Chairman's Statement

> *We are pleased to see the Malaysian retail sector continuing its steady pace of recovery in 2022, following the full reopening of the country's economy.*

PANG KIM HIN
Non-Independent Non-Executive Chairman

The operating environment for our Group improved during the year under review, as foot traffic increased in tandem with the easing of COVID-19–related restrictions and consumer spending rose on improved sentiment as the economy recovered. Nevertheless, higher cost of goods sold and rising business costs had impacted our margins and profitability.

According to Bank Negara Malaysia, the country's gross domestic product ("GDP") grew 8.7% in 2022, fuelled by an increase in private consumption and businesses coming out of the pandemic, as compared to a growth of only 3.1% in 2021 and a contraction of 5.6% in 2020.

Headline inflation, meanwhile, increased to 3.3% in 2022, as compared to 2.5% in 2021.

Consumer sentiment index, according to the Malaysian Institute of Economic Research ("MIER"), improved to an average of 99.7 points in 2022, as compared to 90.5 points in 2021.

BUSINESS OUTLOOK

Looking ahead, we will continue to tread carefully in terms of planning and managing our operations, considering the still-challenging macroeconomic environment.

We remain cautiously optimistic about our prospects in 2023, as we believe the initiatives that we implemented in past years to grow our business would put our Group in a good position to better ride out the economic headwinds.

As it stands, there are growing concerns about the risks of several advanced economies, such as the United States and Europe, slipping into recession, thus resulting in slower global growth. Such headwinds will inevitably affect a small and open economy like Malaysia.

On a positive note, however, the reopening of China's economy since the start of the year is good news not just for Malaysia, but also for Asia as a whole, as the revival of the world's second-largest economy is set to boost intra-regional trade and tourism at a time when growth is really in need of a boost. Combined with the general reopening trajectory observed globally, this positive spill over effect from China's change in Covid policy could help soften the impact of the anticipated global slowdown, and support consumer spending in the region.

CHAIRMAN'S STATEMENT
cont'd

STRATEGIES AHEAD

We will continue to focus on growing same store sales through effective brand positioning, constant innovation to enhance customer experience and expansion of our omnichannel strategy to reach customers through multiple touchpoints.

Our Group has outlined several initiatives that we will undertake in 2023 to build sustainable growth for the future.

First, we are looking at expanding our product offering by introducing bigger brand names in our stores by getting them onboard our platform or collaborating with them through partnerships focusing on products for baby and children. We have developed a pineline of brands that are on our list.

Second, we intend to convert more of our existing Mothercare stores into "experience stores". Besides offering one-stop solution for all baby and parenting needs, our experience stores feature several key sections that provide comprehensive hands-on exposure to parenting to help them make better purchasing decisions. This is to enhance the shopping experience of our customers.

Our third initiative is to continue to strengthen our online presence to further enlarge our customer base. Our online sales had grown significantly over the last three years since the pandemic began. However, we cannot rest on our laurels, but we need to deepen our digitalisation.

Last but not least, we will continue to upgrade our Group IT infrastructure to further improve our operational efficiency. Meanwhile, we will leverage on our recently upgraded system to extract data to gain meaningful insights into our customers' purchase pattern, demographics, browsing history and brand preferences, among other things. The objective is to understand our customers better so that our Group could come up with a more effective sales strategy to serve them better.

Essentially, the five initiatives are in line with our 4Es strategies of enhancing shopping experience for customers, enlarging business footprint and channels, enabling greater efficiency from digitalisation, and enriching the quality of life for the community around us.

DIVIDEND

In line with our commitment to rewarding our shareholders with consistent returns for their support and belief in us, we will continue to uphold our policy of returning at least 40% of our annual audited net profit to shareholders in the form of dividends.

As such, we will declare a first and final dividend during our 42nd AGM on 30 May 2023 of 0.6 sen per share in respect of FYE2022.

ACKNOWLEDGEMENT

On behalf of the Board, I would also like to express my deepest gratitude to all our shareholders, customers, vendors, business associates and bankers for their continuous support and unwavering trust in us throughout FYE2022.

In closing, I would also like to thank all our management and staff for their dedication and commitment to the Group. Their unrelenting efforts, as we implement new strategies to meet the changing demands of the retail industry, have contributed tremendously to our Group's growth and success.

There are exciting opportunities ahead, and we look forward to another year of creating value to all our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Our history began in 1986 when our founder, Mr Pang Kim Hin, spearheaded the venture into the franchise retail business by bringing the UK-based Mothercare chain of stores for baby, children and maternity products into Malaysia.

Today, our business comprises two divisions: Retail and Distribution.

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

Our outlets currently offer approximately 336 brands of clothing, home & travel-related products as well as toys, with more than 40,000 Stock Keeping Units ("SKU") and 427 distribution points, of which 425 are located in Malaysia.

OPERATIONAL REVIEW

(i) Retail

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

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

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

OPERATIONAL REVIEW *cont'd*

(i) Retail *cont'd*

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

As at 31 December 2022, KJH Group had 27 retail outlets, 21 Mothercare outlets, 2 of which are based on the "Experiential Concept"; 14 ELC SIS outlets; and 6 The Entertainer outlets throughout Malaysia, respectively offering Mothercare, ELC and The Entertainer products, as well as other branded products from third-party sources.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

OPERATIONAL REVIEW *cont'd*

(i) Retail *cont'd*

In addition, our Group has a growing online presence through our e-commerce website. Our products are also listed and sold on Lazada and Shopee's online shopping platforms. Currently, 218 out of the total of 336 brands of clothing, home & travel-related products and toys are available on our Group's Mothercare online store.

Meanwhile, the reopening of Malaysia's economy enabled us to participate in 4 Baby Expos during the year under review, as contrast to only one in 2021 and nil in 2020 due to the COVID-19 lockdowns.

Overall, the retail segment remains the largest contributor to our income, accounting for 85.66% of our Group's total revenue during the year under review. The segment recorded total sales of RM89.63 million, which represented an increase of approximately 33.98% as compared to RM66.90 million recorded in the preceding year.

The segment's growth was encouraging, as new outlets - Mothercare in Tropicana Gardens Mall, and The Entertainer outlets in Tropicana Gardens Mall, Gurney Plaza and Suria KLCC - as well as the reopening of our Mothercare outlet in KLCC began contributing to our Group's income.

(ii) Distribution

Our Group currently distributes a total of 23 brands of Home & Travel products to specialty baby and toy stores, departmental stores, hypermarkets, online stores, pharmacies, confinement centres, traditional Chinese medical halls and other corporate partners.

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

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

MILESTONE IN 2022

Our Group achieved new milestones during the year under review through the opening of new outlets in strategic shopping locations in Malaysia. This effort is part of our strategy to enhance our departmental capabilities to position KJH for long-term sustainable growth and value creation in an evolving market environment.

Notably, we seized the opportunity that arose in tandem with the recovery of the country's economy following the COVID-19 fallout and the lifting of international border restrictions by expanding our presence in Gurney Plaza shopping mall in Penang.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

MILESTONE IN 2022 *cont'd*

In September 2022, we opened a new The Entertainer toy shop to complement our existing Mothercare store in the shopping mall that is strategically located on the famous Gurney Drive promenade in George Town.

Our Group went on to unveil our second Mothercare Experience Store, with the reopening of our flagship store in Suria KLCC, Kuala Lumpur, in July 2022, following the completion of renovation works to the outlet. The revamped 13,000 sq ft outlet now features an "Experiential Concept", which includes a stroller test track, babywearing zone, baby gear cleaning services and nursery advisers, to provide shoppers with a visual and tactile experience that will help them make better purchasing decisions.

Concurrently, we opened a new The Entertainer outlet at Suria KLCC, bringing the total number of The Entertainer outlets to six nationwide. This new outlet is adjacent to the Mothercare Experience Store, enabling both outlets to complement each other. It is also in line with our Group's "under one roof" concept.

Suria KLCC

Location :

LC204-207, 2nd Floor, Suria KLCC, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia

Nestled in the vibrant city center of Kuala Lumpur, Suria KLCC stands out as the epitome of luxury shopping destinations in Malaysia, luring in a plethora of affluent shoppers.

Our presence within this iconic mall has allowed us to tap into its high footfall, supported by a compelling tenant mix that draws in visitors year-round. As our flagship store, we pride ourselves on offering a diverse selection of baby and kid clothing as well as essential products, tailored to meet the diverse needs of our valued customers. As such, this outlet consistently ranks as one of our top performing outlet.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

MILESTONE IN 2022 *cont'd*

Plaza Gurney

Location :

170-04-15, 4th Floor, Plaza Gurney, Persiaran Gurney, 10250 Penang, Malaysia

Located on the iconic Gurney Drive promenade in Penang, Plaza Gurney stands out as a premier luxury lifestyle mall boasting over 400 retail, F&B, and entertainment options, all under one roof.

Its unique architectural making it almost a must-visit for tourists and locals alike. As our first venture into the northern region, Plaza Gurney has proven to be one of our top-performing stores, offering an exceptional shopping experience to our valued customers.

In general, the expansion initiatives that we undertook reflected our continued focus on improving customer experience and growing our toy business to drive our company forward to deliver superior performance and create long-term value for our stakeholders.

We remained optimistic about the prospects of The Entertainer toy business, in particular, due to its encouraging revenue contribution to our Group.

For perspective, the numbers showed that the opening of our first The Entertainer Toy Shop in June 2020 in Sunway Pyramid in Petaling Jaya, Selangor, and the second outlet in October 2020 in East Coast Mall in Kuantan, Pahang, did help cushion the impact of the COVID-19 pandemic on our revenue that year.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

MILESTONE IN 2022 *cont'd*

Although our toy sales came in lower at RM6.62 million in the financial year ended 31 December ("FYE2020"), as compared to RM7.47 million in FY2019, we considered the numbers as encouraging in view of the multiple disruptions caused by months of movement control orders (MCO) through 2020.

By FYE2021, our toy sales rebounded strongly, growing 27.8% year-on-year to RM8.45 million. Continuing the upward trajectory, our toy sales in FYE2022 rose 62.6% year-on-year to RM13.75 million.

All in all, the Group remains committed to deliver greater value to our shareholders while ensuring long-term sustainable growth. Our Group's business strategy for the year 2023 will be summarised as follow:

GROWTH STRATEGIES

FINANCIAL PERFORMANCE REVIEW

For the 12-month period ended 31 December 2022 (FY2022), KHJ registered an increase of 26.2% in revenue to RM104.64 million as compared with RM82.88 million in FY2021.

The increase in revenue was driven primarily by our retail segment, which registered strong sales growth, as the full reopening of Malaysia's economy led to higher foot traffic in shopping malls where our retail outlets are located. Our retail operations were also positively impacted by higher consumer spending on improved sentiment following the recovery of the country's economy, while the reopening of the country's international border from April 2022 helped lift tourist spending.

In addition, the opening of new retail outlets, namely one new Mothercare outlet in Tropicana Gardens Mall in November 2021 and three new The Entertainer outlets – one in Tropicana Gardens Mall in November 2021, and one each in Gurney Plaza in May 2022 and Suria KLCC in August 2022 – as well as the reopening of our Mothercare outlet in Suria KLCC also contributed to the increase in revenue.

Overall, our Group recorded revenue contribution from a total of 27 retail outlets in FY2022 as compared to only 23 retail outlets in the preceding year when the reimposition of varying degrees of COVID-19 restrictions led to a temporary closure of several of our retail outlets in FY2021.

In line with the increase in revenue, our Group's profit before tax ("PBT") grew 0.59% to RM6.80 million in FY2022 from RM6.76 million in FY2021, while profit after tax ("PAT") increased 5.45% to RM4.84 million in FY2022 from RM4.59 million in FY2021.

Financial Position

KHJ's balance sheet as at FYE2022 is reflected below:

Our Group's cash and bank balances, including fixed deposits with licensed banks, stood at RM19.08 million as at 31 December 2022, with no borrowings. Net current assets stood at RM61.29 million with a ratio of 3.3 times as at 31 December 2022.

Our Group will continue to remain prudent and maintain a healthy cash flow position as part of our measures to mitigate risks, while ensuring a solid financial position to seize opportunities that will enhance revenue.

The total equity attributable to owners of the Company stood at RM79.34 million as at 31 December 2022 while net assets per ordinary share attributable to owners of the Company stood at 20.88 sen.

Capital Expenditure

Our Group's total capital expenditure ("Capex") in FY2022 amounted to RM5.48 million, mainly used for expansion of our Group's retail network, including the renovation of Mothercare outlet in KLCC and the opening of new The Entertainer outlets in Gurney Plaza and Suria KLCC.

Capital Management

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

SUSTAINABILITY STATEMENT

OUR COMMITMENT TO BUSINESS SUSTAINABILITY

We are delighted to present KHJ's fourth sustainability performance report, which forms part of our Group's annual reporting for the financial year ended 31 December 2022 ("FYE2022").

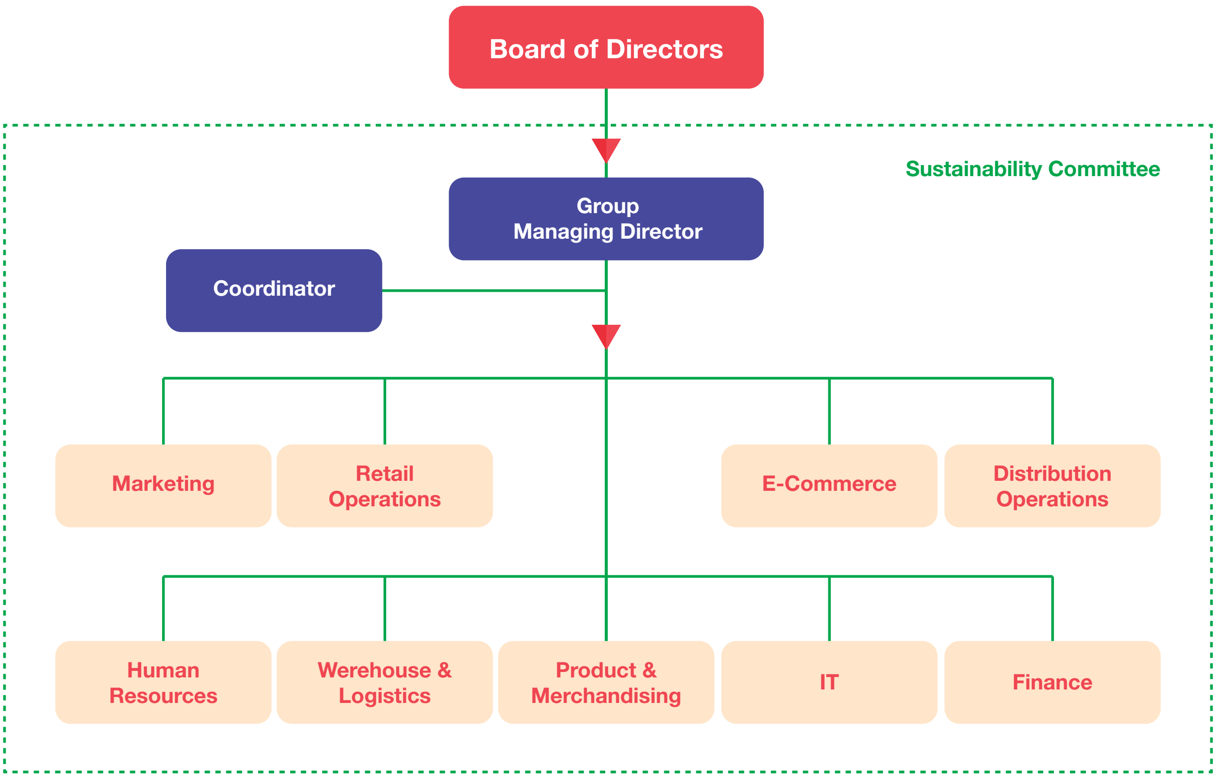
This report outlines a series of sustainability measures, including programmes and Environmental, Social and Governance ("ESG")-related initiatives, undertaken by our Group from 1 January 2022 to 31 December 2022. These measures underscore our Group's unwavering commitment to integrating sustainability practices across our operations.

Prepared in accordance with the framework provided by the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI"), this report focuses on key sustainability matters that could affect KHJ's direct and indirect stakeholders, including customers, employees, shareholders and investors, government authorities, the surrounding community and the general public, as well as our Group's ability to create value over the short, medium and long term.

This report was tabled to the Board on 13 April 2023. Following its review of the content of this report, the Board of Directors of KHJ ("Board") endorsed it as a fair, balanced and accurate representation of our Group's ongoing ESG efforts.

Sustainability Governance

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



OUR COMMITMENT TO BUSINESS SUSTAINABILITY *cont'd*

Material Sustainability Matters and Stakeholder Engagement

Our Group has identified 13 material sustainability matters that are of utmost concern and have a significant impact on stakeholders for FYE2022.

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

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

At KHJ, we believe stakeholders play an integral role in ensuring the sustainability of our business. As such, we work closely with both our internal and external stakeholders and engage with them in constructive and meaningful dialogues on sustainability matters, encompassing our economic, environmental, and social initiatives, to ensure progress in achieving our objectives.

Our regular engagements with stakeholders from across the value chain of our operations enable us to share our perspectives on key issues to help them better understand our Group's sustainability journey. Concurrently, these stakeholders are given the platform to voice their concerns and provide us with feedback and suggestions that could help us enhance our strategy in pursuing sustainable growth.

The following table summarises our key stakeholders and their areas of concern, as well as our means of engagement with them in FYE2022:

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

SUSTAINABILITY STATEMENT
cont'd

OUR COMMITMENT TO BUSINESS SUSTAINABILITY *cont'd*

Material Sustainability Matters and Stakeholder Engagement *cont'd*

The following table summarises our key stakeholders and their areas of concern, as well as our means of engagement with them in FYE2022: *cont'd*

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

ECONOMIC CONTRIBUTION

The KHJ Business Code of Conduct and Ethics forms the cornerstone of the operations of our Group, and it guides our efforts in promoting inclusive and sustainable growth and maintaining commendable financial results. To ensure that our operations add value to the communities around us, we provide employment and training opportunities that give precedence to local residents.

Local Hiring

Our Group prioritises local hiring in line with our goal to maximise the economic benefits for the communities in the area in which we operate. In addition, we constantly implement measures to enhance our ability to understand local needs so that our Group could contribute better towards improving the economic conditions of our surrounding communities.

As at 31 December 2022, with the exception of our Managing Director and the Non-Executive members of our Board, all our employees in the head office, warehouse and outlets are Malaysians.

ECONOMIC CONTRIBUTION *cont'd*

Code of Conduct and Ethics

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

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

Anti-Bribery and Anti-Corruption Policy

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

It 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.

The ABAC Policy is published on our website. All employees are required to comply with the ABAC Policy as part of our commitment to stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

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

COVID-19 RISK

While the COVID-19 is largely contained now, our Group continues to take precautionary measures to ensure the safety and health of our employees, visitors to our corporate offices, shoppers at our outlets and vendors are not compromised.

In FYE2022, we continued to observe protocols for hygiene and social distancing, frequent cleaning and disinfecting of 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.

In addition, we continued to minimise non-essential travels, and most meetings were still conducted via video conferencing technology. We also encouraged the wearing of face masks at all our outlets to ensure the safety and health of employees as well as the visitors to the outlets.

To address risks to our supply chain, our Group reached out to key stakeholders such as suppliers and customers to ensure contractual obligations were fulfilled and delays or changes were kept to a minimum. This proactive measure is critical to ensuring our business sustainability and continuity.

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENTAL SUSTAINABILITY

As a responsible organisation, KHJ recognises that our business activities have an impact on the environment, and therefore, we are always in support of initiatives that promote greater environmental awareness.

Our Group is constantly working towards enhancing our environmental performance to protect natural resources and prevent pollution. As such, measures that could minimise our environmental impact are enforced at levels of our business operations. This is managed through compliance with the relevant laws and regulations in the country.

Compliance with Laws and Regulations

Our Group practises continuous self-regulation and monitoring on a day-to-day basis to ensure our daily activities are always in compliance and adherence to environmental requirements and regulations.

In FYE2022, there was zero incidence of non-compliance with environmental laws and regulations, and no costs were incurred for fines or non-monetary sanctions for non-compliance with laws and/or regulations.

Carbon Footprint

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

As such, we have progressively upgraded the lighting in our outlets to LED lights from incandescent and fluorescent lights to reduce our energy consumption. Besides being energy and cost efficient, LED lights tend to last longer than incandescent and fluorescent lights, and hence, require less frequent replacements.

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

As part of our wider efforts to reduce carbon footprint from our activities, our Business Code of Conduct and Ethics incorporates measures that encourage the efficient use of finite resources and minimise impact on the environment.

SOCIAL EQUITY

Safeguarding the well-being of our employees and the surrounding communities where our operations are located is critical to our sustainability mission. This compels our Group to constantly engage with our stakeholders to understand their needs so that we can effectively implement programmes that focus on developing human capital and promoting a safe and dynamic workplace, and roll out initiatives to contribute to society and community.

Diversity and Equal Opportunity

Diversity and equality form the foundation of our corporate culture, marketplace success and business sustainability. We believe a diverse workforce enables different views, opinions and ideas that can ultimately lead to better decision making and stronger leadership in our organisation.

As a progressive organisation that strives towards a sustainable future for all, we aim to provide an environment that is free from discrimination and harassment. We value our employees and invest in them to ensure that they have the right tools and knowledge to perform their work in a conducive environment.

SOCIAL EQUITY *cont'd*

Diversity and Equal Opportunity *cont'd*

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

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

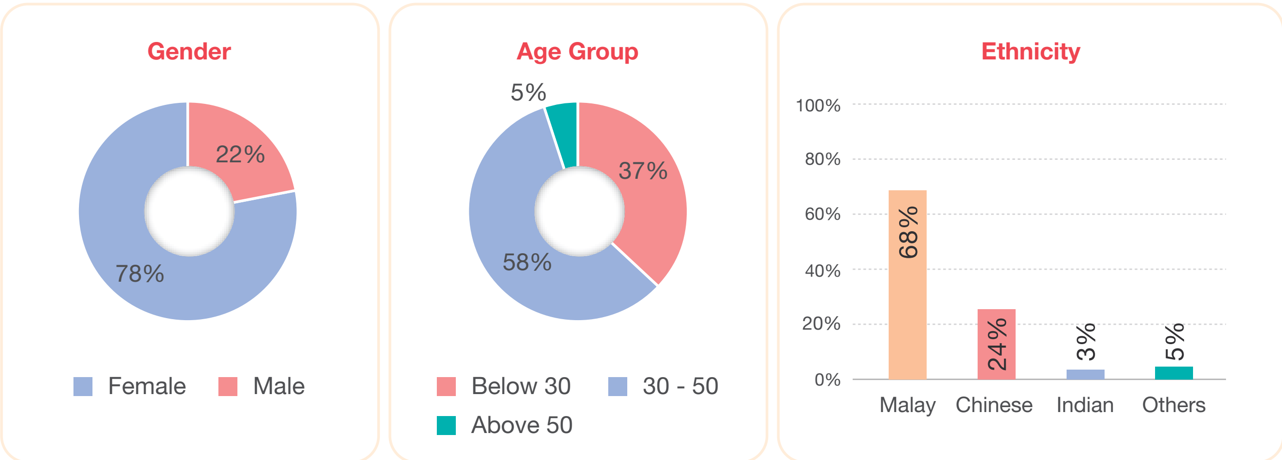
b. A workplace culture characterised by inclusive practices and behaviours for the benefit of all stakeholders;

c. Improved employment and career development opportunities for women;

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

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

As at 31 December 2022, we had 255 employees. Our workforce representation by gender, age and ethnicity is depicted below:



Employee Turnover and Hires

During the year under review, we recorded 115 new hires and a turnover of 79 employees. This represented an employee turnover rate of 32.24%.

SUSTAINABILITY STATEMENT
cont'd

SOCIAL EQUITY *cont'd*

Training and Development

Equipping our people with the necessary knowledge and skills is vital for us to ensure growth and success in the business. As such, we have training and development programmes aimed at enhancing our employees' knowledge and skills, and broadening their exposure, so that they can continue to deliver excellent performance.

For FYE2022, our employees were given the following training programmes that are relevant to their division needs to help them improve their work performance and efficiency:

- MIA Webinar Series : Excel Business Intelligence Tools
- MIA Webinar Series : Transfer Pricing for Intra-Group Services and Cost Contribution Arrangements
- MIA Webinar Series : Fraud Risk Management: Tools & Techniques
- Key Changes: Amendments to Malaysia's Employment Act 1955
- Hands on Workshop : Implementations of Amendment to Employment Act 1955
- 5S Awareness and Implementation
- MS-100T00: Microsoft 365 Identity and Services

Maternity leave

As a caring employer, we aim to provide a proper work-life balance for all our employees to safeguard their wellbeing as well as to ensure that they could function at their best at all times.

For instance, we have a 60-day maternity leave policy in place for all female employees in compliance with Malaysia's labour law to enable them to cope with the demands of motherhood. This is in line with our objective to ensure employees' physical and emotional needs are well taken care of. We believe such effort will also help our Group retain employees or attract new talent.

For FYE2022, we had 8 female employees taking maternity leave, 8 of whom were still employed with our organisation as of 31 December 2022 after their maternity leave. This gave us a post-maternity retention rate of 100%. As part of our support for mothers, the female employees who stayed on with us had all received breast pumps.

Occupational health and safety

KHJ believes in the importance of creating an environment that enables employees to work safely, while maintaining a good mental and physical health. As such, our Group has formed a 18-member Safety and Health Committee that oversees health and safety matters in the workplace. This Committee, which is divided into three subcommittees, namely Emergency Response, Fire Fighting and Evacuation, meet regularly to review our working conditions and make recommendations on how to improve work health and safety in the workplace.

For FYE2022, there were no breaches of health or safety compliance. There were no fatalities or major injuries that resulted in the loss of working days.

Our Group continued to provide masks, sanitisers and test kits to employees as a precaution against Covid-19. In addition, we continued to practise flexible work schedules and allow some of our employees to work from home. We also continued to encourage our employees to get vaccinated and boosted against the virus.

SOCIAL EQUITY *cont'd*

Engaging the communities

At KHJ, we believe creating employment opportunities is key to tackling poverty and social exclusion.

Towards this end, our expansion opens doors to people of all backgrounds who are seeking for career advancements. Our Group also focuses on programmes that nurture young people to prepare them for future corporate and community roles.

KHJ participated in the His Sanctuary Of Glory Happy Shoebox Community Project on 8 January 2023.

The Happy Shoebox Community Project aims to bring smiles, happiness and love to those who are struggling within our community by giving a shoebox filled with items that are personally packed by a sponsor to make their day.

There were 2 groups of recipients of these Shoeboxes:

1st Group:
B40 Families living in the low cost flats around Kinrara and Bukit Jalil area. Most of the families are single parent (mothers mostly) and they are blue collared workers.

2nd Group:
Primary kids whose family cannot afford to provide them education. We are working with Dignity (an organisation that helps to give dignity back to the poor through quality education) to bless these kids (130 children).

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

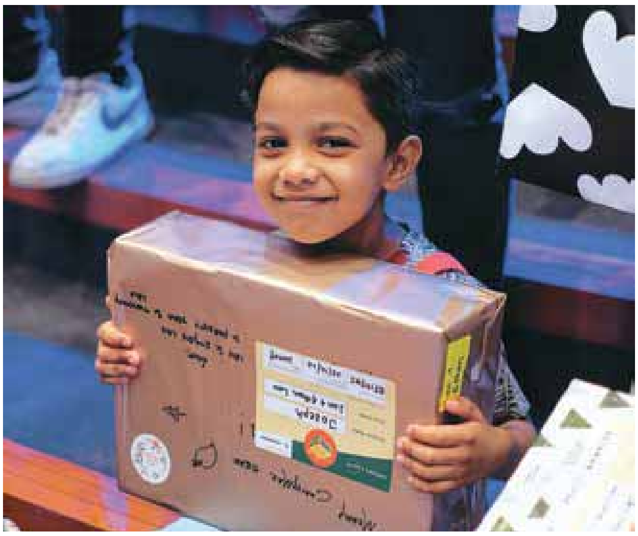
SHOEBOX MEET UP EVENT

SUSTAINABILITY STATEMENT
cont'd

SHOEBOX MEET UP EVENT





CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of KHJ is pleased to provide an overview of the Company's corporate governance practices during the FYE 2022 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 2022 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.

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.
- 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.

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*

- 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 2022 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

2. BOARD COMPOSITION *cont'd*

(i) Board Composition *cont'd*

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 2022. 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.

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

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 2022 are as follows:

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

(vi) Protocol for Acceptance of New Directorships

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

(vii) Directors' Training

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

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

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

The Directors have participated in the following training programmes for FYE 2022:

Directors	Training programmes	Date
Pang Kim Hin	- Fraud Risk Management Tools and Techniques seminar	21 October 2022
Pang Fu Wei	- Fraud Risk Management Tools and Techniques seminar	21 October 2022
Goh Poh Teng	- Fraud Risk Management Tools and Techniques seminar	21 October 2022
Chew Soo Lin	- Fraud Risk Management Tools and Techniques seminar	21 October 2022
Yen Se-Hua Stewart	- Fraud Risk Management Tools and Techniques seminar	21 October 2022
Kor Yann Ning	- Fraud Risk Management Tools and Techniques seminar	21 October 2022
Hew Moh Yung	- Fraud Risk Management Tools and Techniques seminar	21 October 2022

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 2022 was as follows:

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

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

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

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

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

The NC undertook an annual review of the performance of each Director through self-assessment exercise and upon completion of the review and assessment, the NC submits its comments and recommendations to the Board for consideration. The NC had also taken into the consideration the outcome of the Directors' self-assessment before making recommendations to the Board for Directors who would be seeking for re-election at the 42nd AGM and assessed whether the Directors are 'fit and proper' under the Fit and Proper Policy.

The following Directors are subject to retirement pursuant to the Company's Constitution at the forthcoming 42nd AGM: -

i) Ms Goh Poh Teng (Clause 95)
ii) Mr Hew Moh Yung (Clause 95)

The aforesaid retiring Directors have expressed their intention to seek re-election at the forthcoming 42nd AGM.

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

4. REMUNERATION COMMITTEE

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

The composition of the RC for the FYE 2022 was as follows:

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

During the FYE 2022, 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 2022

The aggregate of remuneration received by the Directors of the Company and the Group for the FYE 2022 are as follows:

Company

Directors	Directors' Fees RM'000	Salaries, Bonus and Allowances RM'000	Other Benefits RM'000	Total RM'000
Executive Directors:				
Pang Fu Wei	32	325	-	357
Goh Poh Teng	32	280	8	320
Non-Executive Directors:				
Pang Kim Hin	60			60
Chew Soo Lin	46			46
Yen Se-Hua Stewart	42			42
Kor Yann Ning	40			40
Hew Moh Yung	42			42
Total	**294**	**605**	**8**	**907**

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

4. REMUNERATION COMMITTEE *cont'd*

(i) Details of Director's Remuneration for the FYE 2022 *cont'd*

Group

Directors	Directors' Fees RM'000	Salaries, Bonus and Allowances RM'000	Other Benefits RM'000	Total RM'000
Executive Directors:				
Pang Fu Wei	32	325	-	357
Goh Poh Teng	32	280	8	320
Non-Executive Directors:				
Pang Kim Hin	60			60
Chew Soo Lin	46			46
Yen Se-Hua Stewart	42			42
Kor Yann Ning	40			40
Hew Moh Yung	42			42
Total	**294**	**605**	**8**	**907**

Note: Salary includes bonus and EPF

(ii) Details of Top Six (6) Key Senior Management's Remuneration for the FYE 2022

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	-
RM100,001 to RM150,000	-
RM150,001 to RM200,000	5#
RM200,001 to RM250,000	-
RM250,001 to RM300,000	-
RM300,001 to RM350,000	1
Total	**6**

Comprising 1 senior management personnel who resigned in Jan 2023

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

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 2022 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 2022 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 2022, 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 2022, 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 2022, Sterling Business Alignment Consulting Sdn Bhd ("Sterling"), the outsourced Internal Auditors, have succesfully 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:	28 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 2022 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 Forty-First AGM ("41st 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 41st 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 41st AGM has been published on the Company's website within 30 business days after the 41st AGM upon being reviewed by the Board members and approved by the Chairman.

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

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

All Directors as well as members of Senior Management will endeavour to attend the forthcoming 42nd 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 2022 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 2023.

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 FYE2022 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	7,000	-	Within 48 months
2.	Expansion of the Group's toys range by opening and operating The Entertainer toy outlets	5,000	5,000	-	Within 48 months
3.	Revamp and upgrade the Company's back-end and information technology infrastructure system and e-Commerce platform	3,000	1,866	1,134	Within 48 months
4.	Expansion or relocation of the Company's existing outlets	2,000	2,000	-	Within 48 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	7,880	-	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**	**31,546**	**1,134**	

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 the Proposed Variation of the proceeds arising from Public Issue which was approved by the Board of Directors and announced on 1st October 2021 and the Extension of Time for utilisation of the proceeds which was announced on 20 June 2022.

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 FYE2022 were as follows:

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

Details of the non-audit fees rendered by the External Auditors is disclosed on page 77, 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 FYE2022.

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 2022 to the latest practicable date are set out in the Circular to Shareholders dated 28 April 2023 and page 118 and 119, Note 25 of the Financial Statements.

AUDIT COMMITTEE REPORT

The Board is pleased to present the AC Report for the FYE2022, 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 FYE2022.

Upon review, the NC was satisfied with the overall performance of the AC and its individual members for FYE2022 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 FYE2022. 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.

MEETINGS AND ATTENDANCES

The AC held a total of five (5) meetings during the FYE2022 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 FYE2022.

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

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

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

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

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

Terms of Reference

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

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the FYE2022, 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 FYE2022 for recommendation to the Board for approval;

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

    d. Reviewed the draft audited financial statements of the Group for the FYE2022 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.

AUDIT COMMITTEE REPORT
cont'd

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

During the FYE2022, the summary of works undertaken by the AC comprised the following:- *cont'd*

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 27 May 2022 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.

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 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 FYE2022 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 2022.

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

The abovementioned risk management practices of the Group serve as the ongoing process used to identify, evaluate and manage significant risks. The Board shall continue to evaluate the Group's risk management process to ensure it remains relevant to the Group's requirements. During the financial year under review, the RMC met on 25 February 2022 and 13 April 2022.

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 2022, the Outsourced Internal Auditors have conducted three (3) internal audit reviews covering the outlet operations and inventory management functions and one (1) follow-up status review. The results of the internal audit reviews and and follow-up status review, and the recommendations for improvement were presented at the scheduled AC meetings.

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

KEY FEATURES OF INTERNAL CONTROL

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

1. **Organisational Structure**

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

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

   The AC and the Board would set an agenda in their respective meetings to conduct the review on the financial performance of the Group on a quarterly basis. In addition, Management meetings are held weekly when necessary to raise issues, discuss, review and monitor the business development 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 internal control concerning the conduct of business.

4. **Internal Audit Function**

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

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

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

CONCLUSION

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

This Statement is made in accordance with the resolution of the Board of Directors dated 13 April 2023 .

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 2023.

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 2022.

PRINCIPAL ACTIVITY

The principal activity of the Company is retailing of maternity, baby and children's wear and product.

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 attributable to owners of the Company	4,837,497	4,156,530

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.

DIVIDEND

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 directors proposed a final dividend of 0.6 sen per ordinary share amounting to approximately RM2,280,000 in respect of the financial year ended 31 December 2022. The proposed dividend, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, has not been included as a liability in the financial statements.

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.

EMPLOYEE'S SHARE OPTION SCHEME ("ESOS")

On 18 June 2021, the Company established 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. There is no financial impact on the financial statements of the Group and of the Company as at 31 December 2022.

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.

DIRECTORS' REPORT
cont'd

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.

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.

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 1.1.2022	Bought	Sold	At 31.12.2022
Shares in the Company				
Direct interests				
Pang Kim Hin	11,280,700	-	-	11,280,700
Pang Fu Wei	538,800	-	-	538,800
Goh Poh Teng	1,000,000	-	-	1,000,000
Chew Soo Lin	2,150,000	-	-	2,150,000
Kor Yann Ning	800,000	-	-	800,000
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.*

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 1.1.2022	Bought	Sold	At 31.12.2022
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' REPORT
cont'd

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 shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for those benefits which may be deemed to have arisen by virtue of those transactions entered into in the ordinary course of business by the Company and its subsidiary companies with the directors or the companies in which the directors are deemed to have substantial financial interests as disclosed in Note 25 to the financial statements.

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.

Details of the directors' remuneration are as follows:

	The Group	**The Company**
	RM	**RM**
Directors' fees	294,000	294,000
Salaries and bonus	575,000	575,000
Contributions to EPF	30,036	30,036
Other emoluments	300	300
	899,336	899,336

The estimated monetary value of a director's benefit-in-kind of the Group and of the Company is RM7,760 (2021: RM7,760).

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 RM21,395.

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.

SUBSIDIARY COMPANIES

The information on the name of entities, principal place of business, country of incorporation, principal activities, and proportion of ownership interest and voting power held by the Company in each subsidiary company is as disclosed in Note 11 to the financial statements.

AUDITORS

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

AUDITORS' REMUNERATION

The auditors' remuneration for the financial year ended 31 December 2022 is as follows:

	The Group RM	The Company RM
Audit fee	219,500	127,500
Non-audit fees	15,000	13,000
	234,500	140,500

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

PANG FU WEI

GOH POH TENG

Selangor
13 April 2023

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 2022, 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 82 to 128.

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 2022 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 2022, the inventories balance of the Group and of the Company stood at RM61,746,124 and RM43,756,919, respectively, which represents approximately 52% and 44% 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.

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, RM99,148 and RM21,514 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 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.

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*

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

13 April 2023

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2022

		The Group		The Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Revenue	5	104,635,464	82,883,285	80,834,724	62,770,979
Cost of sales		(54,450,172)	(43,763,853)	(41,751,162)	(33,360,176)
Gross profit		50,185,292	39,119,432	39,083,562	29,410,803
Other operating income		1,127,607	4,938,722	2,738,928	6,322,917
Selling and marketing costs		(2,813,110)	(1,910,065)	(1,508,195)	(1,234,137)
Administration and other operating expenses		(40,871,776)	(34,460,543)	(34,168,297)	(29,120,822)
Finance costs		(827,505)	(923,171)	(719,319)	(795,686)
Profit before tax	6	6,800,508	6,764,375	5,426,679	4,583,075
Tax expense	7	(1,963,011)	(2,171,832)	(1,270,149)	(967,085)
Profit/Total comprehensive income for the year		4,837,497	4,592,543	4,156,530	3,615,990
Profit/Total comprehensive income for the year attributable to:					
Owners of the Company		4,837,497	4,592,543	4,156,530	3,615,990
Basic/Diluted earnings per share attributable to owners of the Company (sen)	8	1.27	1.21		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		The Group		The Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Plant and equipment	9	8,376,024	6,708,956	6,127,542	4,187,117
Right-of-use assets	10	20,113,631	20,559,986	17,532,936	17,724,643
Investment in subsidiary companies	11	-	-	8,600,000	8,600,000
Deferred tax assets	12	250,061	457,591	171,139	389,568
Refundable deposits	15	2,933,785	2,572,376	2,658,826	2,355,019
Total Non-Current Assets		31,673,501	30,298,909	35,090,443	33,256,347
Current Assets					
Inventories	13	61,746,124	50,684,208	43,756,919	39,321,656
Trade receivables	14	1,802,729	1,559,994	454,272	336,194
Other receivables, deposits and prepaid expenses	15	3,023,967	4,627,476	2,866,909	2,616,573
Amount due from subsidiary companies	25	-	-	132,319	-
Amount due from other related companies	25	-	5,085	-	-
Tax recoverable		366,692	8,127	95,171	-
Short-term investments	16	1,970,761	1,928,563	1,970,761	1,928,563
Fixed deposits with licensed banks	17	7,410,693	12,396,235	7,410,693	12,396,235
Cash and bank balances	18	11,666,054	12,825,086	8,714,995	6,858,842
Total Current Assets		87,987,020	84,034,774	65,402,039	63,458,063
Total Assets		119,660,521	114,333,683	100,492,482	96,714,410

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

cont'd

		The Group		The Company	
		2022	2021	2022	2021
	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	48,211,099	47,173,602	35,954,069	35,597,539
Total Equity		79,339,217	78,301,720	67,082,187	66,725,657
LIABILITIES					
Non-Current Liability					
Lease liabilities	22	13,625,984	14,622,387	11,812,769	12,489,406
Current Liabilities					
Trade payables	23	11,595,470	5,755,327	8,632,874	5,097,355
Other payables, accrued expenses and provision	24	8,011,390	8,681,622	6,050,947	6,226,032
Amount due to subsidiary companies	25	-	-	590,741	177,420
Amount due to other related companies	25	35	278,640	-	140,000
Lease liabilities	22	7,088,425	6,440,280	6,322,964	5,775,878
Tax liabilities		-	253,707	-	82,662
Total Current Liabilities		26,695,320	21,409,576	21,597,526	17,499,347
Total Liabilities		40,321,304	36,031,963	33,410,295	29,988,753
Total Equity and Liabilities		119,660,521	114,333,683	100,492,482	96,714,410

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022

	Note	Share capital RM	Distributable reserve - Retained earnings RM	Total equity RM
The Group				
At 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 2021/1 January 2022		31,128,118	47,173,602	78,301,720
Total comprehensive income for the year		-	4,837,497	4,837,497
Dividend	21	-	(3,800,000)	(3,800,000)
At 31 December 2022		31,128,118	48,211,099	79,339,217
The Company				
At 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 2021/1 January 2022		31,128,118	35,597,539	66,725,657
Total comprehensive income for the year		-	4,156,530	4,156,530
Dividend	21	-	(3,800,000)	(3,800,000)
At 31 December 2022		31,128,118	35,954,069	67,082,187

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	6,800,508	6,764,375	5,426,679	4,583,075
Adjustments for:				
Amortisation of right-of-use assets	7,396,932	7,662,226	6,648,726	6,913,564
Depreciation of plant and equipment	3,815,353	3,233,335	2,625,308	2,374,239
Dividend income	-	-	(1,800,000)	(2,000,000)
Fair value gain on short-term investments	(42,198)	(33,956)	(42,198)	(33,956)
Finance costs on unwinding of interest expense of provision for restoration cost	15,235	14,425	11,011	11,803
Fit out contribution	(166,661)	-	(83,333)	-
Gain on disposal of plant and equipment	(5,000)	-	(5,000)	-
Gain on termination/modification of lease contract	-	(171,240)	-	(114,978)
Interest income	(270,789)	(398,565)	(217,000)	(339,696)
Inventories written off	364,991	227,823	277,098	195,063
Lease interest expenses	812,270	908,746	708,308	783,883
Reversal of inventories written off	-	(6,093)	-	-
Reversal of write-down of inventories	(97,423)	(184,506)	(42,337)	(119,434)
Unrealised gain on foreign exchange	(28,825)	(104,912)	(19,308)	(111,809)
Unwinding of interest income - refundable deposits	(134,484)	(136,077)	(124,226)	(124,262)
Write-down of inventories	99,148	98,314	21,514	42,338
Operating Profit Before Working Capital Changes	18,559,057	17,873,895	13,385,242	12,059,830
(Increase)/Decrease in:				
Inventories	(11,428,632)	(11,728,612)	(4,691,538)	(10,445,622)
Trade receivables	(242,735)	(561,027)	(118,078)	(125,046)
Other receivables, deposits and prepaid expenses	1,305,138	(1,441,193)	(497,485)	(436,108)
Amount due from subsidiary companies	-	-	(132,319)	(1,392,071)
Amount due from other related companies	5,085	(5,085)	-	-
Increase/(Decrease) in:				
Trade payables	5,879,630	2,803,302	3,564,665	3,293,172
Other payables and accrued expenses	(617,216)	3,419,564	(177,573)	2,056,721
Amount due to holding company	-	(16,275)	-	-
Amount due to subsidiary companies	-	-	413,321	123,556
Amount due to other related companies	(279,440)	278,640	(140,000)	140,000
Cash Generated From Operations	13,180,887	10,623,209	11,606,235	5,274,432
Income tax paid	(2,367,753)	(1,789,378)	(1,229,553)	(507,501)
Net Cash From Operating Activities	10,813,134	8,833,831	10,376,682	4,766,931

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022

cont'd

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Acquisition of plant and equipment	(5,482,421)	(3,573,594)	(4,565,733)	(1,879,812)
Additional investment in a subsidiary company	-	-	-	(1,428,099)
Dividend received from a subsidiary company	-	-	1,800,000	2,000,000
Interest income received	270,789	398,565	217,000	339,696
(Increase)/Decrease in fixed deposits pledged	(278,517)	51,000	(278,517)	51,000
Net Cash Used In Investing Activities	(5,490,149)	(3,124,029)	(2,827,250)	(917,215)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Dividend paid	(3,800,000)	(3,800,000)	(3,800,000)	(3,800,000)
Interest paid	(812,270)	(908,746)	(708,308)	(783,883)
Proceed from disposal of plant and equipment	5,000	-	5,000	-
Repayment of lease liabilities (Note 22)	(7,139,463)	(7,518,315)	(6,454,676)	(6,863,479)
Net Cash Used In Financing Activities	(11,746,733)	(12,227,061)	(10,957,984)	(11,447,362)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,423,748)	(6,517,259)	(3,408,552)	(7,597,646)
Effects of exchange rate differences on the balance of cash held in foreign currencies	657	(6,598)	646	(6,598)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24,533,321	31,057,178	18,567,077	26,171,321
CASH AND CASH EQUIVALENT AT END OF YEAR (NOTE 18)	18,110,230	24,533,321	15,159,171	18,567,077

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 of entities, principal place of business, country of incorporation, principal activities, and proportion of ownership interest and voting power 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 2023.

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 amendments to 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 2022:

Amendments to MFRS 3	*Reference to the Conceptual Framework*
Amendments to MFRS 116	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to MFRS 137	*Onerous Contracts-Cost of Fulfilling a Contract*
Amendments to MFRSs	*Annual Improvements to MFRS Standards 2018-2020*

The adoption of the above Amendments to MFRS did not result in significant changes in the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

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

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 Standards 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[1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to MFRS 17	Insurance Contracts[1]
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 – Comparative information[1]
Amendments to MFRS 101	Disclosure of Accounting Policies[1]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current[1]
Amendments to MFRS 101	Non-current Liabilities with Covenants[2]
Amendments to MFRS 108	Definition of Accounting Estimates[1]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] *Effective for annual periods beginning on or after 1 January 2023.*
[2] *Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.*
[3] *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*.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

Basis of Accounting *cont'd*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Subsidiary Companies and Basis of Consolidation *cont'd*

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.

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.

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

Business Combinations

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:

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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Revenue *cont'd*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Leases *cont'd*

As Lessee *cont'd*

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.

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%
Renovation, furniture and fittings and electrical fittings - office	20% - 33%
Renovation, furniture and fittings and electrical fittings - stores	Over the period of lease
Operating, display 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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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.

Financial Instruments

Financial assets

<u>Classification</u>

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.

<u>Recognition and derecognition</u>

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.

<u>Measurement</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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.

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 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 28, 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.

During the financial year, amounts of RM99,148 and RM21,514 (2021: RM98,314 and RM42,338) 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.

(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.

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 *cont'd*

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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Trading of baby, children and maternity products:				
Retail	89,630,791	66,900,285	80,834,724	62,770,979
Distribution	15,004,673	15,983,000	-	-
	104,635,464	82,883,285	80,834,724	62,770,979
Timing of revenue recognition:				
At a point in time	104,635,464	82,883,285	80,834,724	62,770,979

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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Purchase of trading goods	64,280,381	54,564,580	45,337,049	43,104,749
Net change in inventories of trading goods and goods-in-transit	(11,061,916)	(11,593,074)	(4,435,263)	(10,327,655)
Employee benefits expenses	14,873,984	11,774,188	11,796,785	9,278,883
Amortisation of right-of-use assets (Note 10)	7,396,932	7,662,226	6,648,726	6,913,564
Management services fees	4,088,800	3,142,817	4,051,413	3,126,298
Depreciation of plant and equipment (Note 9)	3,815,353	3,233,335	2,625,308	2,374,239
Variable lease payments not included in the measurement of lease liabilities	5,236,598	4,169,823	4,667,923	3,949,966
Other operating expenses	9,504,926	7,180,566	6,735,713	5,295,091
	98,135,058	80,134,461	77,427,654	63,715,135

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

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Auditors' remuneration:				
Statutory	219,500	169,500	127,500	96,500
Other services	15,000	15,000	13,000	15,000
Dividend income	-	-	(1,800,000)	(2,000,000)
Fair value gain on short-term investments	(42,198)	(33,956)	(42,198)	(33,956)
Finance costs:				
Unwinding of interest expense of provision for restoration costs (Note 24)	15,235	14,425	11,011	11,803
Lease interest expense (Note 22)	812,270	908,746	708,308	783,883
	827,505	923,171	719,319	795,686
Fit out contribution	(166,661)	-	(83,333)	-
Gain on disposal of plant and equipment	(5,000)	-	(5,000)	-

6. PROFIT BEFORE TAX *cont'd*

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

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Gain on foreign exchange (net):				
Realised	(52,373)	(416,903)	(51,215)	(411,691)
Unrealised	(28,825)	(104,912)	(19,308)	(111,809)
Gain on termination/ modification of lease contract	-	(171,240)	-	(114,978)
Government grant on wages subsidy	(76,200)	(1,202,400)	-	(1,091,400)
Interest income	(270,789)	(398,565)	(217,000)	(339,696)
Inventories written off	364,991	227,823	277,098	195,063
Rent concessions	(68,658)	(1,796,375)	(67,173)	(1,646,379)
Reversal of inventories written off	-	(6,093)	-	-
Reversal of write-down of inventories	(97,423)	(184,506)	(42,337)	(119,434)
Unwinding of interest income - refundable deposits	(134,484)	(136,077)	(124,226)	(124,262)
Write-down of inventories	99,148	98,314	21,514	42,338

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 RM1,345,780 and RM1,038,948 (2021: RM1,114,686 and RM857,137) respectively.

Government grants of RM76,200 and Nil (2021: RM1,202,400 and RM1,091,400) 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	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Executive directors:				
Fees	64,000	64,000	64,000	64,000
Salaries and bonus	575,000	588,168	575,000	588,168
Contributions to EPF	30,036	31,158	30,036	31,158
Other emoluments	300	200	300	200
	669,336	683,526	669,336	683,526
Non-executive directors:				
Fees	230,000	228,000	230,000	228,000

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 (2021: RM7,760).

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*

(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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Salaries and bonus	1,412,049	993,505	1,248,849	810,453
Contributions to EPF	160,014	113,384	142,158	92,498
Other emoluments	2,000	800	2,000	800
	1,574,063	1,107,689	1,393,007	903,751

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 RM8,106 and RM4,433 (2021: RM3,800 and RM3,040) respectively.

7. **TAX EXPENSE**

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Estimated tax payable:				
Current year	1,812,014	1,988,309	1,077,705	779,039
Overprovision in prior years	(56,533)	(38,013)	(25,985)	(57,200)
	1,755,481	1,950,296	1,051,720	721,839
Deferred tax (Note 12):				
Current year	216,189	161,878	218,429	185,588
(Over)/Underprovision in prior years	(8,659)	59,658	-	59,658
	207,530	221,536	218,429	245,246
Tax expense	1,963,011	2,171,832	1,270,149	967,085

7. TAX EXPENSE *cont'd*

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	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Profit before tax:	6,800,508	6,764,375	5,426,679	4,583,075
Tax expense at the applicable tax rate of 24%	1,632,122	1,623,450	1,302,403	1,099,938
Tax effects of:				
Non-deductible expenses	592,761	460,281	511,191	344,689
Non-taxable income	(108,469)	(27,801)	(517,460)	(480,000)
Utilisation of deferred tax assets previously not recognised	(88,211)	-	-	-
Deferred tax assets not recognised	-	94,257	-	-
(Over)/Underprovision in prior years:				
Estimated current tax	(56,533)	(38,013)	(25,985)	(57,200)
Deferred tax	(8,659)	59,658	-	59,658
Total tax expense	1,963,011	2,171,832	1,270,149	967,085

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	
	2022	**2021**
	RM	**RM**
Profit for the year	4,837,497	4,592,543
Weighted average number of ordinary shares	380,000,000	380,000,000
Basic earnings per ordinary share attributable to owners of the Company (sen)	1.27	1.21

Diluted

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

9. PLANT AND EQUIPMENT

The Group	Motor vehicles	Computer equipment	Renovation, furniture and fittings and electrical fittings	Operating, display and office equipment	Total
	RM	RM	RM	RM	RM
Cost					
At 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 2021/1 January 2022	952,238	3,114,149	22,805,448	4,130,218	31,002,053
Additions	18,200	1,775,054	2,888,879	800,288	5,482,421
Disposal	(27,000)	-	-	-	(27,000)
Reclassification	-	-	(64,880)	64,880	-
At 31 December 2022	943,438	4,889,203	25,629,447	4,995,386	36,457,474
Accumulated Depreciation					
At 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 2021/1 January 2022	849,055	2,484,322	17,976,860	2,982,860	24,293,097
Charge for the year (Note 6)	44,483	655,536	2,588,575	526,759	3,815,353
Disposal	(27,000)	-	-	-	(27,000)
Reclassification	-	-	(18,383)	18,383	-
At 31 December 2022	866,538	3,139,858	20,547,052	3,528,002	28,081,450
Net Carrying Amount					
At 31 December 2021	103,183	629,827	4,828,588	1,147,358	6,708,956
At 31 December 2022	76,900	1,749,345	5,082,395	1,467,384	8,376,024

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 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 2021/1 January 2022	821,037	2,228,168	20,079,130	2,824,507	25,952,842
Additions	18,200	1,689,216	2,229,579	628,738	4,565,733
Disposal	(27,000)	-	-	-	(27,000)
At 31 December 2022	812,237	3,917,384	22,308,709	3,453,245	30,491,575
Accumulated Depreciation					
At 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 2021/1 January 2022	749,562	1,855,601	16,895,636	2,264,926	21,765,725
Charge for the year (Note 6)	35,203	516,226	1,793,025	280,854	2,625,308
Disposal	(27,000)	-	-	-	(27,000)
At 31 December 2022	757,765	2,371,827	18,688,661	2,545,780	24,364,033
Net Carrying Amount					
At 31 December 2021	71,475	372,567	3,183,494	559,581	4,187,117
At 31 December 2022	54,472	1,545,557	3,620,048	907,465	6,127,542

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 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/ 1 January 2022	2,762,569	37,685,570	40,448,139
Additions	-	6,973,956	6,973,956
Modification of lease contracts	(25,836)	(936,833)	(962,669)
Termination of lease contracts	-	(6,676,339)	(6,676,339)
At 31 December 2022	2,736,733	37,046,354	39,783,087
Accumulated Amortisation			
At 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 2021/1 January 2022	494,624	19,393,529	19,888,153
Amortisation for the year (Note 6)	910,308	6,486,624	7,396,932
Modification of lease contracts	(20,529)	(918,761)	(939,290)
Termination of lease contracts	-	(6,676,339)	(6,676,339)
At 31 December 2022	1,384,403	18,285,053	19,669,456
Net Carrying Amount			
At 31 December 2021	2,267,945	18,292,041	20,559,986
At 31 December 2022	1,352,330	18,761,301	20,113,631

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

The Company	**Warehouse**	**Retail stores**	**Total**
	RM	**RM**	**RM**
Cost			
At 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 2021/1 January 2022	962,318	36,063,309	37,025,627
Additions	-	6,472,035	6,472,035
Modification of lease contract	(18,090)	(915,068)	(933,158)
Termination of lease contract	-	(6,676,339)	(6,676,339)
At 31 December 2022	944,228	34,943,937	35,888,165
Accumulated Amortisation			
At 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 2021/1 January 2022	264,088	19,036,896	19,300,984
Amortisation for the year (Note 6)	461,747	6,186,979	6,648,726
Modification of lease contract	(12,480)	(905,662)	(918,142)
Termination of lease contract	-	(6,676,339)	(6,676,339)
At 31 December 2022	713,355	17,641,874	18,355,229
Net Carrying Amount			
At 31 December 2021	698,230	17,026,413	17,724,643
At 31 December 2022	230,873	17,302,063	17,532,936

Five (2021: Eight) 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 one (2021: three) and Nil (2021: one) 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 RM501,922 (2021: RM395,326) and Nil (2021: RM60,989) 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 2022 RM	The Company 2021 RM
Unquoted shares, at cost		
At beginning of year	8,600,000	2,100,000
Deemed capital contribution	-	6,500,000
At end of year	8,600,000	8,600,000

In 2021, 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 2022 %	2021 %
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 2022 RM	2021 RM
Distribution	2	2
Retail	1	1
	3	3

12. DEFERRED TAX ASSETS

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
At 1 January	457,591	679,127	389,568	634,814
Transfer to profit or loss (Note 7):				
Plant and equipment	(265,280)	(151,834)	(250,378)	(171,213)
Inventories	(18,663)	(20,685)	(4,997)	(18,503)
Amount due from other related companies	-	(742)	-	-
Trade payables	20,256	(34,749)	22,200	(35,411)
Other payables and accrued expenses	5,868	180	5,868	180
Provision for restoration costs	30,889	18,575	1,920	18,575
Right-of-use assets and lease liabilities	19,200	(32,281)	6,958	(38,874)
Amount due to other related companies	200	-	-	-
	(207,530)	(221,536)	(218,429)	(245,246)
At 31 December	250,061	457,591	171,139	389,568

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

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deferred tax liabilities (before offsetting)				
Temporary differences arising from:				
Plant and equipment	(329,061)	(70,046)	(320,196)	(69,818)
Trade payables	(7,119)	(27,375)	(4,634)	(26,834)
	(336,180)	(97,421)	(324,830)	(96,652)
Offsetting	336,180	97,421	324,830	96,652
Deferred tax liabilities (after offsetting)	-	-	-	-
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Plant and equipment	22,146	28,411	-	-
Inventories	5,164	23,827	5,164	10,161
Other payables and accrued expenses	20,568	14,700	20,568	14,700
Provision for restoration costs	225,066	194,177	196,097	194,177
Right-of-use assets and lease liabilities	313,097	293,897	274,140	267,182
Amount due to other related company	200	-	-	-
	586,241	555,012	495,969	486,220
Offsetting	(336,180)	(97,421)	(324,830)	(96,652)
Deferred tax assets (after offsetting)	250,061	457,591	171,139	389,568

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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.

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, the time limit to utilise unabsorbed tax losses has been extended to a maximum of 10 consecutive years. This amendment is deemed to have effect from the year of assessment 2019. Furthermore, the unabsorbed tax losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessment 2019 to 2028).

	The Group	
	2022	2021
	RM	RM
Year of assessment:		
2030	91,602	100,812
2031	13,764	13,764

As of year end, the estimated amount of unabsorbed 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	
	2022	2021
	RM	RM
Unabsorbed tax losses	105,366	114,576
Unabsorbed capital allowances	413,953	772,290
	519,319	886,866

13. INVENTORIES

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
At cost:				
Trading goods	49,397,466	48,207,445	32,907,324	37,179,231
Goods-in-transit	11,809,394	2,377,486	10,766,480	2,100,088
	61,206,860	50,584,931	43,673,804	39,279,319
At net realisable value:				
Trading goods	539,264	99,277	83,115	42,337
	61,746,124	50,684,208	43,756,919	39,321,656

During the year, RM53,585,181 and RM41,158,061 (2021: RM43,107,044 and RM32,895,061) of inventories was recognised as an expense in cost of sales of the Group and of the Company, respectively.

13. INVENTORIES *cont'd*

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

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Written off	364,991	227,823	277,098	195,063
Write-down	99,148	98,314	21,514	42,338
Reversal of written off	-	(6,093)	-	-
Reversal of write-down	(97,423)	(184,506)	(42,337)	(119,434)

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 (2021: 2 days to 90 days).

Included in the Group's trade receivables balance are debtors with a carrying amount of RM358,184 (2021: RM289,384) which are past due at the end of the reporting period. The Group has assessed the expected credit losses to be Nil (2021: 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 (2021: 30 to 90 days).

An analysis of trade receivables as follows:

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Not impaired				
- not past due	1,444,545	1,270,610	454,272	336,194
- past due by:				
1 to 30 days	310,549	164,066	-	-
31 to 60 days	35,861	97,147	-	-
More than 60 days	11,774	28,171	-	-
	358,184	289,384	-	-
	1,802,729	1,559,994	454,272	336,194

The trade receivables are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
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15. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-Current:				
Refundable deposits	2,933,785	2,572,376	2,658,826	2,355,019
Current:				
Other receivables	800,032	730,205	767,069	467,543
Refundable deposits	709,225	931,221	678,975	855,457
Prepaid expenses	1,514,710	2,966,050	1,420,865	1,293,573
	3,023,967	4,627,476	2,866,909	2,616,573
Total	5,957,752	7,199,852	5,525,735	4,971,592

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.

Included in refundable deposits of the Group and of the Company are rental deposits paid in respect for retail outlets and warehouses amounting to RM3,461,430 and RM3,189,603 (2021: RM3,365,844 and RM3,148,487) whereas prepaid expenses comprise of prepaid insurance and rental.

The Group and the Company have secured bank guarantee from a financial institution amounting to RM966,517 (2021: RM688,000) 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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	5,488,962	5,854,875	5,079,843	4,809,322
United States Dollar	468,790	948,726	445,892	157,394
Australian Dollar	-	73,015	-	-
Singapore Dollar	-	318,360	-	-
Hong Kong Dollar	-	4,876	-	4,876
	5,957,752	7,199,852	5,525,735	4,971,592

16. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Financial assets at fair value through profit or loss:				
Money market fund	1,970,761	1,928,563	1,970,761	1,928,563

17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits earned interest at rates ranging from 1.60% to 3.50% (2021: 1.45% to 1.90%) per annum with maturity period of 1 to 12 months (2021: 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 RM966,517 (2021: RM688,000).

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	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Fixed deposits with licensed banks (Note 17)	7,410,693	12,396,235	7,410,693	12,396,235
Cash and bank balances	11,666,054	12,825,086	8,714,995	6,858,842
	19,076,747	25,221,321	16,125,688	19,255,077
Less: Fixed deposits pledged (Note 17)	(966,517)	(688,000)	(966,517)	(688,000)
	18,110,230	24,533,321	15,159,171	18,567,077

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

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	19,055,877	25,177,312	16,105,172	19,211,068
British Pound	2,661	3,643	2,661	3,643
Singapore Dollar	17,246	39,450	16,892	39,450
Hong Kong Dollar	963	916	963	916
	19,076,747	25,221,321	16,125,688	19,255,077

19. SHARE CAPITAL

	The Group and the Company			
	2022		**2021**	
	No. of shares	**RM**	**No. of shares**	**RM**
Issued and fully paid				
<u>Ordinary shares</u>				
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.

21. DIVIDEND

	The Company	
	2022	2021
	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 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 directors proposed a final dividend of 0.6 sen per ordinary share amounting to approximately RM2,280,000 in respect of the financial year ended 31 December 2022. The proposed dividend, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, has not been included as a liability in the financial statements.

22. LEASE LIABILITIES

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Maturity analysis:				
Not later than 1 year	7,774,376	7,145,386	6,921,509	6,385,169
Later than 1 year but not later than 5 years	14,182,175	14,792,531	12,326,499	12,539,674
Later than 5 years	161,013	796,826	101,961	785,276
	22,117,564	22,734,743	19,349,969	19,710,119
Less: Unearned interest	(1,403,155)	(1,672,076)	(1,214,236)	(1,444,835)
	20,714,409	21,062,667	18,135,733	18,265,284
Present value of lease liabilities analysed as:				
Current	7,088,425	6,440,280	6,322,964	5,775,878
Non-current	13,625,984	14,622,387	11,812,769	12,489,406
	20,714,409	21,062,667	18,135,733	18,265,284

The Group and the Company apply the incremental borrowing rates to the lease liabilities recognised ranging 3.45% to 4.75% (2021: 3.45% 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.

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	
	2022	2021	2022	2021
	RM	RM	RM	RM
At 1 January	21,062,667	24,131,949	18,265,284	21,051,855
Total financing cash outflows:				
Principal paid	(7,139,463)	(7,518,315)	(6,454,676)	(6,863,479)
Interest paid	(812,270)	(908,746)	(708,308)	(783,883)
	13,110,934	15,704,888	11,102,300	13,404,493
Non-cash changes				
Finance costs (Note 6)	812,270	908,746	708,308	783,883
Modification of lease contract	26,200	(1,625,355)	26,200	(1,625,355)
Termination of lease contract	-	(3,345,340)	-	(1,669,535)
Recognition of lease liabilities	6,765,005	9,419,728	6,298,925	7,371,798
At 31 December	20,714,409	21,062,667	18,135,733	18,265,284

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 (2021: 30 to 90 days).

The currency profile of trade payables is as follows:

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	1,670,966	1,619,084	931,519	1,473,335
British Pound	8,208,282	3,702,262	7,545,312	3,577,425
United States Dollar	1,560,179	299,210	-	-
Singapore Dollar	97,631	46,595	97,631	46,595
Australian Dollar	-	88,176	-	-
Euro	58,412	-	58,412	-
	11,595,470	5,755,327	8,632,874	5,097,355

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24. OTHER PAYABLES, ACCRUED EXPENSES AND PROVISION

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Other payables	3,716,446	3,750,265	2,532,580	2,584,371
Accrued expenses	3,353,390	4,025,477	2,703,582	2,834,725
Provision for restoration costs	941,554	905,880	814,785	806,936
	8,011,390	8,681,622	6,050,947	6,226,032

Movement of provision for restoration costs is as follows:

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
At 1 January	905,880	803,203	806,936	755,193
Provision/(Reversal) for the year	20,439	88,252	(3,162)	39,940
Unwinding of interest expense (Note 6)	15,235	14,425	11,011	11,803
At 31 December	941,554	905,880	814,785	806,936

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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	3,713,872	3,713,703	2,530,006	2,547,809
British Pound	2,574	36,562	2,574	36,562
	3,716,446	3,750,265	2,532,580	2,584,371

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

Related party	Relationship
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.

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Purchase of goods from				
- Global Product Solutions Sdn Bhd	-	-	3,903,040	3,252,855
- Global Outsource Solutions Pte Ltd	342,307	592,321	75,486	592,321
- Global Retail Network Sdn Bhd	-	-	1,837,515	1,667,652
- Kim Hin Innovation Labs Private Ltd	2,945,079	1,904,271	294,859	31,836
- Mothercare (S) Pte Ltd	213,826	27,175	213,826	27,175
- Trade Solutions Ltd	90,279	266,607	90,279	115,623
Sale of goods to				
- Global Product Solutions Sdn Bhd	-	-	199,694	122,284
- Global Outsource Solutions Pte Ltd	118,600	-	-	-
- Global Retail Network Sdn Bhd	-	-	178,640	115,150
- Kim Hin Innovation Labs Private Ltd	-	137,413	-	-
- Mothercare (S) Pte Ltd	14,566	36,197	14,566	21,747
- Queemay Toys (Malaysia) Sdn Bhd	-	-	38,901	55,713
Rental payable to				
- Cheng Yean Properties Sdn Bhd	960,000	910,000	480,000	455,000
E-commerce management fees payable to				
- Mothercare (S) Pte Ltd	208,377	196,424	208,377	196,424
Corporate management fees payable to				
- Kim Hin International PteLtd	203,175	195,300	-	195,300
Dividend received from				
- Global Product Solutions Sdn Bhd	-	-	1,800,000	2,000,000
Transfer of goods from				
- Queemay Toys (Malaysia) Sdn Bhd	-	-	-	26,475
Transfer of goods to				
- Queemay Toys (Malaysia) Sdn Bhd	-	-	-	3,926

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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Financial assets				
At amortised cost:				
Trade receivables	1,802,729	1,559,994	454,272	336,194
Other receivables and refundable deposits	4,443,042	4,233,802	4,104,870	3,678,019
Amount due from subsidiary companies	-	-	132,319	-
Amount due from other related company	-	5,085	-	-
Fixed deposits with licensed banks	7,410,693	12,396,235	7,410,693	12,396,235
Cash and bank balances	11,666,054	12,825,086	8,714,995	6,858,842
At fair value through profit or loss:				
Short-term investments	1,970,761	1,928,563	1,970,761	1,928,563
Financial liabilities				
At amortised cost:				
Trade payables	(11,595,470)	(5,755,327)	(8,632,874)	(5,097,355)
Other payables and accrued expenses	(7,069,836)	(7,775,742)	(5,236,162)	(5,419,096)
Amount due to subsidiary companies	-	-	(590,741)	(177,420)
Amount due to other related companies	(35)	(278,640)	-	(140,000)
Lease liabilities	(20,714,409)	(21,062,667)	(18,135,733)	(18,265,284)

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 RM	Liabilities RM	Assets RM	Liabilities RM
2022				
British Pound	2,661	(8,210,856)	2,661	(7,547,886)
United States Dollar	-	(1,560,179)	-	-
Singapore Dollar	17,246	(97,666)	16,892	(97,631)
Hong Kong Dollar	963	-	963	-
Euro	-	(58,412)	-	(58,412)
	20,870	(9,927,113)	20,516	(7,703,929)
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)

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
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26. FINANCIAL INSTRUMENTS *cont'd*

Foreign currency risk management *cont'd*

Foreign currency sensitivity analysis *cont'd*

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Strengthened 5%				
British Pound	311,911	141,937	286,719	137,193
United States Dollar	59,287	11,370	-	-
Singapore Dollar	3,056	272	3,068	272
Euro	2,220	-	2,220	-
Hong Kong Dollar	(37)	(35)	(37)	(35)
Australian Dollar	-	3,351	-	-
	376,437	156,895	291,970	137,430
Weakened 5%				
British Pound	(311,911)	(141,937)	(286,719)	(137,193)
United States Dollar	(59,287)	(11,370)	-	-
Singapore Dollar	(3,056)	(272)	(3,068)	(272)
Euro	(2,220)	-	(2,220)	-
Hong Kong Dollar	37	35	37	35
Australian Dollar	-	(3,351)	-	-
	(376,437)	(156,895)	(291,970)	(137,430)

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.

Hence, 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.

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.

26. FINANCIAL INSTRUMENTS *cont'd*

Credit risk management *cont'd*

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, amount due from subsidiary companies 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, amount due from subsidiary companies 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, amount due from subsidiary companies 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.

26. FINANCIAL INSTRUMENTS *cont'd*

Liquidity risk management *cont'd*

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.

	Less than 1 year	1 - 2 years	More than 2 years	Total	Contractual interest rate
	RM	RM	RM	RM	%
The Group					
2022					
Non-interest bearing:					
Trade payables	11,595,470	-	-	11,595,470	-
Other payables and accrued expenses	7,069,836	-	-	7,069,836	-
Amount due to other related companies	35	-	-	35	-
Interest bearing:					
Lease liabilities	7,774,376	6,863,607	7,479,581	22,117,564	3.45% to 4.75%
	26,439,717	6,863,607	7,479,581	40,782,905	
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 companies	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	

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					
2022					
Non-interest bearing:					
Trade payables	8,632,874	-	-	8,632,874	-
Other payables and accrued expenses	5,236,162	-	-	5,236,162	-
Amount due to subsidiary companies	590,741	-	-	590,741	-
Interest bearing:					
Lease liabilities	6,921,509	6,005,677	6,422,783	19,349,969	3.45% to 4.75%
	21,381,286	6,005,677	6,422,783	33,809,746	
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	

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.

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.

<u>Financial assets that are measured at fair value</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
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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	
	2022	2021
	RM	RM
Contracted but not provided for	-	633,541

28. EMPLOYEE'S SHARE OPTION SCHEME ("ESOS")

On 18 June 2021, the Company established 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. There is no financial impact on the financial statements of the Group and of the Company as at 31 December 2022.

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.

29. SEGMENT INFORMATION *cont'd*

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.

The Group 2022	Retail RM	Distribution RM	Elimination RM	Total RM
Revenue				
Revenue from external customers	89,630,791	15,004,673	-	104,635,464
Inter-segment revenue	417,235	5,612,746	(6,029,981)	-
Total revenue	90,048,026	20,617,419	(6,029,981)	104,635,464
Results				
Operating results	5,752,522	2,996,477	(1,391,775) *	7,357,224
Interest income	226,210	44,579	-	270,789
Finance costs	(779,375)	(48,130)	-	(827,505)
Profit before tax	5,199,357	2,992,926	(1,391,775)	6,800,508
Tax expense	(1,246,797)	(716,214)	-	(1,963,011)
Profit for the year	3,952,560	2,276,712	(1,391,775)	4,837,497
Segment assets	109,721,752	20,262,173	(10,323,404)	119,660,521
Segment liabilities	37,849,483	3,225,858	(754,037)	40,321,304
Other information				
Acquisition of plant and equipment	5,454,631	27,790	-	5,482,421
Depreciation of plant and equipment	3,558,973	256,380	-	3,815,353
Additions of right-of-use assets	6,973,956	-	-	6,973,956
Amortisation of right-of-use assets	6,978,696	418,236	-	7,396,932

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
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

* *Included dividend from a subsidiary company of RM1,800,000 (2021: RM2,000,000).*

STATEMENTS 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 2022 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 2023

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, 2023.

Before me,

COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS

As at 22 March 2023

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	0.12	100	0.00
100 - 1,000	193	11.25	101,200	0.03
1,001 - 10,000	580	33.82	3,700,100	0.97
10,001 - 100,000	794	46.30	26,398,000	6.95
100,001 to less than 5% of issued shares	145	8.45	114,200,600	30.05
5% and above of issued shares	1	0.06	235,600,000	62.00
Total	**1,715**	**100.00**	**380,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

	Direct		Indirect	
Name of Shareholder	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)

	Direct		Indirect	
Name of Directors	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 2023

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*	6,847,000	1.80
7.	Loke Kien Meng	3,829,100	1.01
8.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)*	3,750,000	0.99
9.	Tan Yau Lam	2,769,000	0.73
10.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teo Siew Lai*	2,541,300	0.67
11.	Maybank Nominees (Asing) Sdn Bhd *Pledged Securities Account for Chew Soo Lin*	2,150,000	0.57
12.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Yee Wah @ Wong Mok Choon (SS2 PJ-CL)*	1,712,200	0.45
13.	Cartaban Nominees (Asing) Sdn Bhd *The Bank of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund*	1,323,600	0.35
14.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Ching Neoh*	1,250,000	0.33
15.	Ng Ah Bah @ Ng See Kai	1,220,500	0.32
16.	Tan Tiak Kun	1,205,000	0.32
17.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kok Yew Fatt*	1,165,600	0.31
18.	Lee Tjun Ken	1,110,000	0.29
19.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Oh Boon Howe (Penang-CL)*	1,050,000	0.28
20.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Gan Thiam Seng*	1,000,100	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.	Kenanga Nominees (Tempatan) Sdn Bhd *Ong Wee Khiang*	904,800	0.24
25.	GT-MAX Resources Sdn Bhd	900,000	0.24
26.	THC Sdn Bhd	900,000	0.24
27.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teh Kian Lang (E-KLC)*	835,300	0.22
28.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tee Kim Hew (E-KLG/BTG)*	820,000	0.22
29.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Peng Nguang*	800,000	0.21
30.	Kor Yann Ning	800,000	0.21
	Total	319,248,100	84.03

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Second ("**42nd**") 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 Tuesday, 30 May 2023 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 2022 together with the Reports of the Directors and Auditors thereon.	**[Please refer to Explanatory Note 1]**
2.	To approve the payment of a Final Single Tier Dividend of 0.6 sen per ordinary share in respect of the financial year ended 31 December 2022.	**Ordinary Resolution 1**
3.	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 42nd AGM until the conclusion of the next AGM of the Company.	**Ordinary Resolution 2** **[Please refer to Explanatory Note 2]**
4.	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) Ms Goh Poh Teng	**Ordinary Resolution 3** **[Please refer to Explanatory Note 3]**
	ii) Mr Hew Moh Yung	**Ordinary Resolution 4** **[Please refer to Explanatory Note 3]**
5.	To re-appoint Messrs. Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 5**

As Special Business

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

6.	**Proposed Authority for Directors to Allot and Issue Shares pursuant to Section 76 of the Companies Act 2016 ("the Act")** "**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 approval of all relevant regulatory bodies being obtained for such allotment and issuance.	**Ordinary Resolution 6** **[Please refer to Explanatory Note 4]**

THAT pursuant to Section 85 of the Act, read together with Clause 5 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued of the Company shares arising from issuance of new shares pursuant to this Mandate."

THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

7. **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 7 [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 2023 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 42nd 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."

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

NOTICE OF ANNUAL GENERAL MEETING
cont'd

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 42nd AGM, a final single tier dividend of 0.6 sen per ordinary share in respect of the financial year ended 31 December 2022 will be paid on 18 August 2023 to Depositors whose names appear in the Record of Depositors at the close of business on 2 August 2023.

A Depositor shall qualify for entitlement to the dividend only in respect of the following:

a) Shares transferred into the Depositor's Securities Account on or before 4.30 p.m. 2 August 2023 in respect of transfers.

b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

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 2023

NOTES:-

1. The 42nd 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. Please follow the procedures provided in the Administrative Guide for the 42nd AGM in order to register, participate and vote remotely via the RPEV facilities.

   The Administrative Guide on the conduct of a virtual 42nd 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 42nd AGM.

3. Since the 42nd 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 42nd 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 42nd 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 42nd 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 42nd AGM or financial performance/prospect of the Company, not later than Sunday, 28 May 2023 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 42nd AGM, being the primary mode of communication.

9. In respect of deposited securities, only members whose names appear on the Record of Depositors on Tuesday, 23 May 2023 (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.

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) **Ordinary Resolution 2 - Payment of Directors' Fees from this forthcoming 42nd 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.

Details of the Directors' fees for the financial year ended 31 December 2022 is disclosed in the Corporate Governance Report 2022.

The payment of Directors' Fees of RM320,000.00 from this forthcoming 42nd 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 2 has been passed at the 42nd AGM.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

(3) **Ordinary Resolutions 3 and 4 - Re-election of Directors**

The profiles of the Directors who are standing for re-election under Ordinary Resolutions 3 and 4 are set out in the Board of Directors' profile of the Annual Report 2022.

The performance, contribution, effectiveness and independence (as the case may be) of the retiring Directors, namely Ms Goh Poh Teng and Mr Hew Moh Yung have been assessed by the Nomination Committee ("**NC**"). In addition, the NC has also conducted an assessment on the fitness and propriety of the retiring Directors including the review of their fit and proper declarations in accordance with the Fit & Proper Policy. The retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election.

Based on the recommendation of the NC, the Board endorsed the same, having been satisfied with the performance as well as the fitness and propriety of Ms Goh Poh Teng as Executive Director and Mr Hew Moh Yung 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 6 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 42nd 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.

At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make announcement in respect thereof.

(5) **Proposed Shareholders' Mandate**

The proposed Ordinary Resolution 7, 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 7, please refer to the RRPT Circular dated 28 April 2023 accompanying the Annual Report of the Company for the financial year ended 31 December 2022.

Personal data privacy:

By submitting a proxy form(s) to participate, speak and vote at the 42nd 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 42nd AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 42nd 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.

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)

or # the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Forty-Second (“**42nd**”) 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 Tuesday, 30 May 2023 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 a Final Single Tier Dividend of 0.6 sen per ordinary share in respect of the financial year ended 31 December 2022	Ordinary Resolution 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 42nd AGM until the conclusion of the next AGM of the Company	Ordinary Resolution 2		
3	Re-election of Ms Goh Poh Teng as Director	Ordinary Resolution 3		
4	Re-election of Mr Hew Moh Yung as Director	Ordinary Resolution 4		
5	Re-appointment of Messrs. Deloitte PLT as Auditors of the Company and authorise the Directors to fix their remuneration	Ordinary Resolution 5		
6	Proposed Authority for Directors to Allot and Issue shares	Ordinary Resolution 6		
7	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 7		

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 42nd 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 .... 2023.

NOTES:-

1. *The 42nd 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. Please follow the procedures provided in the Administrative Guide for the 42nd AGM in order to register, participate and vote remotely via the RPEV facilities.*

   The Administrative Guide on the conduct of a virtual 42nd 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 42th AGM.*

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3. *Since the 42nd 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 42nd 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 42nd 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 42nd 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 42nd AGM or financial performance/prospect of the Company, not later than Sunday, 28 May 2023 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 42nd AGM, being the primary mode of communication.*
9. *In respect of deposited securities, only members whose names appear on the Record of Depositors on Tuesday, 23 May 2023 (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 42nd Annual General Meeting dated 28 April 2023.

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AFFIX
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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 Darul Ehsan, Malaysia

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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