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

A FAMILY THAT GROWS TOGETHER

Annual Report 2021

CONTENTS

CORPORATE OVERVIEW

CORPORATE GOVERNANCE

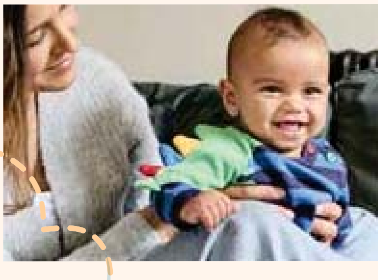
FINANCIAL STATEMENTS

STAKEHOLDER INFORMATION

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.

OVERVIEW

Kim Hin Joo (Malaysia) Berhad ("KHJ") is one of Malaysia's largest premium baby, children and maternity product vendors. Spearheaded by our founder Pang Kim Hin, KHJ ventured into the franchise retail business of baby, children and maternity products in 1986.

Under the leadership of Mr. Pang, the Company reached another milestone when it was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 8 July 2019, cementing the Company as the leading retailer of maternity, baby, children's clothing, and toys in Malaysia.

A brief timeline of our growth is set out as follows:

From 1987 to 2007

We established ourselves into a company with a strong retail client base.

From 2008 to 2013

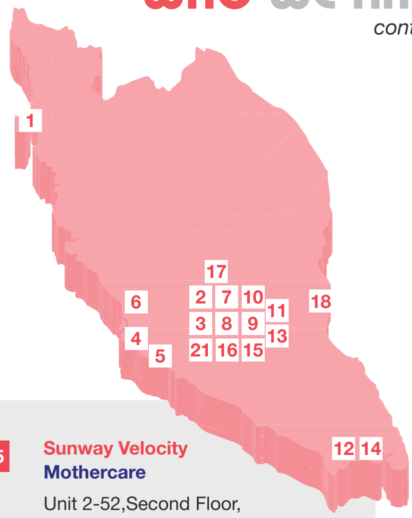
We embarked on a robust growth trajectory and successfully established our distribution business.

From 2014 to 2020

We grew our business by expanding our retail business outside of Klang Valley and utilising e-Commerce platforms. To further our growth, we ventured into the toys market in 2020.

As at 31 December 2021, we have a total of 21 Mothercare retail outlets in Malaysia together with 14 ELC store-in-store ("ELC SIS") outlets and 4 The Entertainer Outlets offering approximately 347 brands with more than 43,000 Stock Keeping Units ("SKU") and more than 530 distribution points across our network.

WHO WE ARE
cont'd



1 **Gurney Plaza**
Mothercare
170-03-06/06A , 3rd 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
No. 6 Jalan PJU 7/3,
Mutiara Damansara,
47810 Petaling Jaya, Selangor

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

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

6 **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

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

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

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

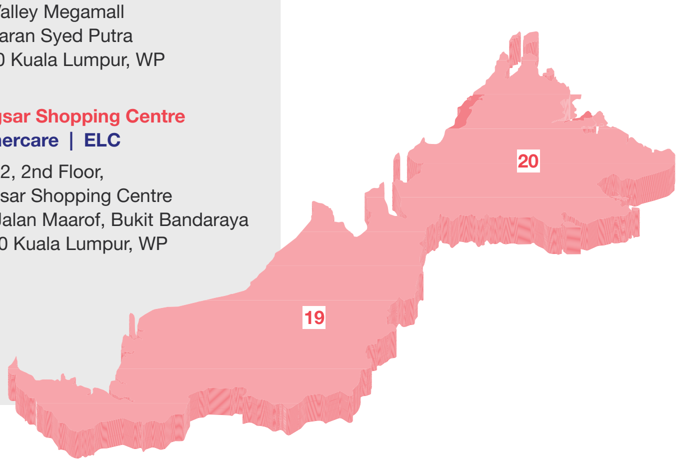
10 **Pavilion KL**
Mothercare
Lot 5.43, Level 5,
Pavilion Kuala Lumpur
168, Jalan Bukit Bintang
55100 Kuala Lumpur, Wilayah
Persekutuan

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

12 **AEON Mall Tebrau City**
Mothercare | ELC
Lot S135, 2nd Floor
AEON Mall Tebrau City
No. 1 Jalan Desa Tebrau
81100, Johor Bahru, Johor

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

14 **Mid Valley Southkey**
Mothercare | ELC
LG-060, The Mall Mid Valley Southkey
No 1, Persiaran Southkey 1
80150 Johor Baharu



15 **Sunway Velocity**
Mothercare
Unit 2-52,Second Floor,
Sunway Velocity
Jalan Cheras, Maluri
55100 Kuala Lumpur, WP

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

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

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

19 **Vivacity Megamall**
Mothercare | ELC
L1-015 & L1-016
Level 1, Vivacity Megamall
Jalan Wan Alwi,
93350 Kuching, Sarawak

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

21 **Tropicana Gardens Mall**
Mothercare | ELC | TE
Lot G-23 & 23A, Ground Floor,
Tropicana Gardens Mall No, 2A,
Persiaran Surian, Tropicana Indah,
47810 Petaling Jaya, Selangor

WHO WE ARE
cont'd

Our Business

In 1986, Mr. Pang Kim Hin entered into the first exclusive development agreement with Mothercare UK. Our first Mothercare outlet was subsequently established in KL Plaza in April 1987, marking the start of our retail business with a selected range of baby, children, and maternity products.

Through the success of our KL Plaza outlet, we began to familiarise ourselves with retail outlet operations that eventually allowed us to further the relationship with the franchisor.

Under Mr. Pang's leadership, the Company leveraged on the higher availability of retail space due to the increase in shopping malls between 1994 and 2006 in the Klang Valley to open another eight Mothercare outlets. From the success of this move, the Company extended its reach outside the Klang Valley in 2007 with the opening of the first Mothercare outlet outside the Klang Valley in Gurney Plaza, Penang. Since then, the Company has expanded to East Malaysia and the southern region of Peninsular Malaysia with Mothercare outlets in Sabah, Sarawak, and Johor in 2014, 2015 and 2016 respectively.

We then expanded into the distribution business in 2008 to complement the retail business. Through our subsidiaries, Global Product Solutions Sdn Bhd and Global Retail Network Sdn Bhd, we carry a wider range of products and brands, and our market reach has broadened across Malaysia.

In 2010, we entered into a development agreement with Early Learning Centre ("ELC"), a brand of educational and developmental toys designed for babies and children up to the age of 6 years, originating from the United Kingdom. All our ELC outlets are operated as a store-in-store within our Mothercare outlets.

Over the years, we have expanded our brand and product offerings to include a wide range of Clothing, Home & Travel, and Toy products. This is done through our close collaboration with Mothercare UK, ELC UK, The Entertainer UK and established relationships with brand owners and manufacturers.

In 2019, we finalised and signed the development agreement with The Entertainer UK, granting us the exclusive rights to open and operate the toy outlet in Malaysia. We subsequently opened our first The Entertainer outlet located in Sunway Pyramid in June 2020.

Despite the challenges of the COVID-19 pandemic, we continued to drive our expansion plans to increase our retail network in the country and strengthen our e-Commerce capabilities, while also prudently maintaining a healthy financial position.

We opened Malaysia's first Mothercare Experience Store located at Tropicana Gardens Mall, Petaling Jaya in 2021. This new megastore has 15,000 sq. ft of space for a comfortable shopping experience while catering to new parents with a new experiential concept promising a visual and tactile experience to enable shoppers make better purchasing decisions. With online shopping growing among our customers, the Company also launched The Entertainer website.

The Company capped 2021 by winning the Best Company for IR in the Micro-cap category in the Malaysian Investor Relations Association ("MIRA") IR Award 2021.

Our
Products and Services

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

- 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

- Baby and children's toys

- Stroller test track
- Babywearing zone
- Dream nursery corner

- Sparkle clean - baby gear cleaning services
- Nursery advisors

Our
Competitive Strengths

Exclusive Rights to Strong Heritage Brand

Trusted quality products for parents, babies, toddlers and young children

Established Track Record

Experienced in the retail and distribution of baby, children and maternity products

Large Portfolio

Baby and children products built on strong established relationships with our franchisors and other branded product suppliers

Dynamic Experienced Management Team

Expertise in retail, distribution, marketing and finance

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

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

2010
- Early Learning Centre development agreement signed

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

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)*
Pang Kim Hin
(Resigned on 25 November 2021)
Chew Soo Lin
Kor Yann Ning
Hew Moh Yung

NOMINATION COMMITTEE

Chew Soo Lin *(Chairman)*
Pang Kim Hin
(Resigned on 25 November 2021)
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)]

SPONSOR

UOB Kay Hian Securities (M)
Sdn Bhd
Suite 19.03, 19th Floor
Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur

Tel : +603-2147 1888
Fax : +603-2147 1950

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

BOARD OF DIRECTORS

From left to right

Chew Soo Lin, Kor Yann Ning, Pang Fu Wei, Pang Kim Hin, Goh Poh Teng, Hew Moh Yung, Yen Se-Hua Stewart

PROFILE OF DIRECTORS

PANG KIM HIN

Non-Independent Non-Executive Chairman
Singaporean | aged 72 | 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:
35 years

Board Committee(s) Membership:
Member of Remuneration Committee | Member of Nomination Committee
[Resigned as a member of the Remuneration Committee and Nomination Committee on 25 November 2021]

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 41 years of experience and has been exposed to a wide range of industries. He started his career as an engineer with Guthrie Engineering (S) Pte Ltd in Singapore. In 1981, he left Guthrie Engineering (S) Pte Ltd and joined Kim Hin Joo Pte Ltd, his family-owned business involved primarily in general investment in stocks and shares. He was responsible for managing and overseeing the daily operations of the company. He was subsequently appointed as director of Kim Hin Joo Pte Ltd in May 1987, where he still serves as a board member.

In March 1985, he founded Mothercare (S) Pte Ltd ("Mothercare SG") and brought the Mothercare brand into Singapore. Through Mothercare SG, he opened the first Mothercare outlet in The Centrepoint Singapore in 1985 and was responsible for overseeing the overall operations of Mothercare SG. In 2015, his son Mr Pang Fu Wei took over his role in Mothercare SG.

In September 1986, he was appointed as a Director of our Company with the intention of bringing the Mothercare franchise into Malaysia. Subsequently, in April 1987, he opened the first Mothercare outlet in KL Plaza, Kuala Lumpur, and was responsible for spearheading and overseeing the overall operations and strategic business direction of our Group. He has, over the years, played a major role in expanding our network of retail outlets and the range of brands and products offered. In April 2015, his daughter, Ms Pang Shu Ming, joined our Group and took over his primary responsibilities in Malaysia. Since then, Mr Pang Kim Hin's responsibilities in our Group have shifted towards a non-executive role. Subsequently, on 1 July 2020, Mr Pang Fu Wei took over the role of Managing Director of the Company.

In March 1992, he took over the entire business of Mother and Child Ltd, which was the franchise holder of the Mothercare franchise business in Hong Kong and has since been responsible for the company's business operations.

In 2003, he founded Global Outsource Solutions Pte Ltd ("Global Outsourced"), with the intention of venturing into the distribution business of baby, children, and maternity products in Singapore to complement the existing retail business of Mothercare. Subsequently, he introduced the distribution business to Malaysia in 2008 through Global Product Solutions Sdn Bhd ("GPSSB"), as well as Hong Kong in 2017 through Trade Solutions Ltd.

Mr Pang Kim Hin previously served as a board member of co-operatives and statutory boards in Singapore, namely the National Trades Union Congress and Co-operative Commonwealth for Transport Ltd in Singapore, and the Public Utilities Board, a Singaporean statutory board of the Ministry of Environment and Water Resources. He also served as a non-executive board member of Comfort Group Limited, a company that was listed on the Singapore Exchange Limited from July 1993 until its delisting 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 FYE2021.

PROFILE OF DIRECTORS
cont'd

PANG FU WEI

Managing Director
Singaporean | aged 33 | Male

Date of Appointment as Director:
27 February 2020

Length of Service as Director since Appointment:
2 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.

He has 9 years' working experience in the areas of business development, marketing, retail and distribution segments from his involvement in Mothercare SG, where he is still attached.

He started his career in Mothercare SG in 2013 as a Business Development Manager and took on the responsibility as the Store Manager in their flagship retail outlet. During his tenure there, he implemented their e-Commerce strategy and also a retail diagnostics framework to drive business decisions for Mothercare SG.

In 2015, he was promoted to Executive Director and took on the responsibility of the Head of Merchandising and Marketing where he has successfully expanded the flagship store from 6,500 sq ft to 10,000 sq ft. He had also successfully secured new brands for their distribution business and also implemented the Emarsys system, a marketing CRM and automation system that supports Mothercare SG in sales management, delivering actionable insights and sales strategy.

In 2017, he was named as the Managing Director for Mothercare SG where he heads the retail and distribution business in Singapore. He also spearheaded Retail 2.0, a project that includes digitisation of their business, process redesign and brand repositioning for Mothercare SG.

Time Committed:
Mr Pang Fu Wei attended 5 out of 5 Board of Directors' Meetings held during the FYE2021.

PROFILE OF DIRECTORS
cont'd

GOH POH TENG

Executive Director
Malaysian | aged 61 | 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:
8 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 began her career in October 1984 as a Management Trainee for Kimisawa Department Store. During her tenure as a Management Trainee, she gained experience in operating different sections of a department store. She was subsequently promoted to Supervisor in April 1985, where she was responsible for overseeing and managing the sales of stationeries.

In February 1987, she left Kimisawa Department Store and joined our Group as an Assistant Store Manager, where she assisted Mr Pang Kim Hin in setting-up our first Mothercare outlet in KL Plaza. She was also responsible for managing the day-to-day retail outlet operations, comprising, amongst others, inventory management, sale and promotional activities, as well as conducting product and services training to new staff.

As our network of retail outlets grew, she took on more responsibilities and 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.

She was promoted to General Manager in January 2012 and was subsequently appointed as our Director in June 2014. She is currently responsible for managing the overall day-to-day operations of our retail business. Together with our Managing Director, she is involved in driving the strategic business direction of our retail and distribution businesses.

Time Committed:
Ms Goh attended 5 out of 5 Board of Directors' Meetings held during the FYE2021.

PROFILE OF DIRECTORS

cont'd

CHEW SOO LIN

Senior Independent Non-Executive Director
Singaporean | aged 74 | Male

Date of Appointment as Director:
3 October 2018

Length of Service as Director since Appointment:
3 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 began his career in 1966 working in various audit firms in England. In 1971 he qualified as an UK Chartered Accountant and became a member of the Institute of Chartered Accountants in England and Wales until 1996.

In 1972, he joined Arthur Andersen & Co in Singapore as an Audit Senior, where he was primarily responsible for carrying out audit work for a portfolio of companies. He was subsequently promoted to Audit Manager in 1976.

In 1978, he joined the Khong Guan group of companies and gained experience working for and subsequently managing some biscuit factories and trading companies of the group in Southeast Asia and China. In September 1998, he was appointed an Executive Director of Khong Guan Limited and was subsequently re-designated as the Executive Chairman of Khong Guan Limited in August 2007.

Time committed:
Mr Chew attended 5 out of 5 Board of Directors' Meetings held during the FYE2021.

PROFILE OF DIRECTORS
cont'd

YEN SE-HUA STEWART

Independent Non-Executive Director
Singaporean | aged 72 | Male

Date of Appointment as Director:
3 October 2018

Length of Service as Director since Appointment:
3 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 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 Unicorn International Pte Ltd ("Unicorn International") as a Sales Manager in the Agency Sales Department, where he was primarily responsible for the sale of defence systems to the Singapore Armed Forces. In July 1980, he left Unicorn International and joined Duce International Pte Ltd as a Regional Manager, where he was primarily responsible for marketing amusement park rides in the Asia Pacific Region.

In December 1982, he left Duce international Pte Ltd and joined CDC-Construction & Development Pte Ltd (later known as Sembawang Engineers & Constructors Pte Ltd) as an Assistant General Manager, where he was responsible for design-and-build of defence infrastructures in Singapore. In August 1988, he left CDC-Construction & Development Pte Ltd and re-joined Unicorn International as General Manager, where he was responsible for defence agency sales and international marketing of Singapore-made equipment.

He left Unicorn International in October 1999 and founded SECOM (Singapore) Pte Ltd ("SECOM") in April 1992, serving as its Chief Executive Officer where he was responsible for the day-to-day operations of the company. He was subsequently re-designated as the Executive Chairman of SECOM in 2017 and is presently a board member.

Time Committed:
Mr Yen attended 5 out of 5 Board of Directors' Meetings held during the FYE2021.

PROFILE OF DIRECTORS

cont'd

KOR YANN NING

Independent Non-Executive Director
Malaysian | aged 38 | Female

Date of Appointment as Director:
3 October 2018

Length of Service as Director since Appointment:
3 years

Board Committee(s) Membership:
Member of Remuneration Committee | Member of Nomination Committee | Member of Audit 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 began her career in October 2005 with GJ Fong & Co, an accounting and law firm based in Sydney, Australia. In July 2010, she left GJ Fong & Co and 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.

Subsequently, in May 2012, she left Fusion Partners Pty Ltd and joined OSK Investment Bank Berhad as a Vice President and Financial Product Controller for the bank's finance department. She was primarily responsible for overseeing the bank's treasury forex activities. After the merger of OSK Investment Bank Berhad and RHB Investment Bank Berhad, she was redesignated as Senior Manager in April 2013 and was tasked to oversee derivatives and structured products and capital market activities.

In December 2015, she left RHB Investment Bank Berhad and joined S & F Construction Sdn Bhd as a Financial Controller of the firm. She was responsible for the overall finance, risk management and analysis, IT transformation, human resource, and audit operations of the company. In November 2019, she was appointed as a Chief Financial Officer of Leweko Resources Berhad (presently known as S&F Capital Berhad), a company listed on the Main Market of Bursa Securities. She 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 FYE2021.

PROFILE OF DIRECTORS
cont'd

HEW MOH YUNG

Independent Non-Executive Director
Singaporean | aged 66 | Male

Date of Appointment as Director:
26 August 2019

Length of Service as Director since Appointment:
2 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 a Director of Khong Guan Ltd, listed in Singapore, and holds directorships in several other private limited companies.

Family Relationship with any Director and/or Major Shareholder of the Company:
None

Working Experience:
Mr Hew has over 39 years of work and board member experience with multinational companies in sales, marketing, and general management roles based in Singapore, Taiwan, Malaysia, Vietnam, and Hong Kong.

He worked in Singapore in the East Asiatic Company, Cold Storage, and Asia Pacific Breweries Ltd and left in 1992 for Taiwan to take on the role of General Manager/Director for consumer products of The East Asiatic Co (Taiwan) Limited, serving until 1997 when he was transferred to EAC Malaysia Sdn Bhd, as Head of Consumer Products Division as its Director.

In 2002, Mr Hew joined DKSH Vietnam Ltd as General Director and headed the country management team of DKSH Vietnam Ltd and its Representative Office. He was relocated to Hong Kong as Regional Vice President of FMCG Greater China in 2005, and Head of Country Management Team of DKSH Hong Kong Ltd. He was also a director of DKSH China Holdings Ltd, Director for e-Sweets Shanghai and Hong Kong, and Chairman of Chiao Tai Logistics (Taiwan) Corporation.

Since 2018, he is the chairman of Eu Yan Sang (Hong Kong) Ltd.

Time Committed:
Mr Hew attended 5 out of 5 Board of Directors' Meeting held during the FYE2021.

ADDITIONAL INFORMATION ON THE DIRECTORS

The details of the Directors' interest in the securities of the Company are set out on page 128 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 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.

KEY SENIOR MANAGEMENT

From left to right

Fran Lua, Chang Yeen, Asmadi Saiman, Chia Wei Wei, Stephanie Chew, Chang Kim Win

PROFILE OF KEY SENIOR MANAGEMENT

CHANG KIM WIN

Chief Financial Officer
Malaysian | aged 51 | 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 began her career in the year 1994 in an auditing and accounting firm for four (4) years. She has experience in auditing and is also involved in Financial Due Diligence and fraud case investigation. She then joined a multinational company in retail business in 1998 for four (4) years as Accounting Manager where she reported to the Senior Finance Manager and Regional Finance Director in Singapore.

In December 2002, she joined a public listed company involved in jewellery as Finance Manager who reported to the Managing Director. She was responsible for pro-active support to the Managing Director, Board of Directors, and management team, and subsequently, in April 2005, she was with an IT company as Senior Finance Manager and reported to the Regional Financial Controller in the Singapore office.

She then moved to a Global Business Solutions organisation in October 2009 as Financial Controller and reported to the Head of Shared Services in Malaysia and Chief Information Officer from Regional Office, Singapore in September 2010, she was with a company which specializes in vehicle financing for a year as Senior Finance Manager reporting to the General Manager-Finance & President and was also the Head of Accounts and Tax team.

In January 2012, she joined the group of companies involved in Islamic pawnbroking, retail, and hotel business as Senior Financial Controller and reported to the Group Managing Director. She was also involved in operations management which plans, organizes, and oversees the organisation's processes to balance revenues and costs and achieved the highest possible operating profits.

On 15 October 2020, Ms Chang joined our Group as the Chief Financial Officer where she oversees the Group's overall financial and operations, budgeting, forecasts, quarterly results, corporate exercises and ensure matters are in compliance with the relevant regulatory authorities.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd

FRAN LUA

Head of Brand & E-Commerce
Malaysian | aged 39 | Female

Date First Appointed to the Key Senior Management Position:
01 September 2018

Academic/Professional Qualification(s):
Diploma Part 2 in Business Administration from The Association of Business Executives

Working Experience:
Ms Lua began her career as a purchasing assistant at Li-Foong Brass Industries (M) Sdn Bhd in January 2002 where she assisted in the procurement of raw materials for the company's manufacturing activity. In 2003, she left Li-Foong Brass Industries (M) Sdn Bhd and joined Maxicom Enterprise as a Retail Executive where she was responsible for retail sales of telecommunication products.

She left Maxicom Enterprise in July 2004 and joined Cosway (M) Sdn Bhd as a Marketing Assistant where she assisted in product development and conducting customer surveys for the company. In September 2004, she left Cosway (M) Sdn Bhd and joined CTOS-emr Sdn Bhd as a Customer Service Officer where she was responsible for managing key account customers and conducting training programmes for users of the company's systems. In September 2005, she left CTOS-emr Sdn Bhd and joined YH Photo Supply as a retail supervisor, where she was responsible for the sales and operations, recruitment, cash flow, and inventory management for one of their retail outlets.

In March 2007, she left YH Photo Supply and joined Leonard Drake (M) Sdn Bhd as a Customer Service Executive, where she was responsible for assisting in the customer service management for the company's salons including upkeeping, conducting training, and resolving customer complaints. In April 2008, she left Leonard Drake (M) Sdn Bhd and joined John Master (M) Sdn Bhd as a Brand Executive in the company's cosmetics division where she was responsible for managing the consignment counters in department stores, inventory management, as well as coordinating promotional and marketing events for the company.

In July 2009, she left John Master (M) Sdn Bhd and joined Baby Kiko Sdn Bhd as a Brand Executive, where she was responsible for product development, management, and promotion of the company's baby and toddler clothing. She was subsequently promoted to Assistant Brand Manager in August 2010 and to Brand Manager in August 2012. Her responsibilities were further extended to include inventory management, budgeting, promotion, and marketing of the brand to local and overseas markets. She was also tasked to establish and manage the company's new and existing stores and consignment counters, as well as the company's online retail store.

In September 2016, she left Baby Kiko Sdn Bhd and joined us as our Head of Retail. She oversees the operational management and planning of our Mothercare outlets, which includes setting up new retail outlets, budgeting and stock management, customer service, and preparation of retail training modules. She also manages our Mothercare online store. She was promoted to our Head of Retail and Marketing in September 2018, and her responsibilities were extended to include management and coordination of marketing and promotional functions for our retail business.

In January 2020, she was appointed as the Head of Brand and E-Commerce, where she oversees operational management of our brands and e-commerce.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd

CHANG YEEN

Head of Distribution
Malaysian | aged 42 | Female

Date First Appointed to the Key Senior Management Position:
11 November 2019

Academic/Professional Qualification(s):
Degree in Business with Information Technology from Staffordshire University | United Kingdom and Certified Product Marketing Manager from the Association of International Product Marketing and Management

Working Experience:

Ms Chang began her career in 3M Malaysia Sdn Bhd as an Account Specialist in the stationery and office supplies division in July 2005 and later as retail chain bookstore champion in January 2006. She handled sales with distributors and dealers in the Klang Valley, Northern Malaysia, and East Coast Malaysia, as well as retail chain bookstores, winning the Top Salesperson Award for the Year 2006 and a Sigma Green Belt.

In May 2008, she joined Johnson-Johnson Vision Care as the team lead of Senior Customer Development Manager, responsible for sales development and marketing activities. Her achievements during her tenure in Johnson & Johnson Vision Care made her the President Award Winner in 2009 for Malaysia and a recipient of the Encore Gold Award.

She subsequently joined Lam Soon Edible Oils Sdn Bhd in November 2010 as a Brand Manager. In January 2013, she took on the responsibility of a Product Manager, managing the marketing for a few household brands which saw sales of her portfolio increase by 10% to 30% annually. She was also awarded the Best Presenter of Knowledge Management in 2014. In recognition of her achievements, she was sponsored by Lam Soon Edible Oils Sdn Bhd for the Certified Product Marketing Manager Course in 2013.

In 2014, DKSH Malaysia Sdn Bhd's healthcare services department welcomed her as a Key Account Manager of sales to Guardian, Watsons, Caring, Cosway, and Aeon Wellness, responsible for marketing and merchandising campaigns and ensuring all activities are in line with DKSH Malaysia Sdn Bhd's standards, policies, and strategies.

A year later, she moved to Merck, Sharp & Dohme Sdn Bhd as a Chain Account Manager of the pharmacy channel, managing the sale of all their prescription drugs and products to Multicare, Alpro, Health Lane, Cosway, and Mediconstant chain pharmacies. She was also tasked with planning and managing key patient programmes as well as championing and coordinating pharmacist programmes with selected chain pharmacies across Malaysia.

In 2016, Ms. Chang joined Astra Baby Sdn Bhd as a National Sales Manager, where she helped grow the sales of their products by 20% to 70% in 2018, launched new digital initiatives for the company that led to the establishment of a new B2C sales channel and set up a standard operating procedure for the sales team.

In 2019, she left Astra Baby Sdn Bhd and joined our Group as our Head of Distribution, where she oversees the overall operations and drives the strategic business direction of our distribution business.

PROFILE OF KEY SENIOR MANAGEMENT
cont'd

CHIA WEI WEI

Head of Retail Merchandising
Malaysian | aged 42 | Female

Date First Appointed to the Key Senior Management Position:
01 April 2015

Academic/Professional Qualification(s):
Bachelor of Arts Degree in Commerce from Liverpool John Moores University, United Kingdom

Working Experience:
Ms Chia began her career in May 2004 in FJ Benjamin Fashion (M) Sdn Bhd as a Merchandising Assistant for the Guess Kids brand and was promoted to Merchandising Officer in March 2007, where she was primarily responsible for preparing sales reports, categorising and segmentation of the products, and the monitoring of inventory levels for children's clothing and footwear. In January 2008, she was promoted to Sales Support Executive and was mainly responsible for consolidating and analysing sales reports as well as providing system training to the merchandising assistants for all brands.

In August 2009, she left FJ Benjamin Fashion (M) Sdn Bhd and joined our Group as a Buyer. Her responsibilities as a Buyer revolved around purchasing activities, merchandise category planning, inventory, and supply management. She was also tasked to analyse and manage the sales reports, brand and inventory forecasting, product pricing, and budgeting. As our business expanded, her responsibilities were also extended to include managing and overseeing the overall operations of our retail purchasing/procurement department. She was also tasked to drive the sales in our Mothercare outlets through marketing and promotional activities.

She was promoted to Head of Retail Merchandising in April 2015 and is responsible for overseeing and managing the overall retail merchandising activities for our Mothercare outlets.

ASMADI SAIMAN

Warehouse Manager
Malaysian | aged 46 | 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 started his career in 1995 as Industrial Clerk (Non-Executive), Premier Milk (M) Sdn Bhd and was promoted to Warehousing and Distribution Supervisor (Non-Executive) in 2004. In April 2013, he joined F & N Dairies (M) Sdn Bhd as Warehousing and Distribution Supervisor (Non-Executive) and subsequently promoted to Executive, Secondary Supply Chain in 2014.

In August 2015, he joined Guardian Health and Beauty Sdn. Bhd, Sepang, Selangor as Assistant Manager, Distribution Centre. He then joined Cotton-On Group, Puchong as DC Operation Brand Manager in May 2016.

He left Cotton-On Group and joined our Group on 21 October 2020, and he is responsible for planning and supervising daily warehouse operations and distribution of products to outlets and distribution points.

PROFILE OF KEY SENIOR MANAGEMENT
cont'd

STEPHANIE CHEW

Head of Marketing
Malaysian | aged 37 | 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 began her career as a brand and marketing executive at Litt Tak Sdn Bhd in April 2007 where she is responsible for all marketing advertising and promotion execution for Bandai, Sanrio, Takara Tomy toys. In September 2009, she left the company and joined Camps and Apparels Corporation as Marketing Executive where she was responsible for marketing plans and liaison with franchisees, suppliers, and associations involved.

In April 2011, she joined The Estee Lauder Companies as a Marketing Executive where she is responsible for managing all above-the-line & line marketing. She was promoted to Assistant Marketing Manager in July 2013 where she was responsible for all retail marketing plans, execution, and budget monitoring for Estee Lauder. She was also given an additional role in Customer Relationship Management for the brand.

In April 2016, she was subsequently promoted to Assistant Product and Marketing Manager where she leads the 360-marketing launch plan for makeup and fragrance categories. She is also responsible for the top-down strategy of the brand from product forecasting to pricing strategy and spearheading creative marketing activities. In July 2017, she was promoted to Product Marketing Manager and is responsible for the overall brand and product marketing for Estee Lauder makeup and fragrance categories.

In February 2018, she left The Estee Lauder Companies and joined The Lion Group as Marketing Manager where she was responsible for managing the overall retail marketing and social media strategy, advertising and promotion plans, loyalty program, budgeting, and visual merchandising for the beauty division of the group. In 2020, she joined Esplanade Avenue Sdn Bhd as Marketing Manager and spearhead the overall marketing and creative team. She is also responsible for the social media, e-commerce marketing strategy, budgeting, purchasing, and A&P of multiple premium skincare brands.

In September 2021, she joined our group as Head of Marketing where she oversees the overall marketing strategy and activities for our Mothercare stores.

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.

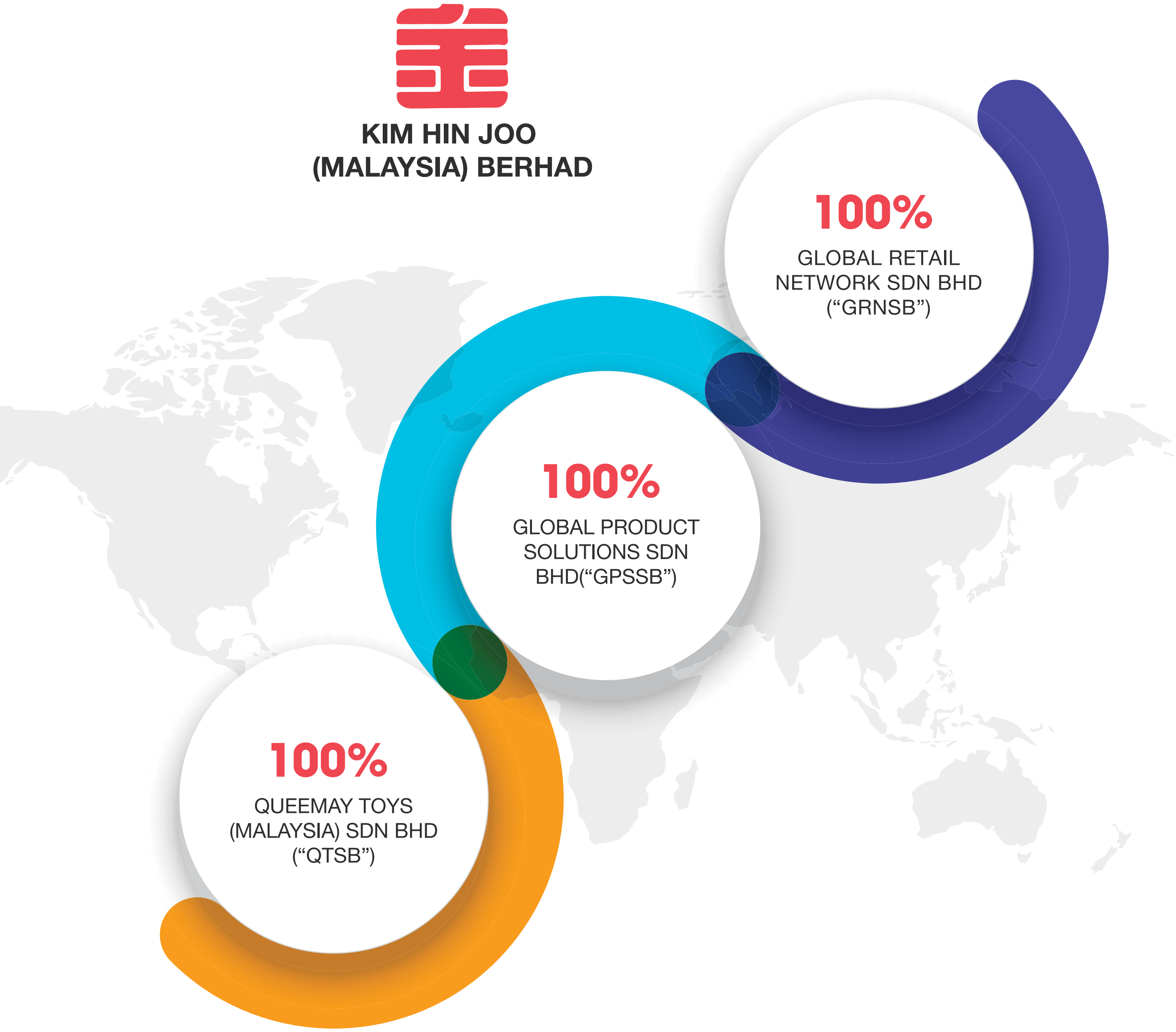
Conflicts of Interest:
The Key Senior Management do not have any conflicts of interest with the Company.

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.

GROUP STRUCTURE

The Group Structure of KHJ for the financial year ended 31 December ("FYE") 2021 was as follows:

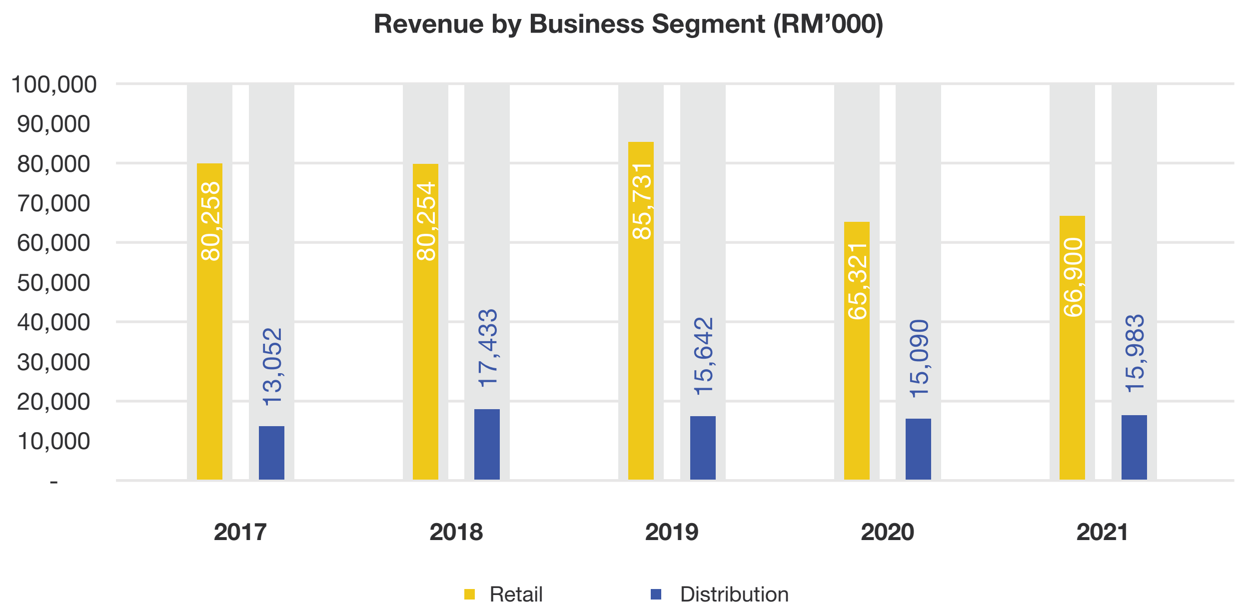


FINANCIAL HIGHLIGHTS

5 Years Financial Performance

	Financial Year Ended 31 December ("FYE")				
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
STATEMENT OF PROFIT OR LOSS					
Revenue	93,310	97,687	101,373	80,411	82,883
Gross Profit	48,891	51,187	51,949	39,466	39,119
Profit before taxation ("PBT")	16,261	15,451	13,449	7,413	6,764
Profit attributable to owners of the Company ("PAT")	11,561	11,112	9,420	5,348	4,593
STATEMENT OF FINANCIAL POSITION					
Total equity attributable to owners of the Company	62,119	38,747	75,962	77,509	78,302
Total assets	77,140	53,127	110,917	110,101	114,334
Cash and bank balances, fixed deposits with licensed banks	15,695	7,590	40,236	31,796	25,221
Borrowings	132	-	-	-	-
FINANCIAL RATIOS					
GP Margin (%)	52.40	52.40	51.24	49.08	47.20
* Basic earnings per share ("EPS") (sen)	3.04	2.92	2.48	1.41	1.21
* Dividends per share (sen)	2.11	9.07	1.50	1.00	1.00
* Net assets per share (sen)	16.35	10.20	19.99	20.40	20.61

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

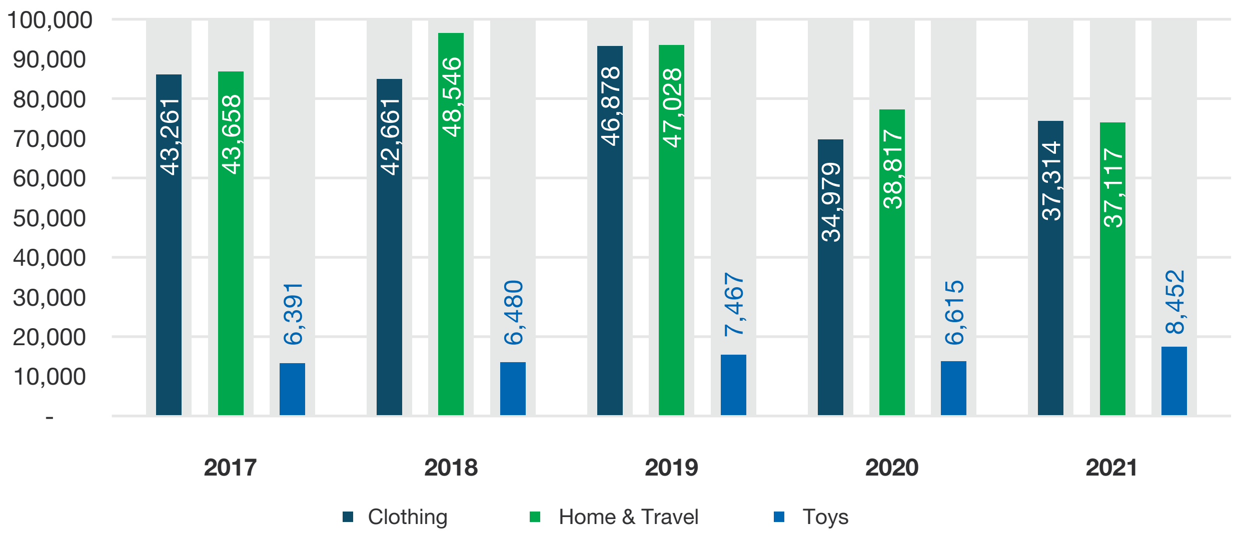


FINANCIAL HIGHLIGHTS

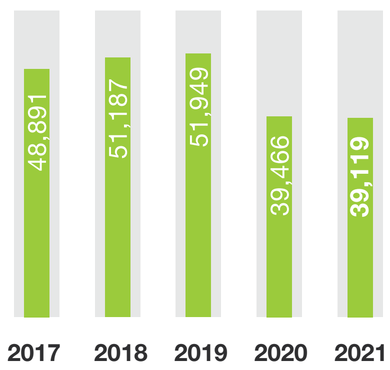
5 Years Financial Performance

cont'd

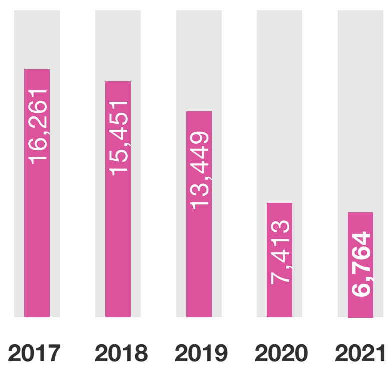
Revenue by Product Categories
(RM'000)



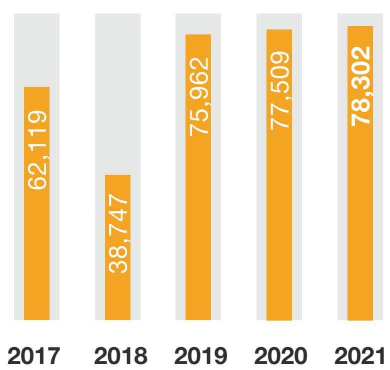
Gross Profit (RM'000)



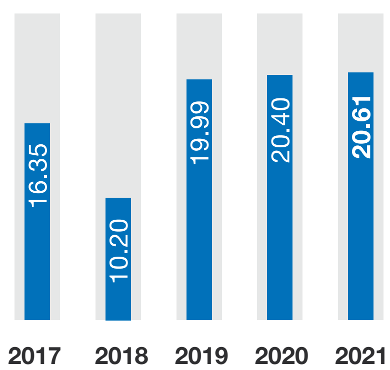
Profit Before Taxation (PBT) (RM'000)



Net Assets (RM'000)



Net Assets per Share (SEN)



CHAIRMAN'S STATEMENT

Two years into the COVID-19 crisis, global and domestic economies continue to deal with pandemic-related challenges. The uneven opening of global markets has caused supply chain issues to persist, and has undoubtedly cast a shadow over the pace of economic recovery moving forward.

While the ongoing health crisis remains a foremost concern, the high rates of vaccination in Malaysia has allowed the country to embark on various bold steps to gradually reopen its economy.

BUSINESS OUTLOOK

Malaysia's growth momentum recovered in fourth quarter of 2021 in view of a spill-over impact from massive policy support and gradual easing of lockdown measures. The country's 4Q 2021 gross domestic product (GDP) expanded by 3.6% year-on-year, a sharp improvement against -4.5% in 3Q 2021 and -3.4% in 4Q 2020, pushing Malaysia's 2021 GDP to 3.1%.

The Malaysia retail market is gearing up for a rebound in 2022 as retailers were hit particularly hard by the movement control orders (MCO) in the past two years. The rebound will be driven by the reopening of the economy – further loosening of movement restrictions and the proposed opening of Malaysia's borders. Accumulated savings among the M40 and T20 groups as well as potential job and income growth are expected to drive consumer spending in the coming year.

The Malaysia Retail Industry Report projects a 6% growth rate for the industry in 2022. With this in mind, we are poised to seize any opportunity arising from the anticipated growth, while upholding all the necessary measures to ensure a safe environment for our employees and customers.

CHAIRMAN'S STATEMENT
cont'd

EXPANSION PLAN

Over the past year, we have opened two additional Entertainer Toy stores. With that, we expect to see positive contributions from our toy business in this financial year.

We have been working hard on revamping our IT infrastructure and the system is now in its final stages of development. This puts us back on track to transition from a multi-channel retailer to an omni-channel retailer. We have also opened our first Mothercare Experience Store located at Tropicana Gardens Mall, which is another example of how we are pushing ahead with our omni-channel strategy to improve our customer touchpoints.

This pandemic has proven to be very disruptive to the retail industry. Our quest is to stay ahead of the competition by introducing new and exciting ways to engage our customers. Over the next two years, we intend to roll out our experience store concept to the rest of our key stores across the country.

CAPITALISING ON E-COMMERCE

With COVID-19 accelerating the rise of e-commerce, we have pivoted our attention to online stores as an additional revenue channel. Our improvements in digital marketing and expansion into online marketplaces have resulted in our online sales growing more than 100% in the first year of the pandemic, and a continued growth of 56% in the subsequent year. While the bulk of the Group's sales are currently conducted via its physical stores, our digitalisation roadmap will allow us to further enlarge our customer base.

REMAINING CAUTIOUS IN 2022

The general business environment has improved since the gradual re-opening of the economy.

Economists are expecting the Malaysian real gross domestic product (GDP) to grow by 5.2% in 2022, an upward revision from the 3.1% in 2021. However, new COVID-19 variants may impede global economic recovery.

In this regard, we shall practise prudence by ensuring that all our expenses continue to be kept to a minimum. At the same time, we shall shift our focus towards improving our digital capabilities while growing our e-commerce channel within the Group.

DIVIDENDS

The Group has a dividend payout policy of not less than 40% of our annual audited net profit attributable to shareholders, which we have maintained since our Listing.

In accordance with our dividend payout policy, we declared a first interim dividend of 1 sen per share on 25 February 2022, in respect of the financial year ended 31 December 2021.

ACKNOWLEDGMENT

On behalf of the Board, I would like to express my heartfelt thanks to all our shareholders, customers, suppliers, business associates and bankers for their continued and unwavering support for and confidence in the Group throughout the year.

I wish to extend my deepest gratitude to our employees for their dedication and hard work. I sincerely believe that our staff continue to be our most valuable asset and they play an essential part in ensuring our success.

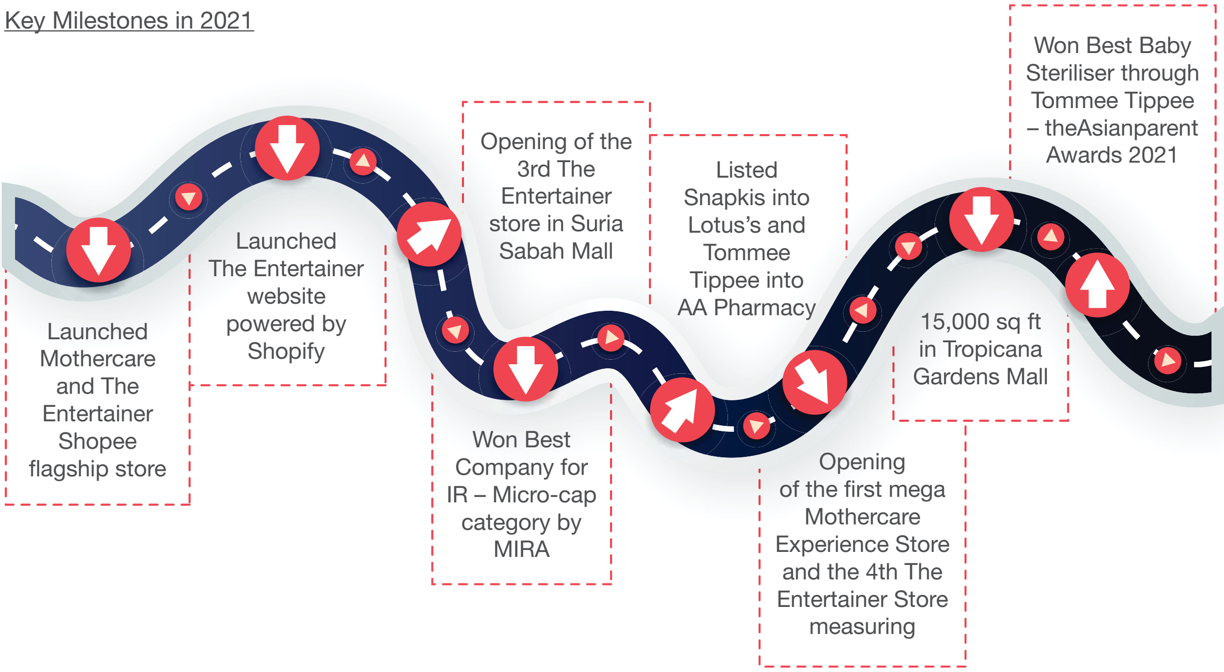
We have pulled through a turbulent FY2021, and we look forward to delivering a better FY2022.

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF THE KHJ GROUP

Kim Hin Joo (Malaysia) Berhad ("KHJ") is a leading premium baby, children and maternity product vendor in Malaysia. Its history traces back to 1986 when Founder, Pang Kim Hin, spearheaded his venture into the franchise retail business of baby, children and maternity ("BCM") products.

Key Milestones in 2021



OPERATIONAL REVIEW

(i) Retail

The Group provides a range of BCM products through different sales channels consisting of:

- Mothercare outlets
- ELC store-in-store ("ELC SIS")
- The Entertainer outlets
- Mothercare online store
- Online sales channels and;
- Baby Expos

21	14	4	347
Mothercare Outlets	ELC SIS	The Entertainer Outlets	Brand of Product

In addition to the above, KHJ also offers 6 consignment brands at Mothercare outlets.

KHJ's retail segment products are primarily sourced through Mothercare UK, ELC UK and The Entertainer UK. A summary of its retail segment and sales channels are as follows:

Mothercare Outlets, ELC SIS & The Entertainer Outlets

The Group operates Mothercare outlets, The Entertainer and ELC SIS in accordance with the terms of its Development Agreements and Operational Agreement with Mothercare UK, The Entertainer UK and ELC UK respectively.

KHJ operates 21 Mothercare outlets, 14 ELC SIS and 4 The Entertainer outlets throughout Malaysia as at 31 December 2021, offering Mothercare, ELC and The Entertainer products as well as other branded products within its categories from third-party sources ("other branded products").

The Group currently carries approximately 347 brands comprising Clothing, Home & Travel products as well as Toys at Mothercare, ELC SIS and The Entertainer outlets.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

1. OVERVIEW OF THE KHJ GROUP *cont'd*

OPERATIONAL REVIEW *cont'd*

(i) Retail *cont'd*

Mothercare Outlets, ELC SIS & The Entertainer Outlets *cont'd*

Currently, 149 out of the total of 347 brands of Clothing, Home & Travel products and Toys are available on the Group's Mothercare online store.

The second year of the COVID-19 pandemic remained challenging for the domestic retail industry. Although there was more optimism in the beginning of 2021, rising infection rates due to the Delta variant of the virus, the reimposition of movement restrictions across various parts of the country and slowing economic activities took a toll on the industry and consumer sentiment only started to recover in the fourth quarter of the year.

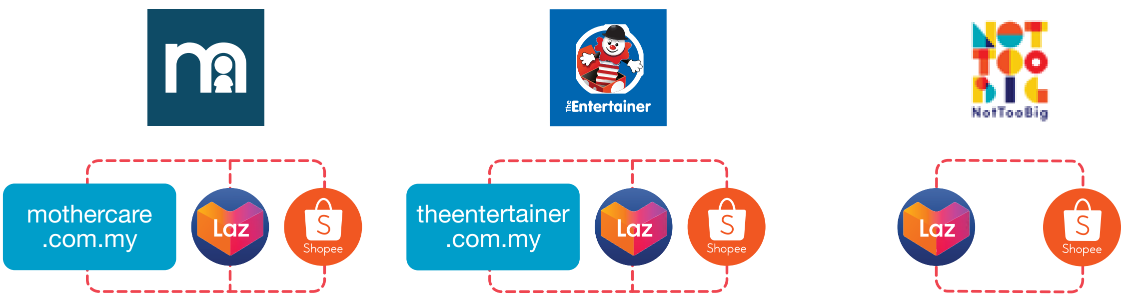
The gradual reopening of the economy coupled with better employment outlook and the vaccine rollout helped in this recovery, with retailers benefitting from the final quarter of 2021 when domestic wholesale and retail trade posted the highest monthly sales value amounting to RM120.5 billion in December.

Despite the uncertain operating landscape, KHJ opened the first Mothercare Experience Store outlet on 19 November 2021 at the Tropicana Gardens Mall in Petaling Jaya, bringing the total number of Mothercare outlets to 21. This 15,000 sq ft outlet features a new experiential concept including a stroller test track, baby-wearing zone, baby gear cleaning services, and nursery advisors that enabled shoppers to have a visual and tactile experience to help them make better purchasing decisions. Two new The Entertainer outlets were also opened at Suria Sabah Mall and Tropicana Gardens Mall, bringing the total number of outlets to four. These outlets are expected to contribute positively to the Group's financial performance in FY2022 after having contributed significantly in sales in the fourth quarter (4Q) of FY2021.

The Group has continued to focus on digitalisation to stay abreast of consumer and technology trends as well as to ensure a better and wider market reach. It has leveraged digital retailing through in-house online sales platforms and capitalised on popular e-commerce sites such as Lazada and Shopee to increase sales and enhance accessibility. Adapting to digitalisation forms part of the Group's strategy to increase sales as well as the exploration of opportunities to expand the reach of its products.

Mothercare Online Store and Online Sales Channels

Products from Mothercare and The Entertainer are also available through the following channels:



Mothercare, ELC and other branded Clothing, Home & Travel products and Toys

The Entertainer and other branded toys

Other branded Home & Travel products

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

1. OVERVIEW OF THE KHJ GROUP *cont'd*

OPERATIONAL REVIEW *cont'd*

(i) Retail *cont'd*

Mothercare Online Store and Online Sales Channels *cont'd*

Baby Expos

KHJ has been regularly participating in Baby Expos since 2010 to showcase product offerings of its branded products in the Home & Travel and Toys segments. However, Baby Expos were cancelled throughout 2020 in view of the COVID-10 pandemic outbreak. In November 2021, the Group participated in one (1) Baby Expo.

(ii) Distribution

The Group distributes a total of 20 brands of Home & Travel products mainly to specialty baby and toy stores, departmental stores, hypermarket, online stores, pharmacies, confinement centres, traditional Chinese medical halls and other corporate partners.

These outlets mainly sell baby nursing products and toiletries, strollers, travel cots, highchairs, travel bags, baby seats, nursing pillows and toilet training mats direct to customers.

A small portion of the Group's sales are from departmental store retailers who are consigned products to be placed in their outlets and sold to customers.

2. FINANCIAL PERFORMANCE REVIEW

For the 12-month period ended 31 December 2021 (FY2021), KHJ reported a 3.07% increase in revenue to RM82.88 million compared with RM80.41 in FY2020 mainly due to increase in sales for the retail segment contributed by an additional three outlets that opened in the year under review.

The Group's profit before tax (PBT) decreased to RM6.76 million in FY2021 compared with RM7.41 million in FY2020 while profit after tax (PAT) decreased to RM4.59 million compared with RM5.35 million due to higher material and shipping costs that increased cost of sales.

However, underscoring the economic rebound from the mid-year slowdown and the recovery of consumer sentiment, revenue for 4Q FY2021 jumped 51.89% to RM29.83 million from RM19.64 million in the same quarter of the preceding year while there was also a one-fold surge compared with 3Q FY2021.

As a result of the increase in economic activities, the 4Q 2021 PBT surged 166.10% to RM3.70 million compared with RM1.39 million in the corresponding quarter of the previous year while PAT surged 142.95% to RM2.31 million from RM0.95 million.

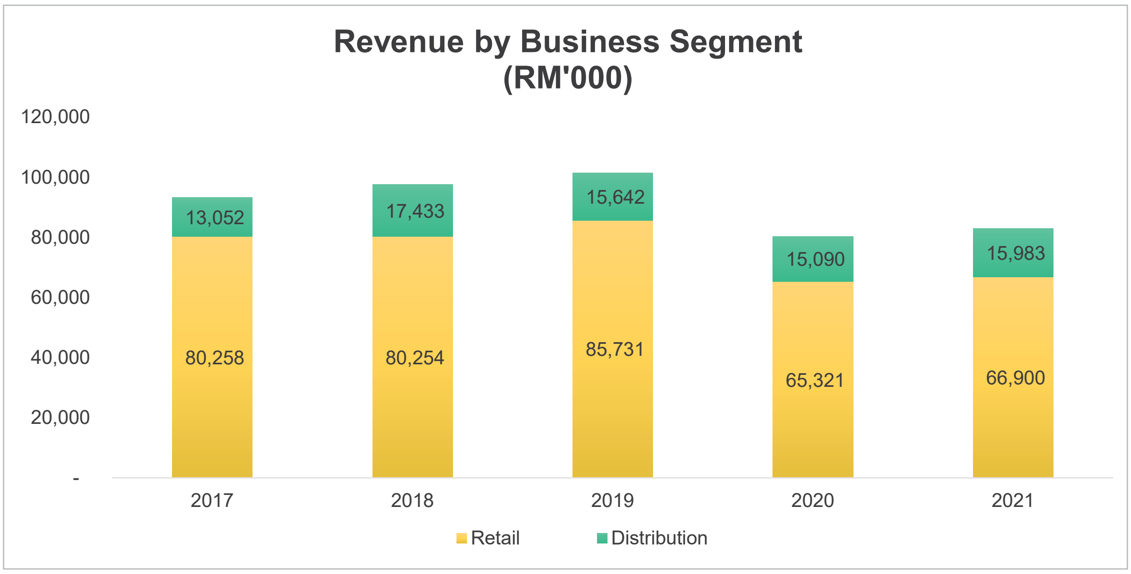
MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

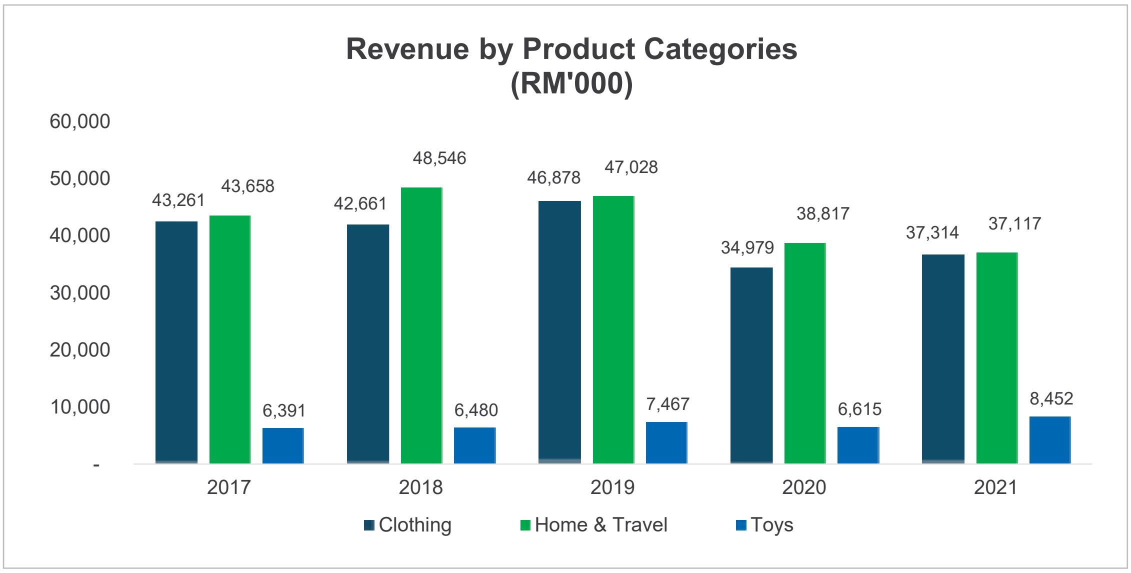
2. FINANCIAL PERFORMANCE REVIEW *cont'd*

The vast improvement seen in financial performance in 4Q 2021 was due to all retail outlets being operational compared with 4Q 2020 when the Enhanced Movement Control Order (EMCO) effective 14 October 2020 to end-2020 led to a decrease in retail sales stemming from reduced foot traffic in the malls where the Group's retail outlets are located. Allowing intra-state travel under Phase 4 of the National Recovery Plan also helped support economic activities.

Revenue Analysis

The FYE2021 revenue breakdown by business segment and product category are provided below:





2. FINANCIAL PERFORMANCE REVIEW *cont'd*

Financial Position

KHJ's balance sheet as at FYE2021 is reflected below:

	2021 (RM'000)
Total Assets	114,334
Total Liabilities	36,032
Debt to Assets	31.51

ZERO Borrowings

RM 78.3 mil Net Assets

3.9 Current Ratio

20.61 sen Net Assets Per Share

The Group's cash and bank balances, including fixed deposits with licensed banks, stood at RM25.22 million as at 31 December 2021, with no borrowings. Net current assets stood at RM62.63 million with a ratio of 3.9 times as at 31 December 2021.

The Group will continue to remain prudent and maintain a healthy cash flow position as part of measures to mitigate risks while ensuring a solid financial position for seeking opportunities that will enhance revenue. Notably, the total equity attributable to owners of the Company stood at RM78.3 million as at 31 December 2021 while net assets per ordinary share attributable to owners of the Company stood at 20.61 sen.

Capital Expenditure

The Group's total capital expenditure ("Capex") in FY2021 amounted to RM3.6 million, mainly used for expansion of the Group's retail network, the expansion for Mothercare in Tropicana Garden Malls (TGM) and The Entertainer in TGM and Suria Sabah.

Capital Management

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

3. DIVIDENDS

A single tier tax exempted interim dividend of 1 sen per ordinary share amounting to RM3.8 million (computed based on the issued capital of KHJ of 380 million shares) was declared by the Board on 25 February 2022 and paid on 12 April 2022.

This is a significant achievement in view of the highly challenging operating environment that the Group faced throughout FY2021.

4. BUSINESS RISKS

As with any company, KHJ's business is subject to risks that may have material effect on its operations, performance, financial condition and liquidity. Below are the key risks that the Group is currently facing as well as known risks that may develop in the future:

a) Dependence on Franchisor Agreements

The Group is dependent on its ability to renew and comply with the development agreements and operational agreements with its franchisors, namely Mothercare UK and TEAL Brands Limited for the operations of its outlets.

Although KHJ has been operating the Mothercare and ELC franchise for more than 33 years and nine years respectively with no allegation of breach or threat of termination of these agreements with the Group, there can be no assurance that it will be able to renew the agreements which are determined at the discretion of the management of the franchisors.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

4. BUSINESS RISKS *cont'd*

a) Dependence on Franchisor Agreements *cont'd*

Mitigation measures:

- The Group closely monitors agreement terms to ensure that its activities are conducted in compliance with provisions under the agreement.
- Ensure timely renewal of agreements.
- Engagement with franchisors to keep abreast its business risks while laying out strategies that may have positive impact on the continuity of these agreements.
- Continue to ensure good mutual relationship with its franchisors.

b) Brand Name Reputation

The Group's success very much depends on its ability to operate retail outlets under the "Mothercare" and "ELC" brands, and their reputation for consistent and high-quality products. This concern extends as well to "The Entertainer" toy brand with which KHJ has finalised a development agreement with The Entertainer UK group to operate their branded outlets which is pending approval from the Registrar of Franchise.

The Group has no control over events and actions taken by the franchisor or other franchisees of the "Mothercare", "ELC" and "The Entertainer" brands outside Malaysia which could erode consumer confidence in these brands and negatively impact the future sustainability of its business operations.

Mitigation Measures

- Close monitoring of mass and social media to gauge consumer sentiment towards the "Mothercare", "ELC" and "The Entertainer" brands.
- Sharing customer feedback with the Group's franchisors.
- Prudent marketing and promotional activities to enhance the value of the "Mothercare", "ELC", and "The Entertainer" brands.

c) Outlet Location Appeal

KHJ's existing retail outlets' performance is dependent on each outlet's continued appeal as an attractive shopping destination.

All of its Mothercare outlets, ELC SIS and The Entertainer outlets are located in shopping malls. There can be no assurance that the Group's existing retail outlet location's appeal will continue to meet the Group's expectations or that the neighbourhood characteristics or demographic of the vicinity surrounding the existing retail outlet will not deteriorate or otherwise change in the future.

Furthermore, performance of KHJ's retail outlets is contingent upon its ability to secure and maintain attractive outlet locations in high foot traffic area. Due to the demand for prime outlet locations, the cost to secure and maintain these choice locations may increase in the future.

Mitigation Measures

- Continued engagement with mall management and town council on issues that may affect the appeal of the neighbourhood.
- Active assessment of each outlet's needs for renovation, expansion or relocation.

d) Rental & Tenancy Terms

The Group operates all Mothercare outlets and ELC SIS on properties tenanted from third-party mall operators/owners. Most of its tenancy arrangements are for a term of three years with an option to renew for a further three years.

Upon expiry of its existing tenancies, the landlords may review and change the terms and conditions of the lease agreements. KHJ therefore faces the possibility of not being able to renew the leases on terms and conditions which are commercially acceptable to it.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

4. BUSINESS RISKS *cont'd*

d) Rental & Tenancy Terms *cont'd*

Prime and competitive outlet locations are also subject to significantly higher rental rates. While the Group does not foresee any major issues in renewing these tenancies, it may be subject to new terms and conditions imposed by the mall operators/owners on these tenancies. The Group may also face interruptions to its business operations if it is unable to renew its tenancies in a timely manner.

Mitigation Measures

- Continued engagement with mall management to maintain good relations and strengthen the favourability of the terms of agreement of KHJ's lease.

e) Foreign Exchange Risks

The Group's purchases from its franchisors and overseas suppliers are denominated in foreign currencies, mainly GBP (for purchases from Mothercare UK, ELC UK and The Entertainer which account for more than 40% of the Group's total purchases) and USD (for purchases from Product Marketing Mayborn which accounts for more than 10% of the Group's total purchases).

Given that KHJ's sales are denominated in ringgit, it is unable to naturally hedge its exposure to foreign exchange fluctuations. The Group is also reluctant to pass on cost increases arising from adverse fluctuations in foreign exchange to its customers in order to maintain its price competitiveness.

Mitigation Measures

- Close monitoring of the foreign exchange (FOREX) market and vetting through economic data.
- Engagement with the Group's panel bankers on the FOREX outlook.
- Utilise foreign exchange forward contracts to hedge exposure against transactions in foreign currencies.
- Maintain part of the cash and bank balances in foreign currency bank accounts to meet future foreign currency denominated payment obligations.

SUSTAINABILITY STATEMENT

OUR COMMITMENT TO BUSINESS SUSTAINABILITY

We are pleased to present KHJ's third sustainability performance report, which provides an overview of the sustainability measures implemented from 1 January 2021 to 31 December 2021. These measures, encompassing the activities of KHJ and initiatives on Environmental, Social and Governance ("ESG")-related matters, representing our commitment and continuing efforts to integrate sustainability into the Group's operations.

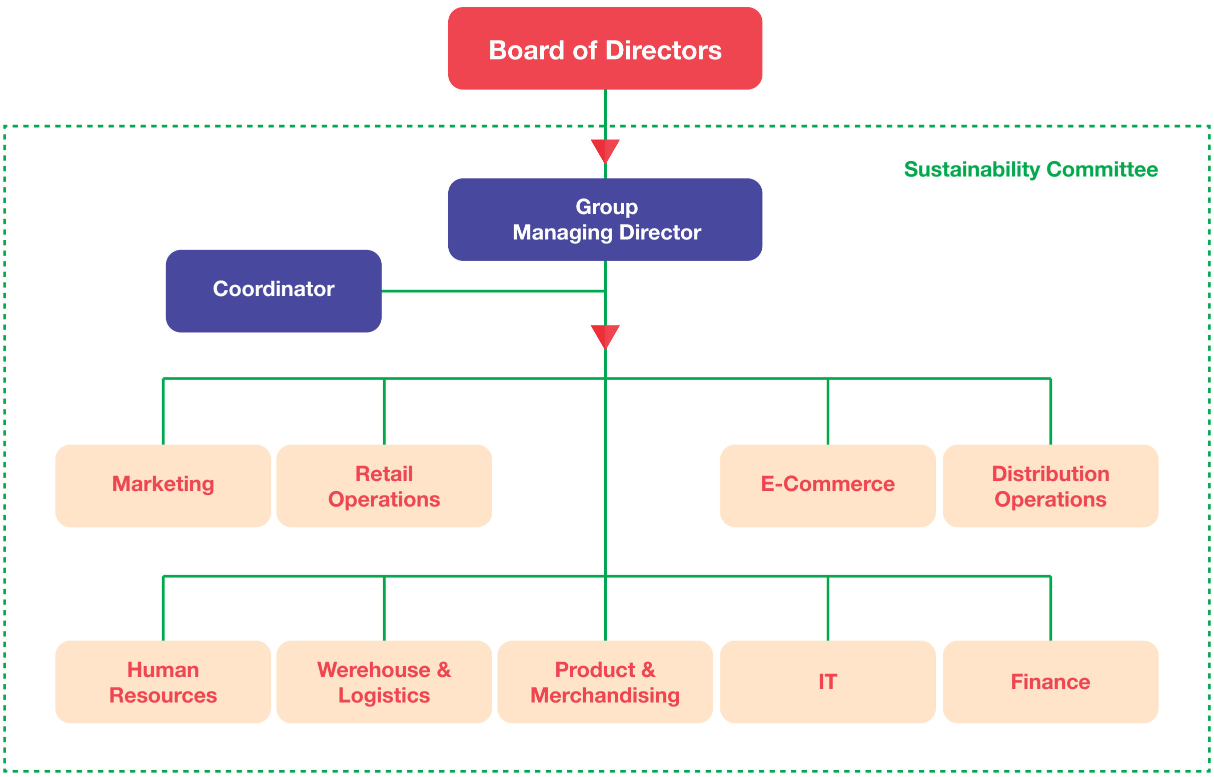
This report was prepared under the framework provided by the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI").

The key sustainability matters that affect direct and indirect stakeholders, including customers, employees, shareholders and investors, government authorities, the surrounding community and the general public, are emphasised in this report.

The contents of this report have been reviewed after it was tabled to the Board on 13 April 2022. The Board acknowledged the content as a fair, balanced, and accurate representation of our ESG initiatives.

Sustainability Governance

The Board has overall responsibility for the oversight of the Group's sustainability measures and its integration into business operations. The Management assists by overseeing the implementation of these sustainability measures while representatives from each department meet on sustainability-related materiality issues regularly to ensure that these issues are accorded priority and integrated throughout the Group.



SUSTAINABILITY STATEMENT
cont'd

Material Sustainability Matters and Stakeholder Engagement

Material sustainability matters that would be of utmost concern and have an impact on stakeholders are identified and prioritised. The table below provides an overview of the material subjects and their groupings under the main three sustainability pillars, namely 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

KHJ builds trust and gains insights into pressing sustainability matters encompassing our economic, environmental, and social initiatives through engaging in constructive and meaningful dialogue with stakeholders.

This commitment to effective bilateral dialogue enables the Group to share its perspective on key issues with the stakeholders so that they can better understand the Group's sustainability journey.

The stakeholders we engage with are diverse, representing the value chain of our operations and their views help us to enhance the Group's sustainability strategy in key areas.

The table below highlights salient issues of interest for each stakeholder group and our means of engagement with them during 2021 to address those issues:

Key Stakeholder Groups	Areas of Interest	Addressing Their Interests
Shareholders and Investors	▪ KHJ's business direction ▪ Key corporate developments ▪ Financial performance	▪ Announcements on Bursa Malaysia ▪ 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

SUSTAINABILITY STATEMENT
cont'd

OUR COMMITMENT TO BUSINESS SUSTAINABILITY *cont'd*

Material Sustainability Matters and Stakeholder Engagement *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 Malaysia ▪ Reporting
Local Communities and Public	▪ Transparent and quality products and services ▪ Community development and enrichment	▪ Community programmes ▪ Donations and other philanthropic contributions

ECONOMIC

The KHJ Business Code of Conduct and Ethics is integral to the operations of the Group and guides our work in sustaining commendable financial results. At the same time, we endeavour to provide opportunities to the communities surrounding our operations through local hiring.

Local Hiring

We prioritise the hiring of locals as part of the measures taken in increasing the economic benefits to the surrounding communities where KHJ's operations are located. In efforts to improve local economic conditions, we also improve our ability to understand local needs.

As at 31 December 2021, other than our Managing Director and the Non-Executive members of our Board, all our employees in the head office, warehouse and outlets of the Group are Malaysians.

Code of Conduct and Ethics

All directors and employees of the Group must observe high ethical business standards enshrined in the Business Code of Conduct and Ethics, and these values, which also ensure that they act in the best interest of shareholders, must be applied across all aspects of the business operations. We conducted a review and revised the Business Code of Conduct and Ethics in May 2020 to reflect the Group's newly enhanced anti-bribery and anti-corruption policies and procedures in response to the 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

The Group adopted and implemented the Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") in May 2020 following the amendment to the MACC Act 2009 specifically relating to Section 17A.

The ABAC Policy, which is also published on our website, incorporates more 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. Employees are required to comply with the ABAC Policy as part of the Group's commitment to its stakeholders in preserving economic sustainability.

In prioritising issues related to bribery and corruption, we have provided channels for employees and non-employees to report any malpractices. This is further strengthened by the Group's Whistleblowing Policy, which is available on our corporate website, formalises a secure and confidential channel for concerns raised or malpractices to be reported.

COVID-19 RESPONSE

We have continued to prioritise the safety and health of employees, visitors to our corporate offices, shoppers at our outlets and vendors by adhering strictly to the measures announced by the Ministry of Health Malaysia in regard to COVID-19 containment.

The initiatives include strict site protocols for hygiene and social distancing, cleaning and disinfecting workplaces, temperature screening and contact tracing record at all our office and warehouse entrances and providing face masks to employees and hand sanitisers to both employees and visitors to our office.

To help contain the spread of the virus, we have also reduced non-essential travel and meetings are conducted via video conferencing technology. The wearing of face masks is mandatory at all our outlets to ensure the safety and health of employees as well as the visitors to the outlets. All COVID-19 standard operating procedures (SOPs) are observed at all times.

To ensure business sustainability and continuity, we have taken proactive steps in addressing the risks posed by COVID-19 to our supply chain by reaching out to key stakeholders such as suppliers and customers on matters related to contractual obligations that is mutually beneficial and yet mitigates risks.

ENVIRONMENTAL

KHJ is committed to enhancing our environmental performance and is always seeking ways to minimise the adverse environmental impact of our business activities. This is managed through compliance with the relevant laws and regulations.

Compliance with Laws and Regulations

We ensure compliance and strict adherence to environmental requirements and regulations at all times, which is achieved through our internal system of continuous self-regulation and monitoring on a day-to-day basis.
The Group did not report any incidence of non-compliance with environmental laws and regulations while there were no costs incurred for fines or non-monetary sanctions for for non-compliance with laws and/or regulations in FYE2021.

Carbon Footprint

As a responsible organisation, KHJ recognises that our business activities have an impact on the environment. The Group continues to support initiatives for greater environmental awareness.

The Group's carbon footprint is mainly generated from the distribution and retail outlets, where lighting and air-conditioning are the main sources of energy consumption that also contribute significantly to greenhouse gas emissions.

We have been progressively upgrading the lighting in our outlets to LED lights from incandescent and fluorescent lights as part of the measures to reduce energy usage. The use of LED lights enables us to reduce electricity usage and cost as these lights lasts longer and have better energy and cost efficiency.

The Group uses plastic bags with biodegradable ingredients while promoting the use of recyclable bags at all our outlets.

KHJ's Business Code of Conduct and Ethics also incorporates measures for the efficient use of finite resources and minimisation of impact on the environment as part of the wider efforts to reduce the carbon footprint from the Group's activities.

SUSTAINABILITY STATEMENT
cont'd

SOCIAL

We endeavour to safeguard the well-being of our employees and the surrounding communities where our operations are located by constantly engaging with them. Engagements include developing human capital, promoting a safe and dynamic workplace as well as contributing to society and community.

Diversity and Equal Opportunity

A diverse workforce is beneficial because of the different strengths and views that they bring to an organisation. At KHJ, we actively promote diversity and equality in the workplace as a foundation to build upon while pursuing our business goals.

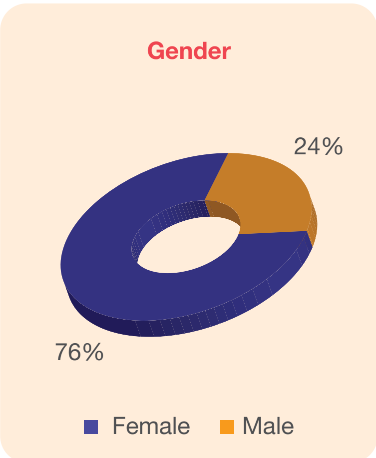
We value our employees and strive to provide an environment that is free from discrimination and harassment while at the same time, ensuring that they have the tools and knowledge to perform their work in a conducive workplace.

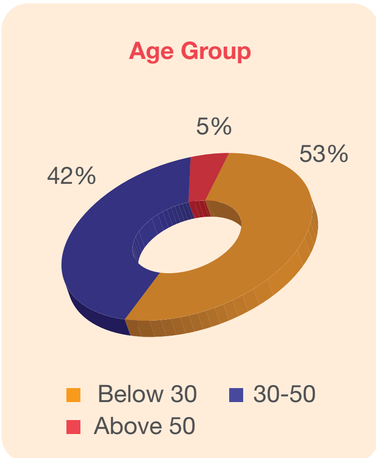
KHJ has a Diversity Policy in place that provides a framework to guide us in these matters:

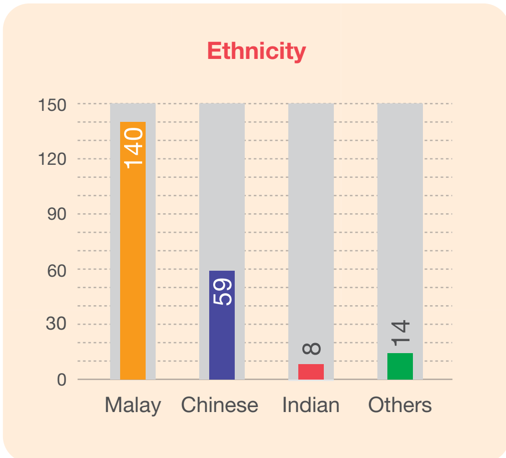
a. A diverse Board and skilled workforce that leads to continuous improvement in service delivery and achievement of corporate goals;
b. A workplace culture characterised by inclusive practices and behaviours for the benefit of all stakeholders;
c. mproved employment and career development opportunities 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.

The Group values its employees and embraces diversity with its different perspectives as a key component of our human development agenda. Embracing and nurturing this diversity is critical to our marketplace success and business sustainability.

We have a 221-strong workforce as of 31 December 2021. We share below the workforce data depicted through distribution of employees by gender, age and ethnicity:







SUSTAINABILITY STATEMENT
cont'd

SOCIAL *cont'd*

Employee Turnover and Hires

During the FYE2021 period, 88 of the Group's employees resigned. To ensure smooth continuation of operations, the Group recruited a total of 57 new employees. This represents an employee turnover rate of 36.25%.

Training and Development

The Group recognises that for the growth and success of the business, employees must be provided with the necessary knowledge and skills in order to perform their work efficiently. As such, we have training and development programmes to not only upgrade their skillsets but also to enhance their knowledge as well as broaden their work experience and exposure.

Our employees were given the following training to develop their skills and enhance their knowledge to enable them to carry out their duties more efficiently and productively:

• Malaysia Employment Act Workshop	• In-House Product Training
• Sage EasyPay Year End Seminar	• Transfer Pricing Documentation Interactive Virtual Classroom
• Seminar Percukaian Kebangsaan 2021	• Deloitte Impact on MFRS16 Lease
• MIRA Webinar Series : Crisis Management Readiness - Post Pandemic	• MIA Webinar Budget 2022 Key Updates
• MIRA Webinar Series : Corporate Sustainability Programme	• MIA Webinar Cash Flow Management Masterclass
• Shemsi Webinar Series : Sustainability Reporting Workshops: Scope & Materiality in Sustainability Reporting	• MIA Webinar Budget 2022 Key Tax Proposals

Maternity leave

KHJ cares for employees' wellbeing, and as part of efforts to ensure proper work-life balance, we have a 60-day maternity leave policy for all female employees. The Group strives to ensure employees' physical and emotional needs are taken care of as we believe that this will also help to retain employees while attracting talent. A proper work-life balance also helps ensure employee morale and productivity.

We had a total of 10 female employees that took maternity leave during FYE2021, and 8 of them are still employed as of 31 December 2021 following their maternity leave, giving us a post-maternity retention rate of 80%. These employees also received breast pumps as part of our support for mothers.

Occupational health and safety

To ensure the health and safety of our employees, we have 17 members of the Safety and Health Committee overseeing health and safety matters in the workplace that meets quarterly. This Committee is divided into three sub-committees - Emergency Response, Fire Fighting and Evacuation.

For FYE2021, there were no breaches of health or safety compliance as well as there are no fatalities or major injuries that resulted in the loss of working days.

In response to the rising COVID-19 cases in 2021, the Group provided masks, sanitisers and test kits to employees. To contain the spread of the virus, employees had to take weekly tests, flexible work schedules were set up and employees were allowed to work from home. KHJ also joined the Retail Industry Vaccination Programme to get employees in outlets vaccinated. A total of 32 employees were vaccinated under the programme.

SUSTAINABILITY STATEMENT
cont'd

SOCIAL *cont'd*

Engaging the communities

KHJ's sustainability journey is about people and the society that encompasses them. We believe that to be effective in tackling poverty and social exclusion, there must be employment opportunities. As part of the Group's expansion, we provide these opportunities for people from all walks of life and prioritise nurturing young people to prepare them for corporate and community roles.

The Group set up a fund in September 2021 to help employees that are in financial difficulty following the closure of our outlets from 1 June 2021 to 2 September 2021 and also for employees who had suffered from the December 2021 floods. We also provided Mimosa strollers to Zoo Negara, providing families with toddlers the comfort and convenience to get around the zoo during their visit.

KHJ participated in the Tropicana Foundation Annual Christmas Charity Luncheon event on 15 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of KHJ is pleased to provide an overview of the Company's corporate governance practices during the FYE 2021 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 2021 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 compliant 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, ensure 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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 can be accessed via 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 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 is to be periodically reviewed by the Board once every three (3) years or as and when required to ensure that it continues to remain relevant and appropriate 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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 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.

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.

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 2021 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

2. BOARD COMPOSITION *cont'd*

(i) Board Composition *cont'd*

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 at 31 December 2021. 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.

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.

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 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

2. BOARD COMPOSITION *cont'd*

(v) Time Commitment *cont'd*

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 most of 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 2021 are as follows:

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

(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.

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.

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 Directors have participated in the following training programmes for FYE 2021:

Directors	Training programmes	Date
Pang Kim Hin	- MIRA Webinar Series: Crisis Management Readiness - Post Pandemic - MIRA Webinar Series: Corporate Sustainability Programme	30 March 2021 22 June 2021, 13 July 2021, 27 July 2021 and 12 August 2021
Pang Fu Wei	- MIRA Webinar Series: Corporate Sustainability Programme	22 June 2021, 13 July 2021, 27 July 2021 and 12 August 2021
Goh Poh Teng	- MIRA Webinar Series: Corporate Sustainability Programme - Shemsi Sdn Bhd: Sustainability Reporting Workshops: Scope & Materiality in Sustainability Reporting	22 June 2021, 13 July 2021, 27 July 2021 and 12 August 2021 25 May 2021
Chew Soo Lin	- MIRA Webinar Series: Crisis Management Readiness - Post Pandemic - MIRA Webinar Series: Corporate Sustainability Programme	30 March 2021 22 June 2021, 13 July 2021, 27 July 2021 and 12 August 2021
Yen Se-Hua Stewart	- MIRA Webinar Series: Crisis Management Readiness - Post Pandemic - MIRA Webinar Series: Corporate Sustainability Programme	30 March 2021 22 June 2021, 13 July 2021, 27 July 2021 and 12 August 2021
Kor Yann Ning	- MIRA Webinar Series: Crisis Management Readiness - Post Pandemic - MIRA Webinar Series: Corporate Sustainability Programme	30 March 2021 22 June 2021, 13 July 2021, 27 July 2021 and 12 August 2021
Hew Moh Yung	- MIRA Webinar Series: Crisis Management Readiness - Post Pandemic - MIRA Webinar Series: Corporate Sustainability Programme	30 March 2021 22 June 2021, 13 July 2021, 27 July 2021 and 12 August 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

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 2021 was as follows:

Name	Designation	Directorship
Chew Soo Lin	Chairman	Senior Independent Non-Executive Director
Pang Kim Hin*	Member	Non-Independent Non-Executive Chairman
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

* *Mr Pang Kim Hin resigned as member of the NC effective from 25 November 2021*

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.

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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

4. REMUNERATION COMMITTEE *cont'd*

The composition of the RC for the FYE 2021 was as follows:

Name	Designation	Directorship
Yen Se-Hua Stewart	Chairman	Independent Non-Executive Director
Pang Kim Hin*	Member	Non-Independent Non-Executive Chairman
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

* *Mr Pang Kim Hin resigned as member of the RC effective from 25 November 2021*

During the FYE 2021, 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.

(i) Details of Director's Remuneration for the FYE 2021

The aggregate of remuneration received by the Directors of the Company and the Group for the FYE 2021 are as follows:

Company

Directors	Directors' Fees	Salaries, Bonus and Allowances	Other Benefits	Total
	RM'000	RM'000	RM'000	RM'000
Executive Directors:				
Pang Fu Wei	32	329	-	361
Goh Poh Teng	32	290	8	330
Non-Executive Directors:				
Pang Kim Hin	58			58
Chew Soo Lin	46			46
Yen Se-Hua Stewart	42			42
Kor Yann Ning	40			40
Hew Moh Yung	42			42
Total	292	619	8	919

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 2021 *cont'd*

Group

Directors	Directors' Fees	Salaries, Bonus and Allowances	Other Benefits	Total
	RM'000	RM'000	RM'000	RM'000
Executive Directors:				
Pang Fu Wei	32	329	-	361
Goh Poh Teng	32	290	8	330
Non-Executive Directors:				
Pang Kim Hin	58			58
Chew Soo Lin	46			46
Yen Se-Hua Stewart	42			42
Kor Yann Ning	40			40
Hew Moh Yung	42			42
Total	292	619	8	919

Note: Salary includes bonus and EPF

(ii) Details of Top Six (6) Key Senior Management's Remuneration for the FYE 2021

The remuneration received by the top six (6) 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	1#
RM100,001 to RM150,000	-
RM150,001 to RM200,000	2
RM200,001 to RM250,000	2
RM250,001 to RM300,000	-
RM300,001 to RM350,000	1
Total	6

\# *Comprising 1 senior management personnel who were appointed in September 2021*

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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 2021 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 2021 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 2021, 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.

For the FYE 2021, 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 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 2021, 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.

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

2. INTERNAL AUDIT FUNCTION *cont'd*

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:	27 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

3. RISK MANAGEMENT COMMITTEE

The composition of the RMC for the FYE 2021 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 which is available 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

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.

(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.

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*

(ii) Poll Voting

All the resolutions set out in the Notice of Fortieth AGM ("40th 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 40th 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 40th AGM has been published on the Company's website within 30 business days after the 40th AGM upon being reviewed by the Board members and approved by the Chairman.

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

In view of the Coronavirus Disease 2019 pandemic and as part of the Company's precautionary measures and initiatives, the forthcoming 41st AGM of the Company will be held on a fully virtual basis and online remote voting using the Remote Participation and Voting Facilities ("RPV Facilities"). This allows shareholders to attend, participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM of the Company.

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 41st 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 2021 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 13 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

The Company was listed on the ACE Market of Bursa Securities on 8 July 2019 in conjunction with its IPO, where the Company undertook a public issue of 76,000,000 new ordinary shares at an issue price of RM0.43 per share, resulting in an entire enlarged issued share capital of the Company comprising of 380,000,000 ordinary shares.

The gross proceeds raised from the IPO amounting to RM32.68 million have been utilised during the FYE2021 as follows:

Item	Purpose	Proposed utilisation (after the Proposed Variation)	Actual utilisation	Balance unutilised	Intended timeframe for utilisation
		RM'000	RM'000	RM'000	
	Business expansion and capital expenditure				
1.	Expansion of retail network	7,000	5,633	1,367	Within 36 months
2.	Expansion of the Group's toys range by opening and operating The Entertainer toy outlets	5,000	4,059	941	Within 36 months
3.	Revamp and upgrade the Company's back-end and information technology infrastructure system and e-Commerce platform	3,000	683	2,317	Within 36 months
4.	Expansion or relocation of the Company's existing outlets	2,000	675	1,325	Within 36 months
	Working Capital				
5.	To support the day-to-day operations cost of KHJ Group, including inventory and operational overheads, maintenance and upkeep, expansion of workforce, and advertisement and promotional activities	7,880	7,325	555	Within 24 months
6.	Expansion of product range offered under the distribution segment	4,000	4,000	–	Within 24 months
7.	Listing expenses	3,800	3,800	–	Within 3 months
	Total	**32,680**	**26,175**	**6,505**	

Note:

(1) KHJ had, on 1 October 2021, announced the variation of the utilisation of proceeds arising from Public Issue, which was approved by the Board of Directors on even date.

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 19 June 2019 as well as KHJ's announcement on the Proposed Variation on 1st October 2021.

ADDITIONAL COMPLIANCE INFORMATION
cont'd

2. 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 FYE2021 were as follows:

Fees	Group (RM)	Company (RM)
Audit fees	169,500	96,500
Non-audit fees	15,000	15,000
TOTAL	**184,500**	**111,500**

Details of the non-audit fees rendered by the External Auditors is disclosed on page 98, Note 6 to the Financial Statements of this Annual Report.

3. 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 FYE2021.

4 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 2021 to the latest practicable date are set out in the Circular to Shareholders dated 28 April 2022 and page 116, Note 25 of the Financial Statements.

AUDIT COMMITTEE REPORT

The Board is pleased to present the AC Report for the FYE2021, 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 FYE2021.

Upon review, the NC was satisfied with the overall performance of the AC and its individual members for FYE2021 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 FYE2021. The Board has in turn, recommended the same for shareholders' approval at the forthcoming Annual General Meeting of the Company.

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.

AUDIT COMMITTEE REPORT

cont'd

MEETINGS AND ATTENDANCES

The AC held a total of five (5) meetings during the FYE2021 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 three (3) AC meetings held in FYE2021.

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 have been revised and approved by the Board on 25 February 2022 and are available for viewing at the Company's website at www.khj-my.com.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the FYE2021, 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 FYE2021 for recommendation to the Board for approval;

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

AUDIT COMMITTEE REPORT

cont'd

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

During the FYE2021, the summary of works undertaken by the AC comprised the following:- *cont'd*

1. **Financial Reporting** *cont'd*

    d. Reviewed the draft audited financial statements of the Group for the FYE2021 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 18 June 2021 until the Company's forthcoming Annual General Meeting.

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.

AUDIT COMMITTEE REPORT
cont'd

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

During the FYE2021, the summary of works undertaken by the AC comprised the following:- *cont'd*

5. Other Activities

a. Reviewed the revised TOR of AC for recommendation to the Board for approval;

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

c. Reviewed the First Interim Single-Tier Tax Exempt Dividend proposal for recommendation to the Board for approval.

d. 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.

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 FYE2021 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 2021.

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 with the responsibility to manage risks of 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 30 April 2021.

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 to identify 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 Group'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 Group'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 2021, the Outsourced Internal Auditors have conducted four (4) internal audit reviews and one (1) follow-up status review on the business processes and procedures of the Group. The results of the internal audit review and, where applicable, 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 and 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 also internal control with respect to 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*

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

5. Anti-Bribery and Corruption Policy and Whistleblowing Policy

The Group has established an Anti-Bribery and Corruption Policy as well as Whistleblowing Policy and Procedures which are made available on the Group's website. It is 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, with assurance from the Managing Director, Executive Director and Chief Financial Controller for the FYE 31 December 2021, is satisfied that the nature and scope of the system of risk management and internal control of the Group have been generally adequate and effective in mitigating identified risks to achieve its business objectives. 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 13 April 2022.

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 13 April 2022.

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors of KIM HIN JOO (MALAYSIA) BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the Company is retailing of maternity, baby and children's wear and product. The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company is as disclosed in Note 11 to the financial statements.

RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
Profit for the year	4,592,543	3,615,990
Attributable to:		
Owners of the Company	4,592,543	3,615,990

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than the significant events during the year as disclosed in Note 30 to the financial statements.

DIVIDENDS

On 26 February 2021, the Company declared a first interim single tier tax-exempt dividend of 1.0 sen per ordinary share amounted to RM3,800,000 in respect of the financial year ended 31 December 2020 of which was paid on 12 April 2021.

On 25 February 2022, the Company declared a first interim single tier tax-exempt dividend of 1.0 sen per ordinary share amounted to RM3,800,000 in respect of the financial year ended 31 December 2021 of which was paid on 12 April 2022. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

The directors do not recommend any final dividend in respect of the current financial year ended 31 December 2021.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares and debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

On 15 June 2020, the Company announced the proposed establishment of an ESOS of up to 15% of the total number of issued ordinary shares in the Company (excluding treasury shares, if any), at any point in time throughout the duration of the ESOS to eligible director(s) and employees of the Company and its subsidiary companies ("Proposed ESOS"). The Proposed ESOS was approved by the shareholders at the Company's Annual General Meeting on 29 July 2020. The Company has obtained approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for an extension of time of 6 months, from 26 December 2020 to 25 June 2021, for the implementation of the ESOS. On 18 June 2021, the Company announced the implementation of the ESOS. There is no financial impact on the financial statements of the Group and of the Company as at 31 December 2021.

SHARE OPTIONS

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

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there was no known bad debts to be written off and that no allowance for doubtful debts was required; and

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

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

(a) which would require the writing off of bad debts or the setting up of an allowance for doubtful debts in the financial statements of the Group and of the Company; or

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

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

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

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

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

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

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

DIRECTORS' REPORT
cont'd

OTHER STATUTORY INFORMATION *cont'd*

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made, other than as disclosed in Note 30 to the financial statements.

DIRECTORS

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

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

* *Being the directors of the subsidiary companies in office since the beginning of the financial year to the date of this report.*

DIRECTORS' INTERESTS

The interests in shares in the Company of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

	Number of ordinary shares			
	At 1.1.2021	**Bought**	**Sold**	**At 31.12.2021**
Shares in the Company				
Direct interests				
Pang Kim Hin	11,280,700	-	-	11,280,700
Kor Yann Ning	800,000	-	-	800,000
Chew Soo Lin	2,150,000	-	-	2,150,000
Goh Poh Teng	1,000,000	-	-	1,000,000
Pang Fu Wei	538,800	-	-	538,800
Indirect interests				
Pang Kim Hin*	235,600,000	-	-	235,600,000
Chew Soo Lin#	800,000	-	-	800,000

* *By virtue of his interests in Kim Hin International Pte Ltd.*
\# *By virtue of his interests in Cepheus Corporation Pte Ltd.*

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS *cont'd*

The interests in shares in the holding company of those who were directors at the end of the financial year are as follows:

	Number of ordinary shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
Shares in the holding company, Kim Hin International Pte Ltd				
Pang Kim Hin				
- Direct	985,000	-	-	985,000
- Indirect**	285,000	-	-	285,000

** *By virtue of his interests in Queemay Holdings Pte Ltd and family members.*

By virtue of the above director's interests in the shares of the holding company, the director is also deemed to have an interest in the shares of the Company and the subsidiary companies to the extent that the holding company has an interest.

Other than as disclosed above, none of the other directors in office as at the end of the financial year held any interests in the shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of directors' emoluments or the fixed salaries of full-time employees of the Company as disclosed in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act 2016 throughout the year, which provides appropriate insurance cover for the directors and officers of the Company. The amount of insurance premium paid during the financial year amounted to RM13,260.

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

HOLDING COMPANY

The directors regard Kim Hin International Pte Ltd, a company incorporated in Singapore, as the holding company.

DIRECTORS' REPORT
cont'd

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO END OF THE FINANCIAL YEAR

The details of significant events during and subsequent to end of the financial year are as disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 December 2021 is as disclosed in Note 6 to the financial statements.

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

PANG FU WEI **GOH POH TENG**

Selangor
13 April 2022

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KIM HIN JOO (MALAYSIA) BERHAD
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **KIM HIN JOO (MALAYSIA) BERHAD** ("the Company") and its subsidiary companies (collectively referred to as "the Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 77 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

<u>Net realisable value of inventories</u>

As at 31 December 2021, the inventories balance of the Group and of the Company stood at RM50,684,208 and RM39,321,656, respectively, which represents approximately 44% and 41% of the total assets of the Group and of the Company.

As described in Note 3 to the financial statements, inventories are valued at the lower of cost and net realisable value. In estimating the net realisable value of inventories, management considers the inventories' ageing, seasonal trend, current economic conditions, market demand and expectation of future prices. COVID-19 pandemic has required management to exercise an increased level of judgement in a period of uncertainty with regard to written down of inventories to their net realisable values.

The above-mentioned is also disclosed in Note 4(ii)(a) to the financial statements as one of the key assumptions used by management under the section of *Key Sources of Estimation Uncertainty*.

During the financial year, RM98,314 and RM42,338 has been recognised in profit or loss of the Group and of the Company, respectively, as disclosed in Note 6 to the financial statements, which represent write down of inventories to their net realisable values.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KIM HIN JOO (MALAYSIA) BERHAD
(Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS *cont'd*

Key Audit Matters *cont'd*

How the key audit matter was addressed in our audit

In addressing the matter above, we performed, amongst others, the following procedures:

- Evaluated the design and implementation of controls surrounding management's assessment of net realisable value of inventories and related to the write down in value of inventories;
- Evaluated the measurement criteria used by management in respect of net realisable value to determine that the measurements adopted by management are in accordance with MFRS 102 *Inventories*;
- Observed inventory count procedures carried out by management and performed test count, and observed conditions of the inventories on a sampling basis;
- Compared the selling prices of inventories to latest sales invoices on sampling basis subsequent to year end to evaluate management's assessment of the write down in value of inventories; and
- Tested the inventory aging report to ascertain the accuracy and completeness of the inventory aging report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group or of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS *cont'd*

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KIM HIN JOO (MALAYSIA) BERHAD
(Incorporated in Malaysia)
cont'd

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

TEOH CHEAP CHEE
Partner - 03472/11/2023 J
Chartered Accountant

Kuala Lumpur
13 April 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		The Group		The Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	5	82,883,285	80,410,555	62,770,979	63,937,618
Cost of sales		(43,763,853)	(40,944,859)	(33,360,176)	(33,121,671)
Gross profit		39,119,432	39,465,696	29,410,803	30,815,947
Other operating income		4,938,722	3,809,476	6,322,917	9,215,836
Selling and marketing costs		(1,910,065)	(1,510,705)	(1,234,137)	(900,199)
Administration and other operating expenses		(34,460,543)	(33,205,527)	(29,120,822)	(29,114,365)
Finance costs		(923,171)	(1,146,209)	(795,686)	(1,019,032)
Profit before tax	6	6,764,375	7,412,731	4,583,075	8,998,187
Tax expense	7	(2,171,832)	(2,065,180)	(967,085)	(925,999)
Profit/Total comprehensive income for the year		4,592,543	5,347,551	3,615,990	8,072,188
Profit/Total comprehensive income for the year attributable to:					
Owners of the Company		4,592,543	5,347,551	3,615,990	8,072,188
Basic earnings per ordinary share attributable to owners of the Company (sen)	8	1.21	1.41		
Diluted earnings per share	8	N/A	N/A		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		The Group		The Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Plant and equipment	9	6,708,956	6,368,697	4,187,117	4,681,544
Right-of-use assets	10	20,559,986	23,242,195	17,724,643	20,159,145
Investment in subsidiary companies	11	-	-	8,600,000	2,100,000
Deferred tax assets	12	457,591	679,127	389,568	634,814
Refundable deposits	15	2,572,376	2,766,631	2,355,019	2,595,181
Total Non-Current Assets		30,298,909	33,056,650	33,256,347	30,170,684
Current Assets					
Inventories	13	50,684,208	39,091,134	39,321,656	28,994,001
Trade receivables	14	1,559,994	998,967	336,194	211,148
Other receivables, deposits and prepaid expenses	15	4,627,476	3,131,710	2,616,573	2,065,764
Amount due from subsidiary companies	25	-	-	-	3,679,830
Amount due from other related companies	25	5,085	-	-	-
Tax recoverable		8,127	131,676	-	131,676
Short-term investments	16	1,928,563	1,894,607	1,928,563	1,894,607
Fixed deposits with licensed banks	17	12,396,235	17,334,784	12,396,235	17,334,784
Cash and bank balances	18	12,825,086	14,461,394	6,858,842	9,575,537
Total Current Assets		84,034,774	77,044,272	63,458,063	63,887,347
Total Assets		114,333,683	110,100,922	96,714,410	94,058,031

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

cont'd

		The Group		The Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
EQUITY					
Equity and Reserve					
Share capital	19	31,128,118	31,128,118	31,128,118	31,128,118
Retained earnings	20	47,173,602	46,381,059	35,597,539	35,781,549
Total Equity		78,301,720	77,509,177	66,725,657	66,909,667
LIABILITIES					
Non-Current Liability					
Lease liabilities	22	14,622,387	16,694,754	12,489,406	14,296,830
Current Liabilities					
Trade payables	23	5,755,327	3,054,742	5,097,355	1,911,709
Other payables, accrued expenses and provision	24	8,681,622	5,172,750	6,226,032	4,130,936
Amount due to holding company	25	-	15,966	-	-
Amount due to subsidiary companies	25	-	-	177,420	53,864
Amount due to other related companies	25	278,640	-	140,000	-
Lease liabilities	22	6,440,280	7,437,195	5,775,878	6,755,025
Tax liabilities		253,707	216,338	82,662	-
Total Current Liabilities		21,409,576	15,896,991	17,499,347	12,851,534
Total Liabilities		36,031,963	32,591,745	29,988,753	27,148,364
Total Equity and Liabilities		114,333,683	110,100,922	96,714,410	94,058,031

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share capital RM	Distributable reserve - Retained earnings RM	Total equity RM
The Group				
At 1 January 2020		31,128,118	44,833,508	75,961,626
Total comprehensive income for the year		-	5,347,551	5,347,551
Dividend	21	-	(3,800,000)	(3,800,000)
At 31 December 2020/1 January 2021		31,128,118	46,381,059	77,509,177
Total comprehensive income for the year		-	4,592,543	4,592,543
Dividend	21	-	(3,800,000)	(3,800,000)
At 31 December 2021		31,128,118	47,173,602	78,301,720
The Company				
At 1 January 2020		31,128,118	31,509,361	62,637,479
Total comprehensive income for the year		-	8,072,188	8,072,188
Dividend	21	-	(3,800,000)	(3,800,000)
At 31 December 2020/1 January 2021		31,128,118	35,781,549	66,909,667
Total comprehensive income for the year		-	3,615,990	3,615,990
Dividend	21	-	(3,800,000)	(3,800,000)
At 31 December 2021		31,128,118	35,597,539	66,725,657

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

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

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	6,764,375	7,412,731	4,583,075	8,998,187
Adjustments for:				
Amortisation of right-of-use assets	7,662,226	7,791,792	6,913,564	7,143,515
Depreciation of plant and equipment	3,233,335	2,805,018	2,374,239	2,357,259
Lease interest expenses	908,746	1,134,132	783,883	1,007,748
Inventories written off	227,823	209,321	195,063	176,062
Finance costs on unwinding of interest expense of provision for restoration cost	14,425	12,077	11,803	11,284
Write-down of inventories	98,314	117,405	42,338	65,000
Dividend income	-	-	(2,000,000)	(6,000,000)
Interest income	(398,565)	(683,029)	(339,696)	(565,152)
Gain on termination/modification of lease contract	(171,240)	(84,144)	(114,978)	-
Unwinding of interest income - refundable deposits	(136,077)	(132,044)	(124,262)	(122,711)
Unrealised (gain)/loss on foreign exchange	(104,912)	15,893	(111,809)	35,737
Fair value gain on short-term investments	(33,956)	(49,607)	(33,956)	(49,607)
Plant and equipment written off	-	3,578	-	3,578
Reversal of write-down of inventories	(184,506)	-	(119,434)	-
Reversal of inventories written off	(6,093)	-	-	-
Operating Profit Before Working Capital Changes	17,873,895	18,553,123	12,059,830	13,060,900
(Increase)/Decrease in:				
Inventories	(11,728,612)	(4,806,395)	(10,445,622)	(2,603,642)
Trade receivables	(561,027)	203,580	(125,046)	62,239
Other receivables, deposits and prepaid expenses	(1,441,193)	(1,075,217)	(436,108)	(539,048)
Amount due from subsidiary companies	-	-	(1,392,071)	200,962
Amount due from other related companies	(5,085)	-	-	-
Increase/(Decrease) in:				
Trade payables	2,803,302	(1,112,116)	3,293,172	(1,943,308)
Other payables and accrued expenses	3,419,564	(65,834)	2,056,721	(569,537)
Amount due to holding company	(16,275)	15,966	-	-
Amount due to other related companies	278,640	(29,619)	140,000	-
Amount due to subsidiary companies	-	-	123,556	53,864
Cash Generated From Operations	10,623,209	11,683,488	5,274,432	7,722,430
Income tax paid	(1,789,378)	(2,078,519)	(507,501)	(1,093,600)
Net Cash From Operating Activities	8,833,831	9,604,969	4,766,931	6,628,830

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
cont'd

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Interest income received	398,565	683,029	339,696	565,152
Decrease in fixed deposits pledged	51,000	-	51,000	-
Additional investment in a subsidiary company	-	-	(1,428,099)	-
Dividend received from a subsidiary company	-	-	2,000,000	6,000,000
Increase in amount due to subsidiary companies	-	-	-	(3,112,712)
Increase in short-term investments	-	(1,845,000)	-	(1,845,000)
Acquisition of plant and equipment	(3,573,594)	(4,690,411)	(1,879,812)	(2,910,291)
Net Cash Used In Investing Activities	(3,124,029)	(5,852,382)	(917,215)	(1,302,851)
CASH FLOWS USED IN FINANCING ACTIVITIES				
Dividend paid	(3,800,000)	(3,800,000)	(3,800,000)	(3,800,000)
Interest paid	(908,746)	(1,134,132)	(783,883)	(1,007,748)
Repayment of lease liabilities (Note 22)	(7,518,315)	(7,298,222)	(6,863,479)	(6,746,398)
Net Cash Used In Financing Activities	(12,227,061)	(12,232,354)	(11,447,362)	(11,554,146)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,517,259)	(8,479,767)	(7,597,646)	(6,228,167)
Effects of exchange rate differences on the balance of cash held in foreign currencies	(6,598)	40,286	(6,598)	40,286
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,057,178	39,496,659	26,171,321	32,359,202
CASH AND CASH EQUIVALENT AT END OF YEAR (NOTE 18)	24,533,321	31,057,178	18,567,077	26,171,321

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is retailing of maternity, baby and children's wear and product. The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company is as disclosed in Note 11.

The holding company is Kim Hin International Pte Ltd ("KHI"), a company incorporated in Singapore, which is also regarded by the directors as the ultimate holding company.

The registered office and principal place of business of the Company is located at Wisma Pang Cheng Yean, Lot 5205C, Jalan Perindustrian Balakong Jaya 1/3, Kawasan Perindustrian Balakong Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 13 April 2022.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM").

Adoption of amended MFRSs

In the current financial year, the Group and the Company have adopted all the Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual financial periods commencing on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform-Phase 2

The adoption of the above amendments to MFRSs did not have any material impact on the amounts reported in the financial statements of the Company upon its initial application.

New accounting pronouncements that have yet to be effective but have been early adopted

Amendments to MFRS 16 *COVID-19 - Related Rent Concessions beyond 30 June 2021*

The Group and the Company have on 1 April 2021, elected to early adopt amendments to MFRS 16 *COVID-19 - Related Rent Concessions beyond 30 June 2021* which will take effect on or after annual periods beginning on or after 1 April 2021.

The amendments provide lessee option elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying MFRS 16 if the change were not a lease modification.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *cont'd*

New accounting pronouncements that have yet to be effective but have been early adopted *cont'd*

The practical expedient would apply only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

(a) The change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and

(c) There is no substantive change to other terms and conditions of the lease.

The amount recognised in profit or loss to reflect changes in lease payments that arise from rent concessions to which the Group and the Company have applied the practical expedient are amounted to RM1,796,375 and RM1,646,379, respectively.

New Standards and Amendments to MFRSs in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and Amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and by the Company are as listed below:

MFRS 17	Insurance Contracts[2]
Amendments to MFRS 3	Reference to the Conceptual Framework[1]
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9[3]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current[2]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use[1]
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract[1]
Amendments to MFRS 17	Insurance Contracts[2]
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 – Comparative information[2]
Amendments to MFRS 108	Definition of Accounting Estimates[2]
Amendments to MFRS 101	Disclosure of Accounting Policies[2]
Annual Improvements to MFRS 2018 - 2020 Cycle[1]	

[1] *Effective for annual periods beginning on or after 1 January 2022.*
[2] *Effective for annual periods beginning on or after 1 January 2023 with earlier application permitted.*
[3] *Effective immediately for annual periods beginning before 1 January 2023 with earlier application permitted.*
[4] *Effective date deferred to a date to be determined and announced by MASB.*

The directors anticipate that the abovementioned Amendments to MFRS will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these new and amendments to MFRSs are not expected to have any material financial impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies stated below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value-in-use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies are set out below.

Subsidiary Companies and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary companies. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Subsidiary Companies and Basis of Consolidation *cont'd*

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the period are included in the statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiary companies are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiary companies that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in its relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Where the Group loses control of a subsidiary company, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interests, and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary company are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business Combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or a liability are accounted for in accordance with relevant MFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Business Combinations *cont'd*

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 Business Combinations (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or deferred tax liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits*, respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with MFRS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Revenue

The Group's and the Company's revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer.

A contract with their customer exists when the contract has commercial substance, the Group and the Company and their customers have approved the contract and intend to perform their respective obligations, the Group's and the Company's and the customers' rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Specific revenue recognition criteria for revenue and interest income earned by the Group and by the Company, are as follows:

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

Revenue *cont'd*

Retail and Distribution

The Group and the Company distribute their maternity, babies' and children's wear and product both to the retail market and directly to customers through their retail outlets.

For sale of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods. This is the point when performance obligation is satisfied by given consideration to the significant payment terms and nature of goods or services promised.

For sale of goods to the retailers, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the retailer's specific location (delivery), net of discounts and returns. Following delivery, the retailer has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. Receivables are recognised by the Group and by the Company when the goods are delivered to the retailer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time if required before payment is due.

For consignment sale of goods, the Group delivers goods to the consignees but retains control of the goods. The Group does not recognise revenue on delivery of the goods to the consignee. Revenue is only recognised when the control is transferred to the end customers.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

Foreign currencies

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). For the purpose of the financial statements of the Group and of the Company, the results and financial position of each entities are expressed in Ringgit which is the functional currency of the Company and the presentation currency in the financial statements of the Group and of the Company.

In preparing the financial statements of individual entity, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period, calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is recognised as a liability (or an asset) to the extent that it is unpaid (or recoverable).

Deferred tax is provided for, using the "liability" method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

Employee Benefits

Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group and of the Company.

Defined contribution plan

The Group and the Company are required by law to make monthly contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' applicable remuneration. Contributions are charged to profit or loss in the period in which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group and the Company will comply with the conditions attaching to them and that the grants will be received.

(a) Government grants relate to income presented under the heading of 'other operating income'

Government grants that compensate the Group and the Company for operating expenditure incurred or for the purpose of giving immediate financial support to the Group and to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

(b) Government grants relate to income deducted from the related expense

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group and the Company recognise as expenses the related costs for which the grants are intended to compensate. These government grants are deducted from the staff costs.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

Impairment of Assets

At the end of each reporting period, the Group and the Company review the carrying amounts of their tangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

As Lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use the incremental borrowing rate specific to the lessee.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or a rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Leases *cont'd*

As Lessee *cont'd*

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability by using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability and make a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or a rate or change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Refundable deposit paid is a collateral provided to the lessor and is a financial asset. It is initially recognised at fair value and subsequently measured at amortised cost. The difference between the nominal amount and fair value of the refundable deposit at the commencement date represents an additional prepaid lease payment, is included in initial carrying amount of right-of-use assets.

Whenever the Group and the Company incur an obligation for costs to dismantle and to remove a leased asset, to restore the site on which it is located or to restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, to the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment loss. The cost of an item of plant and equipment includes the costs of its dismantlement, removal or restoration, the obligation for which the Group and the Company incur as a consequence of installing the item, discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and to the Company and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss in the period in which they are incurred.

Depreciation of plant and equipment is computed using the straight-line method at rates based on their estimated useful lives. The annual depreciation rates used are as follows:

Motor vehicles	20%
Computer equipment	33%
Renovations, furniture and fittings and electrical fittings - Office	20% - 33%
Renovations, furniture and fittings and electrical fittings - Stores	Over the period of lease
Operating equipment, display equipment and office equipment	20% - 33%

At the end of each reporting period, the residual values, useful lives and depreciation method of the plant and equipment are reviewed, and the effects of any changes in estimates are recognised prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Inventories

Inventories, which consist mainly of trading merchandise, are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs. Cost is determined on the weighted average basis which approximates actual purchase cost and includes all costs in bringing the inventories to their present location and condition.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

At the end of each reporting period, provisions are revised by the directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group and the Company will be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Financial Instruments

Financial assets

Classification

The Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through profit or loss or other comprehensive income); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading and the Group and the Company had made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVTOCI"), gains and losses will be recorded in other comprehensive income except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.

The Group and the Company reclassify their debt investments when and only when their business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or to sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

Debt instruments *cont'd*

FVTPL

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or a loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the group's management has made an irrevocable election to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment of Financial Assets

The Group and the Company assess on a forward-looking basis the expected credit losses associated with their debt instruments carried at amortised cost and at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have the following financial instruments that are subject to the ECL model:

- Trade receivables
- Other receivables
- Refundable deposits
- Amount due from subsidiary companies
- Amount due from other related companies

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between the present value of contractual cash flows and the present value of cash flows that the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- the time value of money; and

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Impairment of Financial Assets *cont'd*

(a) General 3-stage approach for other receivables, refundable deposits, amount due from subsidiary companies and amount due from other related companies

At the end of each reporting period, the Group and the Company measure ECL through a loss allowance at an amount equal to the 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. The Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition.

(b) Simplified approach for trade receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability or an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of direct attributable transactions costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'at amortised cost'.

Financial liabilities measured subsequently at amortised cost

Financial liabilities measured subsequently at amortised cost, including trade payables, other payables and accrued expenses, amount due to holding company, amount due to subsidiary companies, amount due to other related companies and lease liabilities, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the amortised cost of a financial liability.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

Financial liabilities and equity instruments *cont'd*

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Segment reporting

For management purposes, the Group is organised into operating segments based on their operations, which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise fixed deposits with licensed banks and cash on hand and bank balances which are short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

(i) **Critical judgements in applying the Group's and the Company's accounting policies**

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) **Key sources of estimation uncertainty**

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period except for the following:

(a) **Net realisable value of inventories**

Inventories are valued at the lower of cost and net realisable value. In estimating the net realisable value of inventories, management considers the inventories' ageing, seasonal trend, current economic conditions, market demand and expectation of future prices. COVID-19 pandemic has required management to exercise an increased level of judgement in a period of uncertainty with regards to the write down of inventories to their net realisable values.

During the financial year, amounts of RM98,314 and RM42,338 (2020: RM117,405 and RM65,000) have been recognised in profit or loss of the Group and of the Company, respectively, which represents a write down of inventories to their net realisable values.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *cont'd*

(ii) Key sources of estimation uncertainty *cont'd*

(b) Lease terms and incremental borrowing rates in relation to leases

The measurement of the right-of-use asset and lease liability for leases where the Group and the Company are lessees require the use of significant assumptions and estimates, such as lease term and incremental borrowing rate.

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, they use the incremental borrowing rate ("IBR") to measure lease liabilities. In determining the incremental borrowing rate, the Group and the Company first determine the closest borrowing rate before using significant judgement to determine the adjustments required to reflect the term, security and value of economic environment of the respective leases.

(c) Provision for restoration costs

The Group and the Company use best estimates as the basis for measuring a provision. Management evaluates the estimates based on the Group's and the Company's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. A referenced contractor price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

5. REVENUE

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Trading of baby, children and maternity products:				
Retail	66,900,285	65,320,808	62,770,979	63,738,295
Distribution	15,983,000	15,089,747	-	199,323
	82,883,285	80,410,555	62,770,979	63,937,618
Timing of revenue recognition:				
At a point in time	82,883,285	80,410,555	62,770,979	63,937,618

NOTES TO THE FINANCIAL STATEMENTS
cont'd

6. PROFIT BEFORE TAX

(i) The operating costs, classified by nature, applicable to revenue, are as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Purchase of trading goods	54,564,580	45,097,802	43,104,749	35,243,189
Employee benefits expenses	11,774,188	11,947,689	9,278,883	9,783,435
Net change in inventories of trading goods and goods-in-transit	(11,593,074)	(4,479,669)	(10,327,655)	(2,362,580)
Amortisation of right-of-use assets (Note 10)	7,662,226	7,791,792	6,913,564	7,143,515
Depreciation of plant and equipment (Note 9)	3,233,335	2,805,018	2,374,239	2,357,259
Management services fees	3,142,817	2,840,824	3,126,298	2,835,410
Variable lease payments not included in the measurement of lease liabilities	4,169,823	3,745,821	3,949,966	3,686,912
Other operating expenses	7,180,566	5,911,814	5,295,091	4,449,095
	80,134,461	75,661,091	63,715,135	63,136,235

(ii) Profit before tax has been arrived at after charging/(crediting):

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration:				
Statutory	169,500	166,500	96,500	96,500
Other services	15,000	15,000	15,000	15,000
Finance costs:				
Unwinding of interest expense of provision for restoration costs (Note 24)	14,425	12,077	11,803	11,284
Lease interest expense (Note 22)	908,746	1,134,132	783,883	1,007,748
	923,171	1,146,209	795,686	1,019,032
Inventories written off	227,823	209,321	195,063	176,062
Write-down of inventories	98,314	117,405	42,338	65,000
Plant and equipment written off	-	3,578	-	3,578
Dividend income	-	-	(2,000,000)	(6,000,000)
Reversal of inventories written off	(6,093)	-	-	-
Fair value gain on short-term investments	(33,956)	(49,607)	(33,956)	(49,607)
Reversal of write-down of inventories	(184,506)	-	(119,434)	-
Unwinding of interest income - refundable deposits	(136,077)	(132,044)	(124,262)	(122,711)
Gain on termination/modification of lease contract	(171,240)	(84,144)	(114,978)	-
Interest income	(398,565)	(683,029)	(339,696)	(565,152)
(Gain)/Loss on foreign exchange:				
Realised	(416,903)	(74,321)	(411,691)	(41,545)
Unrealised	(104,912)	15,893	(111,809)	35,737
Government grant on wages subsidy	(1,202,400)	(862,800)	(1,091,400)	(694,200)
Rent concessions	(1,796,375)	(1,714,125)	(1,646,379)	(1,635,955)

NOTES TO THE FINANCIAL STATEMENTS
cont'd

6. **PROFIT BEFORE TAX** *cont'd*

(ii) Profit before tax has been arrived at after charging/(crediting): *cont'd*

Employee benefits expenses include salaries, bonuses, contributions to EPF and all other staff related expenses. Contributions to EPF by the Group and by the Company during the current financial year amounted to RM1,114,686 and RM857,137 (2020: RM1,100,215 and RM874,954) respectively.

Government grants of RM1,202,400 and RM1,091,400 (2020: RM862,800 and RM694,200) were received by the Group and by the Company, respectively, as part of the Prihatin Rakyat Economic Stimulus Package to promote employee retention and reduce layoffs by extending the wage subsidy programme. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

(a) Directors' remuneration of the Group and of the Company classified into executive and non-executive directors are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Executive directors:				
Fees	64,000	75,924	64,000	75,924
Salaries and bonus	588,168	571,675	588,168	571,675
Contributions to EPF	31,158	34,329	31,158	34,329
Other emoluments	200	300	200	300
	683,526	682,228	683,526	682,228
Non-executive directors:				
Fees	228,000	229,005	228,000	229,005

The estimated monetary value of non-cash benefits-in-kind received and receivable by a director from the Group and the Company amounted to RM7,760 (2020: RM7,760).

(b) The remuneration of members of key management personnel, other than the directors of the Group and of the Company was as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Salaries and bonus	993,505	808,118	810,453	634,267
Contributions to EPF	113,384	94,565	92,498	74,987
Other emoluments	800	1,900	800	1,900
	1,107,689	904,583	903,751	711,154

The estimated monetary value of non-cash benefits-in-kind received and receivable by the key management personnel, other than the directors of the Group and of the Company amounted to RM3,800 and RM3,040 (2020: RM3,293 and RM2,533) respectively.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

7. TAX EXPENSE

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Estimated tax payable:				
Current year	1,988,309	2,191,908	779,039	1,050,470
(Over)/Underprovision in prior years	(38,013)	4,083	(57,200)	4,181
	1,950,296	2,195,991	721,839	1,054,651
Deferred tax (Note 12):				
Current year	161,878	(130,836)	185,588	(124,513)
Under/(Over)provision in prior years	59,658	25	59,658	(4,139)
	221,536	(130,811)	245,246	(128,652)
Tax expense	2,171,832	2,065,180	967,085	925,999

A reconciliation of tax expense applicable to profit before tax at the statutory income tax rate to tax expense at the effective income tax rate of the Group and of the Company are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before tax:	6,764,375	7,412,731	4,583,075	8,998,187
Tax expense at the applicable tax rate of 24%	1,623,450	1,779,055	1,099,938	2,159,565
Tax effects of:				
Non-deductible expenses	460,281	318,238	344,689	206,392
Non-taxable income	(27,801)	(62,942)	(480,000)	(1,440,000)
(Over)/Underprovision in prior years:				
Estimated current tax	(38,013)	4,083	(57,200)	4,181
Deferred tax	59,658	25	59,658	(4,139)
Deferred tax assets not recognised	94,257	26,721	-	-
Total tax expense	2,171,832	2,065,180	967,085	925,999

NOTES TO THE FINANCIAL STATEMENTS
cont'd

8. EARNINGS PER SHARE

Basic

The calculation of basic earnings per ordinary share at the end of the reporting period was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	The Group	
	2021 RM	2020 RM
Profit for the year	4,592,543	5,347,551
Weighted average number of ordinary shares for the purpose of basic earnings per share	380,000,000	380,000,000
Basic earnings per ordinary share attributable to owners of the Company (sen)	1.21	1.41

Diluted

The basic and diluted earnings per share are the same as there were no dilutive potential ordinary shares.

9. PLANT AND EQUIPMENT

The Group	Motor vehicles RM	Computer equipment RM	Renovation, furniture and fittings and electrical fittings RM	Operating, display and office equipment RM	Total RM
Cost					
At 1 January 2020	905,838	2,797,268	17,506,400	3,217,656	24,427,162
Additions	46,400	512,149	3,448,700	683,162	4,690,411
Write off	-	(590,890)	(952,437)	(145,787)	(1,689,114)
At 31 December 2020/1 January 2021	952,238	2,718,527	20,002,663	3,755,031	27,428,459
Additions	-	395,622	2,802,785	375,187	3,573,594
At 31 December 2021	952,238	3,114,149	22,805,448	4,130,218	31,002,053
Accumulated Depreciation					
At 1 January 2020	764,222	2,410,129	14,568,457	2,197,472	19,940,280
Charge for the year (Note 6)	42,928	335,311	1,986,997	439,782	2,805,018
Write off	-	(587,313)	(952,436)	(145,787)	(1,685,536)
At 31 December 2020/1 January 2021	807,150	2,158,127	15,603,018	2,491,467	21,059,762
Charge for the year (Note 6)	41,905	326,195	2,373,842	491,393	3,233,335
At 31 December 2021	849,055	2,484,322	17,976,860	2,982,860	24,293,097
Net Carrying Amount					
At 31 December 2020	145,088	560,400	4,399,645	1,263,564	6,368,697
At 31 December 2021	103,183	629,827	4,828,588	1,147,358	6,708,956

NOTES TO THE FINANCIAL STATEMENTS
cont'd

9. PLANT AND EQUIPMENT *cont'd*

The Company	Motor vehicles RM	Computer equipment RM	Renovation, furniture and fittings and electrical fittings RM	Operating, display and office equipment RM	Total RM
Cost					
At 1 January 2020	821,037	2,287,372	17,079,862	2,663,582	22,851,853
Additions	-	346,520	2,401,090	162,681	2,910,291
Write off	-	(590,890)	(952,437)	(145,787)	(1,689,114)
At 31 December 2020/1 January 2021	821,037	2,043,002	18,528,515	2,680,476	24,073,030
Additions	-	185,166	1,550,615	144,031	1,879,812
At 31 December 2021	821,037	2,228,168	20,079,130	2,824,507	25,952,842
Accumulated Depreciation					
At 1 January 2020	679,422	1,968,192	14,189,632	1,882,517	18,719,763
Charge for the year (Note 6)	37,515	259,578	1,798,987	261,179	2,357,259
Write off	-	(587,313)	(952,436)	(145,787)	(1,685,536)
At 31 December 2020/1 January 2021	716,937	1,640,457	15,036,183	1,997,909	19,391,486
Charge for the year (Note 6)	32,625	215,144	1,859,453	267,017	2,374,239
At 31 December 2021	749,562	1,855,601	16,895,636	2,264,926	21,765,725
Net Carrying Amount					
At 31 December 2020	104,100	402,545	3,492,332	682,567	4,681,544
At 31 December 2021	71,475	372,567	3,183,494	559,581	4,187,117

NOTES TO THE FINANCIAL STATEMENTS
cont'd

10. RIGHT-OF-USE ASSETS

The Group and the Company lease warehouse and retail stores. The lease terms are ranging from 2 years to 6 years averaging approximately 4 years.

The Group	Warehouse RM	Retail stores RM	Total RM
Cost			
At 1 January 2020	6,307,724	33,633,369	39,941,093
Additions	808,309	6,604,024	7,412,333
Modification of lease contracts	(1,512,751)	(1,214,041)	(2,726,792)
Termination of lease contracts	-	(1,567,487)	(1,567,487)
At 31 December 2020/1 January 2021	5,603,282	37,455,865	43,059,147
Additions	2,697,716	7,002,907	9,700,623
Modification of lease contracts	-	(2,155,837)	(2,155,837)
Termination of lease contracts	(5,538,429)	(4,617,365)	(10,155,794)
At 31 December 2021	2,762,569	37,685,570	40,448,139
Accumulated Amortisation			
At 1 January 2020	1,604,754	13,276,125	14,880,879
Amortisation for the year (Note 6)	1,066,867	6,724,925	7,791,792
Modification of lease contracts	(802,377)	(753,097)	(1,555,474)
Termination of lease contracts	-	(1,300,245)	(1,300,245)
At 31 December 2020/1 January 2021	1,869,244	17,947,708	19,816,952
Amortisation for the year (Note 6)	989,706	6,672,520	7,662,226
Modification of lease contracts	-	(609,334)	(609,334)
Termination of lease contracts	(2,364,326)	(4,617,365)	(6,981,691)
At 31 December 2021	494,624	19,393,529	19,888,153
Net Carrying Amount			
At 31 December 2020	3,734,038	19,508,157	23,242,195
At 31 December 2021	2,267,945	18,292,041	20,559,986

NOTES TO THE FINANCIAL STATEMENTS
cont'd

10. RIGHT-OF-USE ASSETS *cont'd*

The Company	Warehouse RM	Retail stores RM	Total RM
Cost			
At 1 January 2020	3,153,862	33,633,370	36,787,232
Additions	-	5,322,117	5,322,117
Modification of lease contract	-	(1,214,041)	(1,214,041)
Termination of lease contract	-	(1,567,488)	(1,567,488)
At 31 December 2020/1 January 2021	3,153,862	36,173,958	39,327,820
Additions	917,570	6,662,554	7,580,124
Modification of lease contract	-	(2,155,838)	(2,155,838)
Termination of lease contract	(3,109,114)	(4,617,365)	(7,726,479)
At 31 December 2021	962,318	36,063,309	37,025,627
Accumulated Amortisation			
At 1 January 2020	802,377	13,276,125	14,078,502
Amortisation for the year (Note 6)	522,551	6,620,964	7,143,515
Modification of lease contract	-	(753,097)	(753,097)
Termination of lease contract	-	(1,300,245)	(1,300,245)
At 31 December 2020/1 January 2021	1,324,928	17,843,747	19,168,675
Amortisation for the year (Note 6)	493,716	6,419,848	6,913,564
Modification of lease contract	-	(609,334)	(609,334)
Termination of lease contract	(1,554,556)	(4,617,365)	(6,171,921)
At 31 December 2021	264,088	19,036,896	19,300,984
Net Carrying Amount			
At 31 December 2020	1,828,934	18,330,211	20,159,145
At 31 December 2021	698,230	17,026,413	17,724,643

Eight (2020: Four) of the leases for leased assets of retail stores of the Group and of the Company expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets. In addition, there were also opening of three (2020: four) and one (2020: two) new retail stores for the Group and for the Company in the current financial year. These resulted in additions to right-of-use assets of RM395,326 (2020: RM3,265,455) and RM60,989 (2020: RM1,983,548) for the Group and for the Company respectively during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

11. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2021	2020
	RM	RM
Unquoted shares, at cost		
At beginning of year	2,100,000	2,100,000
Deemed capital contribution	6,500,000	-
At end of year	8,600,000	2,100,000

During the financial year, the Company increased its investment in subsidiary companies, Global Retail Network Sdn Bhd and Queemay Toys (Malaysia) Sdn Bhd, by RM1,500,000 and RM5,000,000, respectively, by way of capitalising amount due from subsidiary companies. No new ordinary shares of those subsidiary companies were subscribed.

The details of the subsidiary companies are as follows:

Name of entities	Principal place of business/Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by Group	
			2021	2020
			%	%
Global Product Solutions Sdn Bhd	Malaysia	Distribution of maternity and children's products.	100	100
Global Retail Network Sdn Bhd	Malaysia	Distribution of children and maternity products.	100	100
Queemay Toys (Malaysia) Sdn Bhd	Malaysia	Retailing, trading, distribution and e-commerce of toys.	100	100

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Number of wholly-owned subsidiary companies	
	2021	2020
	RM	RM
Distribution	2	2
Retail	1	1
	3	3

NOTES TO THE FINANCIAL STATEMENTS
cont'd

12. DEFERRED TAX ASSETS

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
At 1 January	679,127	548,316	634,814	506,162
Transfer (to)/from profit or loss (Note 7):				
Plant and equipment	(151,834)	25,042	(171,213)	34,343
Inventories	(20,685)	28,177	(18,503)	15,600
Trade payables	(34,749)	8,094	(35,411)	9,880
Other payables and accrued expenses	180	264	180	264
Provision for restoration costs	18,575	2,708	18,575	2,708
Right-of-use assets and lease liabilities	(32,281)	65,784	(38,874)	65,857
Amount due from other related companies	(742)	742	-	-
	(221,536)	130,811	(245,246)	128,652
At 31 December	457,591	679,127	389,568	634,814

Deferred tax assets provided in the financial statements are in respect of the tax effects of the following:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deferred tax liabilities (before offsetting)				
Temporary differences arising from:				
Plant and equipment	(70,046)	(228)	(69,818)	-
Trade payables	(27,375)	(1,203)	(26,834)	-
	(97,421)	(1,431)	(96,652)	-
Offsetting	97,421	1,431	96,652	-
Deferred tax liabilities (after offsetting)	-	-	-	-
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Plant and equipment	28,411	110,427	-	101,395
Inventories	23,827	44,512	10,161	28,664
Trade payables	-	8,577	-	8,577
Other payables and accrued expenses	14,700	14,520	14,700	14,520
Provision for restoration costs	194,177	175,602	194,177	175,602
Right-of-use assets and lease liabilities	293,897	326,178	267,182	306,056
Amount due from other related company	-	742	-	-
	555,012	680,558	486,220	634,814
Offsetting	(97,421)	(1,431)	(96,652)	-
Deferred tax assets (after offsetting)	457,591	679,127	389,568	634,814

12. DEFERRED TAX ASSETS *cont'd*

As mentioned in Note 3, the tax effects of unused tax losses, unabsorbed capital allowances and deductible temporary differences which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and deductible temporary differences can be utilised.

As of year end, the estimated amount of unused tax losses and unabsorbed capital allowances pertaining to certain subsidiary company, for which no deferred tax assets have been recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group	
	2021	2020
	RM	RM
Unused tax losses*	99,223	100,812
Unabsorbed capital allowances	404,852	10,526
	504,075	111,338

* *In accordance with the provision of Finance Act 2021, the unused tax losses are available for utilisation in the next ten years, for which, any excess at the end of the tenth year, will be disregarded. The Group's tax losses will expire on year of assessment 2030.*

13. INVENTORIES

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
At cost:				
Trading goods	48,207,445	38,509,842	37,179,231	28,883,215
Goods-in-transit	2,377,486	406,835	2,100,088	72,198
	50,584,931	38,916,677	39,279,319	28,955,413
At net realisable value:				
Trading goods	99,277	174,457	42,337	38,588
	50,684,208	39,091,134	39,321,656	28,994,001

During the year, RM43,107,044 and RM32,895,061 (2020: RM40,944,859 and RM33,121,671) of inventories was recognised as an expense in cost of sales of the Group and the Company, respectively.

The movement in inventories charged/(credited) to profit before tax as disclosed in Note 6 are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Written off	227,823	209,321	195,063	176,062
Write-down	98,314	117,405	42,338	65,000
Reversal of written off	(6,093)	-	-	-
Reversal of write-down	(184,506)	-	(119,434)	-

NOTES TO THE FINANCIAL STATEMENTS

cont'd

14. TRADE RECEIVABLES

Trade receivables comprise amounts receivable for the sale of goods. It is measured at amortised cost.

The credit period granted to the customers of the Group and of the Company for sale of goods ranges from 2 days to 90 days (2020: 2 days to 90 days).

Included in the Group's trade receivables balance are debtors with a carrying amount of RM289,384 (2020: RM169,997) which are past due at the end of the reporting period. The Group has assessed the expected credit losses to be Nil (2020: Nil) as there has not been a significant change in credit quality and the Group believes that the amount is considered fully recoverable based on past default experience and assessment of both the current as well as the forecast of conditions at the financial year end. The Group does not hold any collateral over these balances. The aging of these past due receivables ranges from 30 to 90 days (2020: 30 to 90 days).

An analysis of trade receivables as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Not impaired				
- not past due	1,270,610	828,970	336,194	211,148
- past due by:				
1 to 30 days	164,066	77,257	-	-
31 to 60 days	97,147	64,424	-	-
More than 60 days	28,171	28,316	-	-
	289,384	169,997	-	-
	1,559,994	998,967	336,194	211,148

The trade receivables are denominated in Ringgit Malaysia.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-Current:				
Refundable deposits	2,572,376	2,766,631	2,355,019	2,595,181
Current:				
Other receivables	730,205	1,120,099	467,543	805,521
Refundable deposits	931,221	903,451	855,457	805,255
Prepaid expenses	2,966,050	1,108,160	1,293,573	454,988
	4,627,476	3,131,710	2,616,573	2,065,764
Total	7,199,852	5,898,341	4,971,592	4,660,945

In determining the recoverability of other receivables and refundable deposits, the Group and the Company consider any change in the credit quality of the other receivables and refundable deposits from the date credit was initially granted up to the end of the reporting period. No expected credit losses are provided as the Group and the Company expect these other receivables and refundable deposits are fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

15. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES *cont'd*

Included in refundable deposits of the Group and of the Company are rental deposits paid in respect for retail outlets and warehouses amounting to RM3,365,844 and RM3,148,487 (2020: RM3,511,217 and RM3,339,767) whereas prepaid expenses comprise of prepaid insurance and rental.

The Group and the Company have secured bank guarantee from a financial institution amounting to RM688,000 (2020: RM739,000) for tenancy agreements entered into. The bank guarantee is secured by certain fixed deposits as disclosed in Note 17.

The currency exposure profile of other receivables, deposits and prepaid expenses are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Ringgit Malaysia	5,854,875	5,182,601	4,809,322	4,371,856
United States Dollar	948,726	398,015	157,394	288,432
Australian Dollar	73,015	24,396	-	-
Singapore Dollar	318,360	292,672	-	-
Euro Dollar	-	657	-	657
Hong Kong Dollar	4,876	-	4,876	-
	7,199,852	5,898,341	4,971,592	4,660,945

16. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Financial assets at fair value through profit or loss:				
Money market fund	1,928,563	1,894,607	1,928,563	1,894,607

17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits earned interest at rates ranging from 1.45% to 1.90% (2020: 1.45% to 3.50%) per annum with maturity period of 1 to 12 months (2020: 1 to 12 months).

Included in fixed deposits with licensed banks are deposits pledged for bank guarantees granted to the Group and to the Company amounting to RM688,000 (2020: RM739,000).

NOTES TO THE FINANCIAL STATEMENTS
cont'd

18. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Fixed deposits with licensed banks (Note 17)	12,396,235	17,334,784	12,396,235	17,334,784
Cash and bank balances	12,825,086	14,461,394	6,858,842	9,575,537
	25,221,321	31,796,178	19,255,077	26,910,321
Less: Fixed deposits pledged (Note 17)	(688,000)	(739,000)	(688,000)	(739,000)
	24,533,321	31,057,178	18,567,077	26,171,321

The currency exposure profile of fixed deposits and cash and bank balances is as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Ringgit Malaysia	25,177,312	30,925,467	19,211,068	26,039,610
British Pound	3,643	827,215	3,643	827,215
Singapore Dollar	39,450	42,608	39,450	42,608
Hong Kong Dollar	916	888	916	888
	25,221,321	31,796,178	19,255,077	26,910,321

19. SHARE CAPITAL

	The Group and the Company			
	2021		2020	
	No. of shares	RM	No. of shares	RM
Issued and fully paid				
Ordinary shares				
At beginning/end of year	380,000,000	31,128,118	380,000,000	31,128,118

20. RETAINED EARNINGS

The retained earnings of the Company are available for appropriation of dividend to the shareholders of the Company under the single-tier income tax system.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

21. DIVIDEND

	The Company	
	2021	2020
	RM	RM
Interim single-tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2021 and 31 December 2020	3,800,000	3,800,000

On 26 February 2021, the Company declared a first interim single tier tax-exempt dividend of 1.0 sen per ordinary share amounted to RM3,800,000 in respect of the financial year ended 31 December 2020 of which was paid on 12 April 2021.

On 25 February 2022, the Company declared a first interim single tier tax-exempt dividend of 1.0 sen per ordinary share amounted to RM3,800,000 in respect of the financial year ended 31 December 2021 of which was paid on 12 April 2022. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

The directors do not recommend any final dividend in respect of the current financial year ended 31 December 2021.

22. LEASE LIABILITIES

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Maturity analysis:				
Not later than 1 year	7,145,386	8,386,880	6,385,169	7,581,916
Later than 1 year but not later than 5 years	14,792,531	17,551,093	12,539,674	15,102,944
Later than 5 years	796,826	358,047	785,276	225,969
	22,734,743	26,296,020	19,710,119	22,910,829
Less: Unearned interest	(1,672,076)	(2,164,071)	(1,444,835)	(1,858,974)
	21,062,667	24,131,949	18,265,284	21,051,855
Present value of lease liabilities analysed as:				
Current	6,440,280	7,437,195	5,775,878	6,755,025
Non-current	14,622,387	16,694,754	12,489,406	14,296,830
	21,062,667	24,131,949	18,265,284	21,051,855

The Group and the Company apply the incremental borrowing rates to the lease liabilities recognised ranging 3.45% to 5.15% (2020: 3.75% to 5.15%) per annum.

The Group and the Company do not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's and the Company's treasury function.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

22. LEASE LIABILITIES *cont'd*

Reconciliation of liabilities arising from financing activities

The table below details the changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	24,131,949	25,663,998	21,051,855	23,248,017
Total financing cash outflows:				
Principal paid	(7,518,315)	(7,298,222)	(6,863,479)	(6,746,398)
Interest paid	(908,746)	(1,134,132)	(783,883)	(1,007,748)
	15,704,888	17,231,644	13,404,493	15,493,871
Non-cash changes				
Finance costs (Note 6)	908,746	1,134,132	783,883	1,007,748
Modification of lease contract	(1,625,355)	(1,170,431)	(1,625,355)	(382,091)
Termination of lease contract	(3,345,340)	(297,654)	(1,669,535)	(297,654)
Recognition of lease liabilities	9,419,728	7,234,258	7,371,798	5,229,981
At 31 December	21,062,667	24,131,949	18,265,284	21,051,855

23. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group and to the Company for trade purchases ranges from 30 to 90 days (2020: 30 to 90 days).

The currency profile of trade payables is as follows:

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	1,619,084	354,646	1,473,335	204,116
British Pound	3,702,262	1,631,878	3,577,425	1,525,171
United States Dollar	299,210	1,037,200	-	175,093
Singapore Dollar	46,595	7,329	46,595	7,329
Australian Dollar	88,176	23,689	-	-
	5,755,327	3,054,742	5,097,355	1,911,709

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. OTHER PAYABLES, ACCRUED EXPENSES AND PROVISION

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Other payables	3,750,265	1,592,848	2,584,371	1,104,414
Accrued expenses	4,025,477	2,776,699	2,834,725	2,271,329
Provision for restoration costs	905,880	803,203	806,936	755,193
	8,681,622	5,172,750	6,226,032	4,130,936

Movement of provision for restoration costs is as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
At 1 January	803,203	720,390	755,193	720,390
Provision for the year	88,252	70,736	39,940	23,519
Unwinding of interest expense (Note 6)	14,425	12,077	11,803	11,284
At 31 December	905,880	803,203	806,936	755,193

The restoration costs were provided for future restoration of the Group's and of the Company's retail outlets.

The currency profile of other payables is as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Ringgit Malaysia	3,713,703	1,579,740	2,547,809	1,091,306
Singapore Dollar	-	10,721	-	10,721
British Pound	36,562	2,387	36,562	2,387
	3,750,265	1,592,848	2,584,371	1,104,414

NOTES TO THE FINANCIAL STATEMENTS
cont'd

25. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The directors regard Kim Hin International Pte Ltd, a company incorporated in Singapore, as the holding company.

The related parties and the relationship with the Company are as follows:

Related party	Relationship
Mothercare (S) Pte Ltd	Common directors and major shareholder
Global Outsource Solutions Pte Ltd	Common directors and major shareholder
Trade Solutions Ltd	Common directors and major shareholder
Mother and Child Ltd	Common director and major shareholder
Cheng Yean Properties Sdn Bhd	Common director and major shareholder
Kim Hin Innovation Labs Private Ltd	Common directors and major shareholder
Global Retail Solutions Ltd	Common director and major shareholder
Kim Hin Joo Limited (HK)	Common directors and major shareholder
Kim Hin Toy Pte Ltd	Common directors and major shareholder
Kim Hin International Pte Ltd	Holding company
Global Product Solutions Sdn Bhd	Subsidiary company
Global Retail Network Sdn Bhd	Subsidiary company
Queemay Toys (Malaysia) Sdn Bhd	Subsidiary company

Amount due from/(to) subsidiary companies which arose from both trade, non-trade transactions and advances granted, are unsecured, interest-free, repayable on demand and are denominated in Ringgit Malaysia.

Amount due from/(to) other related companies, which arose from trade and non-trade transactions, are unsecured, interest-free, repayable on demand and are denominated in Singapore Dollar.

Amount due to holding company, which arose from trade and non-trade transactions, is unsecured, interest-free, repayable on demand and is denominated in Singapore Dollar.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

25. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS *cont'd*

During the financial year, significant related party transactions, which are determined on a basis as negotiated between the said parties, are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Purchase of goods from				
- Global Product Solutions Sdn Bhd	-	-	3,252,855	3,884,499
- Global Outsource Solutions Pte Ltd	592,321	578,276	592,321	10,813
- Global Retail Network Sdn Bhd	-	-	1,667,652	2,016,725
- Kim Hin Innovation Labs Private Ltd	1,904,271	1,732,660	31,836	242,082
- Mothercare (S) Pte Ltd	27,175	-	27,175	-
- Mother and Child Ltd	-	171,409	-	171,409
- Trade Solutions Ltd	266,607	-	115,623	-
Sale of goods to				
- Global Product Solutions Sdn Bhd	-	-	122,284	81,422
- Global Outsource Solutions Pte Ltd	-	59,002	-	-
- Global Retail Network Sdn Bhd	-	-	115,150	111,723
- Kim Hin Innovation Labs Private Ltd	137,413	214,780	-	-
- Mothercare (S) Pte Ltd	36,197	85,494	21,747	-
- Queemay Toys (Malaysia) Sdn Bhd	-	-	55,713	-
Advances to				
- Queemay Toys (Malaysia) Sdn Bhd	-	-	-	3,112,712
Rental payable to				
- Cheng Yean Properties Sdn Bhd	910,000	1,054,839	455,000	527,419
E-commerce management fees payable to				
- Mothercare (S) Pte Ltd	196,424	249,318	196,424	249,318
Corporate management fees payable to				
- Kim Hin International Pte Ltd	195,300	194,660	195,300	-
Dividend received from				
- Global Product Solutions Sdn Bhd	-	-	2,000,000	6,000,000
Transfer of goods from				
- Queemay Toys (Malaysia) Sdn Bhd	-	-	26,475	113,345
Transfer of goods to				
- Queemay Toys (Malaysia) Sdn Bhd	-	-	3,926	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

26. FINANCIAL INSTRUMENTS

Capital risk management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's and the Company's overall strategy remain unchanged since previous year.

The Board of Directors reviews the capital structure of the Group and of the Company on a regular basis. As part of the review, the Board of Directors considers the cost of capital and risk associated with each class of capital.

The capital structure of the Group and of the Company consists cash and cash equivalents and equity of the Group and of the Company (comprising share capital and retained earnings), thus debt and equity ratio is not applicable.

Categories of financial instruments

The table below provides an analysis of the various categories of financial instruments:

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Financial assets				
At amortised cost:				
Trade receivables	1,559,994	998,967	336,194	211,148
Other receivables and refundable deposits	4,233,802	4,790,181	3,678,019	4,205,957
Amount due from subsidiary companies	-	-	-	3,679,830
Amount due from other related company	5,085	-	-	-
Fixed deposits with licensed banks	12,396,235	17,334,784	12,396,235	17,334,784
Cash and bank balances	12,825,086	14,461,394	6,858,842	9,575,537
At fair value through profit or loss:				
Short-term investments	1,928,563	1,894,607	1,928,563	1,894,607
Financial liabilities				
At amortised cost:				
Trade payables	(5,755,327)	(3,054,742)	(5,097,355)	(1,911,709)
Other payables and accrued expenses	(7,775,742)	(4,369,547)	(5,419,096)	(3,375,743)
Amount due to other related companies	(278,640)	-	(140,000)	-
Amount due to holding company	-	(15,966)	-	-
Amount due to subsidiary companies	-	-	(177,420)	(53,864)
Lease liabilities	(21,062,667)	(24,131,949)	(18,265,284)	(21,051,855)

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets and financial liabilities are disclosed in Note 3.

26. FINANCIAL INSTRUMENTS *cont'd*

Financial risk management objectives

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group and the Company have taken measures to minimise their exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Foreign currency risk management

The Group and the Company undertake transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuation arise.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	The Group		The Company	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	RM	**RM**	**RM**	**RM**
2021				
British Pound	3,643	3,738,824	3,643	3,613,987
United States Dollar	-	299,210	-	-
Singapore Dollar	39,450	46,595	39,450	46,595
Hong Kong Dollar	916	-	916	-
Australian Dollar	-	88,176	-	-
	44,009	4,172,805	44,009	3,660,582
2020				
British Pound	827,215	1,634,265	827,215	1,527,558
United States Dollar	288,432	1,037,200	288,432	175,093
Singapore Dollar	335,280	34,016	42,608	18,050
Euro	657	-	657	-
Hong Kong Dollar	888	-	888	-
Australian Dollar	-	23,689	-	-
	1,452,472	2,729,170	1,159,800	1,720,701

Foreign currency sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a profit where the Ringgit Malaysia strengthens 5% against the relevant currency. For a 5% weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable opposite effect on profit after tax.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

26. FINANCIAL INSTRUMENTS *cont'd*

Foreign currency risk management *cont'd*

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Strengthened 5%				
British Pound	141,937	30,668	137,193	26,613
United States Dollar	11,370	28,453	-	(4,307)
Singapore Dollar	272	(11,448)	272	(933)
Euro	-	(25)	-	(25)
Hong Kong Dollar	(35)	(34)	(35)	(34)
Australian Dollar	3,351	900	-	-
	156,895	48,514	137,430	21,314
Weakened 5%				
British Pound	(141,937)	(30,668)	(137,193)	(26,613)
United States Dollar	(11,370)	(28,453)	-	4,307
Singapore Dollar	(272)	11,448	(272)	933
Euro	-	25	-	25
Hong Kong Dollar	35	34	35	34
Australian Dollar	(3,351)	(900)	-	-
	(156,895)	(48,514)	(137,430)	(21,314)

Interest rate risk management

The Group's and Company's investments in fixed deposits are not exposed to a significant risk of change in their fair values as they are not affected by changes in interest rates.

Under the current low interest rate environment, management anticipates that any changes in interest rate in the near term are not expected to have a significant impact on the Group's and on the Company's financial performance. Accordingly, no sensitivity analysis is presented.

Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Credit risk arises primarily from outstanding trade and other receivables. The Group and the Company extend credit to their customers based upon careful evaluation of the customers' financial condition and credit history. The Company monitors on an on-going basis the results of its subsidiary companies and repayments made by them.

For other financial assets (including cash and bank balances, fixed deposits with licensed banks and short-term investments), the Group and the Company minimise credit risks by dealing exclusively with high credit rating counterparties.

26. FINANCIAL INSTRUMENTS *cont'd*

Credit risk management *cont'd*

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. These receivables are not secured by any collateral or credit enhancements.

Impairment of financial assets

The Group's and the Company's financial assets that are subject to the expected credit loss ("ECL") model include trade receivables, other receivables, refundable deposits and amount due from other related companies.

Trade receivables using the simplified approach

The Group and the Company apply the MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group and the Company determined the expected credit losses based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. No significant changes to estimation techniques or assumptions were made during the reporting period.

Other receivables, refundable deposits and amount due from other related companies using general 3-stage approach

The Group and the Company monitor the credit risks of other receivables, refundable deposits and amount due from other related companies on a regular basis and the Group and the Company do not expect any counterparty to fail to meet its obligations. In addition, receivable balances and rental deposits are monitored on an ongoing basis and the Group's and the Company's exposure to default is low, and historically there were minimal instances where contractual cash flow obligations have not been met.

Other receivables, refundable deposits and amount due from other related companies are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments for a period of greater than 30 days past due.

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

Liquidity risk management

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and financial liabilities.

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The table includes both interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

26. FINANCIAL INSTRUMENTS *cont'd*

Liquidity risk management *cont'd*

	Less than 1 year RM	1 - 2 years RM	More than 2 years RM	Total RM	Contractual interest rate %
The Group					
2021					
Non-interest bearing:					
Trade payables	5,755,327	-	-	5,755,327	-
Other payables and accrued expenses	7,775,742	-	-	7,775,742	-
Amount due to other related company	278,640	-	-	278,640	-
Interest bearing:					
Lease liabilities	7,145,386	5,664,498	9,924,859	22,734,743	3.45% to 5.15%
	20,955,095	5,664,498	9,924,859	36,544,452	
2020					
Non-interest bearing:					
Trade payables	3,054,742	-	-	3,054,742	-
Other payables and accrued expenses	4,369,547	-	-	4,369,547	-
Amount due to holding company	15,966	-	-	15,966	-
Interest bearing:					
Lease liabilities	8,386,880	6,471,141	11,437,999	26,296,020	3.75% to 5.15%
	15,827,135	6,471,141	11,437,999	33,736,275	

26. FINANCIAL INSTRUMENTS *cont'd*

Liquidity risk management *cont'd*

	Less than 1 year RM	1 - 2 years RM	More than 2 years RM	Total RM	Contractual interest rate %
The Company					
2021					
Non-interest bearing:					
Trade payables	5,097,355	-	-	5,097,355	-
Other payables and accrued expenses	5,419,096	-	-	5,419,096	-
Amount due to subsidiary companies	177,420	-	-	177,420	-
Amount due to other related companies	140,000	-	-	140,000	-
Interest bearing:					
Lease liabilities	6,385,169	4,894,439	8,430,511	19,710,119	3.45% to 5.15%
	17,219,040	4,894,439	8,430,511	30,543,990	
2020					
Non-interest bearing:					
Trade payables	1,911,709	-	-	1,911,709	-
Other payables and accrued expenses	3,375,743	-	-	3,375,743	-
Amount due to subsidiary companies	53,864	-	-	53,864	-
Interest bearing:					
Lease liabilities	7,581,916	5,641,365	9,687,548	22,910,829	3.75% to 5.15%
	12,923,232	5,641,365	9,687,548	28,252,145	

Fair values of financial instruments

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amounts derived from such methods and valuation techniques are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

26. FINANCIAL INSTRUMENTS *cont'd*

Fair values of financial instruments *cont'd*

On the basis of the amounts estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amounts of all financial instruments approximate their fair values due to their relatively short maturity, except as detailed below:

	The Group		The Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM	RM	RM	RM
2021				
Financial assets				
Refundable deposits (non-current)	2,572,376	2,561,429	2,355,019	2,340,553
2020				
Financial assets				
Refundable deposits (non-current)	2,766,631	2,746,648	2,595,181	2,567,296

The fair values of non-current refundable deposits are estimated using discounted cash flows analysis based on market interest rates at initial recognition.

Financial assets that are measured at fair value

The fair values of short-term investments as disclosed in Note 16 are determined at their quoted closing prices, Level 1 input in the fair value hierarchy, at the end of the reporting period.

27. CAPITAL COMMITMENT

At the end of the reporting period, the Group has the following commitment in respect of acquisition of plant and equipment:

	The Group	
	2021	2020
	RM	RM
Contracted but not provided for	633,541	-

28. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

On 15 June 2020, the Company announced the proposed establishment of an ESOS of up to 15% of the total number of issued ordinary shares in the Company (excluding treasury shares, if any), at any point in time throughout the duration of the ESOS to eligible director(s) and employees of the Company and its subsidiary companies ("Proposed ESOS"). The Proposed ESOS was approved by the shareholders at the Company's Annual General Meeting on 29 July 2020. The Company has obtained approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for an extension of time of 6 months, from 26 December 2020 to 25 June 2021, for the implementation of the ESOS. On 18 June 2021, the Company announced the implementation of the ESOS. There is no financial impact on the financial statements of the Group and of the Company as at 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

29. SEGMENT INFORMATION

The Group has arrived at two reportable segments, as described below, which are the strategic business units of the Group. The strategic business units are separated based on its operation activities. For each of the strategic business units, the Managing Director and Chief Financial Officer ("CFO") of the Group review the internal management reports at least on a quarterly basis.

Retail

Retailing of baby, children and maternity products.

Distribution

Distribution of baby, children and maternity products.

The performance of the reportable segments are measured based on segment's profit before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets and liabilities

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Acquisition of plant and equipment is the total costs incurred during the year to acquire segment assets that are expected to be used for more than one period.

Geographical information

Geographical information is not presented as the Group operates primarily in Malaysia.

Major customers information

There is no significant concentration of revenue from any major customers as the Group sells its products to individual end consumers or purchasers.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

29. SEGMENT INFORMATION *cont'd*

The Group 2021	Retail RM	Distribution RM	Elimination RM	Total RM
Revenue				
Revenue from external customers	66,900,285	15,983,000	-	82,883,285
Inter-segment revenue	-	4,591,047	(4,591,047)	-
Total revenue	66,900,285	20,574,047	(4,591,047)	82,883,285
Results				
Operating results	4,437,765	4,950,059	(2,098,843) *	7,288,981
Interest income	341,285	57,280	-	398,565
Finance costs	(853,571)	(69,600)	-	(923,171)
Profit before tax	3,925,479	4,937,739	(2,098,843)	6,764,375
Income tax expense	(956,574)	(1,215,258)	-	(2,171,832)
Profit for the year	2,968,905	3,722,481	(2,098,843)	4,592,543
Segment assets	104,459,820	20,757,180	(10,883,317)	114,333,683
Segment liabilities	32,740,111	4,197,576	(905,724)	36,031,963
Other information				
Acquisition of plant and equipment	3,174,293	399,301	-	3,573,594
Depreciation of plant and equipment	2,947,045	286,290	-	3,233,335
Additions of right-of-use assets	8,040,907	1,659,716	-	9,700,623
Amortisation of right-of-use assets	7,199,913	462,313	-	7,662,226

NOTES TO THE FINANCIAL STATEMENTS
cont'd

29. SEGMENT INFORMATION *cont'd*

The Group **2020**	**Retail** **RM**	**Distribution** **RM**	**Elimination** **RM**	**Total** **RM**
Revenue				
Revenue from external customers	65,320,808	15,089,747	-	80,410,555
Inter-segment revenue	-	5,035,706	(5,035,706)	-
Total revenue	65,320,808	20,125,453	(5,035,706)	80,410,555
Results				
Operating results	9,153,515	4,775,831	(6,053,435) *	7,875,911
Interest income	566,402	116,627	-	683,029
Finance costs	(1,049,677)	(96,532)	-	(1,146,209)
Profit before tax	8,670,240	4,795,926	(6,053,435)	7,412,731
Income tax expense	(915,590)	(1,149,590)	-	(2,065,180)
Profit for the year	7,754,650	3,646,336	(6,053,435)	5,347,551
Segment assets	99,794,049	18,288,383	(7,981,510)	110,100,922
Segment liabilities	32,243,245	4,951,260	(4,602,760)	32,591,745
Other information				
Acquisition of plant and equipment	4,147,254	543,157	-	4,690,411
Depreciation of plant and equipment	2,530,062	274,956	-	2,805,018
Additions of right-of-use assets	6,770,585	641,748	-	7,412,333
Amortisation of right-of-use assets	7,284,489	507,303	-	7,791,792

* *Included dividend from a subsidiary company of RM2,000,000 (2020: RM6,000,000).*

NOTES TO THE FINANCIAL STATEMENTS

cont'd

30. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO END OF THE FINANCIAL YEAR

The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020 and subsequently, this was extended to 3 May 2020. In addition, the Government announced the implementation of Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 December 2020. On 11 January 2021, the Malaysian Government announced the re-imposition of the MCO for certain states of Malaysia effective from 13 January 2021 to 4 March 2021.

Subsequently, as a result of the Movement Control Order 3.0 ("MCO 3") from 1 June 2021 to 2 September 2021, the Group was affected by the temporary closure of the retail outlet operations and the Group was only able to rely on its existing online platform to generate revenue. All retail outlets re-open on 3 September 2021 and strictly follow Standard Operating Procedures ("SOP") and protocols announced by the Malaysian Government. On 1 April 2022, Malaysia entered in to the "Transition to Endemic" phase as an exit strategy by the Government that would allow Malaysians to return to new normal life.

In order to manage and to cushion the effects of COVID-19 pandemic, the Group and the Company initiated and implemented various measures in improving revenue, containing costs and enhancing cash flows of the Group and of the Company. All the relevant financial impacts have been taken into account in the current year's financial results of the Group and of the Company. The Board of Directors of the Company has performed an assessment of the Group's and the Company's cash flows for the next twelve months and concluded that there is no issue in its ability to continue as going concern in the foreseeable future.

The Group and the Company will continuously monitor the impact of COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's and on the Company's operations.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT 2016

The directors of **KIM HIN JOO (MALAYSIA) BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

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

PANG FU WEI

GOH POH TENG

Selangor
13 April 2022

DECLARATION BY THE OFFICER

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHANG KIM WIN**, the officer primarily responsible for the financial management of **KIM HIN JOO (MALAYSIA) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHANG KIM WIN
(MIA: 14670)

Subscribed and solemnly declared by the abovenamed **CHANG KIM WIN** at KUALA LUMPUR on this 13th day of April, 2022.

Before me,

COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS
AS AT 22 MARCH 2022

Issued Shares	:	380,000,000 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

ANALYSIS BY SHAREHOLDINGS
Distribution of shareholdings according to size:

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 - 99	2	0.11	100	0.00
100 - 1,000	180	10.24	97,600	0.03
1,001 - 10,000	615	34.98	3,905,900	1.03
10,001 - 100,000	813	46.25	25,851,400	6.80
100,001 to less than 5% of issued shares	147	8.36	114,545,000	30.14
5% and above of issued shares	1	0.06	235,600,000	62.00
Total	**1,758**	**100.00**	**380,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS
(As per Register of Substantial Shareholders)

Name of Shareholder	Direct		Indirect	
	No. of Shares held	% of Issued Capital	No. of Shares held	% of Issued Capital
Kim Hin International Pte Ltd ("KHI")	235,600,000	62.00	-	-
Pang Kim Hin	11,280,700	2.97	235,600,000(1)	62.00

Notes:
*(1) Deemed interested by virtue of his shareholdings held through KHI pursuant to Section 8 of the Companies Act 2016 ("**the Act**").*

SHAREHOLDINGS OF DIRECTORS
(As per Register of Directors' Shareholdings)

Name of Directors	Direct		Indirect	
	No. of Shares held	% of Issued Capital	No. of Shares held	% of Issued Capital
Pang Kim Hin	11,280,700	2.97	235,600,000(1)	62.00
Pang Fu Wei	538,800	0.14	-	0.00
Goh Poh Teng	1,000,000	0.26	-	0.00
Yen Se-Hua Stewart	-	0.00	-	0.00
Chew Soo Lin	2,150,000	0.57	800,000(2)	0.21
Kor Yann Ning	800,000	0.21	-	0.00
Hew Moh Yung	-	0.00	-	0.00

Notes:
(1) Deemed interested by virtue of his shareholdings held through KHI pursuant to Section 8 of the Act.
(2) Deemed interested by virtue of his shareholdings held through Cepheus Corporation Pte Ltd pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2022
cont'd

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
1.	Kim Hin International Pte Ltd	235,600,000	62.00
2.	Lian Lee Choo	11,400,000	3.00
3.	Pang Kim Hin	11,280,700	2.97
4.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB for Khoo Yok Kee (PB)*	9,583,900	2.52
5.	Kaginic Corporation Sdn Bhd	9,500,000	2.50
6.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Eastspring Investmentsequity Income Fund*	8,797,000	2.32
7.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)*	5,117,600	1.35
8.	Tan Ka Lian	2,767,500	0.73
9.	Loke Kien Meng	2,533,600	0.67
10.	Maybank Nominees (Asing) Sdn Bhd *Pledged Securities Account for Chew Soo Lin*	2,150,000	0.57
11.	Teo Kwee Hock	1,951,600	0.51
12.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teo Siew Lai*	1,541,300	0.41
13.	Cartaban Nominees (Tempatan) Sdn Bhd *Prudential Assurance Malaysia Berhad for Prulink Strategic Fund*	1,449,500	0.38
14.	DB (Malaysia) Nominee (Asing) Sdn Bhd *The Bank Of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund*	1,323,600	0.35
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kok Yew Fatt (B Tinggi-CL)*	1,265,600	0.33
16.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Ching Neoh*	1,250,000	0.33
17.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ooi Keng Thye*	1,231,000	0.32
18.	Ng Ah Bah @ Ng See Kai	1,116,100	0.29
19.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Exempt an for Eastspring Investments Berhad (PM0004)*	1,046,000	0.28
20.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Oh Boon Howe (Penang-CL)*	1,000,000	0.26
21.	Goh Poh Teng	1,000,000	0.26
22.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Caceis Bank (SW-CSG-FGN)*	1,000,000	0.26
23.	Pang Shu Ming	1,000,000	0.26
24.	Thye Huat Chan Sendirian Berhad	900,000	0.24
25.	Tan Tiak Kun	850,000	0.22
26.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tee Kim Hew (E-KLG/BTG)*	820,000	0.22
27.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Peng Nguang*	800,000	0.21
28.	Kor Yann Ning	800,000	0.21
29.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teh Kian Lang (E-KLC)*	748,100	0.20
30.	Liew Tat Yang	742,900	0.20
	Total	320,566,000	84.37

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-First ("**41st**") Annual General Meeting ("**AGM**") of KIM HIN JOO (MALAYSIA) BERHAD ("**KHJ**" or "**Company**") will be conducted on a virtual basis through live streaming from the Broadcast Venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia on Friday, 27 May 2022 at 10.00 a.m. for the following purposes: -

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. **[Please refer to Explanatory Note 1]**

2. To approve the payment of Directors' fees payable to the Directors of the Company on quarterly basis in arrears after each quarter of completed service of the Directors up to an aggregate amount of RM320,000.00 from this forthcoming 41st AGM until the conclusion of the next AGM of the Company. **Ordinary Resolution 1 [Please refer to Explanatory Note 2]**

3. To re-elect the following Directors who are retiring in accordance with Clause 95 of the Constitution of the Company and being eligible, have offered themselves for re-election:-:

   i) Mr Pang Kim Hin **Ordinary Resolution 2 [Please refer to Explanatory Note 3]**

   ii) Ms Kor Yann Ning **Ordinary Resolution 3 [Please refer to Explanatory Note 3]**

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

As Special Business

To consider and if thought fit, with or without any modification, to pass the following ordinary resolutions:

5. **Proposed Authority for Directors to Allot and Issue Shares pursuant to Section 76 of the Companies Act 2016 ("the Act")** **Ordinary Resolution 5 [Please refer to Explanatory Note 4]**

   "**THAT** pursuant to Section 76 of the Act, the Directors be and are hereby authorised and empowered to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the Constitution of the Company and approval of all the relevant governmental and/or regulatory authorities, where such approval is necessary."

NOTICE OF ANNUAL GENERAL MEETING
cont'd

6. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** **Ordinary Resolution 6 [Please refer to Explanatory Note 5]**

"THAT subject to the provisions of the Constitution of the Company and the ACE Market Listing Requirements ("**ACE LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), approval be and is hereby given to the Company and/or its subsidiaries to enter into and to give effect to the recurrent related party transactions ("**RRPTs**") of a revenue or trading nature with the related parties as stated in Section 2.4 of the Circular to Shareholders dated 28 April 2022 provided that:-

a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

b) the disclosure will be made in the Annual Report on the breakdown of the aggregate value of the RRPTs conducted pursuant to the Proposed Shareholders' Mandate during the financial year on the types of RRPTs made, the names of the related parties involved in each type of RRPTs and their relationships with the Company.

THAT the authority conferred shall continue to be in force until:-

i) the conclusion of the next AGM of the Company following the forthcoming 41st AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;

ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

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

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

7. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143) (SSM PC No. 202008001023)
TAN AI NING (MAICSA 7015852) (SSM PC No.: 202008000067)
Company Secretaries

Selangor Darul Ehsan
28 April 2022

NOTICE OF ANNUAL GENERAL MEETING
cont'd

NOTES:-

1. The 41st AGM will be conducted on a virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting ("**RPEV**") facilities to be provided by Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657). Please follow the procedures provided in the Administrative Guide for the 41st AGM in order to register, participate and vote remotely via the RPEV facilities.

   The Administrative Guide on the conduct of a virtual 41st AGM of the Company is available at the Company's website at www.khj-my.com.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the general meeting and in accordance with Clause 66 of the Company's Constitution which allows a meeting of members to be held at more than one venue, using any technology or method that enables the members of the Company to participate at the general meeting. Members/proxies/corporate representatives are not allowed to physically present nor admitted at the Broadcast Venue on the day of the 41st AGM.

3. Since the 41st AGM will be conducted virtually in its entirety, a Member entitled to participate and vote at the Meeting may appoint his/her proxy or the Chairman of the 41st AGM as his/her proxy and indicate the voting instruction in the Form of Proxy.

4. A proxy may but need not be a member. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

6. If the appointor is a corporation, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

7. The appointment of proxy may be made in a hardcopy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 41st AGM or at any adjournment thereof, as follows:

   (i) In Hardcopy Form

   The duly signed Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Share Registrar's office, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

   (ii) By Boardroom Smart Investor Online Portal

   The Form of Proxy can be electronically submitted via the Boardroom Share Registrars' website, Boardroom Smart Investor Online Portal at https://investor.boardroomlimited.com. Please refer to the Administrative Guide for the 41st AGM for further information on electronic submission.

8. Individual members may via Boardroom Smart Investor Online Portal at https://investor.boardroomlimited.com and proxies/corporate representatives may, via bsr.helpdesk@boardroomlimited.com, submit questions relating to the resolutions to be tabled at the 41st AGM or financial performance/prospect of the Company, not later than Wednesday, 25 May 2022 at 10.00 a.m. Alternatively, members/proxies/corporate representatives may submit questions via real time submission of typed texts via RPEV facilities during the live streaming of the 41st AGM, being the primary mode of communication.

9. In respect of deposited securities, only members whose names appear on the Record of Depositors on Friday, 20 May 2022 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Explanatory Notes:

(1) **Agenda 1 – To receive the Audited Financial Statements**

Agenda item no. 1 is meant for discussion only as the provision of Section 340 of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

(2) **Payment of Directors' Fees from this forthcoming 41st AGM until the next AGM of the Company**

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

The payment of Directors' Fees of RM320,000.00 from this forthcoming 41st AGM until the next AGM of the Company will only be made on quarterly basis in arrears after each quarter of completed service if the proposed Ordinary Resolution 1 has been passed at the 41st AGM.

(3) **Re-election of Directors**

The profiles of the Directors who are standing for re-election under item 3 (Ordinary Resolutions 2 and 3) of this Agenda are set out in the Board of Directors' profile of the Annual Report 2021.

Based on the recommendation of the Nomination Committee, the Board is satisfied with the performance and contributions of Mr Pang Kim Hin as Non-Independent Non-Executive Chairman and Ms Kor Yann Ning as Independent Non-Executive Director and supports their re-election.

(4) **Proposed Authority for Directors to Allot and Issue Shares pursuant to Section 76 of the Act**

The proposed Ordinary Resolution 5 is a general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, if passed, will empower the Directors from the conclusion of this 41st AGM, to allot and issue up to a maximum of 10% of the total number of issued shares of the Company at the time of issue (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

This authority will provide flexibility to the Company for any possible funds raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), repayment of bank borrowings, working capital and/or acquisition. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

(5) **Proposed Shareholders' Mandate**

The proposed Ordinary Resolution 6, if passed, will allow the Company and its subsidiaries to enter into RRPTs in accordance with Rule 10.09 of ACE LR of Bursa Securities.

For further information on Ordinary Resolution 6, please refer to the RRPT Circular dated 28 April 2022 accompanying the Annual Report of the Company for the financial year ended 31 December 2021.

Personal data privacy:

By submitting a proxy form(s) to participate, speak and vote at the 41st AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 41st AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 41st AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

No. of Shares Held	CDS Account No.

KIM HIN JOO (MALAYSIA) BERHAD
Registration No. 197801000642 (37655-U)
(Incorporated in Malaysia)

I/We, ... (name of shareholder as per NRIC/Passport)

NRIC No./Passport No./Registration No. .... of ....

.... (full address) being a member(s) of

KIM HIN JOO (MALAYSIA) BERHAD, hereby appoint .... (name of proxy as per NRIC/Passport)

NRIC No./Passport No .... of ....

.... (full address)

.... (email address & contact number) or failing him/her,

.... (name of proxy as per NRIC/Passport) NRIC/Passport No. ....

.... of ....

.... (full address) .... (email address & contact number) or # the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Forty- First ("**41st**") Annual General Meeting ("**AGM**") of the Company to be conducted on virtual basis through live streaming from the Broadcast Venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia on Friday, 27 May 2022 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:-

	Resolutions		For	Against
1	To approve the payment of Directors' fees payable to the Directors of the Company on quarterly basis in arrears after each quarter of completed service of the Directors up to an aggregate amount of RM320,000.00 from this forthcoming 41st AGM until the conclusion of the next AGM of the Company	Ordinary Resolution 1		
2	Re-election of Mr Pang Kim Hin as Director	Ordinary Resolution 2		
3	Re-election of Ms Kor Yann Ning as Director	Ordinary Resolution 3		
4	Re-appointment of Messrs. Deloitte PLT as Auditors of the Company and authorise the Directors to fix their remuneration	Ordinary Resolution 4		
5	Proposed Authority for Directors to Allot and Issue shares	Ordinary Resolution 5		
6	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 6		

Please indicate with an "x" in the appropriate box against the resolutions on how you wish your proxy to vote. The proxy is to vote on the resolutions set out in the Notice of 41st AGM as you have indicated. If no specific instruction as to voting is given, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies or more and wish them to vote differently, this should be specified.

For appointment of two proxies, proportion of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

 # If you wish to appoint other person(s) to be your proxy/proxies, kindly strike out the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.
**Delete if not applicable*

....
Signature of Shareholder or Common Seal

Dated this .... day of .... 2022.

NOTES:-

1. *The 41st AGM will be conducted on a virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting ("**RPEV**") facilities to be provided by Company's Share Registrar, Boardroom Share Registrars Sdn Bhd, at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657). Please follow the procedures provided in the Administrative Guide for the 41st AGM in order to register, participate and vote remotely via the RPEV facilities.*

   The Administrative Guide on the conduct of a virtual 41st AGM of the Company is available at the Company's website at www.khj-my.com.
2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the general meeting and in accordance with Clause 66 of the Company's Constitution which allows a meeting of members to be held at more than one venue, using any technology or method that enables the members of the Company to participate at the general meeting. Members/proxies/corporate representatives are not allowed to physically present nor admitted at the Broadcast Venue on the day of the 41st AGM.*
3. *Since the 41st AGM will be conducted virtually in its entirety, a Member entitled to participate and vote at the Meeting may appoint his/her proxy or the Chairman of the 41st AGM as his/her proxy and indicate the voting instruction in the Form of Proxy.*

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NOTES:- *cont'd*

4. *A proxy may but need not be a member. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
5. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
6. *If the appointor is a corporation, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*
7. *The appointment of proxy may be made in a hardcopy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 41st AGM or at any adjournment thereof, as follows:*
   (i) In Hardcopy Form

   The duly signed Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Share Registrar's office, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

   (ii) By Boardroom Smart Investor Online Portal

   The Form of Proxy can be electronically submitted via the Share Registrars' website, Boardroom Smart Investor Online Portal at https://investor.boardroomlimited.com. Please refer to the Administrative Guide for the 41st AGM for further information on electronic submission.
8. *Individual members may via Boardroom Smart Investor Online Portal at https://investor.boardroomlimited.com and proxies/corporate representatives may, via bsr.helpdesk@boardroomlimited.com, submit questions relating to the resolutions to be tabled at the 41st AGM or financial performance/prospects of the Company, not later than Wednesday, 25 May 2022 at 10.00 a.m. Alternatively, members/proxies/corporate representatives may submit questions via real time submission of typed texts via RPEV facilities during the live streaming of the 41st AGM, being the primary mode of communication.*
9. *In respect of deposited securities, only members whose names appear on the Record of Depositors on Friday, 20 May 2022 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 41st Annual General Meeting dated 28 April 2022.

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The Share Registrar:
KIM HIN JOO (MALAYSIA) BERHAD 197801000642 (37655-U)
c/o BOARDROOM SHARE REGISTRARS SDN BHD
[Registration No. 199601006647 (378993-D)]
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor.

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www.khj-my.com

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

Wisma Pang Cheng Yean
Lot 5205C, Jalan Perindustrian Balakong Jaya 1/3
Kawasan Perindustrian Balakong Jaya
43300 Seri Kembangan,
Selangor Darul Ehsan,
Malaysia
General Line : (+603) 8940 6638