,276,044)	(976,888)	(769,314)	(31,962)	(7,729,028)
Finance costs	(3,642,233)	(53,945)	(5,003,709)	(370,659)	(9,657,055)	(1,319,521)	(938,961)	(20,986,083)
Share of results of associates	-	-	-	-	-	-	-	-
Share of results of joint venture	-	-	-	-	-	-	-	-
Profit/(Loss) before tax	29,572,765	(5,937,689)	11,855,425	(1,748,368)	3,470,301	5,033,342	(4,166,042)	38,079,734
Taxation	(302,455)	83,185	(3,036,851)	1,174,378	(1,994,365)	(1,166,204)	-	(5,242,312)
Profit/(Loss) for the financial year	29,270,310	(5,854,504)	8,818,574	(573,990)	1,475,936	3,867,138	(4,166,042)	32,837,422

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. **Segment Information (Cont'd)**

Group 2021	**Balance brought forward RM**	**Trading of sanitaryware and fittings RM**	**Manufacturing and trading commercial vehicles and bodyworks RM**	**Rental and fleet management services RM**	**Property development RM**	**Construction RM**	**Others RM**	**Adjustments and elimination RM**	**As per consolidated financial statements RM**
Revenue									
External customers	1,065,803,887	98,883	48,209,393	1,247,848	2,407,214	32,426,742	122,818	-	1,150,316,785
Inter-segment	103,128,902	-	4,775	-	-	-	7,492	(103,141,169)	-
Total revenue	1,168,932,789	98,883	48,214,168	1,247,848	2,407,214	32,426,742	130,310	(103,141,169)	1,150,316,785
Results									
Segment result	66,794,845	(27,486)	2,057,684	215,000	(1,485,789)	8,765,231	(279,500)	(21,056,056)	54,983,929
Interest income	(7,729,028)	(2)	(114,693)	(62,001)	(91,586)	(50,124)	(41)	5,623,789	(2,423,686)
Finance costs	(20,986,083)	(510)	(230,422)	(14,021)	(1,722,428)	(1,043,952)	-	5,652,959	(18,344,457)
Share of results of associates	-	-	-	-	213,792	(16,244)	-	7,059,754	7,257,302
Share of results of joint venture	-	-	-	-	-	270,544	-	-	270,544
Profit/(Loss) before tax	38,079,734	(27,998)	1,712,569	138,978	(3,086,011)	7,925,455	(279,541)	(2,719,554)	41,743,632
Taxation	(5,242,312)	11,500	(605,457)	(140,865)	(629,400)	(2,097,409)	-	(2,070,479)	(10,774,422)
Profit/(Loss) for the financial year	32,837,422	(16,498)	1,107,112	(1,887)	(3,715,411)	5,828,046	(279,541)	(4,790,033)	30,969,210

39. **Segment Information (Cont'd)**

	Investment holding and management services RM	Manufacturing of fire rated and wooden door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh RM	Modular building solutions RM	Balance brought forward RM
Group								
2021								
Assets								
Segment assets	983,269,330	37,730,486	484,412,701	58,013,221	695,404,571	142,796,591	167,512,973	2,569,139,873
Capital expenditure	467,912	1,009,031	3,595,130	1,519,028	12,228,145	4,405,248	-	23,224,494
Total assets	983,737,242	38,739,517	488,007,831	59,532,249	707,632,716	147,201,839	167,512,973	2,592,364,367
Total liabilities	396,677,076	15,974,191	283,778,391	26,083,704	443,461,239	86,753,753	170,791,951	1,423,520,305
Non-cash items								
Amortisation	-	936	-	-	-	-	-	936
Depreciation	449,435	1,352,031	2,394,769	2,650,198	22,676,522	5,402,996	172,561	35,098,512
Other non-cash items	(35,608,809)	1,119,870	3,535,739	(1,463,646)	3,153,395	1,527,001	2,800,000	(24,936,450)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. **Segment Information (Cont'd)**

	Balance carried forward RM	Trading of sanitaryware and fittings RM	Manufacturing and trading commercial vehicles and bodyworks RM	Rental and fleet management services RM	Property development RM	Construction RM	Others RM	Adjustments and elimination RM	As per consolidated financial statements RM
Group									
2021									
Assets									
Segment assets	2,569,139,873	1,220,024	114,032,263	11,239,219	346,271,135	119,464,879	59,303	(1,403,871,023)	1,757,555,673
Capital expenditure	23,224,494	-	10,683	11,000	141,663	242,147	-	(2,357,875)	21,272,112
Total assets	2,592,364,367	1,220,024	114,042,946	11,250,219	346,412,798	119,707,026	59,303	(1,406,228,898)	1,778,827,785
Total liabilities	1,423,520,305	522,193	59,042,357	1,421,674	265,500,026	60,822,930	338,724	(653,806,336)	1,157,361,873
Non-cash items									
Amortisation	936	-	-	-	-	-	-	-	936
Depreciation	35,098,512	798	260,901	178,685	166,969	145,789	-	(598,319)	35,253,335
Other non-cash items	(24,936,450)	-	(721,297)	215,131	313,841	132,071	-	8,486,800	(16,509,904)

39. **Segment Information (Cont'd)**

Group 2020	Investment holding and management services RM	Manufacturing of fire rated and wooden door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh RM	Modular building solutions RM	Adjustments and elimination RM	As per consolidated financial statements RM
Revenue									
External customers	45,550	28,588,049	543,531,359	59,136,546	249,951,809	87,496,179	11,087	-	968,760,579
Inter-segment	11,690,280	4,608,453	2,527,425	87,873	37,525,664	28,071,653	341,719	(84,853,067)	-
Total revenue	11,735,830	33,196,502	546,058,784	59,224,419	287,477,473	115,567,832	352,806	(84,853,067)	968,760,579
Results									
Segment results	30,778,651	(2,705,642)	11,197,863	(3,709,676)	18,595,704	7,294,546	(3,987,397)	(15,586,206)	41,877,843
Interest income	(60)	(17,232)	(2,587,682)	(139,896)	(1,275,710)	(700,149)	(174,091)	1,826,738	(3,068,082)
Finance costs	(4,512)	(43,083)	(6,814,364)	(345,684)	(11,574,798)	(351,748)	(2,171,498)	3,238,053	(18,067,634)
Share of results of associates	-	-	-	-	-	-	-	4,365,556	4,365,556
Profit/(Loss) before tax	30,774,079	(2,765,957)	1,795,817	(4,195,256)	5,745,196	6,242,649	(6,332,986)	(6,155,859)	25,107,683
Taxation	(274,637)	(275,091)	(1,631,595)	(97,130)	(4,631,122)	(1,040,392)	34,827	(287,998)	(8,203,138)
Profit/(Loss) for the financial year	30,499,442	(3,041,048)	164,222	(4,292,386)	1,114,074	5,202,257	(6,298,159)	(6,443,857)	16,904,545

39. **Segment Information (Cont'd)**

	Investment holding and management services RM	Manufacturing of fire rated and wooden door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh RM	Modular building solutions RM	Adjustments and elimination RM	As per consolidated financial statements RM
Group									
2020									
Assets									
Segment assets	516,015,376	42,248,591	419,305,805	63,525,086	664,263,608	169,983,065	160,374,590	(983,548,931)	1,052,167,190
Capital expenditure	302,942	1,010,372	4,654,972	514,139	13,510,679	268,764	-	(846,789)	19,415,079
Total assets	516,318,318	43,258,963	423,960,777	64,039,225	677,774,287	170,251,829	160,374,590	(984,395,720)	1,071,582,269
Total liabilities	138,763,293	14,639,733	228,710,171	30,016,690	430,079,972	92,853,932	159,487,526	(468,257,584)	626,293,733
Non-cash items									
Amortisation	-	936	-	-	-	-	-	-	936
Depreciation	498,861	1,540,084	1,833,304	3,086,632	22,542,957	4,266,839	323,063	215,054	34,306,794
Other non-cash items	(27,787,796)	156,891	6,371,892	1,388,873	(2,717,514)	(3,452,100)	548,864	7,789,962	(17,700,928)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. **Segment Information (Cont'd)**

(A) Other non-cash items consist of following as presented in the respective notes to the financial statements:

	Group 2021 RM	Group 2020 RM
Other non-cash items:		
Inventories written down	496,513	-
Inventories written off	163,509	1,692,660
Property, plant and equipment written off	61,544	400,527
Bad debts written off	1,530,528	1,019,139
Deposit written off	-	41,850
Fair value adjustment on investment properties	370,000	50,550
Unrealised loss on foreign exchange	268,690	69,885
(Gain)/Loss on disposal of:		
- Subsidiary companies	(168,317)	(3,855,466)
- Investment in associates	(9,679,426)	(27,787,796)
- Investment in associate's warrants	(25,999,671)	-
- Property, plant and equipment	(37,412)	(156,903)
- Right-of-use assets	36,438	-
- Assets held for sale	(150,000)	(1,544,500)
Gain on modification of lease contract	(63,889)	(70,368)
Impairment loss on:		
- Goodwill on consolidation	10,918,103	4,376,687
- Trade receivables	18,101,214	13,639,940
- Other receivables	477,704	42,840
Reversal of impairment loss on trade receivables	(12,582,891)	(5,619,973)
Net effect of unwinding of interest from discounting arising from receivables	(252,541)	-
	(16,509,904)	(17,700,928)

Adjustment and eliminations

Interest income, finance costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment and investment properties.

Inter-segment revenues are eliminated on consolidation.

Major customers

No disclosure on major customer information as no customer represents equal or more than ten percent of Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. **Segment Information (Cont'd)**

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021 RM	2020 RM	2021 RM	2020 RM
Group				
Malaysia	1,110,477,651	916,755,063	945,740,837	520,830,836
Singapore	34,868,215	46,030,353	3	3
Australia	26,166	1,678,653	-	-
Philippines	4,944,753	4,148,669	-	-
Others	-	147,841	-	-
	1,150,316,785	968,760,579	945,740,840	520,830,839

Non-current assets for this purpose consist of property, plant and equipment and investment properties.

40. **Financial Instruments**

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost	
	2021 RM	2020 RM
Group		
Financial Assets		
Trade receivables	515,063,991	367,757,131
Other receivables	57,376,709	7,449,340
Net investment in lease	69,406	69,406
Fixed deposits with licensed banks	13,036,735	21,041
Cash and bank balances	89,113,316	51,249,287
	674,660,157	426,546,205

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. **Financial Instruments**

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost	
	2021	**2020**
	RM	**RM**
Group		
Financial Liabilities		
Trade payables	214,206,740	135,900,063
Other payables	114,098,966	56,151,528
Amount due to Directors	5,672	770,033
Lease liabilities	9,687,652	5,110,252
Bank borrowings	790,888,089	414,034,025
	1,128,887,119	611,965,901

	At amortised cost	
	2021	**2020**
	RM	**RM**
Company		
Financial Assets		
Other receivables	21,697	1,088,890
Amount due from subsidiary companies	104,128,435	88,101,290
Cash and bank balances	7,801,655	3,152,359
	111,951,787	92,342,539
Financial Liabilities		
Other payables	10,056,042	508,305
Amount due to subsidiary companies	197,307,167	136,504,906
Lease liabilities	180,814	70,653
Bank borrowings	140,255,381	-
	347,799,404	137,083,864

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. **Financial Instruments**

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group 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 its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for bankers' guarantee issued in favour of third parties for securing contract performance and financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Group's maximum exposure in this respect is RM81,342,842 (2020: RM3,363,932) while the Company's maximum exposure is RM483,152,256 (2020: RM404,072,815), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

There are no significant changes as compared to previous financial year.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers.

40. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2021						
Financial liabilities						
Trade payables	207,525,565	2,948,682	3,732,493	-	214,206,740	214,206,740
Other payables	114,098,966	-	-	-	114,098,966	114,098,966
Amount due to Directors	5,672	-	-	-	5,672	5,672
Lease liabilities	4,779,856	3,819,670	1,583,235	-	10,182,761	9,687,652
Bank borrowings	508,808,068	62,206,703	200,201,755	73,818,709	845,035,235	790,888,089
Financial guarantee*	81,342,842	-	-	-	81,342,842	-
	916,560,969	68,975,055	205,517,483	73,818,709	1,264,872,216	1,128,887,119

*Based on the maximum amount that can be called for under the financial guarantee contract.

40. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2020						
Financial liabilities						
Trade payables	135,900,063	-	-	-	135,900,063	135,900,063
Other payables	56,151,528	-	-	-	56,151,528	56,151,528
Amount due to Directors	770,033	-	-	-	770,033	770,033
Lease liabilities	2,086,633	2,129,107	1,312,937	-	5,528,677	5,110,252
Bank borrowings	347,485,352	18,598,547	42,497,109	6,719,272	415,300,280	414,034,025
Financial guarantee*	3,363,932	-	-	-	3,363,932	-
	545,757,541	20,727,654	43,810,046	6,719,272	617,014,513	611,965,901

*Based on the maximum amount that can be called for under the financial guarantee contract.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company						
2021						
Financial liabilities						
Other payables	10,056,042	-	-	-	10,056,042	10,056,042
Amount due to subsidiary companies	69,789,312	127,517,855	-	-	197,307,167	197,307,167
Lease liabilities	114,000	73,200	-	-	187,200	180,814
Bank borrowings	26,525,920	27,994,977	79,711,006	23,434,550	157,666,453	140,255,381
Financial guarantee*	483,152,256	-	-	-	483,152,256	-
	589,637,530	155,586,032	79,711,006	-	848,369,118	347,799,404
2020						
Financial liabilities						
Other payables	508,305	-	-	-	508,305	508,305
Amount due to subsidiary companies	53,536,808	82,968,098	-	-	136,504,906	136,504,906
Lease liabilities	71,500	-	-	-	71,500	70,653
Financial guarantee*	404,072,815	-	-	-	404,072,815	-
	458,189,428	82,968,098	-	-	541,157,526	137,083,864

*Based on the maximum amount that can be called for under the financial guarantee contract.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Chinese Renminbi ("RMB"), Australian Dollar ("AUD"), Thai Baht ("THB"), Hong Kong Dollar ("HKD"), Japan Yen ("JPY"), UK Pound ("GBP") and Indian Rupiah ("IDR").

	Cash and bank balances	Trade receivables	Other receivables	Trade payables	Other payables	Total
Group						
2021						
Denominated in						
USD	156,662	6,356,689	131,354	(3,566)	-	6,641,139
SGD	4,436,777	14,626,271	269,660	(4,096,958)	(467,917)	14,767,833
EUR	-	-	2,305,139	(27,832)	(4,033)	2,273,274
RMB	72,275	-	23,492	(148,208)	-	(52,441)
HKD	24,931	-	-	(187,433)	-	(162,502)
JPY	44	-	17,390,223	(3,554,328)	-	13,835,939
GBP	310	-	2,426,328	(202,991)	-	2,223,647
IDR	18	-	-	-	-	18
	4,691,017	20,982,960	22,546,196	(8,221,316)	(471,950)	39,526,907

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Chinese Renminbi ("RMB"), Australian Dollar ("AUD") and Thai Baht ("THB").

	Cash and bank balances	Trade receivables	Other receivables	Trade payables	Other payables	Total
Group						
2020						
Denominated in						
USD	136,317	4,044,259	-	(112,522)	-	4,068,054
SGD	4,581,469	13,855,784	65,523	(2,975,491)	(470,524)	15,056,761
EUR	-	-	-	(457,594)	-	(457,594)
RMB	-	-	-	(128,738)	-	(128,738)
AUD	-	250,786	-	-	-	250,786
THB	-	-	-	(418,113)	-	(418,113)
	4,717,786	18,150,829	65,523	(4,092,458)	(470,524)	18,371,156

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency 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.

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD, SGD, EUR, RMB, AUD, THB, HKD, JPY, GBP and IDR exchange rates against RM, with all other variables held constant.

Group	2021 Change in currency rate RM	2021 Effect on profit before tax RM	2020 Change in currency rate RM	2020 Effect on profit before tax RM
USD	Strengthened 10%	664,114	Strengthened 10%	406,805
	Weakened 10%	(664,114)	Weakened 10%	(406,805)
SGD	Strengthened 10%	1,476,783	Strengthened 10%	1,505,676
	Weakened 10%	(1,476,783)	Weakened 10%	(1,505,676)
EUR	Strengthened 10%	227,327	Strengthened 10%	(45,759)
	Weakened 10%	(227,327)	Weakened 10%	45,759
RMB	Strengthened 10%	(5,244)	Strengthened 10%	(12,874)
	Weakened 10%	5,244	Weakened 10%	12,874
AUD	Strengthened 10%	-	Strengthened 10%	25,079
	Weakened 10%	-	Weakened 10%	(25,079)
THB	Strengthened 10%	-	Strengthened 10%	(41,811)
	Weakened 10%	-	Weakened 10%	41,811

40. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis (Cont'd)

Group	**2021 Change in currency rate RM**	**Effect on profit before tax RM**	**2020 Change in currency rate RM**	**Effect on profit before tax RM**
HKD	Strengthened 10%	(16,250)	Strengthened 10%	-
	Weakened 10%	16,250	Weakened 10%	-
JPY	Strengthened 10%	1,383,594	Strengthened 10%	-
	Weakened 10%	(1,383,594)	Weakened 10%	-
GBP	Strengthened 10%	222,365	Strengthened 10%	-
	Weakened 10%	(222,365)	Weakened 10%	-
IDR	Strengthened 10%	2	Strengthened 10%	-
	Weakened 10%	(2)	Weakened 10%	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	Group	
	2021 RM	**2020 RM**
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	13,036,735	21,041
Financial liability		
Lease liabilities	9,687,652	5,110,252
Floating rate instruments		
Financial liability		
Bank borrowings	790,888,089	414,034,025

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was: (Cont'd)

	Company	
	2021	**2020**
	RM	**RM**
Fixed rate instruments		
Financial liability		
Lease liabilities	180,814	70,653
Floating rate instruments		
Financial liability		
Bank borrowings	140,255,381	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's profit before tax by RM7,908,881 and RM1,402,554 (2020: RM4,140,340 and Nil), arising mainly as a result of lower/ higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. Capital Management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitors capital using a gearing ratio. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total loan and borrowings	800,575,741	419,144,277	140,436,195	70,653
Less: Fixed deposits with licensed banks	(13,036,735)	(21,041)	-	-
Less: Cash and bank balances	(89,113,316)	(51,249,287)	(7,801,655)	(3,152,359)
Net debts/(cash)	698,425,690	367,873,949	132,634,540	(3,081,706)
Total equity	516,474,661	450,134,875	435,693,121	363,344,074
Gearing ratio (times)	1.35	0.82	0.30	(0.01)

There were no changes in the Group's and the Company's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. Capital Commitment

Capital expenditure

As at the reporting date, the Group has the following commitments for the acquisition of the property, plant and equipment.

	Group 2021 RM	Group 2020 RM
Authorised and contracted for:		
- Property, plant and equipment	1,105,798	3,572,357
- Land held for property development	50,223,330	-
Contracted and subject to shareholders' approval:		
- Land held for property development	85,000,000	-

43. Financial Guarantees

	Group 2021 RM	Group 2020 RM
Unsecured		
Bankers' guarantee issued in favour of third parties	81,342,842	3,363,932

	Company 2021 RM	Company 2020 RM
Unsecured		
Corporate guarantees given to the licensed banks for credit facility granted to subsidiary companies	483,152,256	404,072,815

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

44. **Significant Events During the Financial Year and Subsequent Events**

(a) Acquisition of Chin Hin Group Property Berhad ("CHGP")

On 4 August 2021, the Company has acquired 176,608,435 ordinary shares in Chin Hin Group Property Berhad ("CHGP") at RM0.45 each for cash consideration of RM79,473,796. On 11 August 2021 and 16 August 2021, the Company completed its exercise of 19,000,000 and 18,561,700 warrants by way of issuance of 37,561,700 ordinary shares in CHGP at issue price of RM0.25 each for cash consideration of RM9,390,425. Upon the completion of the share acquisition in August 2021, the Company has acquired 214,170,135 shares in CHGP for total consideration of RM96,376,561, representing 54.96% of equity shareholding in CHGP.

In November and December 2021, the Company has acquired additional 19,050,000 and 9,080,000 ordinary shares of CHGP respectively for a total cash consideration of RM24,773,541. Consequently, CHGP has become a 55.02% owned subsidiary of the Company.

(b) Proposed acquisition in land

On 28 October 2021, BKSP Autoworld Sdn. Bhd. ("BKSP"), a wholly owned indirect subsidiary company of BKG Development Sdn. Bhd. ("BKGD"), which in turn is a wholly owned subsidiary company of CHGP entered into a conditional sale and purchase agreement ("SPA") with Frazel Luxe Sdn. Bhd. ("FLSB") to acquire a freehold land identified as Geran Mukim 98, Lot 797, Mukim Petaling, Tempat 9 ¾ Mile, Kuchai Road, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan for a total cash consideration of RM85,000,000.

The proposed acquisition of the land was subsequently approved at the Extraordinary General Meeting held on 25 February 2022 of CHGP.

(c) Acquisition of Chin Hin Group Property Berhad ("CHGP") subsequent to the financial year

In March 2022, the Company has acquired additional 20,316,400 ordinary shares of CHGP for a total cash consideration of RM18,026,177. Consequently, CHGP has become a 59.26% owned subsidiary company of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

44. Significant Events During the Financial Year and Subsequent Events (Cont'd)

(d) Proposed acquisition of subsidiary companies and associate

(i) On 10 December 2021, Kayangan Kemas Sdn. Bhd. ("KKSB"), an 65% subsidiary company of CHGP, entered into a Conditional Share Sale Agreement ("CSSA") with Liew Jor Ho, Chai Yan Min and Yap Seng Hee to acquire 1,500,000 ordinary shares in Makna Setia Sdn. Bhd. ("MSSB"), representing 60% equity interest in MSSB, for a purchase consideration of RM9,000,000 which will be satisfied fully via cash.

On 15 April 2022, Kayangan Kemas Sdn. Bhd. ("KKSB"), an 65% indirect subsidiary company of CHGP, has entered into a novation agreement with the Vendors and Chin Hin Construction Sdn. Bhd., a wholly-owned subsidiary of the Company to novate the SSA and the Suplemental SSA with immediate effect.

(ii) On 16 February 2022, Chin Hin Construction Sdn. Bhd. ("CHCSB"), a wholly-owned subsidiary of BKGD, which in turn is a wholly owned subsidiary company of CHGP, entered into a conditional Share Sale Agreement ("CSSA") with Dato' Ong Boon Hai, Low Siang Tim, Goh Bee Tin, Pan Heng Seong, Teoh Teik Leong and Law & Loo Development Sdn. Bhd. to acquire 15,000,000 ordinary shares in Asia Baru Construction Sdn. Bhd. ("ABC"), representing 60% equity interest in ABC, for a purchase consideration of RM30 million, which will be satisfied fully via cash.

(iii) On 18 March 2022, the Company entered into a Conditional Share Sale Agreement ("CSSA") with Dato' Chan Wah Kiang and Avia Kapital Sdn. Bhd. to acquire 72,000,000 ordinary shares in Ajiya Berhad ("Aijiya"), representing 24.68% equity interest (excluding treasury shares) in Aijiya, for a purchase consideration of RM104,400,000 which will be satisfied fully via cash.

(e) Struck off of a subsidiary company

Boon Koon Vehicles Pte. Ltd. ("BKVPL"), an indirect 55.02% owed subsidiary of the Company had on 18 October 2021 submitted the application for striking off to Accounting and Corporate Regulatory Authority ("ACRA"). Subsequently, name of BKVPL has been struck off from the register on 7 February 2022.

(f) Disposal of shareholdings in Solarvest Holdings Berhad ("SHB")

In March and April 2022, the Company has disposed 32,394,336 and 22,096,964 ordinary shares of SHB for a total cash consideration of RM29,690,952 and RM20,700,112 respectively. As such, the shareholdings in SHB has reduced to 19.34% in which SHB has become a direct investment to the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

44. **Significant Events During the Financial Year and Subsequent Events (Cont'd)**

(g) Effect of outbreak of coronavirus pandemic

The outbreak of the COVID-19 pandemic has caused travel restrictions and lockdown and prolonged economic downturn nationwide and worldwide since 2020. The Group and the Company are cognizant of the challenges posed by these developing events and is actively monitoring and taking appropriate and timely measures, also works closely with the local authorities to support their efforts in containing the spread of COVID-19 to minimise the impact of COVID-19 on its business operations. The COVID-19 mitigation measures that implemented by the Group and the Company include physical distancing at work, workplace segregation, staggered work hours and lunch breaks, flexible working arrangements including working from home, virtual meetings, temperature checks and regular workplace sanitisation.

At the reporting date, the Group and the Company have performed an assessment of the overall impact of the situation on the Group's and the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities. Bases on the assessment, the previous financial results had been affected by the pandemic, particularly on sales contributed by distribution of building materials, manufacturing of AAC and precast concrete products and manufacturing of wire mesh and metal roofing system. During the financial year ended 31 December 2021, the Group and the Company have seen positive developments on its business operations with the reopening of economic sector. Consequently, the revenue had improved during the financial year and the business activities of the Group and the Company have been resumed back to normal and stable operation.

The Directors and management of the Group and the Company are not aware of any uncertainties arising after the end of the financial year that would have a significant impact on the current financial statements, including the financial continuity and sustainability of the Group and the Company as going concern for the next twelve (12) months.

45. **Comparative figures**

Certain comparatives were restated to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2021.

46. **Date of Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 25 April 2022.

LIST OF
TOP 10 PROPERTIES

No.	Title No:	Property Address:	Tenure	Description of property/ Existing use	Category of land use/Land area/ Built-up area (sq metre)	Revaluation Date	Approximate Age of Building	Audited Net Book Value
1	GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor	GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor	Freehold	Description of property: Land & factory building Existing use: Starken AAC 2 Factory	Category of land use: N/A Land area: 204,745m^2 Built-up area: 26,709m^2	31/12/2018	4 years	52,442,425
2	GM 975, Lot No. 1804 GM 454, Lot No. 1808 GM 455, Lot No. 1809 GM 456, Lot No. 1810 H.S. (M) 592, Lot No. 5025, Mukim 9, District of Seberang Perai Selatan, Pulau Pinang	1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Pulau Pinang	Freehold	Description of property: office & factory Building erected on the adjoining parcels of land comprising of large single storey factory building with 3 storey office building and 2 storey sales & marketing office building	Category of land use: Industrial Land area: 42,007 m^2	16/12/2019	18-23 years	37,147,000
3	Individual title held under PN 97898, Lot 40023 (formerly known as HS(D)) 45098, PT No. 16047), Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Selangor	Plot 6, Jalan Bunga Azalea 1/2, Kawasan Industri Jalan Bunga Azalea, 48200 Serendah, Selangor	Leasehold 99 years expiring 7 July 2109	Description of property: Land and Factory Building Existing use: Starken AAC & G-Cast Concrete Factory	Category of land use: Industrial Land area: 83,190.5m^2 Built-up area: 17,554m^2	31/12/2021	7 years	35,167,675
4	Lot No. 240 (Title No. GM 266) Lot No. 44506 (Title No. : GM 755) Mukim Tebrau, District of Johor Bahru, Johor	44506, Jalan Kangkar Tebrau, Kampung Kangkar Tebrau, Off The Pasir Gudang Highway, 81100 Johor Bahru, Johor	Freehold	Description of property: Land and Building Existing use: Boon Koon Fleet Management workshop & office premises	Category of land use: Industrial Land area: 22,383 m^2	31/12/2021	11 years	28,800,000
5	GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor	GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor	Freehold	Description of property: Land & factory building Existing use: G-Cast Concrete Factory	Category of land use: N/A Land area: 204,745m^2 Built-up area: 6,413m^2	31/12/2018	3 years	7,303,480

LIST OF TOP 10 PROPERTIES (CONT'D)

No.	Title No:	Property Address:	Tenure	Description of property/ Existing use	Category of land use/Land area/ Built-up area (sq metre)	Revaluation Date	Approximate Age of Building	Audited Net Book Value
6	PN 218833, Lot 12473, Mukim Bidor, Batang Padang, Perak	Lot 12461, Kawasan Perusahaan Bidor, Perak, 35500 Bidor, Perak	Leasehold 99 years expiring 5 March 2096	Description of property: Factory Building Existing use: Factory	Category of land use: Industrial Land area: 75,072m^2 Built-up area: 3,613m^2	31/12/2018	5 years	5,399,644
7	PN 218731, Lot 12448, Mukim Bidor, Batang Padang, Perak	Lot 12461, Kawasan Perusahaan Bidor, Perak, 35500 Bidor, Perak	Leasehold 99 years expiring 5 March 2096	Description of property: Factory Building Existing use: Factory	Category of land use: Industrial Land area: 75,072m^2 Built-up area: 3,617m^2	31/12/2018	4 years	4,511,415
8	GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor	GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor	Freehold	Description of property: Land & factory building Existing use: Factory	Category of land use: Industrial Land area: 12,800m^2 Built-up area: 2,045m^2	31/12/2018	1 year	4,189,123
9	PN 46794, Lot 30118, No. Bangunan M1-B, No. Tingkat 1, No. Petak 47, Mukim Setapak, Negeri Wilayah Persekutuan Kuala Lumpur	No. 15-0, No. 15-1, No. 15-2; and No. 15-3, Blok B, Platinum Walk, No. 2, Jalan Langkawi, Danau Kota 53300 Setapak, Kuala Lumpur	Leasehold 99 years expiring 20 November 2106	Description of property: Four Storey Shophouse unit Existing use: Partly Tenanted By Third Parties and Partly vacant	Category of land use: Building Land area: 112.5m^2 Built-up area: 450m^2	31/12/2021	14 years	2,910,000
10	H.S.(D) 56274, PTD 47840, Mukim Simpang Kanan, Daerah Batu Pahat, Johor	PLO 321, Jalan Wawasan 15, Taman Perindustrian, Sri Gading, 83300 Batu Pahat, Johor	Leasehold 60 years expiring 23 January 2067	Description of property: Land & factory building Existing use: Factory	Category of land use: Industrial Land area: 4,047m^2 Built-up area: 2,197m^2	31/12/2018	5 years	2,892,534

STATISTICS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

SHARE CAPITAL

Total Number of Issued Shares	:	885,081,996
Issued Share Capital	:	RM381,850,595.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2022

	No. of holders	% of shareholders	No. of holdings	% of shares
1 – 99	70	4.645	2,964	0.000
100 - 1,000	286	18.978	163,793	0.019
1,001 - 10,000	715	47.445	2,777,400	0.314
10,001 - 100,000	210	13.935	6,209,315	0.702
100,001 to less than 5% of issued shares	224	14.864	762,297,124	86.164
5% and above of issued shares	2	0.133	113,256,250	12.802
	1,507	**100**	**884,706,846** [(a)]	**100**

(a) Excluding a total of 375,150 shares bought-back by the Company and retained as treasury shares as at 31 March 2022.

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2022

		Direct	%	Indirect	%
1	Divine Inventions Sdn Bhd	323,817,350	36.602	–	–
2	PP Chin Hin Realty Sdn Bhd	–	–	323,817,350 [(a)]	36.602
3	Datuk Seri Chiau Beng Teik, JP	130,327,550	14.731	323,817,350 [(a)]	36.602
4	Datin Seri Wong Mee Leng	–	–	323,817,350 [(a)]	36.602
5	Chiau Haw Choon	51,353,850	5.805	323,817,350 [(a)]	36.602

(a) Deemed interested interest in the shares held by Divine Inventions Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

DIRECTORS' INTERESTS IN SHARES AS AT 31 MARCH 2022

		Direct	%	Indirect	%
1	Datuk Seri Chiau Beng Teik, JP	130,327,550	14.731	323,817,350 [(a)]	36.602
2	Chiau Haw Choon	51,353,850	5.805	323,817,350 [(a)]	36.602
3	Lee Hai Peng	2,061,000	0.233	–	–
4	Yeoh Chin Hoe	150,000	0.017	–	–
5	Datuk Cheng Lai Hock	150,000	0.017	–	–
6	Datuk Hj Mohd Yusri Bin Md Yusof	–	–	–	–
7	Shelly Chiau Yee Wern ***(Alternate Director to Datuk Seri Chiau Beng Teik, JP)***	–	–	–	–

(a) Deemed interested interest in the shares held by Divine Inventions Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

STATISTICS OF SHAREHOLDINGS (CONT'D)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 31 March 2022)

		No. of shares	% of shares
1.	DIVINE INVENTIONS SDN BHD	63,256,250	7.150
2.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (50-00023-000)	50,000,000	5.652
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DIVINE INVENTIONS SDN BHD (SMART)	38,050,000	4.301
4	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (MY3789)	37,500,000	4.239
5.	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AL RAJHI BANK FOR DIVINE INVENTIONS SDN BHD	37,000,000	4.182
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (THIRD PARTY)	35,000,000	3.956
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK SERI CHIAU BENG TEIK, JP	32,010,800	3.618
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR DATO' ONG CHOO MENG (PB)	24,150,000	2.730
9.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (015151)	22,500,000	2.543
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DESIRAN REALITI SDN BHD (7000431)	19,146,500	2.164
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATUK SERI CHIAU BENG TEIK, JP (SMART)	18,050,000	2.040
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK SERI CHIAU BENG TEIK, JP (514440532080)	15,000,000	1.695
13.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD (SWAP)	14,749,200	1.667
14.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (MGN-CBT0006M)	14,449,200	1.633

STATISTICS OF SHAREHOLDINGS (CONT'D)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 31 March 2022)

		No. of shares	% of shares
15.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK SERI CHIAU BENG TEIK, JP	13,397,900	1.514
16.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON (MGN-CHC0007M)	11,500,000	1.300
17.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK SERI CHIAU BENG TEIK, JP	11,443,050	1.293
18.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (M&A)	11,061,900	1.250
19.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK SERI CHIAU BENG TEIK, JP (MGN-CBT0006M)	10,318,150	1.166
20.	FRAZEL GROUP SDN BHD	10,200,000	1.153
21.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NG AH CHAI (PB)	9,992,500	1.129
22.	DATUK SERI CHIAU BENG TEIK, JP	9,452,800	1.068
23.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON	9,000,000	1.017
24.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK SERI CHIAU BENG TEIK, JP (MY2975)	7,500,000	0.848
25.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD	7,500,000	0.848
26.	RHB NOMINEES (TEMPATAN) SDN BHD BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD	7,500,000	0.848
27.	MOHD SALLEH BIN HASHIM	6,800,000	0.769
28.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON	6,581,050	0.744
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO ONG CHOO MENG	6,250,000	0.706
30.	CHIAU HAW CHOON	6,200,000	0.701
	TOTAL	**565,559,300**	**63.926**

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eight (8th) Annual General Meeting ("**AGM**") of Chin Hin Group Berhad ("**Chin Hin**" or "**the Company**") will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue at Chin Hin Culture Centre, F-0-1 & F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Friday, 3 June 2022 at 3.30 p.m. for the purpose of transacting the following businesses:

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.	**(Please refer to Explanatory Note 1)**
2.	To approve the payment of Directors' fees of up to RM300,000 to be divided amongst the Directors in such manner as the Directors may determine and others benefits payable of up to RM200,000 for the period commencing from 8th AGM until the conclusion of the next Annual General Meeting of the Company.	**(Ordinary Resolution 1)**
3.	To re-elect the following directors who retire pursuant to Clause 105 of the Company's Constitution :	
	(a) Datuk Seri Chiau Beng Teik, JP; and	**(Ordinary Resolution 2)**
	(b) Datuk Cheng Lai Hock.	**(Ordinary Resolution 3)**
4.	To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	**(Ordinary Resolution 4)**

As Special Business:
To consider and, if thought fit, to pass the following resolutions:

5. **Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016** **(Ordinary Resolution 5)**

THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time 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 issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

6. **Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** **(Ordinary Resolution 6)**

THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Part A, Section 2.4 of the Circular to Shareholders dated 29 April 2022 for the purposes of Paragraph 10.09, Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), subject to the following:

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(i) the transactions are necessary for the day to day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;

(ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340 (2) of the Companies Act, 2016 ("**the Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

(iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:

(a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or

(b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the higher;

and amongst other, based on the following information:

(a) the type of the Recurrent Related Party Transactions made; and

(b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with Chin Hin Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

   THAT subject to the compliance with Section 127 of the Companies Act, 2016 ("**the Act**") and all other applicable laws, rules and regulations, approval be and is hereby given to 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 Malaysia Securities Berhad ("**Bursa Securities**") as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing issued share capital of the Company including the shares previously purchased and retained as treasury shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Circular to Shareholders dated 29 April 2022.

   AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") and any other relevant authorities.

   AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Listing Requirements and any other relevant authorities.

   AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company.

8. To transact any other ordinary business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

Tan Tong Lang
(MAICSA7045482/SSM PC No. 202208000250)
Thien Lee Mee
(LS0009760/SSM PC No. 201908002254)
Company Secretaries

Selangor Darul Ehsan
Date: 29 April 2022

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES ON APPOINTMENT OF PROXY

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at https://web.vote2u.my.

2. A member entitled to participate and vote at the general meeting may appoint up to two (2) proxies to participate and vote in his stead. A proxy may but need not be a member of the Company.

3. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.

4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

5. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.

6. The Form of Proxy or other instruments of appointment must be deposited at the office of the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

7. For the purpose of determining a member who shall be entitled to attend the meeting, only a member whose name appear in the Record of Depositors as at 27 May 2022 will be entitled to participate, speak and vote at the said meeting or appoint proxies to participate, speak and vote on his stead.

8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out above will be put to vote by way of poll.

EXPLANATORY NOTES :

1. Audited Financial Statements for the Financial Year Ended 31 December 2021

The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and does not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1 : To Approve the Payment of Directors' Fees and Other Benefits Payable

The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and its Committees held for the period commencing from 8th AGM until the next Annual General Meeting for the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES : (CONT'D)

3. Ordinary Resolutions 2 and 3 : Re-election of Directors

The following Directors are standing for re-election as Directors of the Company pursuant to Clause 105 of the Company's Constitution at the 8th AGM of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution :

(a) Datuk Seri Chiau Beng Teik, JP; and
(b) Datuk Cheng Lai Hock.

(collectively referred to as "**Retiring Directors**")

The Board of Directors through the Nomination Committee ("**NC**") has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the Retiring Directors) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

Further, the NC has considered and affirmed, and the Board has endorsed that Datuk Cheng Lai Hock, the Independent Non-Executive Director, who is seeking re-election at the forthcoming 8th AGM of the Company comply with the independence criteria as prescribed in the Listing Requirements of Bursa Malaysia Securities Berhad and remained independent in exercising his judgment and in carrying out his duties as Independent Non-Executive Director.

4. Ordinary Resolution 5 : Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution 5, if passed, is a general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company ("**General Mandate**"). This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

As at the date of this Notice, 50,500,000 new ordinary shares in the Company were issued by way of private placement pursuant to the general mandate granted to the Directors at the 7th AGM held on 8 June 2021. The total proceeds raised from the said private placement exercise was around RM56.055 million. The details and status of the utilisation of proceeds raised from the said private placement exercise are as follows :

		Utilisation			
	Details of the Utilisation of Proceeds	Proposed RM'000	Actual (First Tranche) RM'000	Balance RM'000	Estimated timeframe for utilisation from the date of listings
(a)	Acquisition of shares and warrants in Chin Hin Group Property Berhad	88,864	55,648	33,216	Within 6 months
(b)	Repayment of borrowings	60,400	–	60,400	Within 6 months
(c)	Estimated expenses for the Proposed Private Placement	960	407	553	Within 1 month
		150,224	**56,055**	**94,169**	

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES : (CONT'D)

5. **Ordinary Resolution 6 : Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   The proposed Ordinary Resolution 6, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

6. **Ordinary Resolution 7: Proposed Renewal of Share Buy-Back Authority for the Purchase of its Own Ordinary Shares**

   The proposed Ordinary Resolution 7, if passed, will empowers the Company to purchase its own ordinary shares of up to 10% of the total issued share capital of the Company for the time being by utilising the funds allocated out of the retained profits of the Company. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03 (3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 5 as stated in the Notice of Annual General Meeting of the Company for the details.

ADMINISTRATIVE GUIDE
FOR SHAREHOLDERS

Date	:	**Friday, 3 June 2022**
Time	:	**3.30 p.m.**
Virtual Meeting accessible at	:	**https://web.vote2u.my**
Domain Registration No. with Mynic	:	**D6A471702**

In light of the coronavirus outbreak, governmental decrees, and the encouragement of the Securities Commission Malaysia, as well as in the best interest of public health and the health and safety of the board of directors ("**Board**"), employees and shareholders of our Company ("**Shareholders**"), the Annual General Meeting ("**AGM**") will be held virtually via the Remote Participation and Voting ("**RPV**") Facilities.

We strongly encourage our Shareholders whose names appear on the Record of Depositors as at 27 May 2022 and holders of proxy for those Shareholders to participate and vote remotely at the AGM. In line with the Malaysian Code on Corporate Governance Practice 13.3, the virtual AGM will facilitate greater Shareholders' participation (including posting questions to our Board and/or management of our Company ("**Management**") and vote at the AGM without being physically present at the broadcast venue. For Shareholders who are unable to participate in the AGM, you may appoint proxy(ies) or the Chairman of the AGM as your proxy to attend and vote on your behalf at the AGM.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants (Shareholders and proxies). Hence, you are to ensure your internet connectivity throughout the duration of the AGM is maintained while using RPV Facilities provided by Agmo Digital Solutions Sdn. Bhd. ("**AGMO**") via its **Vote2U Online** website at https://web.vote2u.my.

PROCEDURES TO PARTICIPATE IN RPV FACILITIES

Please follow the Procedure to Participate in RPV Facilities as summarised below:

BEFORE AGM DAY

A: REGISTRATION

Individual Shareholders

	Description	Procedure
i.	Shareholders to register with Vote2U online	The registration will open from the day of notice a. Access website at https://web.vote2u.my b. Click "***Sign Up***" to sign up as a user. c. Read the 'Privacy Policy' and 'Terms & Conditions' and indicate your acceptance of the 'Privacy Policy' and 'Terms & Conditions' on a small box [ ] . Then click "***Next***". d. *Fill-in your details (note: create your own password). Then click "***Continue***". e. Upload softcopy of your identification card (MYKAD) (front only) (for Malaysian) or Passport (for non-Malaysian). f. Click "***Submit***" to complete the registration. g. Your registration will be verified and an email notification will be sent to you. Please check your email. Note: If you have registered as a user with Vote2U Online previously, you are not required to register again. * Check your email address is keyed in correctly. * Remember the password you have keyed-in.

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS (CONT'D)

PROCEDURES TO PARTICIPATE IN RPV FACILITIES (CONT'D)

BEFORE AGM DAY (CONT'D)

B: REGISTER PROXY

Individual Shareholder / Corporate Shareholder / Nominees Company

	Description	Procedure
i.	Submit Form of Proxy (hardcopy)	The closing time to submit your hardcopy Form of Proxy is at 3.30 p.m., Wednesday, 1 June 2022. a. *Fill-in details on the hardcopy Form of Proxy and ensure to provide the following information: o MYKAD (for Malaysian) / Passport (for non-Malaysian) number of the Proxy o *Email address of the Proxy b. Submit/Deposit the hardcopy Form of Proxy to the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan Note: After verification, an email notification will be sent to the Proxy and will be given a temporary password. The Proxy could use the temporary password to log in to Vote2U. * Check the email address of Proxy is written down correctly.

Shareholders who appoint proxy(ies) to participate in the AGM must ensure that the hardcopy Form of Proxy is submitted not less than 48 hours before the time for holding the AGM or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

ON AGM DAY

A: WATCH LIVE STREAMING

Individual Shareholders & Proxies

	Description	Procedure
i.	Login to virtual meeting portal - Vote2U online & watch Live Streaming.	The Vote2U online portal will open for log in starting from **2.30 p.m., Friday, 3 June 2022**, one (1) hour before the commencement of the AGM. a. Login with your email and password. b. Select the General Meeting event (for example, "**AGM**"). c. Check your details. d. Click "***Watch Live***" button to view the live streaming.

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS (CONT'D)

PROCEDURES TO PARTICIPATE IN RPV FACILITIES (CONT'D)

ON AGM DAY (CONT'D)

B: ASK QUESTION

Individual Shareholders & Proxies

	Description	Procedure
i.	Ask Question during AGM (real-time)	Questions submitted online using typed text will be moderated before being forwarded to the Chairman of the AGM to avoid repetition. Every question and message will be presented with the full name of the Shareholder or proxy raising the question. a. Click "***Ask Question***" button to post question(s). b. Type in your question and click "***Submit***". The Chairman of the AGM/ Board will endeavor to respond to questions submitted by remote Shareholders and proxies during the AGM.

C: VOTING REMOTELY

Individual Shareholders & Proxies

	Description	Procedure
i.	Online Remote Voting	Once the Chairman of the AGM announces the opening of remote voting: a. Click "***Confirm Details & Start Voting***". b. To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click "***Next***" to continue voting for all resolutions. c. To change your vote, click "***Back***" and select another voting choice. d. After you have completed voting, a Voting Summary page appears to show all the resolutions with your voting choices. Click "***Confirm***" to submit your vote. [Please note that you are not able to change your voting choices after you have confirmed and submitted your votes.]

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS (CONT'D)

ADDITIONAL INFORMATION

Voting Procedure

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

Broadcast Venue

According to the Guidance Note and FAQs on the conduct of General Meetings for Listed Issuers ("the Revised Guidance Note and FAQ") issued by the Securities Commission Malaysia, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

No Door Gift or e-Voucher or Food Voucher

There will be no door gift or e-Voucher or food voucher given at the AGM.

Enquiry

a. For enquiries relating to the AGM, please contact our Investor Relation during office hours as follows:

   Email: info@chinhingroup.com

b. For enquiries relating to RPV facilities or issues encountered during registration, log in, connecting to the live streaming and online voting facilities, please contact Vote2U helpdesk during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) as follows:

   Telephone Number: 03-7664 8520 / 03-7664 8521
   Email: vote2u@agmostudio.com

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CHIN HIN GROUP BERHAD
Company Registration No. 201401021421 (1097507-W)

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

Form of Proxy

I / We (Full Name in Block Letters)____

NRIC No. / Passport No. / Company Registration No. ________________________________

of ____

email address ______________________ Mobile No.______________________________

being a member / members of CHIN HIN GROUP BERHAD hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address : Contact No. : Email Address :			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address : Contact No. : Email Address :			

\# *You are required to fill in the contact no. and email address to participate the Eighth (8th) Annual General Meeting, otherwise, we are unable to register you as the participate of the meeting.*

or failing *him/her, the Chairman of the meeting as my / our proxy to vote and act on my / our behalf at the Eighth (8th) Annual General Meeting of Chin Hin Group Berhad ("Chin Hin" or "the Company") will to be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting ("RPV") Facilities from the broadcast venue at Chin Hin Culture Centre, F-0-1 & F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Friday, 3 June 2022 at 3.30 p.m. and at any adjournment thereof.

No.	Resolutions		For	Against
1.	To approve the payment of Directors' fees and other benefits payable.	**Ordinary Resolution 1**		
2.	To re-elect Datuk Seri Chiau Beng Teik, JP as Director.	**Ordinary Resolution 2**		
3.	To re-elect Datuk Cheng Lai Hock as Director.	**Ordinary Resolution 3**		
4.	To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 4**		
5.	To approve the authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	**Ordinary Resolution 5**		
6.	To approve the Proposed Shareholders' Mandate.	**Ordinary Resolution 6**		
7.	To approve the Proposed Share Buy-Back Authority.	**Ordinary Resolution 7**		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolution as he/she may think fit.)

Signed this ___________ day of ____________________ , 2022.

Signature : ____
(If shareholder is a corporation, this form should be executed under seal)

NOTES ON APPOINTMENT OF PROXY

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at https://web.vote2u.my.
2. A member entitled to participate and vote at the general meeting may appoint up to two (2) proxies to participate and vote in his stead. A proxy may but need not be a member of the Company.
3. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.
6. The Form of Proxy or other instruments of appointment must be deposited at the office of the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
7. For the purpose of determining a member who shall be entitled to attend the meeting, only a member whose name appear in the Record of Depositors as at 27 May 2022 will be entitled to participate, speak and vote at the said meeting or appoint proxies to participate, speak and vote on his stead.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out above will be put to vote by way of poll.

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Stamp

THE SHARE REGISTRAR OF
CHIN HIN GROUP BERHAD
COMPANY REGISTRATION NO. 201401021421 (1097507-W)
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor

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CHIN HIN GROUP BERHAD
201401021421 (1097507-W)

A-1-9, Pusat Perdagangan Kuchai
No. 2, Jalan 1/127, off Jalan Kuchai Lama
58200 Kuala Lumpur, Wilayah Persekutuan

T: *+603-7981 7878* ***F:*** *+603-7981 7575* ***E:*** *info@chinhingroup.com*

www.chinhingroup.com