KIM HIN JOO
(MALAYSIA) BERHAD
197801000642 (37655-U)

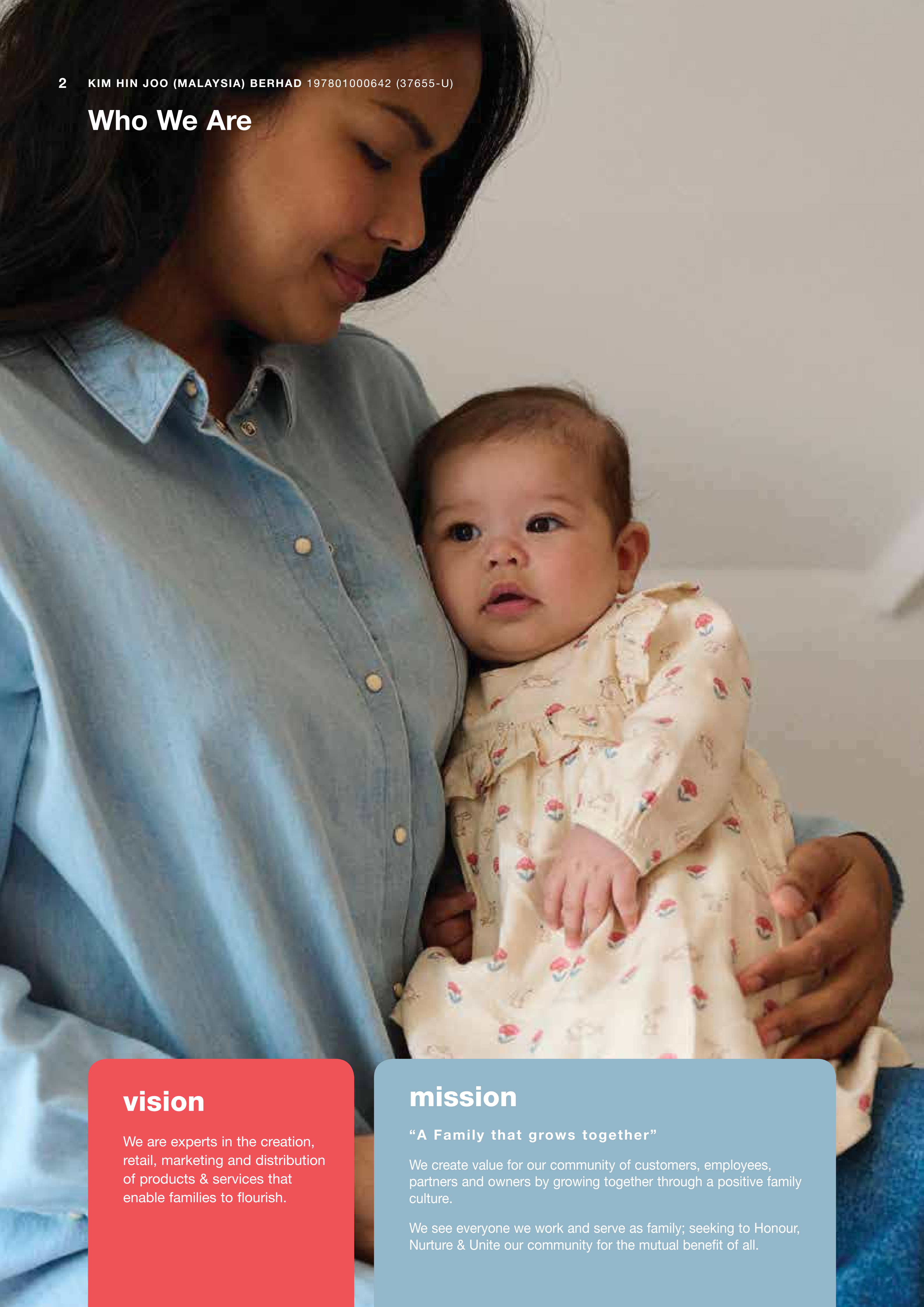
Annual Report **2023**

we know parenting


GUESS
HOW MUCH
LOVE YOU

Contents

Who We Are



vision

We are experts in the creation, retail, marketing and distribution of products & services that enable families to flourish.

mission

"A Family that grows together"

We create value for our community of customers, employees, partners and owners by growing together through a positive family culture.

We see everyone we work and serve as family; seeking to Honour, Nurture & Unite our community for the mutual benefit of all.

Who We Are
cont'd

Our Products and Services

- Baby & children's clothing and accessories
- Maternity clothing

- Baby and children's toys

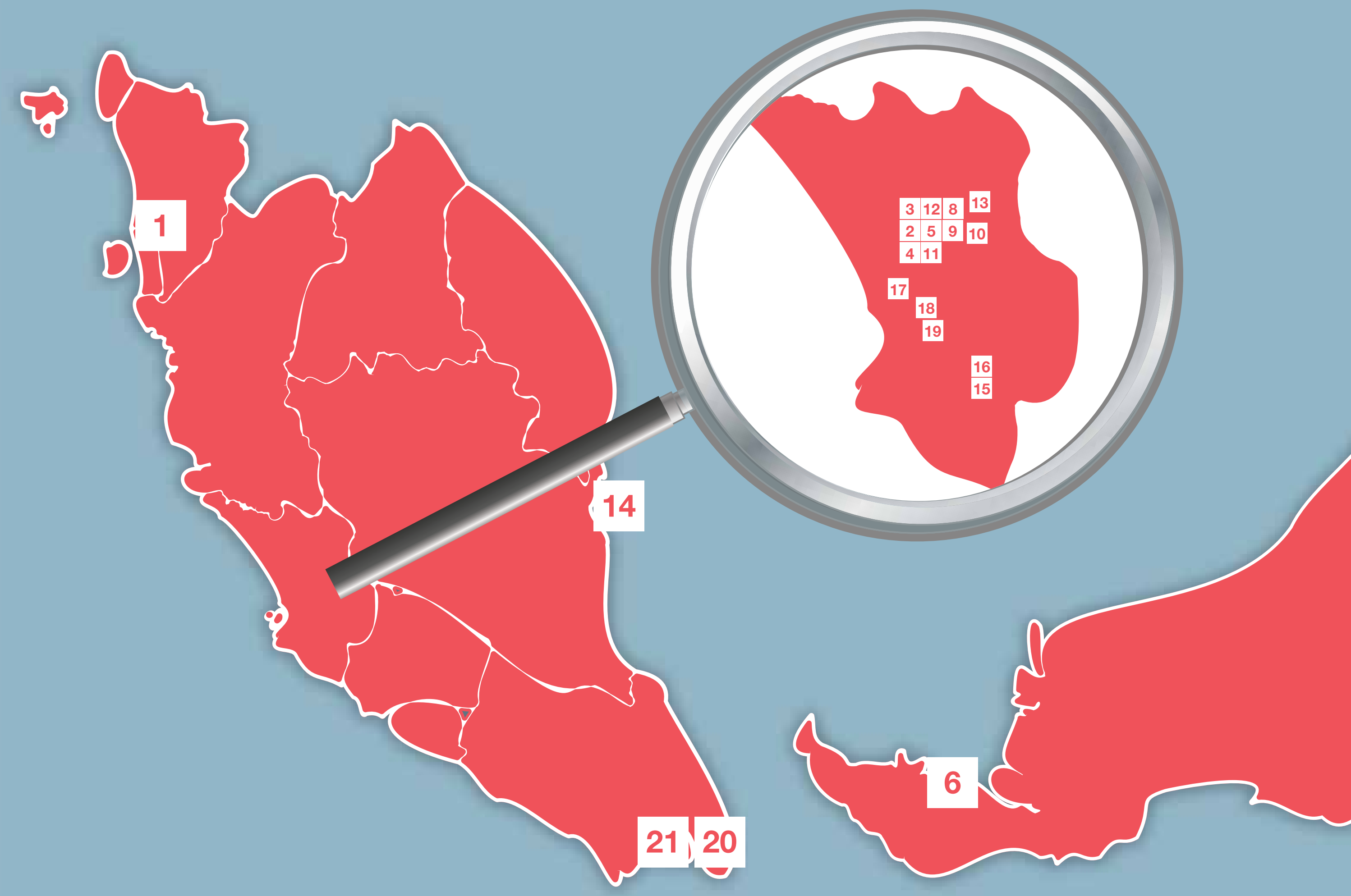
- Feeding
- Maternity care essentials and baby care essentials
- Toiletries, bathing and changing products
- Bedding, home safety and nursery furniture
- Strollers, car seats and baby carriers

- Stroller test track
- Babywearing zone
- Dream nursery corner

- Sparkle clean - baby gear cleaning services
- Nursery advisors

Who We Are

cont'd



MAP OF STORE LOCATION

1 Gurney Plaza
Mothercare | TE
170-04-15 & 12B, 4th Floor,
Plaza Gurney, Persiaran Gurney,
10250 Penang

2 1 Utama Shopping Centre
Mothercare
Lot S135, 2nd Floor,
1 Utama Shopping Centre,
No. 1 Lebuh Bandar Utama,
Bandar Utama,
47800 Petaling Jaya, Selangor

3 The Curve
Mothercare | ELC
Lot 173, 178 & 179, 1st Floor,
The Curve,
6 Jalan PJU 7/3,
Mutiara Damansara,
47810 Petaling Jaya, Selangor

4 Atria Shopping Gallery
Mothercare | ELC
S29, Second Floor,
Atria Shopping Gallery,
Jalan SS22/23, Damansara Jaya,
47400 Petaling Jaya, Selangor

5 Tropicana Gardens Mall
Mothercare | ELC | TE
Lot G-23 & 23A, Ground Floor,
Tropicana Gardens Mall,
2A Persiaran Surian, Tropicana Indah,
47810 Petaling Jaya, Selangor

6 Vivacity Megamall
Mothercare | ELC
L1-015 & L1-016, level 1,
Vivacity Megamall,
Jalan Wan Alwi,
93350 Kuching, Sarawak

7 Suria Sabah Mall
Mothercare | ELC | TE
Unit 3-4 & 3-10, 3rd Floor,
Suria Sabah Mall,
Jalan Tun Fuad Stephens,
88000 Kota Kinabalu, Sabah

8 Suria KLCC
Mothercare | ELC | TE
Lot LC204-207, 2nd Floor,
Suria KLCC
Kuala Lumpur City Centre,
50088 Kuala Lumpur, WP

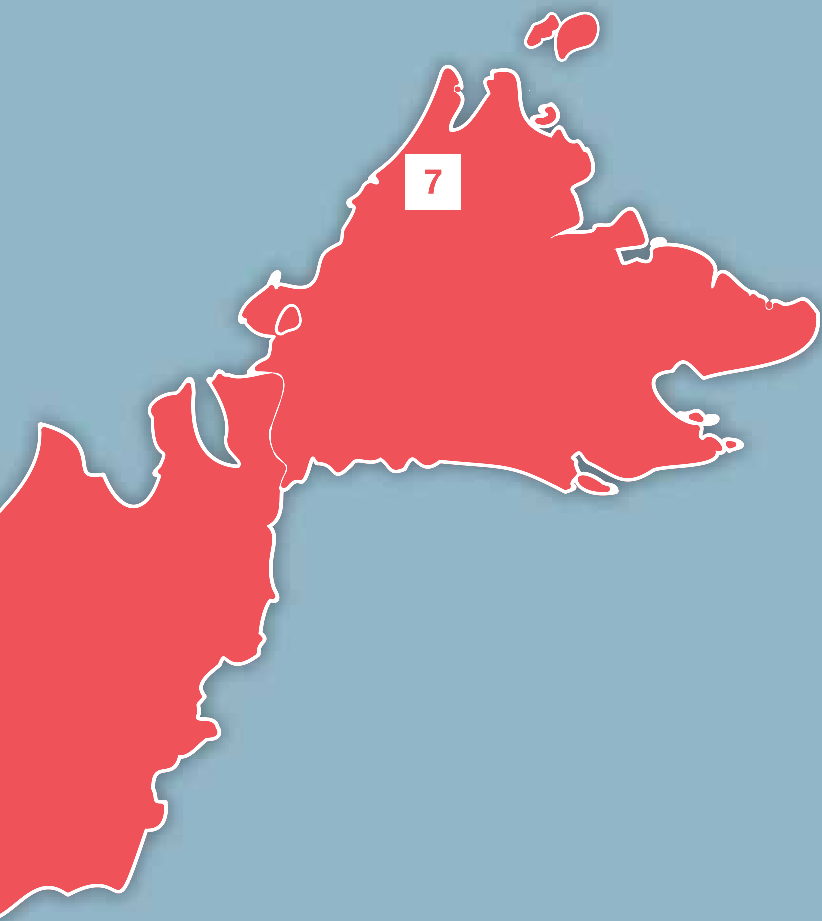
9 Pavilion KL
Mothercare
Lot 5.43, Level 5,
Pavilion Kuala Lumpur,
168, Jalan Bukit Bintang,
55100 Kuala Lumpur, WP

10 Sunway Velocity
Mothercare
Lot 2-52, 2nd Floor,
Sunway Velocity Mall,
Lingkaran SV, Sunway Velocity,
55100 Kuala Lumpur, WP

11 Mid Valley Megamall
Mothercare | ELC
Lot F-027, 1st Floor,
Mid Valley Megamall,
Lingkaran Syed Putra,
59200 Kuala Lumpur, WP

12 Bangsar Shopping Centre
Mothercare | ELC
Lot S2, 2nd Floor,
Bangsar Shopping Centre,
285 Jalan Maarof, Bukit Bandaraya,
59000 Kuala Lumpur, WP

Who We Are
cont'd



17 **Setia City Mall**
Mothercare | ELC
L1-50 & 51, Level 1, Setia City Mall
No. 7 Persiaran Setia Dagang,
Bandar Setia Alam, Seksyen U13,
40170 Shah Alam, Selangor

13 **Melawati Mall**
Mothercare
Unit L2-38, Level 2, Melawati Mall,
355 Jalan Bandar Melawati,
Pusat Bandar Melawati,
53100 Kuala Lumpur, WP

14 **East Coast Mall**
Mothercare | ELC | TE
L1-03 (A) & (B), Level 1,
East Coast Mall,
Jalan Putra Square 6, Putra Square,
25200 Kuantan, Pahang

15 **Alamanda Shopping Centre**
Mothercare
G77-79, Ground Floor,
Alamanda Shopping Centre,
Jalan Alamanda, Precinct 1,
62000 Putrajaya, WP

16 **IOI City Mall**
Mothercare | ELC
No. L1-045 & L1-046, Level 1,
IOI City Mall, IOI Resort,
62502 Putrajaya, WP

18 **Empire Shopping Gallery**
Mothercare
Lot LG-13A & 15
Empire Shopping Gallery,
Jalan SS16/1,
47500 Subang Jaya, Selangor

19 **Sunway Pyramid**
Mothercare | ELC | TE
Lot LG 1-105 & 106,
Lower Ground 1, Sunway Pyramid
No 3, Jalan PJS11/15, Sunway City,
47500 Petaling Jaya, Selangor

20 **AEON Tebrau City**
Mothercare | ELC
Lot S135, 2nd Floor
AEON Tebrau City,
1 Jalan Desa Tebrau,
81100 Johor Bahru, Johor

21 **Mid Valley Southkey**
Mothercare | ELC
LG-060, The Mall, Mid Valley Southkey,
1, Persiaran Southkey 1, Southkey,
80150 Johor Bahru, Johor

Our Stores
As at 15 April 2024

21
Mothercare stores

14
Early Learning Center ("ELC")

6
The Entertainer ("TE")

Who We Are

cont'd

Our Milestones

1978
- Incorporation of Kim Hin Joo (Malaysia) Sdn Bhd

1986
- First Mothercare development agreement signed

1987
- First Mothercare outlet at KL Plaza

1997
- Second Mothercare development agreement signed

2007
- Early Learning Centre development agreement signed

2008
- Established distribution business, Global Product Solution Sdn Bhd
- First sales secured from Tesco Stores (M) Sdn Bhd

2010
- Expanded our presence outside of the Klang Valley
- Opening of Mothercare outlet in Plaza Gurney

2011
- Third Mothercare development agreement signed
- Distribution business crossed over 100 distribution points
- Expanded Suria KLCC outlet to 9,554 sq ft and established first flagship store

2014
- Expanded our presence to East Malaysia
- Opening of Mothercare outlet and ELC SIS in Suria Sabah Mall

2016
- Mothercare online store launched

2018
- Reached 16 Mothercare outlets and 11 ELC SIS
- Distribution business crossed over 500 distribution points throughout Malaysia and overseas
- Expanded Suria KLCC outlet to 12,949 sq ft as the largest store
- Converted to a public company and adopted the present name of Kim Hin Joo (Malaysia) Berhad

2019
- Successfully listed on the ACE Market of Bursa Securities
- Reached a total of 19 Mothercare outlets and 12 ELC SIS
- Opening of Mothercare Johor flagship outlet in Mid Valley Southkey Johor Bahru

2020
- Opening of the first The Entertainer outlet in Sunway Pyramid Shopping Mall in June 2020

2021
- Launched Mothercare and The Entertainer Shopee Mall store
- Launched The Entertainer website powered by Shopify
- Opening of the 3rd The Entertainer store in Suria Sabah Mall
- Won Best Company for IR – Micro cap category by MIRA
- Listed Snapkis into Lotus's and Tommee Tippee into AA Pharmacy
- Won Best Baby Steriliser through Tommee Tippee – theAsianparent Awards 2021
- Opening of the first mega Mothercare Experience Store and the 4th The Entertainer store measuring 15,000 sq ft in Tropicana Gardens Mall

2022
- Opening of The Entertainer and Mothercare Experience store in Gurney Plaza
- Re-opening of Mothercare Experience Store and launch of The Entertainer at Suria KLCC
- IT infrastructure system implementation
- Refurbishment of Mothercare outlet in Setia City Mall and IOI City Mall

2023
- Won Best Milk Bottle through Tommee Tippee – theAsianparent Awards 2023
- Won Best Bottle Steriliser through Tommee Tippee – theAsianparent Awards 2023
- Won Best Anti Colic Bottle through Tommee Tippee – theAsianparent Awards 2023

Who We Are
cont'd

Founded in 1987, Kim Hin Joo (Malaysia) Berhad ("KHJ") has grown from a modest venture into a leading retailer of quality baby, children, and maternity ("BCM") products over the last three decades.

Anchored by our philosophy of "Quality First, Customer First" and fuelled by our passion to support growing families, KHJ has since established ourselves as an expert in the creation, retail, marketing and distribution of products which are now household brands among new parents in Malaysia.

Our retail outlets

Located in major shopping malls, our Mothercare outlets offer a wide range of globally-sourced BCM products, including clothing, home & travel-related items such as strollers, car seats and baby carriers, as well as toys.

The Early Learning Centre ("ELC") outlets are operated as a store-in-store ("SIS") within the Mothercare outlets. They offer UK's No. 1 educational toys designed for babies and children aged below six.

The Entertainer outlets feature a comprehensive range of toys from UK brands, catered to toddlers and young children.

OUR COMPETITIVE STRENGTHS

(i) **Exclusive rights to heritage brands synonymous with quality, safety, care and choice**
KHJ has worked with strong heritage brands from the UK in Malaysia's retail market since our inception in 1987. We currently have the exclusive rights to operate UK-originated Mothercare, ELC and The Entertainer outlets and sell their BCM and toy products in Malaysia.

(ii) **Large portfolio of brands**
KHJ also sources BCM products from international brands, enhancing our ability to provide wide arrays of goods to cater to different needs. This also strengthens our position as a market leader in BCM products in Malaysia.

(iii) **Established track record**
KHJ has a proven track record in the retail and distribution of BCM products over the past 36 years. As at 31 December 2023, KHJ owned 21 Mothercare outlets, 14 ELC outlets and 6 The Entertainer stores throughout Malaysia, offering a wide range of brands of clothing, home & travel related products as well as toys.

(iv) **Experienced management team in retail and distribution**
KHJ is led by a team of professionals with decades of experience in the retail and distribution industry. With their wealth of knowledge as well as deep understanding of market trends and consumer behaviour, they are able to identify emerging opportunities, drive continuous improvement and make informed decisions effectively to strengthen KHJ's fundamentals and add value to our stakeholders.

Corporate Information

Board of Directors

Pang Kim Hin
Non-Independent
Non-Executive Chairman

Pang Fu Wei
Managing Director

Goh Poh Teng
Executive Director

Chew Soo Lin
Senior Independent
Non-Executive Director

Yen Se-Hua Stewart
Independent
Non-Executive Director

Kor Yann Ning
Independent
Non-Executive Director

Hew Moh Yung
Independent
Non-Executive Director

Audit Committee

Chew Soo Lin *(Chairman)*
Yen Se-Hua Stewart
Kor Yann Ning
Hew Moh Yung

Remuneration Committee

Yen Se-Hua Stewart *(Chairman)*
Chew Soo Lin
Kor Yann Ning
Hew Moh Yung

Nomination Committee

Chew Soo Lin *(Chairman)*
Yen Se-Hua Stewart
Kor Yann Ning
Hew Moh Yung

Risk Management Committee

Hew Moh Yung *(Chairman)*
Pang Fu Wei
Goh Poh Teng
Chew Soo Lin
Yen Se-Hua Stewart
Kor Yann Ning

Company Secretaries

Tai Yit Chan
(MAICSA No. 7009143)
(SSM Practicing Certificate
No 202008001023)

Tan Ai Ning
(MAICSA No. 7015852)
(SSM Practicing Certificate
No 202008000067)

Registered Office/ Principal Place Of Business

Wisma Pang Cheng Yean
Lot 5205C, Jalan Perindustrian
Balakong Jaya 1/3
Kawasan Perindustrian
Balakong Jaya
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : +603-8940 6638
Fax : +603-8940 6637
Website : www.khj-my.com
Email : investor.relations@khj-my.com

Auditors

Deloitte PLT
(LLP0010145-LCA) (AF0080)
Level 16, Menara LGB
No. 1, Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel : +603-7610 8888
Fax : +603-7726 8986

Principal Bankers

AmBank (M) Berhad
[196901000166 (8515-D)]
Hong Leong Bank Berhad
[193401000023 (97141-X)]
OCBC Bank (Malaysia) Berhad
[199401009721 (295400-W)]
Malayan Banking Berhad
[196001000142 (3813-K)]

Share Registrar

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7890 4700
Fax : +603 7890 4670

Stock Exchange Listing

ACE Market of Bursa Malaysia
Securities Berhad

Listing Date : 8 July 2019
Stock Name : KHJB
Stock Code : 0210

Group Structure

The Group Structure of KHJ for the financial year ended 31 December ("FYE") 2023 was as follows:

KIM HIN JOO
(MALAYSIA) BERHAD
197801000642 (37655-U)

100%

QUEEMAY TOYS (MALAYSIA) SDN BHD ("QTSB")

100%

GLOBAL PRODUCT SOLUTIONS SDN BHD ("GPSSB")

100%

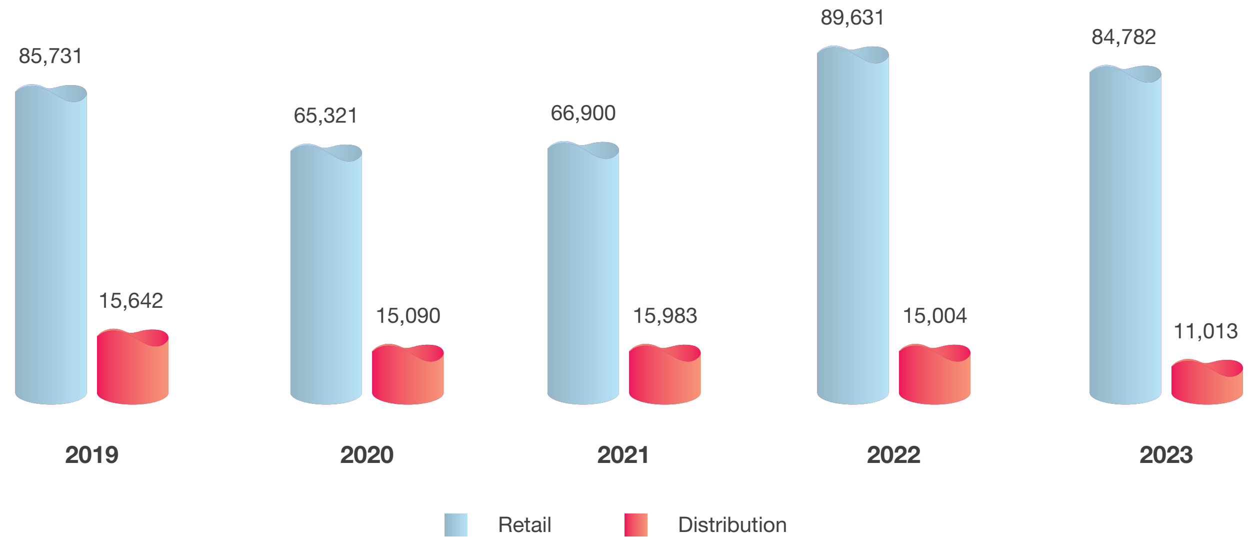
GLOBAL RETAIL NETWORK SDN BHD ("GRNSB")

Financial Highlights

5 Years Financial Performance

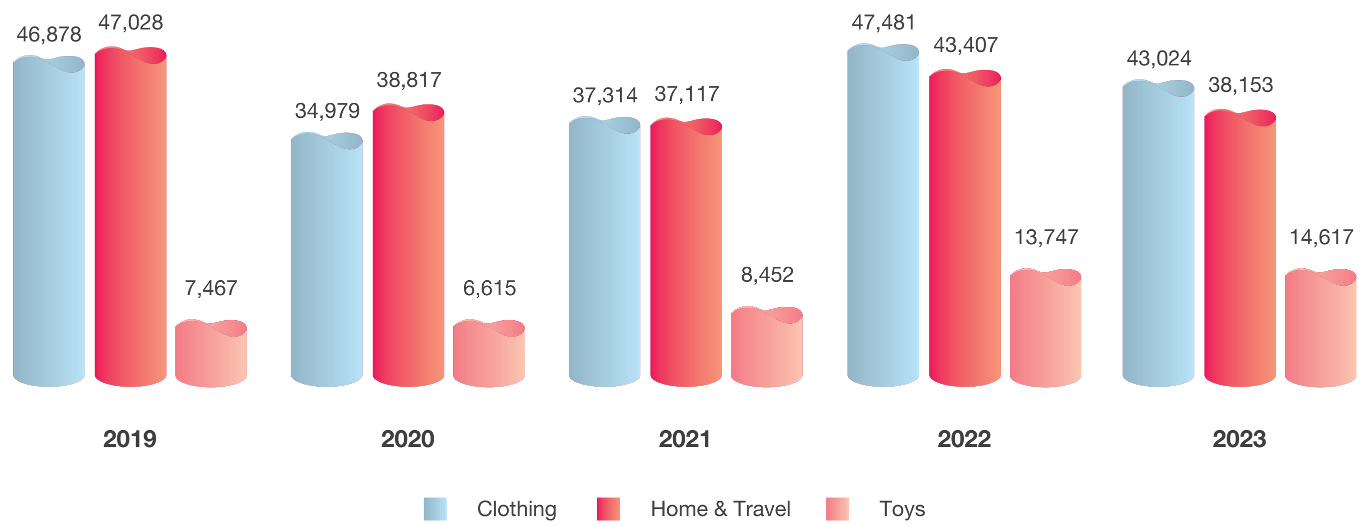
Revenue by Business Segment

(RM'000)



Revenue by Product Categories

(RM'000)



Financial Highlights

5 Years Financial Performance

cont'd

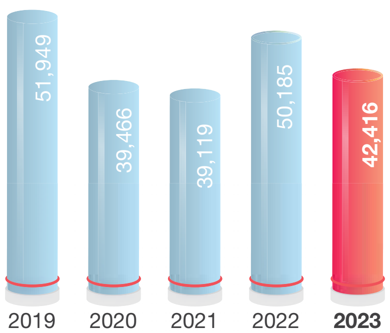
	Financial Year Ended 31 December ("FYE")				
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
STATEMENT OF PROFIT OR LOSS					
Revenue	101,373	80,411	82,883	104,635	**95,795**
Gross Profit	51,949	39,466	39,119	50,185	**42,416**
Profit/(Loss) before taxation ("PBT")/("LBT")	13,449	7,413	6,764	6,801	**(730)**
Profit/(Loss) attributable to owners of the Company ("PAT")/("LAT")	9,420	5,348	4,593	4,837	**(786)**
STATEMENT OF FINANCIAL POSITION					
Total equity attributable to owners of the Company	75,962	77,509	78,302	79,339	**76,273**
Total assets	110,917	110,101	114,334	119,661	**103,818**
Cash and bank balances, fixed deposits with licensed banks	40,236	31,796	25,221	19,077	**19,508**
Borrowings	-	-	-	-	**-**
FINANCIAL RATIOS					
GP Margin (%)	51.24	49.08	47.20	47.96	**44.28**
* Basic earnings/(Loss) per share ("EPS")/("LPS")(sen)	2.48	1.41	1.21	1.27	**(0.21)**
* Dividends per share (sen)	1.50	1.00	1.00	0.60	**0.10**
* Net assets per share (sen)	19.99	20.40	20.61	20.88	**20.07**

*Note : * computed based on 380,000,000 shares in KHJ Group*

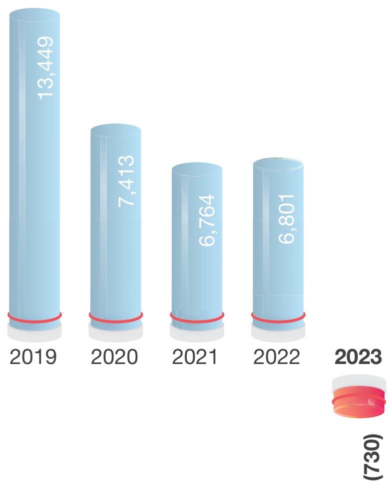
Financial Highlights

5 Years Financial Performance
cont'd

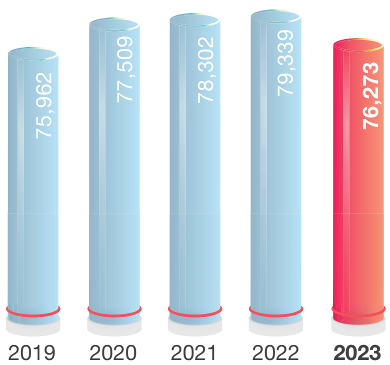
Gross Profit
(RM'000)



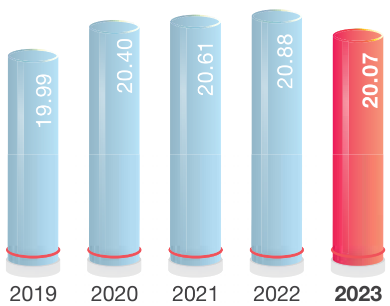
Profit/(Loss) Before Taxation ("PBT")/("LBT")
(RM'000)



Net Assets
(RM'000)



Net Assets per Share
(Sen)



Profile of Directors

PANG KIM HIN

Non-Independent Non-Executive Chairman
Singaporean / aged 74 / Male

Date of Appointment as Director:

15 September 1986 (Re-designated as Non-Independent Non-Executive Chairman on 3 October 2018)

Length of Service as Director since Appointment:

37 years

Board Committee(s) Membership:

Chairman of Board of Directors

Academic/Professional Qualification(s):

Bachelor of Engineering – Mechanical from McGill University, Canada

Present Directorship(s) in other Public Companies and Listed Companies:

Mr Pang Kim Hin does not hold any directorship in other public companies and listed corporations.

Family Relationship with any Director and/or Major Shareholder of the Company:

Mr Pang Kim Hin is the father of Mr Pang Fu Wei, who is our Managing Director. Mr Pang Kim Hin is a major shareholder of KHJ and also a Director and major shareholder of Kim Hin International Pte Ltd ("KHI"), a major shareholder of KHJ.

Working Experience:

Mr Pang Kim Hin has over 43 years of working experience across a wide range of industries.

An engineer by training, he started his career with Guthrie Engineering (S) Pte Ltd in Singapore before leaving the company in 1981 to join his family-owned investment holding business, Kim Hin Joo Pte Ltd. He was subsequently appointed as Director of Kim Hin Joo Pte Ltd in May 1987, where he still serves as a Board member.

He founded Mothercare (S) Pte Ltd ("Mothercare SG") in March 1985, and opened the first Mothercare outlet in Singapore in The Centrepoint shopping mall that year.

He was appointed as Director of Kim Hin Joo (Malaysia) Berhad ("KHJ") in September 1986, and opened the first Mothercare outlet in Malaysia in KL Plaza, Kuala Lumpur, in April 1987.

In 2015, he relinquished all his roles in Mothercare SG to his son, Mr Pang Fu Wei, as well as his executive roles in KHJ to his daughter, Ms Pang Shu Ming. He has since maintained a non-executive role in KHJ. Subsequently, on 1 July 2020, Mr Pang Fu Wei took over the role of Managing Director of KHJ.

Mr Pang Kim Hin continues to helm the overall operations of Mother and Child Ltd, the franchise holder of the Mothercare brand in Hong Kong, after taking over the company in March 1992.

He founded Global Outsource Solutions Pte Ltd ("Global Outsourced") in 2003 to venture into the distribution business of baby, children, and maternity products in Singapore. He subsequently introduced the distribution business to Malaysia and Hong Kong by establishing Global Product Solutions Sdn Bhd in 2008 ("GPSSB") and Trade Solutions Ltd in 2017.

Mr Pang Kim Hin previously served as a Board member of the National Trades Union Congress and Co-operative Commonwealth for Transport Ltd as well as the Public Utilities Board in Singapore. He also served as a Non-Executive Board member of Comfort Group Ltd, a company that was listed on the Singapore Exchange Limited from July 1993 until its delisting and and subsequent merger with DelGro Corporation Limited in April 2003.

Time Committed:

Mr Pang Kim Hin attended 5 out of 5 Board of Directors' Meetings held during the FY2023.

Profile of Directors
cont'd

PANG FU WEI

Managing Director
Singaporean / aged 35 / Male

Date of Appointment as Director:

27 February 2020

Length of Service as Director since Appointment:

4 years

Board Committee(s) Membership:

Member of Risk Management Committee

Academic/Professional Qualification(s):

Bachelor's Degree in Science, Neuroscience & Behavioural Biology, Chinese Language & Culture from Emory University, Atlanta, Georgia, United States of America

Present Directorship(s) in other Public Companies and Listed Companies:

Mr Pang Fu Wei does not hold any directorship in other public companies and listed corporations but holds directorships in several private limited companies.

Family Relationship with any Director and/or Major Shareholder of the Company:

Mr Pang Fu Wei is the son of Mr Pang Kim Hin and also a Director of KHI, a major shareholder of KHJ.

Working Experience:

Mr Pang Fu Wei was appointed as the Managing Director of our Group on 1 July 2020, bringing with him over a decade of experience in mother & baby retail.

Since his appointment, he has helped shaped the company's direction by emphasizing digital transformation and experiential retailing in Malaysia.

Mr Pang began his journey in Mothercare SG in 2013 as a Business Development Manager. His early role involved managing the flagship store, where he notably implemented a pioneering e-commerce strategy and introduced a retail diagnostics framework. These initiatives not only enhanced operational efficiencies but also set new benchmarks for data-driven business decision-making within the business.

In 2015, Mr Pang's was promoted to Executive Director, where he assumed the mantle of Head of Merchandising and Marketing. His tenure in this role was marked by significant achievements, including the expansion of the flagship store and the introduction of new brands into the Mothercare portfolio. Notably, his implementation of the a customer relationship management system that allowed for marketing automation at Mothercare.

Mr Pang's was subsequently promoted to Managing Director of the Singapore group in 2017. Under his guidance, the company embarked on 'Retail 2.0', a transformative project that redefined the retail and distribution business through digitization, process redesign, and strategic brand repositioning.

In his current role at Kim Hin Joo Bhd, Mr Pang Fu Wei continues to demonstrate his hands-on and forward looking approach to the business. He has spearheaded the digitization of operations and introduced the innovative 'Mothercare Experience Store' concept in Malaysia, enhancing customer engagement and service.

Time Committed:

Mr Pang Fu Wei attended 5 out of 5 Board of Directors' Meetings held during the FY2023.

Profile of Directors
cont'd

GOH POH TENG

Executive Director
Malaysian / aged 63 / Female

Date of Appointment as Director:

26 June 2014 (Re-designated as Executive Director on 3 October 2018)

Length of Service as Director since Appointment:

10 years

Board Committee(s) Membership:

Member of Risk Management Committee

Academic/Professional Qualification(s):

Bachelor of Economics from the University of Malaya, Malaysia

Present Directorship(s) in other Public Companies and Listed Companies:

Ms Goh does not hold any directorship in other public companies and listed corporations.

Family Relationship with any Director and/or Major Shareholder of the Company:

None

Working Experience:

Ms Goh Poh Teng joined our Group as an Assistant Store Manager in February 1987, where she assisted Mr Pang Kim Hin in setting-up our first Mothercare outlet in KL Plaza.

Working her way up within our Group, she was promoted to Retail Manager in January 1997. She was responsible for overseeing the overall operations of all our Mothercare outlets, including financial, inventory management, human resource and merchandising. She was also tasked to set up new Mothercare outlets for our Group.

Ms Goh was promoted to General Manager in January 2012 and was subsequently appointed as our Director in June 2014. Besides being responsible for managing the overall day-to-day operations of our Group, she is also involved in driving the strategic business direction of our retail and distribution businesses, together with our Managing Director.

Time Committed:

Ms Goh Poh Teng attended 5 out of 5 Board of Directors' Meetings held during the FYE2023.

Profile of Directors
cont'd

CHEW SOO LIN

Senior Independent Non-Executive Director
Singaporean / aged 76 / Male

Date of Appointment as Director:

3 October 2018

Length of Service as Director since Appointment:

5 years

Board Committee(s) Membership:

- Chairman of Audit Committee
- Chairman of Nomination Committee
- Member of Remuneration Committee
- Member of Risk Management Committee

Academic/Professional Qualification(s):

Institute of Chartered Accountants in England and Wales

Present Directorship(s) in other Public Companies and Listed Companies:

Mr Chew is currently the Executive Chairman of Khong Guan Limited. He is also acting as an Independent Director for Asia-Pacific Strategic Investments Limited, Duty Free International Limited and MTQ Corporation Limited all of which are companies listed on the Singapore Exchange Limited.

Family Relationship with any Director and/or Major Shareholder of the Company:

None

Working Experience:

Mr Chew Soo Lin began his career in 1966 working in various audit firms in England. In 1971, he qualified as a UK Chartered Accountant and became a member of the Institute of Chartered Accountants in England and Wales until 1996.

He joined Arthur Andersen & Co in Singapore in 1972, where he was subsequently promoted to Audit Manager in 1976.

He joined the Khong Guan group of companies in 1978. In September 1998, he was appointed an Executive Director of Khong Guan Limited and was subsequently re-designated as its Executive Chairman in August 2007.

Time Committed:

Mr Chew Soo Lin attended 5 out of 5 Board of Directors' Meetings held during the FYE2023.

Profile of Directors
cont'd

YEN SE-HUA STEWART

Independent Non-Executive Director
Singaporean / aged 74 / Male

Date of Appointment as Director:

3 October 2018

Length of Service as Director since Appointment:

5 years

Board Committee(s) Membership:

- Chairman of Remuneration Committee
- Member of Nomination Committee
- Member of Audit Committee
- Member of Risk Management Committee

Academic/Professional Qualification(s):

Bachelor's Degree in Engineering from McMaster University, Canada

Present Directorship(s) in other Public Companies and Listed Companies:

Mr Yen does not hold any directorship in other public companies and listed corporations.

Family Relationship with any Director and/or Major Shareholder of the Company:

None

Working Experience:

Mr Yen Se-Hua began his career in January 1973 as a Systems Engineer with the Ministry of Defence, Singapore. In June 1977, he was posted to the Singapore Embassy in Washington, D.C., United States of America, as Second Secretary (Logistics), where he was tasked to manage defence procurement.

In July 1979, he left the Ministry of Defence, Singapore, and joined the private sector, working for several companies, including Unicorn International Pte Ltd, Duce International Pte Ltd, CDC-Construction & Development Pte Ltd and re-joined Unicorn International as General Manager in 1988.

He then left Unicorn International in October 1999 and founded SECOM (Singapore) Pte Ltd ("SECOM") in April 1992 and served as its Chief Executive Officer. He was subsequently redesignated as the Executive Chairman of SECOM in 2017.

Time Committed:

Mr Yen Se-Hua attended 5 out of 5 Board of Directors' Meetings held during the FYE2023.

Profile of Directors

cont'd

KOR YANN NING

Independent Non-Executive Director

Malaysian/ aged 40 / Female

Date of Appointment as Director:

3 October 2018

Length of Service as Director since Appointment:

5 years

Board Committee(s) Membership:

- Member of Audit Committee
- Member of Nomination Committee
- Member of Remuneration Committee
- Member of Risk Management Committee

Academic/Professional Qualification(s):

Bachelor of Commerce majoring in Accounting and Commercial Law from University of Sydney, Australia | Member of Malaysia Institute of Accountants and Certified Practicing Accountants Australia

Present Directorship(s) in other Public Companies and Listed Companies:

Ms Kor is currently an Independent Non-Executive Director of UMS Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Family Relationship with any Director and/or Major Shareholder of the Company:

None

Working Experience:

Ms Kor Yann Ning began her career in October 2005 with GJ Fong & Co, an accounting and law firm based in Sydney, Australia. In July 2010, she joined Fusion Partners Pty Ltd in Malaysia to set up its outsourced accounting function in Malaysia and to head a new service line specialising in taxation and audit.

She joined OSK Investment Bank Berhad ("OSK") in May 2012 as a Vice President and Financial Product Controller for its finance department, and was subsequently redesignated as Senior Manager in April 2013 under RHB Investment Bank Berhad following the bank's merger with OSK.

In December 2015, she joined S & F Construction Sdn Bhd as a Financial Controller, responsible for the overall finance, risk management and analysis, IT transformation, human resource, and audit operations of the company.

She was appointed as a Chief Financial Officer of S & F Capital Berhad (Formerly known as Leweko Resources Berhad) in November 2019, and left S & F Construction Sdn Bhd on 31 December 2019.

Time Committed:

Ms Kor attended 5 out of 5 Board of Directors' Meetings held during the FYE2023.

Profile of Directors
cont'd

HEW MOH YUNG

Independent Non-Executive Director
Singaporean / aged 68 / Male

Date of Appointment as Director:

26 August 2019

Length of Service as Director since Appointment:

4 years

Board Committee(s) Membership:

- Chairman of Risk Management Committee
- Member of Remuneration Committee
- Member of Nomination Committee
- Member of Audit Committee

Academic/Professional Qualification(s):

Bachelor's degree from the National University of Singapore, majoring in Economics and Political Science

Present Directorship(s) in other Public Companies and Listed Companies:

Mr Hew is an Independent Director of Khong Guan Ltd, listed in Singapore.

Family Relationship with any Director and/or Major Shareholder of the Company:

None

Working Experience:

Mr Hew Moh Yung has over 40 years of work and Board member experience, having progressed through sales, marketing, and general management roles in multinational fast-moving consumer goods companies based in Singapore, Taiwan, Malaysia, Vietnam, and Hong Kong. Among these companies were the East Asiatic Company, Cold Storage, Asia Pacific Breweries Ltd and DKSH.

He was appointed as a General Director of DKSH Vietnam Ltd in 2002 before being relocated to Hong Kong in 2005 as the Regional Vice President of FMCG Greater China and Head of Country Management Team of DKSH Hong Kong Ltd, as well as the Director of DKSH China Holdings Ltd, e-Sweets Shanghai and Hong Kong, and Chairman of Chiao Tai Logistics (Taiwan) Corporation.

He was previously the Chairman of Eu Yan Sang (Hong Kong) Ltd and the Independent Commissioner of PT Wicaksana Overseas International Tbk.

Time Committed:

Mr Hew attended 5 out of 5 Board of Directors' Meeting held during the FYE2023.

ADDITIONAL INFORMATION ON THE DIRECTORS

The details of the Directors' interest in the securities of the Company are set out on page 118 of this Annual Report.

Save as disclosed above, none of the Directors have:-

- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interests and potential conflict of interests, including interest in any competing business with the Company; and
- any conviction for offences other than traffic offences (if any) within the past 5 years nor any public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

Profile of Key Senior Management

CHANG KIM WIN

Chief Financial Officer
Malaysian / Aged 53 / Female

Date First Appointed to the Key Senior Management Position:

15 October 2020

Academic/Professional Qualification(s):

Association of Chartered Certified Accountants | Malaysian Institute of Accountants

Working Experience:

Ms Chang Kim Win joined our Group as Chief Financial Officer in October 2020 to oversee our overall financial and operations management, as well as to ensure all matters are in compliance with the relevant regulatory authorities.

Prior to joining our Group, she had held several management roles in audit, accounting, finance, operation, risk management, internal audit and taxation with various companies in the fields of retail, jewellery, technology, finance, Islamic pawnbroking and leisure from 1994 to 2020.

CASS LEONG

Head of Buying and Merchandising
Malaysian / aged 48 / Female

Date First Appointed to the Key Senior Management Position:

4 July 2022

Academic/Professional Qualification(s):

Advance Diploma in Association of Business Executive

Working Experience:

Ms Cass Leong joined our Group as an Executive Assistant to the Managing Director and subsequently redesignated as Head of Distribution in our subsidiary, Global Product Solutions Sdn Bhd, to oversee the distribution business in Malaysia. Later, she transitioned to the Group as Head of Buying and Merchandising, responsible for overseeing the buying department.

Prior to joining the Group, she was the Regional Head of Buying for Singapore and Malaysia of a UK Fashion brand. She brought with her over 20 years of experience in buying and merchandising, which includes budget planning, trend forecasting and analysis, inventory optimization, team leadership and development.

Profile of Key Senior Management
cont'd

CHRISTINA KANG

Head of Distribution
Malaysian / Aged 46 / Female

Date First Appointed to the Key Senior Management Position:

22 January 2024

Academic/Professional Qualification(s):

Master of Business Administration, University of Nottingham, UK

Working Experience:

Ms Christina Kang joined our Group as Head of Distribution in January 2024 in charge of distribution to our trade partners, buying & merchandising, inventory management, marketing activities with our key customers as well as trade activities and events to improve brand awareness.

When she joined our Group, she brought with her over 20 years of experience in managing several global lifestyle and fashion brands, leading the team in all aspects of the brand, including brand direction, marketing, buying & merchandising, retail operations and trade sales.

ASMADI SAIMAN

Warehouse Manager
Malaysian / Aged 47 / Male

Date First Appointed to the Key Senior Management Position:

21 October 2020

Academic/Professional Qualification(s):

Executive Diploma in Integrated Logistic and Supply Chain Operation, Malaysia University of Technology

Working Experience:

Encik Asmadi Saiman joined our Group as Warehouse Manager in October 2020 in charge of planning and supervising daily warehouse operations and distribution of products to outlets and distribution points.

When he joined our Group, he brought with him 26 years of experience in warehousing and distribution gained from working with different companies in the food, retail and fashion industries since 1995.

Profile of Key Senior Management
cont'd

STEPHANIE CHEW

Head of Marketing
Malaysian / Aged 39 / Female

Date First Appointed to the Key Senior Management Position:

06 September 2021

Academic/Professional Qualification(s):

Bachelor's Degree in Mass Communications (Hons.) from Taylor's University

Working Experience:

Ms Stephanie Chew joined our Group as Head of Marketing in September 2021 to oversee the overall marketing strategy and activities of our Mothercare stores.

Prior to joining our Group, she had 15 years of experience working in different branding, marketing and advertising roles across the toy retail, fashion and cosmetics sectors. She is also well-versed with social media and e-commerce strategies.

ADDITIONAL INFORMATION ON THE KEY SENIOR MANAGEMENT

Directorship in Public Companies and Listed Corporations:
None of the Key Senior Management have any directorships in public companies and/or listed corporations.

Family Relationship with any Director and/or Major Shareholder:
None of the Key Senior Management have family relationship with any Directors and/or major shareholders of the Company.

Conflicts of Interest:
The Key Senior Management do not have any conflicts of interest and potential conflict of interests, including interest in any competing business with the Company.

List of Convictions for offences within the past 5 years and Particulars of any Public Sanctions or Penalty imposed by the Relevant Regulatory Bodies during the financial year, if any

- None of the Key Senior Management have any convictions for offences other than traffic offences (if any) within the past 5 years.
- None of the Key Senior Management were penalised or sanctioned by any regulatory bodies during the financial year.

Chairman's Statement

"

Dear valued shareholders,

After COVID-19, the business never recovered back to pre-COVID-19.

Post COVID-19 recovery had proved to be bumpy and uneven for the retail sector in 2023 after a strong rebound in 2022 from the pandemic fallout. Suffice to say, it will still be some time before the industry could achieve full recovery to the pre COVID-19 levels of March 2020.

"

PANG KIM HIN

Non-Independent Non-Executive Chairman

Chairman's Statement

cont'd

Given such backdrop, our Group saw sluggish sales during the financial year ended 31 December 2023 (FYE2023).

This was also in tandem with the slowing economy in Malaysia, with Bank Negara Malaysia ("BNM") reporting that the gross domestic product ("GDP") grew only 4% in 2023, as compared to 8.7% in 2022, due to weak exports.

In addition, although shopping traffic had returned to pre-COVID-19 level, persistent inflationary pressures and another round of interest rate hike by BNM in May 2023 weighed on consumer sentiment, resulting in lower spending, due to lower household disposable income.

Data from the Malaysian Institute of Economic Research showed that the consumer sentiment index had declined to an average of 89.6 points in 2023 from 99.7 points in 2022. Elevated headline inflation eased towards the second half of 2023, bringing the year's average to 2.5%, compared to 3.3% in 2022.

Meanwhile, the declining birth rates in Malaysia in recent years had also posed a challenge to our Group, as the trend limited the growth of new market for baby products and services.

On a positive note, there was a bright spot amidst the challenges – our online channel experienced notable growth, showing an improvement in sales during FYE2023 as a result of our marketing efforts to build up our e-commerce sector of our business.

LOOKING AHEAD

Our Group will continue to monitor closely the changing global economic dynamics and household consumption patterns that correspond to the prospects of our business, and adjust accordingly.

In general, the outlook for the retail sector in 2024 remains challenging, but also promising. Both the Malaysia Retail Chain Association and Retail Group Malaysia ("RGM") recently projected a growth of up to 3.5% for the country's retail sector in 2024. This represents an improvement from the 2.8% growth RGM estimated for 2023.

Even so, risks remain, as consumer spending will likely stay cautious in the face of living cost pressures and global uncertainty.

While the risk of a global recession has receded, and inflation is expected to moderate further, geopolitical tensions, especially in the Middle East, could rise, posing significant downside risk to the world economy and raising the risk of a resurgence in inflation across the globe.

Being an open economy, Malaysia will be susceptible to global risks. That aside, BNM has projected a mildly better GDP growth of 4%-5% and a headline inflation range of 2%-3.5% for 2024.

As for our Group, we anticipate FYE2024 to remain challenging as still-soft consumer sentiment curbs spending.

The impact of declining birth rates would also continue to be an obstacle to our growth in the medium term. Nevertheless, there is hope that 2024, being the Year of the Dragon, could briefly arrest the impact of declining birth rates, especially among the Chinese communities, as couples seek to conceive "dragon babies".

Chairman's Statement
cont'd

Our priority now is to ensure that our Group is in a good position to weather the challenging business circumstances. Therefore, we will focus on strengthening resilience by improving our operational efficiency and optimising costs. We also aim to be more agile, flexible and adaptive in order to seize emerging opportunities and address unforeseen risks.

OPTIMISING EFFICIENCY

As such, our Group conducted a comprehensive review of our stock positions in 2023 in response to the evolving market dynamics. The exercise was aimed at addressing and clearing out old stock, while writing off any obsolete inventory to optimise our operational efficiency.

This helped our Group to minimise holding costs. It was also aligned with our overarching objective of ensuring sustainable growth, maximising profitability and delivering long-term value to our shareholders.

As a result of the strategic initiative we took in 2023, we are able to enter 2024 with a fresh start.

We are now in a stronger position to identify opportunities to streamline our product offerings, rationalise our stock levels and enhance our ability to respond swiftly to changing market trends and consumer behaviour and to deliver even better shopping experience to our customers.

We will continue to streamline our retail footprint whilst focusing to expand our distribution business.

DIVIDEND

We will focus on generating positive cash flows. Our business plans are on track to meet our long-term targets and goals.

As a reward to our shareholders, the first and final dividend of 0.1 sen per share in respect of FYE2023 will be declared at our AGM on 30 May 2024.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere thanks to all our shareholders, customers, vendors, business associates and bankers for their unrelenting support and faith in us throughout the volatile year.

We are also grateful to all our management and colleagues for their hard work and commitment in ensuring that our customers have the best possible products and services available to them. Their exceptional dedication helped our Group navigate the tough operating environment.

In closing, we would like to assure our stakeholders that our Group remains clear on our priorities, which include optimising the number of stores we currently have, improving our product ranges, managing costs, improve customer service and developing new opportunities to future-proof the Company.

With that, I am confident the future will remain dynamic and prosperous for our Group.

Management Discussion and Analysis

OVERVIEW OF THE KHJ GROUP

Kim Hin Joo (Malaysia) Berhad ("KHJ") is a public company listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). Our Group is principally involved in the retail of premium baby, children and maternity products in Malaysia.

KHJ's history traces back to 1986 when our founder, Mr Pang Kim Hin, pioneered our venture into the franchise retail business by bringing the UK-based Mothercare chain of stores for baby, children and maternity products into Malaysia.

Our business model today is structured into two core divisions - Retail and Distribution.

The Retail segment covers the retailing of baby, children, and maternity products through our brick-and-mortar outlets, online stores and sales channels, as well as Baby Expos, while the Distribution segment focuses on the distribution of baby, children and maternity products to local retailers, as well as overseas retailers and distributors.

OPERATIONAL REVIEW

(i) Retail

Our Group provides a range of baby, children and maternity products through different sales channels, including Mothercare outlets; Early Learning Centre store-in-store ("ELC SIS"); The Entertainer outlets; Mothercare online store; Online sales channels; and Baby Expos.

The products are primarily sourced through Mothercare UK, ELC UK and The Entertainer UK.

Our Mothercare, The Entertainer and ELC SIS outlets are run in accordance with the terms of our Development Agreements and Operational Agreements with Mothercare UK, The Entertainer UK and ELC UK.

At the close of our financial year ended 31 December 2023 ("FYE2023"), KJH had 21 Mothercare outlets, 2 of which are "Experiential Concept" stores; 14 ELC SIS outlets; and 6 The Entertainer outlets in operations nationwide. Besides Mothercare, ELC and The Entertainer products, we also offer other branded products from third-party sources.

Meanwhile, our online presence continued to grow, presently offering clothing, home & travel-related products and toys on our e-commerce website, the Mothercare online store.

In addition, our products are listed and sold on Lazada and Shopee's online shopping platforms.

Further supporting sales, we participated in five Baby Expos in FYE2023, as compared to four of such events in FYE2022.

Overall, the retail segment registered revenue of RM84.78 million for the year under review, representing a decline of 5.41% from RM89.63 million registered in FYE2022.

The retail segment remained the largest contributor to our income, accounting for 88.5% of our Group's total revenue for the year under review.

Management Discussion and Analysis
cont'd

OPERATIONAL REVIEW *cont'd*

(ii) Distribution

Our Group currently distributes a wide range of brands of home & travel products to specialty baby and toy stores, departmental stores, hypermarkets, online stores, pharmacies, confinement centres, traditional Chinese medical halls and other corporate partners.

These outlets are predominantly involved in selling baby nursing products and toiletries, strollers, travel cots, highchairs, travel bags, baby seats, nursing pillows and toilet training mats directly to customers.

The distribution segment registered revenue of RM11.01 million in FYE2023, representing a decrease of 26.60% from RM15.00 million in FYE2022. The segment contributed to 11.5% of our Group's total revenue for the year under review.

KEY DEVELOPMENTS FOR FYE2023

In the wake of evolving consumer needs and preferences, our Group saw an acceleration in online sales in FYE2023 due to our increased brand-building efforts for the social media space.

Following the upgrade of our IT infrastructure, our operating system is now fully able to generate comprehensive data that provides valuable insights into various aspects of our business.

Full-year data on customer behaviour and preferences, as well as that on operational activities were obtainable from FY2023. The data are crucial in helping us improve efficiency and plan strategies to drive sales growth and enhance customer experience going forward.

Given the cautious economic environment, our Group did not open any new stores in FYE2023, opting instead to dedicate our resources to renovating existing outlets to revitalise the retail experience for customers and maximise the potential of current stores.

Taking a prudent approach to business management, our Group managed to maintain a strong balance sheet, with positive cash flow through FYE2023. This puts us in a solid position to navigate uncertainties, maintain operational stability, capture new opportunities and enhance long-term value for stakeholders. Our sound financial position also provides us with the resources needed to invest in growth opportunities, such as upgrading our infrastructure and acquiring new brands, which can boost our long-term prospects and profitability.

STRATEGIES FOR FYE2024

As we head into FYE2024, we will re-evaluate our portfolio of existing stores and develop an action plan to address the identified areas for improvement to enhance our operational effectiveness.

Our Group will continue to seek out opportunities to expand our business in the most effective way.

As such, there will be greater efforts to acquire new parents, our key demographic, through targeted marketing campaigns, personalised product offerings and enhanced customer support so as to increase our market share.

For our distribution segment, we will continue to work on securing new brands to enhance our product portfolio, capture new market segments, and strengthen competitiveness. This will be in addition to the Kids2 family of brands we recently acquired, encompassing Ingenuity, Bright Starts, Baby Einstein, and Summer Infant.

Management Discussion and Analysis
cont'd

STRATEGIES FOR FYE2024 *cont'd*

To drive revenue, our Group will also keep our focus on same-store sales growth by intensifying our branding and marketing activities, and enhancing our omnichannel retail offering, while improving customer experience.

Further, we will leverage our IT system data to identify opportunities to optimise our store performance and product placements.

In essence, our Group will maintain a prudent approach in managing our balance sheet and driving business development to ensure that we remain agile and flexible in minimising risks and optimising our long-term potential.

Our priority is also on generating cash flow to support growth and operations.

FINANCIAL PERFORMANCE REVIEW

During the year under review, KHJ's revenue totalled RM95.80 million, which was 8.45% lower than RM104.64 million in FYE2022.

The subdued sales in FY2023 were mainly due to weak consumer sentiment amid a slowing economy and persistent inflationary pressures. The declining birth rates in Malaysia in recent years also posed a challenge to our sales growth.

In tandem with the decline in revenue, our Group recorded a loss before tax of RM0.73 million in FYE2023, as compared to a profit before tax of RM6.80 million in FYE2022.

Our Group's loss after tax stood at RM0.79 million in FYE2023, as compared to a profit after tax of RM4.84 million in FYE2022.

Financial Position

KHJ's balance sheet position is summarised as follows:

As at end-FYE2023, our Group's cash and bank balances, including fixed deposits with licensed banks, were valued at RM19.51 million, with zero borrowings, while our net current assets totalled RM59.72 million.

The total equity attributable to owners of the Company stood at RM76.27 million as at 31 December 2023 while net assets per ordinary share attributable to owners of the Company stood at 20.07 sen.

Capital Expenditure

In FY 2023, our Group allocated a total capital expenditure ("Capex") of RM0.850 million, primarily directed towards refurbishing our existing outlets, covering software development expenses, and enhancing fire protection measures in our warehouse.

Capital Management

There was no change in the share capital of the Company during the financial year under review.

Sustainability Statement

OUR COMMITMENT TO BUSINESS SUSTAINABILITY

We are pleased to present KHJ's fifth sustainability performance report, which forms part of our Group's annual reporting for the financial year ended 31 December 2023 ("FYE2023").

This report is prepared in accordance with the framework provided by the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI"). It outlines a series of sustainability measures, including programmes and Environmental, Social and Governance ("ESG")-related initiatives, undertaken by our Group from 1 January 2023 to 31 December 2023.

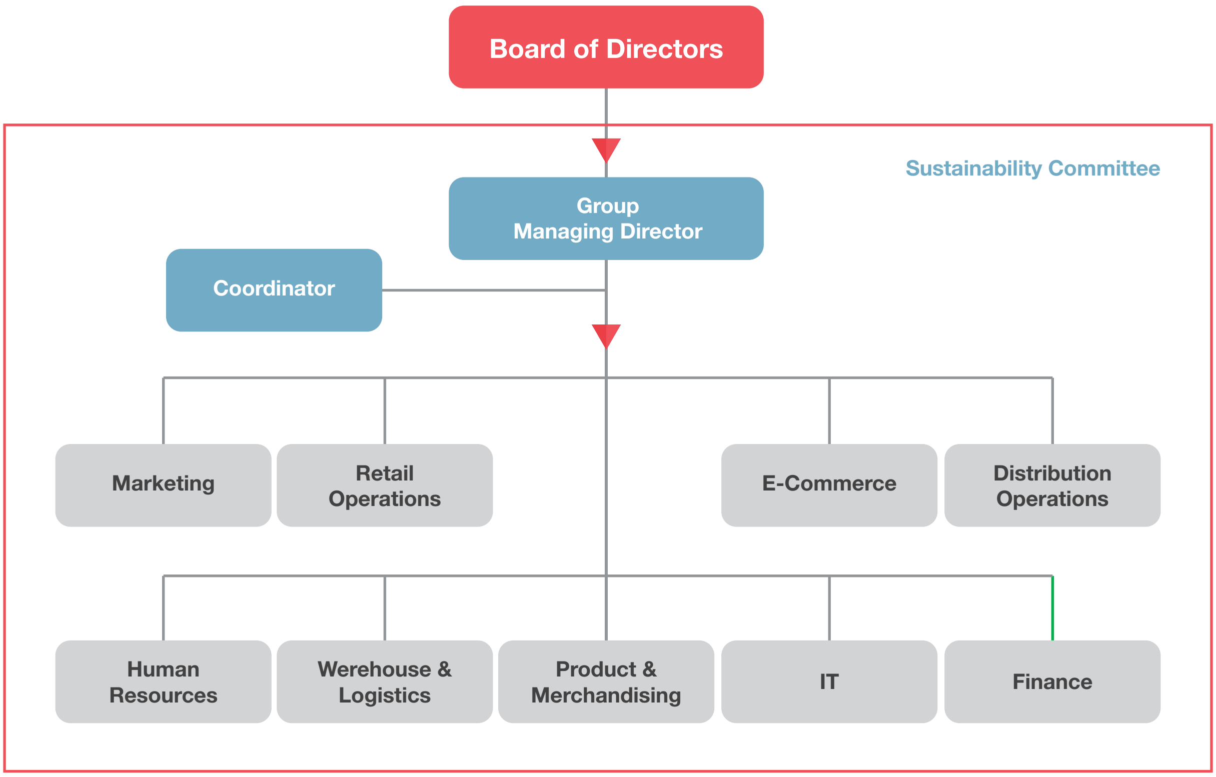
This report also provides an overview of the key sustainability matters that could affect KHJ's direct and indirect stakeholders, including customers, employees, shareholders and investors, government authorities, the surrounding community and the general public, as well as our Group's ability to create value over the short, medium and long term.

It underscores our Group's commitment to integrating sustainability practices across our operations.

This report was tabled to the Board of Directors of KHJ ("Board") on 15 April 2024. The Board endorsed it as a fair, balanced and accurate representation of our Group's ongoing ESG efforts following a comprehensive review of the contents of this report.

Sustainability Governance

The Board has the overall responsibility of providing oversight and driving sustainability initiatives within our organisation. The Board is assisted by the Management, who oversees the implementation of our Group's sustainability initiatives. Representatives from each of our business unit meet regularly to discuss sustainability-related materiality issues and to ensure these issues are accorded priority and integrated throughout the Group.



Sustainability Statement
cont'd

OUR COMMITMENT TO BUSINESS SUSTAINABILITY *cont'd*

Material Sustainability Matters and Stakeholder Engagement

For FYE2023, 13 material sustainability matters were identified as primary concerns, with significant impact on stakeholders.

The following table shows an overview of the material subjects and their groupings under the three main sustainability pillars, i.e. Economic, Environmental and Social, which correspond to the ESG framework.

Pillar	Material Sustainability Matters
Economic	• Local hiring • Business Code of Conduct and Ethics • Anti-Bribery and Anti-Corruption Policy • COVID-19 response
Environmental	• Compliance with laws and regulations • Carbon Footprint
Social	• Diversity and equal opportunity • Employee turnover and hires • Training and development • Maternity leave • Occupational health and safety • Employment diversity and equal opportunity • Engaging the communities

Stakeholders play a key role in advancing KHJ's sustainability agenda. As such, we work closely with both our internal and external stakeholders and hold constructive and meaningful dialogues with our stakeholders to address sustainability matters, encompassing our economic, environmental, and social initiatives to achieve our objectives.

We regularly engage with stakeholders from across the value chain of our operations to exchange ideas on key issues. This gives us the opportunity to give them a better understanding of our Group's sustainability journey. Stakeholders, on the other hand, can voice their concerns and provide us with feedback and suggestions to help us enhance our strategy in pursuing sustainable growth.

The table below summarises our key stakeholders and their areas of concern, as well as our means of engagement with them in FYE2023.

Key Stakeholder Groups	Areas of Interest	Addressing Their Interests
Shareholders and Investors	• KHJ's business direction • Key corporate developments • Financial performance	• Announcements on Bursa Securities • Investor updates and briefings for fund analysts • Annual general meeting (AGM) • Annual reports • Corporate website
Customers	• Service satisfaction • Quality management • Customer appreciation • Online shopping	• Responsible product design • Marketing campaigns/promotions • Customer satisfaction survey • Customer feedback channel • Social media • Online purchase and delivery services
Employees	• Career development • Competitive remuneration • Employee welfare • Value diversity and equal opportunity • Ensure occupational health and safety	• Employees appreciation awards/long service awards • Open communication • Teamwork • Events and functions • Provide skills development and training opportunities

OUR COMMITMENT TO BUSINESS SUSTAINABILITY *cont'd*

Material Sustainability Matters and Stakeholder Engagement *cont'd*

The table below summarises our key stakeholders and their areas of concern, as well as our means of engagement with them in FYE2023. *cont'd*

Key Stakeholder Groups	Areas of Interest	Addressing Their Interests
Suppliers, Brand Owners and Mall Operators	• Fair procurement • Suppliers' development • Adherence to development agreement	• Group procurement policy and procurement system • Development agreement discussions • Lease negotiations
Government and Regulatory Authorities	• Regulatory compliance	• Attended dialogue/seminar organised by Bursa Securities • Reporting
Local Communities and Public	• Transparent and quality products and services • Community development and enrichment	• Community programmes

ECONOMIC CONTRIBUTION

The KHJ Business Code of Conduct and Ethics, which forms the cornerstone of our Group's operations, guides our efforts in promoting inclusive and sustainable growth and maintaining commendable financial results. We strive to add value to the communities around us by providing employment and training opportunities that give precedence to local residents.

Local Hiring

Local hiring is a core component of our commitment to contribute to sustainable economic growth in the area in which we operate. We also take regular measures that enables us to better understand local needs to improve our contribution to the economy of our surrounding communities.

As at 31 December 2023, with the exception of our Managing Director and the Non-Executive members of our Board, all our employees in the head office, warehouse and outlets are Malaysians.

Code of Conduct and Ethics

KHJ's Business Code of Conduct and Ethics also serves as a guide to ensure all Directors and employees conduct their affairs in accordance with the highest standards of integrity in all aspects of our operations. The values enshrined in the Code compel all Directors and employees to act in the best interest of our shareholders at all times.

Our Group's Business Code of Conduct and Ethics was revised and updated with enhanced anti-bribery and anti-corruption policies and procedures in May 2020 to comply with an amendment to the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009") which took effect on 1 June 2020.

Anti-Bribery and Anti-Corruption Policy

Our Group's Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") was adopted and implemented in May 2020 to reflect the amendment to the MACC Act 2009, in particular, Section 17A.

It outlines comprehensive issues and a robust set of internal standards and procedures to further enhance the Group's core principles in the Business Code of Conduct and Ethics.

The ABAC Policy is also published on our website and stated in the contract of employment. All employees are required to comply with the ABAC Policy to reflect our commitment to stakeholders in conducting business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

Sustainability Statement
cont'd

ECONOMIC CONTRIBUTION *cont'd*

Anti-Bribery and Anti-Corruption Policy *cont'd*

Our Group has provided channels for reporting on any violation of this policy to demonstrate our zero-tolerance approach to bribery and corruption. This approach is further strengthened by our Group's Whistleblowing Policy, which formalises a secure and confidential channel for concerns raised or malpractices to be reported.

POST COVID-19 ADJUSTMENT

COVID-19 may no longer be a public health emergency, but its impact on hygiene and safety concerns will likely persist for many years to come.

As such, our Group continues to take certain precautionary measures to ensure the safety and health of shoppers at our outlets, visitors to our corporate offices, and our employees and vendors.

Through FYE2023, while certain measures had been dropped in accordance with the Government's guidelines, we continued to implement regular cleaning and disinfecting at our workplaces; hand sanitiser stations at our offices and retail outlets; and training on proper hygiene practices such as frequent hand washing and cough/sneeze etiquette.

In addition, we continued to minimise non-essential travels, and mask-wearing is encouraged at all our outlets but not required. Our priority is to create a safe environment for both our customers and employees post-COVID 19.

ENVIRONMENTAL SUSTAINABILITY

As a responsible organisation, KHJ recognises that our business activities have an impact on the environment.

Therefore, we are constantly working towards enhancing our environmental performance to protect natural resources and prevent pollution, while supporting initiatives that promote greater environmental awareness.

Towards this end, measures to minimise our environmental impact are enforced at all levels of our business operations in compliance with the relevant laws and regulations in the country.

Compliance with Laws and Regulations

Our Group exercises self-regulation in monitoring our daily activities to ensure they are always in compliance and adherence to environmental requirements and regulations.

In FYE2023, there was zero incidence of non-compliance with environmental laws and regulations, and no costs were incurred for fines or non-monetary sanctions for non-compliance with laws and/or regulations.

Carbon Footprint

Our carbon footprint is mainly generated from the retail outlets, where lighting and air-conditioning account for the major portion of our energy consumption, and hence, contribute significantly to greenhouse gas emissions.

To optimise electricity consumption, we have changed the lighting in our outlets to LED lights, as they are more energy-efficient and tend to last longer than conventional incandescent and fluorescent lights.

Meanwhile, our Group promotes the use of recyclable bags at all our outlets. Where these are not available, we will provide plastic bags made from biodegradable ingredients.

Our efforts in environmental protection are further strengthened, with our Business Code of Conduct and Ethics incorporating measures that encourage the efficient use of finite resources to minimise impact on the environment.

SOCIAL EQUITY

As part of our sustainability mission, we champion the well-being of our employees and the surrounding communities of our operations. We regularly engage with our stakeholders to understand their needs so that we can effectively implement programmes that develop human capital, while promoting a safe and dynamic workplace, and contributing to a better society and community.

Diversity and Equal Opportunity

Diversity and equality are part of our corporate culture, and the foundation of our marketplace success and business sustainability.

We believe a diverse workforce fosters creativity, innovation and problem-solving that ultimately lead to better decision-making and stronger leadership in our organisation.

Our Group strives for a sustainable future for our people by creating a conducive working environment that is free from discrimination and harassment. We value our employees and invest in them to equip them with the right skills and knowledge to enhance their work performance.

Our equal opportunity practices and principles of fairness and merit are outlined in our Diversity Policy. It is a framework that guides us in these matters:

a. A diverse Board and skilled workforce that leads to continuous improvement in service delivery and achievement of corporate goals;

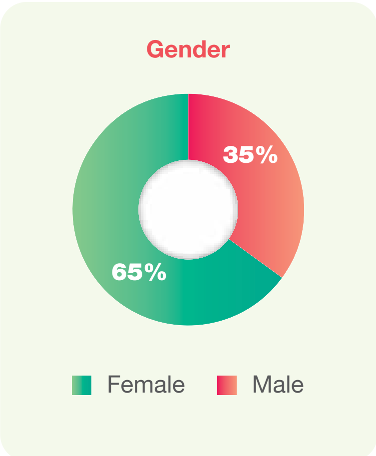
b. A workplace culture characterised by inclusive practices and behaviours for the benefit of all stakeholders;

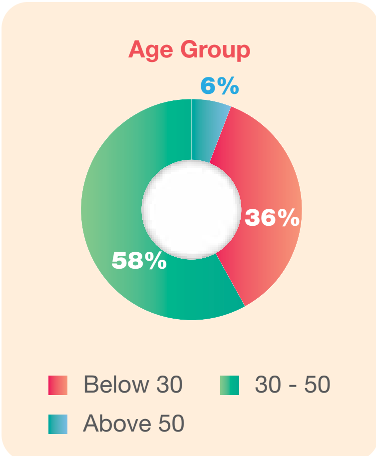
c. Improved employment and career development opportunities for women;

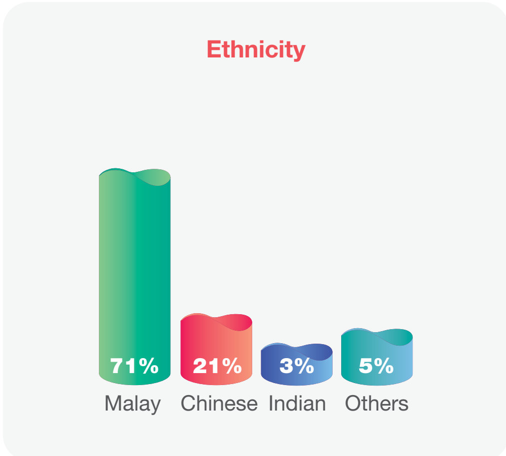
d. A work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and

e. Awareness in all staff of their rights and responsibilities with regards to fairness, equality and respect for all aspects of diversity.

As at 31 December 2023, we had a staff strength of 245. Our workforce representation by gender, age and ethnicity is depicted in the following charts:







Sustainability Statement

cont'd

SOCIAL EQUITY *cont'd*

Employee Turnover and Hires

Our Group recorded 85 new hires and a turnover of 94 employees in FYE2023. This represented an employee turnover rate of 37.60%.

Training and Development

At KHJ, we believe our people are our strength. As such, we offer regular training and development programmes to enhance our employees' knowledge and skills to help them deliver excellent performance.

The programmes conducted in FYE2023 to equip our employees for career advancement were as follows:

1. Microsoft 365 Indentity and Services (MS-100)
2. Online Training on Managing Stock & Inventory Efficiently
3. Latihan Asas Keselamatan Kebakaran
4. Pematuhan Undang - Undang dan Persediaan Pemeriksaan Audit Di Bawah Akta Kerja 1955
5. Virtual MIA International Accountants Conference 2023
6. Handling Misconduct & Carrying Out a Domestic Inquiry (DI)
7. Child Occupant Safety Advisor (COSA)
8. Compensation Analysis & Salary Structure
9. Product Training (Offspring – Babycare)
10. Product Training (Rafferty Garden – Snacks)
11. Product Training (Bzu Bzu – Babycare)
12. Product Training (Clevamama - Bathtime & Babycare)
13. Product Training (Medela – Breastpump)
14. Product Training (Gramps – Babycare)
15. Product Training (Tommee Tippee - Wearable breastpump)
16. Product Training (Hegen - Breastpump & bottles)
17. Product Training (Fairworld - Pushchair)
18. Product Training (Stokke - Pushchair)
19. SWG Seminar: Governance, Risk and Control (GRC)
20. MIA Webinar Series Fundamentals of Corporate Finance
21. Leadership Training using Psychological Types: Honouring individual differences at the workplace
22. Advance Social Media Marketing
23. Mandatory Accreditation Programme Part II; Leading for Impact (LIP)
24. Forklift and Reach Truck Training

Maternity leave

In compliance with Malaysia's labour law, our Company has a 98-day maternity leave policy to enable our female employees to cope with the demands of motherhood.

This is in line with our aspiration as a caring employer to promote work-life balance for all our employees and ensure that their physical and emotional needs are well taken care of.

We believe this is key to safeguarding their wellbeing, while enabling them to function at their best at all times. We believe such effort is also essential for retaining staff and attracting new talent.

We had 15 female employees taking maternity leave, 11 of whom were still employed with our organisation as of 31 December 2023 after their maternity leave. This gave us a post-maternity retention rate of 73%.

These mothers who stayed on with us were each given a new breast pump from our Company as a gesture of appreciation.

SOCIAL EQUITY *cont'd*

Occupational health and safety

Creating an environment that enables employees to work safely is a priority at KHJ. Our Group also puts great emphasis on ensuring an environment that fosters good mental and physical health.

Reflecting our commitment in this area, we have formed a 13-member Safety and Health Committee that oversees health and safety matters in the workplace. This Committee is divided into three subcommittees, namely Emergency Response, Fire Fighting and Evacuation, and they meet regularly to review our working conditions and make recommendations on how to improve work health and safety in the workplace.

We recorded zero breaches of health or safety compliance in FYE2023. There were no fatalities or major injuries that resulted in the loss of working days.

Post Covid-19, our Group continued to practise basic preventive measures such as providing mask and sanitisers to employees as a precaution. We also continued to encourage hygiene practices across our outlets and offices.

Engaging the communities

Our Group is committed to strengthening ties with the local communities in which we operate by creating employment opportunities to contribute towards poverty alleviation and social inclusion.

We also implement programmes aimed at nurturing young people each year to prepare them for future corporate and community roles.

Our community-engagement efforts also involve partnering with local organisations and supporting charitable causes that align with our values and mission.

In FYE2023, KHJ participated in Daya Kerjaya Programme organised by SOCSO aimed at stimulating demand for labour, thereby increasing employment opportunities and minimising unemployment. The target groups for this programme are the long-term unemployed, especially youth; and vulnerable groups such as indigenous peoples (e.g. the Orang Asli), women, persons with disabilities (PWD), households living below the poverty line, parolees, and ex-convicts. We hired a total of 18 employees from this target groups in year 2023.

These efforts reflect our aspiration to build sustainable communities and contribute to a better society in Malaysia.

Corporate Governance Overview Statement

The Board of KHJ is pleased to provide an overview of the Company's corporate governance practices during the FYE 2023 with reference to the three (3) key principles of good corporate governance as set out in the Malaysian Code on Corporate Governance 2021 ("MCCG"). The Company's application of each practice set out in the MCCG during the FYE 2023 is disclosed in the Company's Corporate Governance Report ("CG Report") which is available on the Company's website at www.khj-my.com and via the Company's announcement made to Bursa Securities.

This statement is prepared in compliance with Bursa Securities' ACE LR based on the prescribed format as outlined in Rule 15.25(2) of the ACE LR and it is to be read together with the CG Report. The Board recognises the importance of good corporate governance and is committed to ensuring that good corporate governance is practised throughout the Group in order to safeguard stakeholders' interests as well as enhance shareholders' value.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

(i) Roles and Responsibilities of the Board

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

The Board is guided by a Board Charter which sets out the respective roles of the Board, the Chairman of the Board, the Managing Director ("MD"), Executive Director ("ED"), Chief Financial Officer ("CFO"), Independent Directors ("IDs") and Senior ID.

(ii) Overseeing the Conduct of the Business

The Board is responsible for the performance and affairs of the Group as well as to provide leadership and guidance in setting the strategic direction of the Group.

The Board also ensures the Group is managed in compliance with relevant regulatory requirements, standards, policies and guidelines applicable to the Group.

The Board delegates the implementation of its strategies to the Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company, in order to ensure resources are in place for the Company to meet its objectives, and that strategies are aligned to the interests of shareholders and stakeholders. The MD would present his updates on various material operational issues, if any, at every quarterly Board Meeting.

In the interest of tightening the internal control of the Group, the Company has in place Limits of Authority to provide the Management with a set of guidance and approval process for its day-to-day operations.

(iii) Separation of the Positions of the Chairman and Managing Director

The functions of the Chairman as well as those of the MD are clearly segregated to ensure that there is a balance of power and authority.

As Chairman, Mr Pang Kim Hin leads and manages the Board by focussing on strategy, governance and compliance.

Mr Pang Fu Wei, the MD, focuses on the business and day-to-day management of the Group, ensures the effective implementation of the Board's decisions, Group's business plans and policies established by the Board as well as manages the daily conduct of the business.

The Board is of the view that the distinct and separate roles of the Chairman and MD are held by different individuals, with a clear distinct roles and responsibilities, enable a balance of power and authority, such that no one individual has unfettered powers of decision-making, and are clearly defined in the Board Charter.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

1. BOARD RESPONSIBILITIES *cont'd*

(iv) Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries, namely Ms. Tai Yit Chan and Ms. Tan Ai Ning.

Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016 ("the Act"). Details of the qualifications, experience and the roles and responsibilities of the Company Secretaries are set out in the Board Charter, available for viewing on the Company's website at www.khj-my.com.

Every Director has ready and unrestricted access to the advice and services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors are regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements issued by regulatory authorities and its implications to the Company and the Directors in relation to their duties and responsibilities. Moreover, the Company Secretaries ensure that the deliberations at the Board Meetings are well captured and minuted. The Company Secretaries also play a key role in facilitating communication between the Board and Management.

The Company Secretaries have and will continue to keep themselves abreast on matters concerning company law, capital market, corporate governance, and other pertinent matters, and with changes in the same regulatory environment, through continuous training and industry updates. They have also attended various relevant continuous professional development programmes as required by MAICSA and the Companies Commission of Malaysia.

(v) Supply of and Access to Information

The Notice of the Board Meeting is served at least seven (7) days prior to the Board Meeting. Relevant Board papers were disseminated to all Directors at least five (5) business days prior to the Board Meeting so as to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company, or to consult independent advisers, if deemed necessary.

As part of the integrated risk management initiatives, the Board also noted the decisions and salient issues deliberated by Board Committees through minutes of the Committees. Subsequent to the Board Meeting, the draft minutes will be circulated to the Board for confirmation to ensure that deliberations and decisions of the Board are accurately recorded. The Company Secretaries would ensure that a statement of declaration of interest or abstention from voting and deliberation is recorded in the minutes.

The Chairman of the Board and Board Committees signs the minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book made available for inspection under the Act.

(vi) Board Charter

In compliance with Practice 2.1 of the MCCG, the Board has adopted a Board Charter, which provides guidance on how business is conducted in line with best practices and standards of good corporate governance as well as clarity for Directors and Management with regards to the role of the Board and its Board Committees.

Corporate Governance Overview Statement

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

1. BOARD RESPONSIBILITIES *cont'd*

(vi) Board Charter *cont'd*

The Board reserves full decision-making powers on the following matters:

- Reviewing and approving the annual strategic business plan and financial budget;
- Assess performance of Board and Board Committees;
- Declaring and recommending all forms of dividend payment, out of which some dividend payment may be subject to the approval of shareholders in the AGM;
- Reviewing and approving financial statements encompassing annual audited financial statements and quarterly reports;
- Review corporate governance principles and policies as well as oversee implementation of corporate governance best practices;
- Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;
- Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;
- Strategic investments, mergers and acquisitions and corporate exercises;
- Limits of authority;
- Treasury policies;
- Risk management policies; and
- Key human resource issues.

The Board Charter is to be regularly reviewed by the Board as and when required and has been revised and approved by the Board on 24 November 2023 which is available on the Company's website at www.khj-my.com.

(vii) Code of Conduct and Ethics

The Board has put in place a Code to promote ethical behaviour within the Group. The basic principles of the Code have been observed and carried out by having appropriate regard to the interests of the Company's customers, shareholders, people, business partners and broader community in which the Company operates.

The Code has been revised and approved by the Board on 24 November 2023 and can be found on the Company's website at www.khj-my.com.

(viii) Whistleblowing Policy and Procedures

The Whistleblowing Policy and Procedures facilitates the establishment of a formal confidential channel to enable employees to report in good faith, serious concerns of any improper conduct and/or wrongdoing that could adversely impact the Group, its employees, shareholders, investors, or the public at large without fear of being subject to detrimental action.

The Whistleblowing Policy and Procedures has been revised and approved by the Board on 24 November 2023 and can be accessed via the Company's website at www.khj-my.com.

(ix) Related Party Transactions Policy and Procedures

The Related Party Transactions Policy and Procedures is to ensure that all related party transactions and recurring related party transactions in the course of business are made at arm's length and at normal commercial terms which are not more favourable to the related party(ies) than those available to the public and these terms are not detrimental to the other shareholders of the Company who are not part of the transactions. The policy also helps the staff to identify and provide a guide on the treatment of such related party transactions to ensure that the Group comply with the ACE LR of Bursa Securities and other applicable laws.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

1. BOARD RESPONSIBILITIES *cont'd*

(x) T.R.U.S.T Concept

- Adequate Procedures to Curb and Prevent Bribery and Corruption

The Board has adopted a T.R.U.S.T Concept as governed in the Anti-Bribery and Anti-Corruption ("ABAC") Policy which form the ethos and philosophy of the top management in respect of the Group's fight against bribery and corruption in all its business dealings, transactions and such other related activities. The T.R.U.S.T Concept was formulated to set out the guidelines on adequate procedures to curb and prevent bribery and corruption and the procedures are guided by the following five principles:-

Principle I : Top Level Commitment;
Principle II : Risk Management Assessment;
Principle III : Undertake Control Measures;
Principle IV : Systematic Review, Monitoring and Enforcement; and
Principle V : Training and Communication.

(Collectively known as T.R.U.S.T Concept)

The establishment of this T.R.U.S.T Concept demonstrates the Group's zero-tolerance approach against all forms of bribery and corruption in its daily operations and the Group takes a strong stance against such acts. The Group will take all reasonable and appropriate measures to ensure that all its directors and employees are committed to act professionally and with integrity in all their business dealings and not participate in any corrupt activities for its advantage or benefit.

The ABAC Policy has been revised and approved by the Board on 24 November 2023 and can be accessed on the Company's website at www.khj-my.com.

(xi) Sustainability Strategies

The Board views the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a sustainable long-term balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates.

The sustainability strategies implemented by the Group, amongst others, are as follows:-

- The Board together with Management takes responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets.

- The Board takes into account sustainability considerations when exercising its duties including among others the development and implementation of Company strategies, business plans, major plans of action and risk management.

- The strategic management of material sustainability matters will be driven by Senior Management.

- The Board ensures that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

- The Board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.

Corporate Governance Overview Statement

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

1. BOARD RESPONSIBILITIES *cont'd*

(xi) Sustainability Strategies *cont'd*

The sustainability strategies implemented by the Group, amongst others, are as follows:- *cont'd*

- Performance evaluations of the Board and Senior Management include a review of the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities.

- The Board identifies the General Manager to provide dedicated focus to deliver, execute and monitor sustainability strategies and goals including the integration of sustainability considerations in the operations of the Company.

The Group's efforts in this regard have been set out in the Sustainability Statement in this Annual Report.

(xii) Conflict of Interest Policy

In 24 November 2023, the Board established the Conflict of Interest Policy to ensure the conflict of interest case is handled appropriately, promoting transparency, foster a culture of honesty and accountability, and good governance within the Company and its subsidiaries. This Policy applies to all Directors and Senior Management of KHJ Group. It covers conflict of interest and potential conflict of interest that may arise between their personal interests and the interests of KHJ or its subsidiaries.

The Conflict of Interest Policy is made available on the Company's website at www.khj-my.com.

2. BOARD COMPOSITION

(i) Board Composition

The Board has seven (7) members comprising one (1) Non-Independent Non-Executive Chairman, one (1) MD, one (1) ED, one (1) Senior Independent Non-Executive Director and three (3) Independent Non-Executive Directors, for the FYE 2023 as follows:

Name	Designation
Pang Kim Hin	Non-Independent Non-Executive Chairman
Pang Fu Wei	Managing Director
Goh Poh Teng	Executive Director
Chew Soo Lin	Senior Independent Non-Executive Director
Yen Se-Hua Stewart	Independent Non-Executive Director
Kor Yann Ning	Independent Non-Executive Director
Hew Moh Yung	Independent Non-Executive Director

The present Board composition with half of the Board comprising IDs complies with Rule 15.02 of the ACE LR which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are IDs. The Company also met the requirements of MCCG to have at least half of the Board comprises of Independent Directors to allow more effective oversight of management. The Board is of the view that all IDs of the Company are always within reach of the shareholders and issues are discussed openly at meetings.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

2. BOARD COMPOSITION *cont'd*

(i) Board Composition *cont'd*

The Board is chaired by a Non-Independent Non-Executive Chairman. The Independent Non-Executive Directors are independent of Management and have no relationships that could materially interfere with the exercise of their independent judgement. The IDs also provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations. Together, the Directors have a wide range of experience in logistics, general management, human resource, marketing, finance, corporate affairs, legal and technical areas.

The Board is of the opinion that the composition of the current Board has the required mix of skills and experience required to discharge the Board's duties and responsibilities. Collectively, the Directors combine their diverse commercial, regulatory, industry and financial experience to add value to the Board as a whole. Currently, the composition of the Board does not consist of any active politician who is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council or division level in a political party.

The Board has established and is supported by the various sub-committees, namely Nomination Committee ("NC"), Remuneration Committee ("RC"), Audit Committee ("AC") and Risk Management Committee ("RMC") which consist of a majority of Independent Non-Executive Directors to provide independent oversights of management and to ensure that there are appropriate checks and balances in discharging its oversight functions as well as unhindered advice and services, when the need arises. The Chairman of the Board is not a member of the NC, RC, AC.

These Committees play a significant part in reviewing matters within each Committee's terms of reference ("TOR") and facilitate the Board's discharge of its duties and responsibilities and report to the Board with their recommendations. The Board may also form such other committees from time to time as dictated by business imperatives and/or to promote operational efficiency. Notwithstanding the above, the ultimate responsibility for decision making still lies with the Board.

The respective TOR of the said Board Committees are published on the Company's website at www.khj-my.com.

(ii) Tenure of IDs

The Board is mindful that the tenure of an ID should not exceed a cumulative term of nine (9) years.

Upon completion of nine (9) years, an ID may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an ID beyond nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process. Upon completion of twelve (12) years, an ID shall resign or be re-designated as a Non-ID.

None of the IDs have exceeded the tenure of a cumulative term of nine (9) years in the Company as of 31 December 2023. The Company has yet to adopt a policy which limits the tenure of the IDs to 9 years without extension.

(iii) Appointment of the Board and Senior Management

The NC is responsible for assessing the suitability of potential Board candidates and ensuring the procedures are transparent and based on merit and is done in a manner that promotes diversity and in particular, gender diversity and the NC would consider the benefits of gender diversity. Currently, there are two (2) female Directors on board and in this manner, the NC would endeavour to ensure that the number of female Directors would not fall below the threshold of two (2) female Directors which is in line with the Diversity Policy of the Group.

Corporate Governance Overview Statement
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

2. BOARD COMPOSITION *cont'd*

(iii) Appointment of the Board and Senior Management *cont'd*

The Board is of the view that the current composition of its Board of Directors provides an adequate mix of knowledge, skills and expertise to assist the Board in effectively discharging its stewardship and responsibilities. It also appropriately reflects the interests of its shareholders to provide effective leadership, strategic direction and necessary governance at the optimum level.

The Board delegates to the NC the responsibility of making recommendations on any potential candidate for appointment as a new Director or re-election of Directors who are scheduled for retirement by rotation. The Company's Constitution states that at least one-third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM provided always that all Directors including the MD shall stand for re-election at least once in every 3 years.

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

The NC is also responsible for assessing the suitability of potential Board candidates as well as ensuring that the procedures for appointing new Directors are transparent and based on merit. The process for appointment of a new Director is summarised as follows:

- The potential candidate is proposed by any Director, Senior Management staff, shareholder and/or other consultant/adviser. The Board may also refer to independent sources such as Directors' registry, open advertisements or independent search firms for potential candidates;
- In evaluating the suitability of a candidate for recommendation to the Board, the NC will consider the competency, experience, commitment, contribution and integrity of the candidate;
- The NC deliberates on the suitability of the candidate and makes a recommendation to the Board, including a recommendation for the appointment as a member of the various Board Committees; and
- The Board then reviews and decides on the proposed new appointment, including the appointment to the various Board Committees.

Appointment of the Board and Senior Management are based on objective criteria and merit. Besides gender diversity, due regard is placed for diversity in skills, experience, age and cultural background. The Board pursues diversity in both the Board level and Senior Management and is mindful that a diverse Board is able to offer greater depth and breadth. Diversity at the Senior Management level will also provide constructive debates, which lead to better decisions.

If the selection of candidates was solely based on recommendations made by the existing Board members, Management or major shareholders, the NC will explain why other sources were not used which is in line with the TOR of NC.

(iv) Board Diversity

The Board is judicious of the gender diversity recommendation promoted by the MCCG in order to offer greater depth and breadth to board discussions and constructive debates. The Board is committed to ensure diversity (including diversity in skills, experience, age, cultural background and gender) in its composition.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

2. BOARD COMPOSITION *cont'd*

(iv) Board Diversity *cont'd*

In the selection of Board members and workforce, the Group recognises the importance of diversity and does not practice discrimination of any form, whether based on age, gender, race, ethnicity or religion, throughout the organisation. Candidates shall be given fair and square opportunity.

Currently, there are two (2) female Directors representing 28% on the Board while 75% of KHJ's Senior Management comprises women. The Board would endeavour to ensure that the number of female Directors would not fall below the threshold of two (2) female Directors which is in line with the Diversity Policy of the Group.

(v) Time Commitment

The Board would meet at least four (4) times a year, at quarterly intervals which are scheduled well in advanced before the end of the preceding financial year to facilitate the Directors in planning their meetings schedule for the year. The Board requires its members to devote sufficient time to effectively discharge their duties as Directors of the Company and to use their best endeavours to attend meetings, regardless of their principal place of residence.

The Board was satisfied with the level of commitments given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company as all the Directors have attended whether in person or via video conferencing all the Board Meetings under the financial year under review. Additional meetings were convened when necessary to deal with urgent and important matters that require attention of the Board.

Details of the Board members' attendance at the Board and Board Committee meetings for FYE 2023 are as follows:

Director	Board	AC	NC	RC	RMC
Pang Kim Hin	5/5	-	-	-	-
Pang Fu Wei	5/5	-	-	-	2/2
Goh Poh Teng	5/5	-	-	-	2/2
Chew Soo Lin	5/5	5/5	1/1	1/1	2/2
Yen Se-Hua Stewart	5/5	5/5	1/1	1/1	2/2
Kor Yann Ning	5/5	5/5	1/1	1/1	2/2
Hew Moh Yung	5/5	5/5	1/1	1/1	2/2

(vi) Protocol for Acceptance of New Directorships

The Board has formalised vide the Board Charter its expectations on time commitment for its members as well as the requirement to notify the Chairman prior to accepting any new directorships notwithstanding that the ACE LR allows a Director to sit on the Board of up to five (5) listed issuers. Such notification shall also include an indication of the time that will be spent on the new appointment.

(vii) Directors' Training

The Company is cognizant of the importance of continuous training for Directors to further enhance their knowledge and expertise and to keep abreast with latest developments in regulatory requirements and business practices

All members of the Board have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. From time to time, all Directors are provided with reading materials and internal briefings pertaining to their roles and responsibilities by the Company Secretary.

Corporate Governance Overview Statement

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

2. BOARD COMPOSITION *cont'd*

(vii) Directors' Training *cont'd*

The Board encourages its Directors to attend talks, seminars, workshops and conferences to update and enhance their skills and knowledge to enable them to carry out their roles effectively as Directors in discharging their responsibilities towards corporate governance, operational and regulatory issues.

The Directors have participated in the following training programmes for FYE 2023:

Directors	Training programmes	Date
Pang Kim Hin	Mandatory Accreditation Programme Part II; Leading for Impact (LIP)	6-7 December 2023
Pang Fu Wei	Mandatory Accreditation Programme Part II; Leading for Impact (LIP)	6-7 December 2023
Goh Poh Teng	Mandatory Accreditation Programme Part II: Leading For Impact (LIP). Leadership Training using Psychological Types: Honouring individual differences at the workplace.	6 - 7 December 2023 14 December 2023
Chew Soo Lin	Mandatory Accreditation Programme Part II; Leading for Impact (LIP)	6-7 December 2023
Yen Se-Hua Stewart	Mandatory Accreditation Programme Part II; Leading for Impact (LIP)	6-7 December 2023
Kor Yann Ning	MSWG Seminar: Governance, Risk and Controls ('GRC')	6 November 2023
Hew Moh Yung	Mandatory Accreditation Programme Part II; Leading for Impact (LIP)	6-7 December 2023

3. NOMINATION COMMITTEE

The NC is responsible for ensuring that the Board has the appropriate balance composition, diversity and size and is also responsible for considering and recommending the appointment of new Directors to the Board. Diversity objectives including gender diversity are adopted in the Board recruitment and succession planning process in determining the required skills mix, experience, and other core competencies. The final decision on the appointment of a candidate recommended by the NC rests with the Board.

The composition of the NC for the FYE 2023 was as follows:

Name	Designation	Directorship
Chew Soo Lin	Chairman	Senior Independent Non-Executive Director
Yen Se-Hua Stewart	Member	Independent Non-Executive Director
Kor Yann Ning	Member	Independent Non-Executive Director
Hew Moh Yung	Member	Independent Non-Executive Director

The Board is of the view that the Board currently reflects a good mix of skills with different professional backgrounds, knowledge, financial and business expertise, experiences and qualifications to enable the Board to provide clear and effective leadership to the Group.

In addition, taking into consideration of the Profile of Directors and Profile of key Senior Management as set out in this Annual Report, the Group is of the view that each of its Directors and key Senior Management have the required character, experience, integrity, competency and time to effectively discharge on their respective roles.

Corporate Governance Overview Statement
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

3. NOMINATION COMMITTEE *cont'd*

The NC is entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the NC in discharging its duties in the aspects of nomination, evaluation, selection and appointment process of new Directors. The NC shall, prior to the appointment by the Board, evaluate the balance and composition including mix of skills, independence, experience and diversity (including diversity in gender, ethnicity and age) of the Board.

The NC undertakes an annual assessment of IDs to assess whether they continue to bring independent and objective judgement to Board deliberations. The Board would undertake peer and self-assessment to determine the effectiveness of the Board, Board Committees and each individual Director. The results, in particular the key strengths and weaknesses identified from the assessment, will be shared with the Board to allow improvements to be undertaken.

The NC undertook an annual review of the performance of each Director through self-assessment exercise and upon completion of the review and assessment, the NC submits its comments and recommendations to the Board for consideration. The NC had also taken into the consideration the outcome of the Directors' self-assessment before making recommendations to the Board for Directors who would be seeking for re-election at the 43rd AGM and assessed whether the Directors are 'fit and proper' under the Fit and Proper Policy.

The following Directors are subject to retirement pursuant to the Company's Constitution at the forthcoming 43rd AGM:-

i) Mr Pang Fu Wei (Clause 95)
ii) Mr Chew Soo Lin (Clause 95)

The aforesaid retiring Directors have expressed their intention to seek re-election at the forthcoming 43rd AGM.

Each of the Directors standing for re-election had undergone performance evaluation and provided his/her annual declaration on his/her fitness and probity to continue acting as Directors in accordance with the Directors' Fit and Proper Policy of the Company, as well as confirmation of their independence.

The NC had reviewed the results of the fitness and propriety assessments of the aforesaid retiring Directors. The Board, on the recommendation of the NC, supports the re-election of the aforesaid retiring Directors.

The composition, authority as well as the duties and responsibilities of the NC are set out in its TOR which is available on the Company's website at www.khj-my.com.

4. REMUNERATION COMMITTEE

The RC of the Company recommends to the Board the remuneration of ED and key Senior Management, which would enable the Company to attract and retain its Executive Directors and key Senior Management and motivate them to run the Group successfully. The RC's approach is in line with the Company's overall philosophy that all employees should be appropriately rewarded.

The composition of the RC for the FYE 2023 was as follows:

Name	Designation	Directorship
Yen Se-Hua Stewart	Chairman	Independent Non-Executive Director
Chew Soo Lin	Member	Senior Independent Non-Executive Director
Kor Yann Ning	Member	Independent Non-Executive Director
Hew Moh Yung	Member	Independent Non-Executive Director

During the FYE 2023, the RC reviewed and recommended to the Board for approval on the remuneration packages of the ED and Senior Management and the Directors' fees payable to the Directors of the Company.

Corporate Governance Overview Statement
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

4. REMUNERATION COMMITTEE *cont'd*

(i) Details of Director's Remuneration for the FYE 2023

The aggregate of remuneration received by the Directors of the Company and the Group for the FYE 2023 are as follows:

Company

Directors	Directors' Fees RM'000	Salaries, Bonus and Allowances RM'000	Other Benefits RM'000	Total RM'000
Executive Directors:				
Pang Fu Wei	32	318	-	350
Goh Poh Teng	32	279	8	319
Non-Executive Directors:				
Pang Kim Hin	60			60
Chew Soo Lin	46			46
Yen Se-Hua Stewart	42			42
Kor Yann Ning	40			40
Hew Moh Yung	42			42
Total	**294**	**597**	**8**	**899**

Group

Directors	Directors' Fees RM'000	Salaries, Bonus and Allowances RM'000	Other Benefits RM'000	Total RM'000
Executive Directors:				
Pang Fu Wei	32	318	-	350
Goh Poh Teng	32	279	8	319
Non-Executive Directors:				
Pang Kim Hin	60			60
Chew Soo Lin	46			46
Yen Se-Hua Stewart	42			42
Kor Yann Ning	40			40
Hew Moh Yung	42			42
Total	**294**	**597**	**8**	**899**

Note: Salary includes bonus and EPF

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

4. REMUNERATION COMMITTEE *cont'd*

(ii) Details of Top Five (5) Key Senior Management's Remuneration for the FYE 2023

The remuneration received by the top five (5) Key Senior Management, other than the Directors of the Group in bands of RM50,000 are as follows:

Total Amount of Remuneration	Number of Senior Management
Below RM50,000	
RM50,001 to RM100,000	
RM100,001 to RM150,000	
RM150,001 to RM200,000	**3
RM200,001 to RM250,000	
RM250,001 to RM300,000	
RM300,001 to RM350,000	2
Total	**5**

** *Comprising 1 senior management personnel who resigned in 31st Dec 2023*

The composition, authority as well as the duties and responsibilities of the RC are set out in its TOR which is available on the Company's website at www.khj-my.com.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT COMMITTEE

In compliance with Guidance 1.4 of the MCCG on the separation of the positions of the chair of the AC and the Board, the AC is chaired by Mr Chew Soo Lin, whilst Mr Pang Kim Hin is the Chairman of the Board.

The AC comprises solely of Independent Directors and its composition for the FYE 2023 was as follows:

Name	Designation	Directorship
Chew Soo Lin	Chairman	Senior Independent Non-Executive Director
Yen Se-Hua Stewart	Member	Independent Non-Executive Director
Kor Yann Ning	Member	Independent Non-Executive Director
Hew Moh Yung	Member	Independent Non-Executive Director

The AC members possess the right mix of skills, experience and are financially literate. Their profiles are set out in the Profile of Directors Section of this Annual Report.

During the FYE 2023 and presently, none of the AC members is a former key audit partner of the Group. The AC's TOR, in compliance with Practice 9.2 of the MCCG, requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

Through the AC, the Board maintains a transparent and professional relationship with its External Auditors. In the course of the audit of the Group's financial statements for FYE 2023, the External Auditors have highlighted to the AC and Board, on matters that require the Board's attention. The External Auditors also attended AC meetings to present their audit plan and report as well as their comments on audited financial statements.

The AC has in place the External Auditors' Assessment Policy ("**EA Policy**") which states the policies and procedures to assess the suitability, objectivity and independence of its External Auditors.

Corporate Governance Overview Statement
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

1. AUDIT COMMITTEE *cont'd*

For the FYE 2023, the declaration of the External Auditors' independence in accordance with relevant professional and regulatory requirements is contained in their annual audit plan presented to the AC.

The composition, authority as well as the duties and responsibilities of the AC are set out in its TOR and has been revised and approved by the Board on 24 November 2023 which is available on the Company's website at www.khj-my.com.

2. INTERNAL AUDIT FUNCTION

The Directors acknowledged their responsibilities in maintaining a reasonable sound system of internal controls covering financial, operational, compliance and risk management. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board seeks regular assurance on the continuity and effectiveness of the internal control system through independent review by the Internal and External Auditors.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The Internal Auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system. An Internal Audit Planning Memorandum, setting out the internal audit work expected to be carried out, is tabled to the AC.

For FYE 2023, Sterling Business Alignment Consulting Sdn Bhd ("Sterling"), the outsourced Internal Auditors, have successfully completed their audit visits and reporting as per the approved Internal Audit Plan.

The purpose of the internal audit function is to provide the Board, through the AC, reasonable assurance of the effectiveness of the system of internal control in the Group. The internal audit function is independent, with the head of internal audit reporting directly to the AC and performing audit assignments with impartiality, proficiency and due professional care.

The profile of Sterling is set out as follows:

Date of Appointment:	26 August 2019
Principal Engagement Director:	So Hsien Ying
Qualifications:	• Certified Internal Control Professional (US); • Master in Business Administration (Finance); • BSc Economics (Hons) (London); • Permanent Member of the Internal Control Institute US; • Member of the Malaysian Alliance of Corporate Directors; and • Associate Member of the Institute of Internal Auditors Malaysia
Experiences:	29 years of professional experience in business process improvement, internal control review, internal audit and risk management
Number of Resources:	Sterling deployed 2 to 3 personnel per audit review depending on areas of audit

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

3. RISK MANAGEMENT COMMITTEE

The composition of the RMC for the FYE 2023 was as follows:

Name	Designation	Directorship
Hew Moh Yung	Chairman	Independent Non-Executive Director
Pang Fu Wei	Member	Managing Director
Goh Poh Teng	Member	Executive Director
Chew Soo Lin	Member	Senior Independent Non-Executive Director
Kor Yann Ning	Member	Independent Non-Executive Director
Yen Se-Hua Stewart	Member	Independent Non-Executive Director

Effective Risk Management and Internal Control Framework

The Board recognises the importance of maintaining a sound system of internal control and risk management and has in place an effective risk management and internal control framework.

The risk management and internal control are ongoing processes and the Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

The review and assessment of the Company's internal control and risk management framework are conducted as and when required.

The key elements of internal control and risk management of the Group are set out in the Statement of Risk Management and Internal Control of this Annual Report.

The composition, authority as well as the duties and responsibilities of the RMC are set out in its TOR and has been revised and approved by the Board on 27 February 2023 which is available on the Company's website at www.khj-my.com.

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

1. Communication with Stakeholders

(i) Corporate Disclosures/Investor Relations

The Board recognises the importance of maintaining transparency and accountability to its stakeholders (including its shareholders and investors) and to timely disseminate material information of the Group's performance and any significant developments affecting the Group via Bursa LINK in a timely manner.

The Board has developed a Corporate Disclosure Policy to ensure communications to the investing public regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

The Group's corporate proposals, quarterly and annual financial results and other required announcements are made on Bursa Securities on a timely basis and are available for public access on the Company's website at www.khj-my.com.

Corporate Governance Overview Statement

cont'd

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

1. Communication with Stakeholders *cont'd*

(ii) Corporate Website

KHJ's website at www.khj-my.com also serves as a vital communication channel for investors, shareholders, business partners and clients to access corporate information, news and events related to the Group. The website is updated periodically to reflect the developments within the Group.

2. Conduct of General Meetings

(i) General Meetings

The AGM serves as a principal forum for a two-way dialogue with public shareholders and the Management of the Group. Shareholders may enquire about the resolutions being proposed at the meeting and the financial performance and business operations in general during the open question and answer session. The Chairman and the other members of the Board, together with the Management and the Company's external auditors, would be available to respond to queries from shareholders.

The Notice of AGM is circulated at least twenty-eight (28) days before the date of the meeting to be in line with the MCCG to enable shareholders to vet through the Annual Report and papers supporting the resolutions proposed. This has also met the requirements under Section 316(2) of the Companies Act 2016 and Rule 7.15 of ACE LR which call for at least 21-days' notice period for public companies or listed issuers respectively.

In addition to being dispatched individually to shareholders, the Notice of AGM is also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. This allows shareholders to have immediate access of the notice of AGM and make the necessary preparations for the AGM.

The Chairman of the Board ensures that general meetings support meaningful engagement between the Board, Senior Management and shareholders. The engagement is interactive and include robust discussions on amongst others the Company's financial and non-financial performance as well as the Company's long-term strategies. Shareholders are also provided with sufficient opportunities to pose questions during the general meetings and all the questions received meaningful responses.

The Board ensures that the conduct of a virtual general meeting (fully virtual) supports meaningful engagement between the Board, Senior Management and shareholders which includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders are made visible to all meeting participants during the meeting itself.

(ii) Poll Voting

All the resolutions set out in the Notice of Forty-Second AGM ("42nd AGM") were put to vote by poll voting and duly passed. The shareholders were informed of their rights to demand for a poll. The outcome of the 42nd AGM was announced to Bursa Securities on the same meeting day. The Company had appointed a scrutineer to verify the poll results.

Minutes of the 42nd AGM has been published on the Company's website within 30 business days after the 42nd AGM upon being reviewed by the Board members and approved by the Chairman.

Corporate Governance Overview Statement
cont'd

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

2. Conduct of General Meetings *cont'd*

(iii) Leverage Technology for Remote Participation and Voting by Shareholders

Moving forward, the Company may consider leveraging on the use of technology to facilitate voting in absentia and/or remote shareholders participation at general meetings, taking into consideration the number of shareholders, applicable laws and regulations and the cost and resources required vis-à-vis benefits.

All Directors as well as members of Senior Management will endeavour to attend the forthcoming 43rd AGM to respond to any enquiries from the shareholders.

(iv) Shareholders' Enquiries

Shareholders and investors may at any time request the Company's public information. The Company provides a designated email address at investor.relations@khj-my.com for shareholders to make any query.

(v) Annual Report

The Annual Report is a key communication channel for all the shareholders. The Annual Report is made easily available to shareholders and other stakeholders in a timely manner.

Shareholders can elect to receive a hard copy or an electronic copy of the Annual Report.

STATEMENT ON COMPLIANCE WITH BEST PRACTICES OF CODE

This statement was prepared in compliance with Rule 15.25 of the ACE LR of Bursa Securities and it is to be read together with the Corporate Governance Report 2023 of the Company which is available on the Company's corporate website: www.khj-my.com.

The Board was satisfied that the Company, has endeavoured to comply with the spirit and objectives of the Code during the financial year with regard to the Practices supporting the Principles, except as otherwise stated.

This statement was presented and approved at the Board of Directors' Meeting held on 15 April 2024.

Additional Compliance Information

1. AUDIT FEES AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred by services rendered to the Group and the Company by the external auditors for the FYE2023 were as follows:

Fees	Group (RM)	Company (RM)
Audit fees	219,500	127,500
Non-audit fees	15,000	13,000
Total	**234,500**	**140,500**

Details of the non-audit fees rendered by the External Auditors is disclosed on page 66 , Note 6 to the Financial Statements of this Annual Report.

2. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors and/ or major substantial shareholders' interest during the FYE2023.

3 RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2023 to the latest practicable date are set out in the Circular to Shareholders dated 30 April 2024 and pages 106 and 107, Note 25 of the Financial Statements.

Audit Committee Report

The Board is pleased to present the AC Report for the FYE2023, in compliance with Rule 15.15(1) of the ACE LR of Bursa Securities.

COMPOSITION

The AC comprises four (4) members, and all of them are Independent Non-Executive Directors, in compliance with Rule 15.09(1)(b) of the ACE LR and Practice 9.4 (Step-Up) of the MCCG 2021 ("MCCG"). All the members of the AC satisfied the test of independence under the ACE LR and also met the requirements of the MCCG.

The composition of the AC is as follows:

Directors	Designation	Directorship
Chew Soo Lin	Chairman	Senior Independent Non-Executive Director
Yen Se-Hua Stewart	Member	Independent Non-Executive Director
Kor Yann Ning	Member	Independent Non-Executive Director
Hew Moh Yung	Member	Independent Non-Executive Director

The Chairman of the AC, Mr Chew Soo Lin, is a Senior Independent Non-Executive Director. In this respect, the Company complies with Rule 15.10 of the ACE LR. Furthermore, in compliance with Practice 9.1 of the MCCG, the Chairman of the AC is not the Chairman of the Board.

In addition, Ms Kor Yann Ning is a member of Certified Practising Accountants Australia and Malaysian Institute of Accountants. In this respect, the Company complies with Rule 15.09(1)(c) of the ACE LR. Mr Chew Soo Lin was also formerly a member of the Institute of Chartered Accountants in England and Wales.

Assessment on the Terms of Office and Performance of the AC

The NC reviewed the terms of office and performance of the AC as well as whether its members have carried out their duties in accordance with the Terms of Reference of AC for FYE2023.

Upon review, the NC was satisfied with the overall performance of the AC and its individual members for FYE2023 and had reported its satisfaction to the Board for notation.

Formal Assessment on the External Auditors

In compliance with Practice 9.3 of the MCCG, the AC has established the EA Policy to assess the suitability, objectivity and independence of the External Auditors on an annual basis, prior to making their recommendation to the Board to seek shareholders' approval for the re-appointment of External Auditors for the ensuing year.

The AC had reviewed the independence and effectiveness of the External Auditors and was of the view that the External Auditors had discharged their responsibilities in a satisfactory manner and the AC is satisfied with their competency, functioned effectively and have received adequate authority from the Company and Management in order to carry out their work during the financial year under review and recommended to the Board the re-appointment of Messrs. Deloitte PLT as External Auditors for the FYE2023. The Board has in turn, recommended the same for shareholders' approval at the forthcoming Annual General Meeting of the Company.

Audit Committee Report
cont'd

COMPOSITION *cont'd*

Provision of Non-Audit Services

The EA Policy encapsulated the Company's procedures on the circumstances where the External Auditors or its affiliates could be engaged to perform non-audit services that are not, and are not perceived to be, in conflict with the role of the External Auditors. This excludes audit related work in compliance with statutory requirements.

Before appointing the External Auditors to undertake any non-audit services, Management would be required to assess as to whether such appointment would create a threat to the External Auditors' independence or objectivity on the statutory audit of the Company's financial statements, including any safeguards that are available to address such a threat. The EA Policy also sets out the approval threshold for non-audit services rendered by the External Auditors or its affiliates.

MEETINGS AND ATTENDANCES

The AC held a total of five (5) meetings during the FYE2023 and the details of members' attendance are as follows:

Members	Total no. of meetings attended	%
Chew Soo Lin	5/5	100
Yen Se-Hua Stewart	5/5	100
Kor Yann Ning	5/5	100
Hew Moh Yung	5/5	100

The lead audit partner of the External Auditors responsible for the Group had attended four (4) AC meetings held in FYE2023.

The External Auditors were encouraged to raise with the AC any matters they considered important to bring to the AC's attention.

The Chairman of the AC also sought information on the communication flow between the External Auditors and the Management which is necessary to allow unrestricted access to information for the External Auditors to effectively perform their duties.

Notices of the AC Meeting were sent to the AC Members at least seven (7) days in advance in accordance with the Terms of Reference of the AC. Upon that, the Management will then compile the relevant meeting papers for dissemination to the AC by email.

All deliberations during the AC Meeting were duly minuted. Minutes of the AC Meetings were tabled for confirmation at every succeeding AC Meeting.

The Chairman of the AC presented the AC's recommendations together with the respective rationale to the Board for approval of the annual audited financial statements and the unaudited quarterly financial results. As and when necessary, the Chairman of the AC would convey to the Board, matters of significant concern raised by the Internal or External Auditors. The outsourced professional Internal Auditors, Sterling, were invited to attend AC Meetings to table their respective internal audit reports.

Terms of Reference

The Terms of Reference ("TOR") of the AC are available for viewing at the Company's website at www.khj-my.com.

Audit Committee Report
cont'd

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the FYE2023, the summary of works undertaken by the AC comprised the following:-

1. **Financial Reporting**

a. Reviewed the unaudited quarterly financial results for recommendation to the Board for approval and release to Bursa Securities;

b. Reviewed the business plan and budget of the Group for FYE2023 for recommendation to the Board for approval;

c. Reviewed the identified significant matters, unusual events and assumptions highlighted in the quarterly financial results;

d. Reviewed the draft audited financial statements of the Group for the FYE2023 for recommendation to the Board for approval; and

e. Reviewed the Group's compliance with the Malaysian Financial Reporting Standards, Rule 9.22 and Appendix 9B of the ACE LR of Bursa Securities, and other applicable approved accounting standards and regulatory requirements in Malaysia.

2. **External Auditors**

a. Evaluated the performance of the external auditors (including assessment of their independence, objectivity and their services including non-audit services), Messrs Deloitte PLT, ("External Auditors") and recommended their re-appointment and audit fees to the Board.

b. Procured from the External Auditors the required confirmation that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of reference of all relevant professional and regulatory requirements.

c. Discussed and reviewed with the External Auditors, the applicability and impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board;

d. Discussed significant accounting and auditing issues, the impact of new or proposed changes in accounting standards and regulatory requirements; and

e. Reviewed the Audit Planning Memorandum prepared by External Auditors; and

f. Met with the External Auditors in the absence of the Executive Board members and Management twice a year to facilitate free and honest exchange of views in relation to financial reporting and auditing process.

3. **Related Party Transactions**

a. Reviewed all recurrent related party transactions ("RRPTs") entered into by the Group to ensure that the transactions entered into were on an arm's length basis and not detrimental to the interests of minority shareholders; and

b. Notation on the shareholders' mandate for the RRPTs entered into from 30 May 2023 until the Company's forthcoming Annual General Meeting.

Audit Committee Report
cont'd

SUMMARY OF WORK OF THE AUDIT COMMITTEE *cont'd*

4. Internal Audit

a. Reviewed and approved the Internal Audit Planning Memorandum prepared by Internal Auditors.

b. Reviewed and discussed the internal audit report containing the audit findings and recommendations made by the Internal Auditors and Management's responses on those issues and whether or not appropriate action is taken on the recommendations.

c. Monitored progress of actions taken by Management to address any significant issues identified by the Internal Auditors.

d. Met with the Internal Auditors in the absence of the Executive Board members and Management twice a year to discuss any significant issues which may have arisen in the course of their audit of the Group.

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

5. Other Activities

a. Reviewed the EA Policy and Related Party Transactions Policy and Procedures for recommendation to the Board for approval; and

b. Reviewed the Statement on Risk Management and Internal Control, ARMC Report and Corporate Governance Overview Statement prior to recommendation for Board's approval for inclusion into the Annual Report.

c. Reviewed conflict of interest ("COI") and potential COI of Directors and Key Senior Management.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by an independent external firm of professional Internal Auditors, Sterling, headed by its Director, Ms. So Hsien Ying, who is a Certified Internal Control Professional and an Associate Member of Institute of Internal Auditors Malaysia. The IA reports directly to the AC on its activities based on the approved Internal Audit Plan, designed to cover entities across all level of operations within the Group, and the extent of compliance of such entities within the Group's established policies and procedures.

The Internal Audit assignments are designed to review and assess the procedures, systems and controls whether they are adequate and effective to meet the requirement of:

- Compliance with applicable laws and regulations and Standard Operation Procedures ("SOP");
- Reliability and integrity of information;
- Safeguarding of financial assets; and
- Operational efficiency and effectiveness.

Further details of the activities of internal audit function are set out in the Statement on Risk Management and Internal Control.

The total cost incurred for the internal audit function of the Group for FYE2023 is RM42,500.

Statement on Risk Management and Internal Control

Pursuant to Rule 15.26(b) of the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, the Board of Directors is pleased to provide the Statement on the Risk Management and Internal Control of the Group, which outlines the nature and features of risk management and internal controls within the Group to safeguard shareholders' investments and the Group's assets for the FYE 31 December 2023.

BOARD RESPONSIBILITIES

The Board of Directors ("Board") recognises the importance of maintaining a sound system of risk management and internal control. The Board acknowledges its responsibilities to:

1. Identify key risks and ensure implementation of appropriate control measures to manage the risks; and

2. Review the adequacy and integrity of the internal control system.

The Board, through its Risk Management Committee ("RMC"), 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 process is reviewed by the Board and the RMC on a periodic basis.

The system is designed to manage rather than eliminate the risk of failure to achieve the corporate objectives and to provide reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

Key Senior Management staff and Heads of Department are delegated the responsibilities to manage risks in their respective areas of responsibilities. Key risks and mitigating controls are deliberated during the Management meetings. Risks identified are prioritised in terms of likelihood of occurrence and its impact on the achievement of the Group's business objectives. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

The abovementioned risk management practices of the Group serve as the ongoing process used to identify, evaluate and manage significant risks. The Board shall continue to evaluate the Group's risk management process to ensure it remains relevant to the Group's requirements. During the financial year under review, the RMC met on 27 February 2023 and 13 April 2023.

As part of the risk management process, a Registry of Risk and a Risk Management Handbook had been prepared in accordance with the internationally recognised the Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management (COSO-ERM) framework. The Risk Management Handbook summarises risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. The respective risk owners are accountable for identifying relevant risks and ensuring that adequate control systems are in place and implemented to mitigate such risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in various work processes and procedures of the respective operational functions and management team.

The key elements of the Group's risk management framework include:

- A Risk Management Working Group to monitor any instances involving material breaches or potential breaches to the Group's risk management strategies;
- Report to the RMC in connection with the Group's annual reporting responsibilities in relation to matters pertaining to the Groups's risk management strategy;
- Undertake an independent review on an annual basis, in accordance with the Group's risk management framework and to make recommendations to the RMC in connection with changes required to be made to the Group's risk management strategy;
- The RMC reviews its own Terms of Reference to ensure that it is operating effectively, recommending any changes it considers necessary to the Group; and
- The Risk Management Working Group updates the RMC on the Groups's risk profile and reports any new significant risks including corporate liability risk, business sustainability risks,etc

Statement on Risk Management and Internal Control

cont'd

INTERNAL AUDIT

The Group engaged Sterling Business Alignment Consulting Sdn Bhd ("Sterling"), an independent professional consulting firm, to conduct an independent review of the Group's system of internal control. Sterling is free from any relationships or conflicts of interest, which could impair their objectivity and independence of the internal audit function. Sterling does not have any direct operational responsibility or authority over any of the activities audited.

Sterling was allowed complete and unrestricted access to all documents and records of the Group deemed necessary in the performance of its function and they have independently reviewed the risk identification procedures and control processes implemented by the Management. They also reviewed the internal controls in the key activities of the Group's business based on the risk profiles of the Group and assessed the adequacy and integrity of the internal control system and reports directly to the Audit Committee ("AC"). Sterling uses the Committee of Sponsoring Organizations of the Treadway Commission - Internal Control (COSO - IC) Integrated Framework as a basis for evaluating the effectiveness of the internal control system.

The annual internal audit plan was approved by the AC and carried out accordingly. The independent assessment on the internal control of the Group was undertaken on a quarterly basis. The results of the internal audit reviews and the recommendations for improvement were presented to the AC. For the FYE 31 December 2023, the Outsourced Internal Auditors have conducted three (3) internal audit reviews covering the management information services/ information technology, finance and accounts and buying functions and one (1) follow-up status review. The results of the internal audit reviews and follow-up status review, and the recommendations for improvement were presented at the scheduled AC meetings.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies, or uncertainties that would require separate disclosure in this annual report. Nevertheless, for areas requiring attention, measures have been and are being taken to ensure ongoing adequacy and effectiveness of internal controls and to safeguard shareholders' investments and the Group's assets.

KEY FEATURES OF INTERNAL CONTROL

As at the date of this Statement, the key features of the Group's internal control are as follows:

1. **Organisational Structure**

   A clear and well-defined organisational structure taking into account the business and operational requirements of the core businesses of the Group which limits the respective levels of authority, accountability and responsibility of job functions and specifications.

2. **Regular Review of the Financial Performance of the Group**

   The AC and the Board would set an agenda in their respective meetings to conduct the review on the financial performance of the Group on a quarterly basis. In addition, Management meetings are held weekly when necessary to raise issues, discuss, review and monitor the business development resolve operational and management issues and review financial performances against the business plans, the target and the budgets, if any, for each division.

3. **Internal Policies and Procedures**

   There are clearly defined and formalised internal policies and procedures in place to support the group in achieving its corporate objectives. These policies and procedures provide a basis for ensuring compliance with applicable laws and regulations and internal control concerning the conduct of business.

4. **Internal Audit Function**

   The internal audit function has been outsourced to an independent professional firm for greater independence and accountability in the internal audit function in view of the Group's available limited resources.

Statement on Risk Management and Internal Control
cont'd

KEY FEATURES OF INTERNAL CONTROL *cont'd*

5. **Anti-Bribery and Corruption Policy and Whistleblowing Policy**

   The Group has established an Anti-Bribery and Corruption Policy and Whistleblowing Policy and Procedures, which are available on the Group's website. It's intended to assist the reporting individual to report to the appropriate channel, any information which the individual believes to involve malpractice or impropriety.

REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY THE EXTERNAL AUDITOR

The External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

The Board has received assurance from the Managing Director, Executive Director and Chief Financial Officer that the Group's risk management and internal control system, in all material aspects, are operating adequately and effectively. Nevertheless, the Board is also cognisant of 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 will, when necessary, put in place appropriate action plans to further enhance the Group's system of risk management and internal control.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2024 .

Statement of Directors' Responsibility

in respect of the preparation of financial statements

In accordance with the Companies Act 2016 ("the Act") and the applicable approved accounting standards, the Directors are required to prepare annual financial statements that give a true and fair view of the financial position and the results and cash flows of the Group and of the Company for that financial year then ended.

The Directors have reviewed the accounting policies to ensure that they are consistently applied throughout the financial year and are of the view that relevant approved accounting standards have been followed in the preparation of these financial statements. In cases where judgements and estimations were made, they were based on reasonableness and prudence.

The Directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records are accurate and reliable.

The Directors are responsible for ensuring that the Company maintains accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the provisions of the Act.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect frauds and other irregularities.

This Statement on Directors' Responsibility for preparing the financial statements is approved by the Board on 15 April 2024.