



KYM HOLDINGS BHD.

Reg No.: 198201004556 (84303-A)



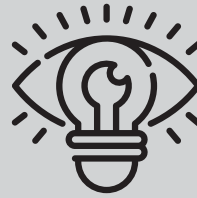
annual report 2022

40TH

ANNUAL GENERAL MEETING

**Tuesday,
5 July 2022
10.00 a.m.**

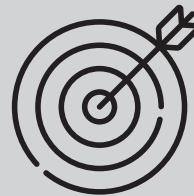
at Level 17, KYM Tower,
No. 8 Jalan PJU 7/6,
Mutiarra Damansara, 47800
Petaling Jaya, Selangor



OUR VISION

We aim to be a trusted global player in delivering industrial, property and construction solutions to an international and local clientele.

By being thoroughly committed to innovation, technology, human capital and sustainable development, we aim to be critical enablers to an environment in which businesses thrive and communities are enriched.



OUR MISSION

We strive for excellence in all that we do, leveraging best-in-class technology and processes to cost-efficiently deliver products and services of the highest quality and safety to our customers.

In doing so, we aim to always exceed expectations while maximising value for all our share- and stakeholders, all of the time.

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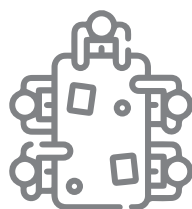
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CORPORATE INFORMATION

BOARD OF DIRECTORS



Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar
Non-Independent
Non-Executive Chairman

Dato' Lim Kheng Yew
Executive Director

Dato' Seri Ir. Mohamad Othman Bin Zainal Azim
Senior Independent
Non-Executive Director

Datuk Seri Rahadian Mahmud Bin Mohammad Khalil
Independent Non-Executive
Director

Dato' Mohd Azmi Bin Othman
Independent Non-Executive
Director

Lee Ji Jin Darren
Non-Independent
Non-Executive Director

Lim Tze Thean
Executive Director /
Chief Executive Officer

Sharman A/L Arumugam
Independent Non-Executive
Director

Gan Chia Hui
Independent Non-Executive
Director

Tang Kae Sue
Independent Non-Executive
Director

SECRETARY

Chee Min Er
SSM PC No.: 201908000760
(MAICSA 7016822)

AUDIT COMMITTEE

Sharman A/L Arumugam (Chairman)
Dato' Seri Ir. Mohamad Othman
Bin Zainal Azim
Gan Chia Hui
Tang Kae Sue

NOMINATION & REMUNERATION COMMITTEE

Gan Chia Hui (Chairman)
Sharman A/L Arumugam
Tang Kae Sue

REGISTERED OFFICE

Level 17, KYM Tower
No. 8, Jalan PJU 7/6
Mutiar Damansara
47800 Petaling Jaya, Selangor

Tel No.: 03-8703 3333
Fax No.: 03-8703 3300

AUDITORS

Crowe Malaysia PLT
Chartered Accountants
Level 16, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

Tel No.: 03-2788 9999
Fax No.: 03-2788 9998

PRINCIPAL BANKERS

CIMB Bank Berhad
Public Bank Berhad
AmBank (M) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya, Selangor

Tel No.: 03-7890 4700
Fax No.: 03-7890 4670

WEBSITE

www.kym.com.my

PROFILE OF DIRECTORS

DATO' SERI DR. ISAHAK BIN YEOP MOHAMAD SHAR

**Non-Independent
Non-Executive Chairman**

Malaysian, aged 73

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, aged 73, was appointed to the Board of KYM Holdings Bhd. on 2 October 2006. He was the Chief Executive Officer and Executive Chairman of KYM from 2006 to 2013. He stepped down as CEO and was re-designated to Non-Independent Non-Executive Chairman on 1 August 2014.

He graduated from University of Malaya in Bachelor of Arts (Sociology) in 1973 and received his Masters and Doctorate of Philosophy in Public Administration from University of Southern California in 1978 and 1990 respectively.

He began his career as a lecturer with the National Institute of Public Administration (INTAN) from 1974 to 1977. He was in the Public Service Department (PSD) for 10 years as a lecturer and subsequently as Service Division Assistant Director. He was with the State Government of Perak from 1995 to 2004. Dato' Seri Dr. Isahak was the Secretary General for the Ministry of Natural Resources and Environment from 2004 to 2006. He was formerly the President of Integrity Institute of Malaysia (IIM).

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

DATO' LIM KHENG YEW

Executive Director

Malaysian, aged 70

Dato' Lim Kheng Yew, age 70, was appointed to the Board on 12 August 1992.

Dato' Lim Kheng Yew is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He started his career with international accounting firms in London then Kuala Lumpur. Subsequently, he was attached to a leading merchant bank in Kuala Lumpur. At present, he is also a Director of TSM Global Berhad.

Dato' Lim Kheng Yew is a substantial shareholder of the Company. His shareholding in the Company is set out in Page 116 of this Annual Report. He is the father of Mr Lim Tze Thean, an Executive Director and Chief Executive Officer of the Company. He is an uncle of Lee Ji Jin, Darren, a Non-Independent Non-Executive Director of the Company. His relationship with other substantial shareholders is set out in Page 115 of this Annual Report. He has no family relationship with any other Directors of the Company.

Save for the recurrent related party transactions as disclosed in this Annual Report, he has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

PROFILE OF DIRECTORS (CONT'D)

DATO' SERI IR. MOHAMAD OTHMAN BIN ZAINAL AZIM

**Senior Independent
Non-Executive Director**

Malaysian, aged 67

Dato' Seri Ir. Mohamad Othman Bin Zainal Azim, aged 67, was appointed to the Board of KYM on 12 February 2007. He is a member of the Audit Committee of the Company.

Dato' Seri Ir. Mohamad Othman graduated with Bachelor of Science (Hons) in Civil Engineering from University of Southampton, United Kingdom. He received his Master of Science in Engineering from University of Birmingham, United Kingdom in 1987.

He began his career as an engineer with the Government Public Works Department Headquarters in Kuala Lumpur, Negeri Sembilan and Perak until 2000. He was formerly the Chief Executive Officer of Putrajaya Holdings Sdn Bhd, a developer of Federal Government Administrative Centre, Putrajaya and the largest urban development project in the country. He was formerly the Chief Operating Officer of the Project Monitoring Unit (PMU) in the Ministry of Finance.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

DATUK SERI RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

**Independent
Non-Executive Director**

Malaysian, aged 48

Datuk Seri Rahadian Mahmud Bin Mohammad Khalil, aged 48, was appointed to the Board of KYM on 2 October 2006. He is the Independent Non-Executive Chairman of AppAsia Berhad.

Datuk Seri Rahadian Mahmud holds a Degree in Civil Engineering from Queen Mary College, University of London in 1996. He was involved in the business of reforestation as well as in the construction and manufacturing sectors.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

PROFILE OF DIRECTORS (CONT'D)

DATO' MOHD AZMI BIN OTHMAN

**Independent
Non-Executive Director**

Malaysian, aged 54

Dato' Mohd Azmi Bin Othman, aged 54, was appointed to the Board of KYM on 12 February 2007. Dato' Mohd Azmi Bin Othman also sits on the Board of Universiti Sultan Azlan Shah and Perbadanan Kemajuan Negeri Perak.

He graduated with Bachelor of Laws (LL.B) from Universiti Teknologi MARA. He is the founder and principal partner of a legal firm based in Ipoh, Perak and a senior member of the Bar Council Malaysia.

He has no family relationship with any other Director and/or major shareholder of the Company. His shareholding in the Company is set out in Page 116 of this Annual Report. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

LEE JI JIN DARREN

**Non-Independent
Non-Executive Director**

Malaysian, aged 39

Lee Ji Jin Darren, aged 39, was appointed to the Board of KYM on 25 September 2014.

Darren Lee completed his professional accountancy qualification in 2003 conferred by The Association of Chartered Certified Accountants, United Kingdom (ACCA) and currently is a fellow member of the said Association.

He started his career in early 2003 as an Audit Associate with Ernst & Young Malaysia and subsequently extended his international experience with Ernst & Young in the United Kingdom.

End of 2005, he joined the Deloitte office in Bermuda as Manager whereby he managed the entire audit process and advisory services for a portfolio of clients within the financial services industry specialising in investment management and reinsurance companies. He was also actively involved with Deloitte's internal and external valuation teams in the valuation of investment derivatives.

In 2009, he joined TSM Global Berhad as Senior Manager in the Corporate Affairs Division and subsequently promoted to Head of Investment which duties include the assessment and valuation of potential investment, acquisition of companies, M&A synergization studies, relationship maintenance, new business initiatives, investor relations, due diligence, fund raising, capital assessment and strategy initiatives of the TSM group.

He is a nephew of Dato' Lim Kheng Yew and cousin of Lim Tze Thean. His shareholding in the Company is set out in Page 116 of this Annual Report. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

PROFILE OF DIRECTORS (CONT'D)

LIM TZE THEAN

**Executive Director /
Chief Executive Officer**

Malaysian, aged 43

Lim Tze Thean, aged 43, was appointed as an Executive Officer of the KYM Group in 2012 and promoted to Chief Executive Officer on 20 May 2013. He was appointed to the Board of KYM Holdings Bhd. on 30 March 2017.

He received a Bachelor of Science in Computer Science with Management from King's College, University of London. He also holds an Executive Masters in Business Administration from the Institut Européen d'Administration des Affaires (INSEAD).

He has over 20 years of experience in operations and management in manufacturing and property development. He has served in all of the group's subsidiaries during his career including managing the KYM Properties Division and the KYM Manufacturing Division. He also holds a position as an Executive Director of TSM Global Berhad with a long history in the TSM Group's automotive and investment divisions.

He is the son of Dato' Lim Kheng Yew, the Executive Director and a substantial shareholder of KYM. He is a cousin of Lee Ji Jin, Darren, the Non-Independent Non-Executive Director. Mr Lim Tze Thean is also a substantial shareholder of KYM. His interest in the securities of KYM is set out in page 116 of this Annual Report.

Save for the recurrent related party transactions as disclosed in this Annual Report, he has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

SHARMAN A/L ARUMUGAM

**Independent
Non-Executive Director**

Malaysian, aged 51

Sharman A/L Arumugam, aged 51, was appointed to the Board of KYM on 18 March 2022. He is the Chairman of the Audit Committee and a member of the Nomination & Remuneration Committee of the Company. He is an Independent Non-Executive Director of Greenpacket Berhad.

Sharman is a Chartered Accountant (Malaysia), a fellow of CPA Australia, member of Malaysian Institute of Certified Public Accountants (CPA) and an ASEAN of the Chartered Professional Accountant. He is also a member of INSOL International, and a Chartered Member of Malaysian Institute of Directors and a member of the Institute of Corporate of the Directors Malaysia.

He was the President of CPA Australia (Malaysia Division) and was a Council Member of the Malaysian Institute of Accountants (MIA) for 2019-2020. He was a member of CPA Australia's Council of Presidents and Public Practice Advisory Committee, both of which are international committees. He was the Chairman of the MIA's Audit & Risk Management Committee 2019-2020 and also a committee member of MIA's Investigation Committee.

His career began with Arthur Andersen & Co in the early 1990s where he built his corporate skills in the areas of Business & Process Assurances, Technology Consulting and Corporate Finance. His job exposure includes public institutions/multinationals and public listed companies in various industries such as manufacturing, services, hospitality, transport and in particular, financial institutions. In the late 1990s, he was the Corporate Finance Head of a Bursa Malaysia listed entity where he managed all financial and regulatory submissions to all relevant authorities.

From early to mid-2000s, he was with the SIH Group where he was based in a South Asian country in the initial years as Finance Director of a telecommunication subsidiary. He was subsequently promoted to Group Finance Director and relocated back to Malaysia. His principal function was to assist the Board of Directors in managing a portfolio of investments and companies located in North America, Europe and Asia.

PROFILE OF DIRECTORS

(CONT'D)

Currently, as Country Partner for SCS Global Consulting, he provides corporate advisory services, which includes corporate valuations, fund raisings, mergers and acquisitions, corporate re-organizations and insolvency workouts for a broad spectrum of domestic and international companies. He also sits on the Boards of MNC subsidiaries in Malaysia such as Toshiba Precision, Rakuten Insight, Iwaki Pumps, and Fuyo General Lease amongst many others.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

GAN CHIA HUI

**Independent
Non-Executive Director**

Malaysian, aged 45

Gan Chia Hui, aged 45, was appointed to the Board of KYM on 18 March 2022. She is the Chair of the Nomination & Remuneration Committee and a member of the Audit Committee of the Company.

Ms Gan completed her Double Degree in Law and Business from University of Technology, Sydney with First Class Honours. She is a non-practicing UK solicitor and Malaysian Advocate and Solicitor. She also holds an Executive Masters in Business Administration from INSEAD.

She has been in education management for 13 years with Education in Motion (EiM), a family of K-12 international schools. She was a member of the Group Executive Board and Chief Legal Officer, and further launched the corporate venture capital arm EiM Ventures as its Executive Director. During her time at EiM, she was involved in corporate finance, corporate governance, business development, venture capital investment, policy setting, edtech innovation, and ESG initiatives. In her role as Chief Legal Officer, Ms Gan also acted as Board Secretary, managing board meetings and investor relations.

Prior to entering the education industry, Ms Gan was in private legal practice for 7 years, specialising in venture capital/private equity, corporate finance, fund formation, mergers & acquisitions, cross border investment, regulatory advisory, IP protection, litigation.

She has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. She has not entered into any transaction, whether directly or indirectly, that has a conflict of interest with the Company. She has not been convicted for any offences within the past 10 years other than traffic offences.

PROFILE OF DIRECTORS (CONT'D)

TANG KAE SUE

Independent Non-Executive Director

Malaysian, aged 45

Tang Kae Sue, aged 45, was appointed to the Board of KYM on 25 March 2022. She is a member of the Audit Committee and Nomination & Remuneration Committee of the Company.

She is a Member of Malaysia Institute of Certified Public Accountants (MICPA) and Malaysia Institute of Accountants (MIA). She graduated from the Faculty of Accountancy, University Malaya. Her area of expertise is foreign investment, cross border tax planning and offshore related matters.

She is the founder and director of Hans Advisory & Trust Co Ltd, a licensed non-banking financial institution in Labuan International Business and Financial Center (IBFC) and a founder and director of AAA Services FZ-LLC, a registered agent licensed under Ras Al Khaimah International Corporate Center (RAK ICC) in the United Arab Emirates to facilitate the incorporation of companies and the investment in RAK ICC.

She is a trust officer and has actively presented at domestic and international conferences on promoting Labuan IBFC and Malaysia to potential investors. Over the years, she has delivered business talks in many countries—including in Asia, the Middle East, and the U.S. She coaches entrepreneurs to set up the most effective structure for mergers and acquisitions, IPOs, and capital-raising. Her training also covers compliance matters related to anti-money laundering and counterterrorism financing rulings, FATCA, CRS, and OECD models.

She is Honorary Chairperson and a trained voluntary counselor for Lifeline Association Malaysia, an international non-profit organization that provides free counseling, crisis support, and suicide prevention services. She also sits on the committee of Asiaworks Foundation Malaysia and Women Entrepreneurs Committee of Malaysia-China Chamber of Commerce.

She has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. She has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. She has not been convicted for any offences within the past 10 years other than traffic offences.

PROFILE OF KEY SENIOR MANAGEMENT

Executive Director Malaysian, aged 70, Male	DATO' LIM KHENG YEW His profile is set out in Profile of Directors on page 3.
Executive Director / Chief Executive Officer Malaysian, aged 43, Male	LIM TZE THEAN His profile is set out in Profile of Directors on page 6.
Managing Director, Multiwall Industrial Paper Sacks Division Malaysian, aged 57, Male	MOK TUCK MENG Mok Tuck Meng graduated with B.Sc (Hons) in Mathematical Sciences and Management Studies from University Science Malaysia, Penang. He joined KYM Group in May 1990 and has held several positions as Executive in KYM Group. He was transferred to start the industrial bags business in June 1991 and was promoted to General Manager of the Multiwall Industrial Sacks Division in May 1999. He was appointed as a Managing Director of Hasrat Meranti Sdn Bhd in 2012.
Managing Director, Corrugated Carton Division Malaysian, aged 64, Male	LIM KHENG ENG Lim Kheng Eng started his career in Corrugated Carton Division in 1986 and worked through the ranks before he was promoted to General Manager for Corrugated Carton Division, Klang Valley on 10 September 1998. He was appointed as the Managing Director of KYM Industries (M) Sdn Bhd in 2014. Lim Kheng Eng is a brother of Dato' Lim Kheng Yew, an Executive Director and a major shareholder of the Company.
Group Property Manager Malaysian, aged 57, Male	TAN PENG AUN Tan Peng Aun graduated with an Advance Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman University College, Malaysia. He started his career in KYM Group as a Group Corporate Finance Manager in 1993 and was appointed as the Group Property Manager in 2007. He has more than 25 years of working experience in various industries including paper packaging, general electrical trading, IT sector and property management and development.
Head of Corporate Communications & Administration Company Secretary Malaysian, aged 50, Female	CHEE MIN ER Chee Min Er is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators. She joined KYM Group in December 1997 as the Company Secretary and was promoted to present position with an expanded role in May 2012. She leads the functions of corporate secretarial and corporate communications of the Group. She has more than 20 years of experience attending to corporate secretarial and compliance matters.

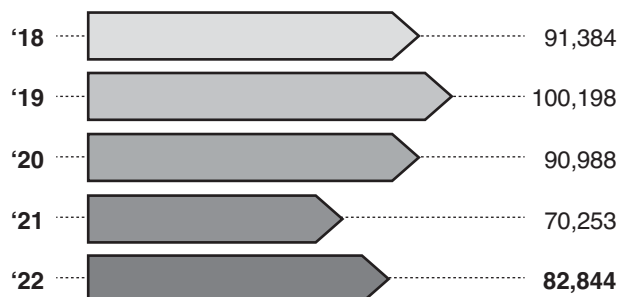
Except as otherwise stated in the individual Directors' Profile and Key Senior Management's Profile, none of the Key Senior Management Officers have: -

1. any other directorship in public companies and listed issuers;
2. any family relationship with any director and/or major shareholders of the Company;
3. been convicted of any offences (excluding traffic offences) within the past 5 years; and
4. been subjected to any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

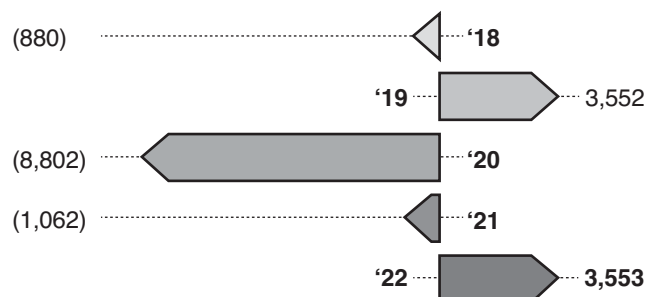
5 YEAR FINANCIAL HIGHLIGHTS

		2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue		82,844	70,253	90,988	100,198	91,384
Profit/(Loss) Before Tax		4,801	(1,496)	(9,078)	4,714	(800)
Profit/(Loss) After Tax		3,553	(1,062)	(8,798)	3,552	(880)
Profit/(Loss) After Tax Attributable to Owners of the Company		3,553	(1,062)	(8,802)	3,552	(880)
Issued share capital ('000)		149,890	149,890	149,890	149,890	149,890
Paid up capital		110,381	110,381	110,381	110,381	110,381
Shareholders' Fund		88,260	84,707	85,769	94,567	91,015
Total Assets		166,401	162,043	165,422	173,137	164,974
Total Borrowings		48,393	52,734	53,633	37,834	41,905
Gearing ratio	Times	0.55	0.62	0.63	0.40	0.46
Basic Earnings/(Loss) Per Share Attributable to Shareholders	sen	2.37	(0.71)	(5.87)	2.37	(0.59)
Net Assets Per Share	RM	0.59	0.57	0.57	0.63	0.61

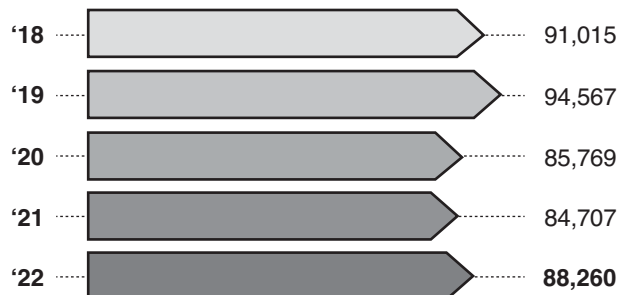
REVENUE RM'000



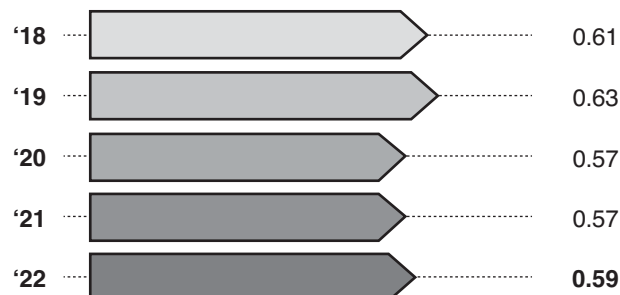
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000



SHAREHOLDERS' FUND RM'000



NET ASSETS PER SHARE RM'000



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The manufacture and selling of high-quality industrial paper packaging products remains the core business of the KYM Group. The Group's business objective is to make the best possible products for our customers using the best materials, in the best manner using the best technology and equipment with the best people.

The Group's key focus includes:

- Continue focusing on growth activities to increase its market share domestically as well as open new markets regionally to further increase sales to existing and new markets;
- Introducing alternative packaging options using our production methods to ensure similar performance;
- Increasing operational efficiencies through digitalization and automation;
- New investments or business opportunities to increase revenue and earnings; and
- Divesting non-core businesses and assets of the Group.



FINANCIAL RESULTS AND FINANCIAL CONDITION

Revenue

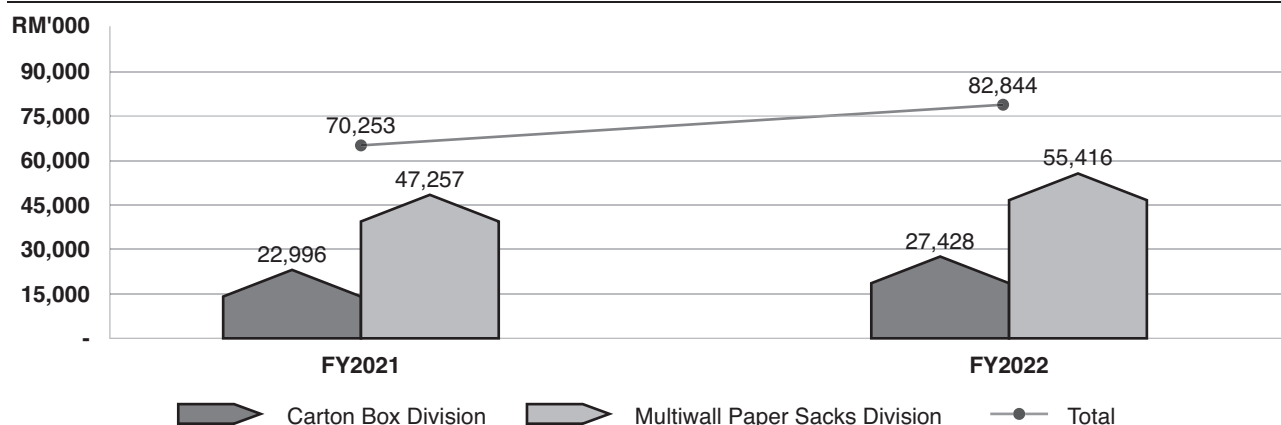
Despite the challenging business environment in the financial year ended 31 January 2022 ("FY2022"), the Group operating subsidiaries achieved a consolidated revenue of RM82.844 million, a growth of 18% from RM70.253 million in the financial year ended 31 January 2021 ("FY2021"), due to the recovery of national economy and resumption of operations of all sectors.

Positive revenue growth was achieved during the financial year under review, mainly attributable to the increase in sales volume and selling prices from the Multiwall Industrial Paper Sacks division. The Multiwall Industrial Paper Sacks division remains the largest contributor, accounting for 67% of the Group's total revenue in the current financial year. On the other hand, total revenue from the Carton Box division increased by 19% and contributed 33% of the total revenue of the Group for the current financial year.

Geographically, Malaysia accounted for 79% of the Group's revenue. Export made up the balance of 21% of the Group's revenue. The key export countries and their respective contribution to revenue for financial year under review are Indonesia (7.4%), Thailand (6.8%) and Singapore (6.3%).

		
	MALAYSIA	EXPORT
REVENUE FY2021	70%	30%
REVENUE FY2022	79%	21%

REVENUE BY DIVISION



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Profit/(Loss) before tax

In tandem with the higher revenue achieved during the current financial year, the Group registered an increase in operating expenses by 12%, from RM70.505 million to RM78.781 million. The operating expenses mainly consisted of raw materials costs, direct labour costs and production overhead costs incurred by the Manufacturing segment.

Finance costs incurred for FY2022 was 18% lower as compared to the previous financial year, mainly due to the lower interest rate charged for trade facilities and lower lease liabilities interest.

Accordingly, the Group achieved a profit before tax of RM4.801 million as compared to a loss before tax of RM1.496 million in the previous financial year.

Liquidity

	FY2022 RM'000	FY2021 RM'000
Net cash from operating activities	7,394	6,377
Net cash for investing activities	(828)	(849)
Net cash (for)/from financing activities	(1,293)	2,114
Net increase in cash and cash equivalents	5,273	7,642

As at 31 January 2022, cash and cash equivalents of the Group stood at RM10.066 million, as compared to RM4.793 million as at 31 January 2021. The Group reported a net increase in cash and cash equivalents of RM5.273 million, which was mainly attributable to cash inflow of RM7.394 million from operating activities.

Net cash from operating activities was RM7.394 million in FY2022, as compared to RM6.377 million in FY2021. Higher amount of cash was generated from operating activities during the current financial year was mainly due to the decrease in cash utilised for working capital purposes for the year.

During the current financial year, the Group utilised RM0.828 million for investing activities, compared to RM0.849 million in FY2021. Slight improvement in the amount of cash utilised for investing activities was mainly due to lower acquisition of property, plant and equipment proceeds from disposal of property, plant and equipment and offset by higher acquisition of right-of-use assets.

Net cash from financing activities decreased from an inflow of RM2.114 million in FY2021 to an outflow of RM1.293 million in FY2022. This was mainly due to higher repayment of banking facilities and lower drawdown of trade facilities for working capital purposes.

The Group continues to operate a prudent and disciplined financial management to ensure the Group's liquidity remains intact.

Borrowings and gearing ratio

As at 31 January 2022, the Group's borrowings was RM48.393 million. The borrowings reduced by 8%, as compared to the previous financial year's balance of RM52.734 million. Consequently, gearing ratio improved from 0.62 times to 0.55 times.

OPERATIONAL REVIEW

The operations of the Multiwall Industrial Paper Sacks division was disrupted during the implementation of nationwide Full Movement Control Order ("FMCO") in June 2021 where only essential industries were allowed to operate at 60% workforce capacity, the subsequent enforcement of Enhanced MCO in Batang Padang District, Perak on 10 July – 19 July 2021 and the two (2) weeks temporary suspension of operations in one of the factories in November for disinfection works. Following the progressive lifting of containment measures, the operations returned to normal operating level.

After the opening of all economic sectors, domestic market recovered steadily and demand for paper packaging products increased significantly. We ramped up our production activities to meet backlog orders. Sack kraft papers shortage, rising cost of raw materials and disruption in supply chain continued to impact this Division. We leveraged on our Group's extensive experience in procurement. During the period of tight supply, we managed to keep our inventory at optimal levels. To date, no major disruptions to the procurement of major supplies have been experienced. The increase in sales volume couple with a better pricing strategy, the Multiwall Industrial Paper Sack division returns to profitability.

Carton Box division is less impacted by COVID-19 and the FMCO in 2021 as it is a key supporting industries to the essential sectors including Food & Beverages ("F&B") and healthcare supply sectors. This division encountered labour shortages due to the challenges in recruitment and restrictions on hiring of foreign workers. Labour shortage coupled with the production capacity constraints dampened the pace of production and resultant in a slight decrease in sales MT. With the dedicated efforts and commitments of the management and workers, the division was able to meet the delivery of the customers' orders.

During the financial year, we placed focus on the safety and wellness of the employees. The Group took pro-active steps to encourage vaccination of our workforce during the rollout of the National Vaccination program. To date, 100% of our employees and factory workers have been fully vaccinated, 90% of which have received booster doses. All employees were required to undergo biweekly RTK Antigen tests to ensure the health and safety of everyone at the workplace.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED TREND OR RISKS

Raw Material Shortages and Rising Cost of Raw Materials

The paper packaging industry is highly reliant on the availability and pricing of papers, especially sack kraft papers which the Group sourced from European paper suppliers. Supply of sack kraft paper continues to be tight due to the increasing demand in European market and limited supply to South East Asia region.

The paper supply challenge has further been exacerbated by the trade-restrictions arising from the ongoing Russia-Ukraine conflicts, the shortage of shipping containers and vessels, resultant extended lead times and delay in delivery.

With the ongoing paper shortage and disruption in supply chain, we shall continue to be vigilant in the procurement process to ensure we have sufficient material for our long term customers. We also procure paper from multiple sources to limit supply risk and overdependence on any single supplier.

Rising cost of all raw materials and the increasing shipping and freight cost will continue to increase the cost of production and suppress the profit margin. We are adjusting our selling prices upwards in tandem with the increases in cost.

Manpower Supply and Workforce

Shortage of foreign workers is expected to continue to be a challenge in all sectors. The Government has not approved the intake of new/replacement foreign workers. Additional workers will be required for the additional production capacity. In addition, the increase in minimum wage will have an impact on labour costs and the labour force of the Group and will increase the manufacturing cost. The Group has engaged labour supply agent to outsource manpower and/or upskilled the local workers to be multi-skilled to be able to perform other roles when needed. The Group is investing in automation or technologies where possible for certain production process to reduce dependence on labour.

Foreign Exchange Risk

KYM Group is exposed to foreign currency risk on sales and purchase transactions and trade balances that are denominated in foreign exchange. The major raw materials for the manufacturing of Multiwall Industrial Paper Sacks are imported. As paper is transacted in US Dollar and Euro, the fluctuation of foreign currency and raw materials price continues to affect the cost of goods sold for each item. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

CORPORATE DEVELOPMENT

On 28 January 2022, Anabatic Sdn Bhd, a wholly-owned subsidiary of KYM entered into conditional sale and purchase agreement ("SPA") with Far East Packaging Ind. (Melaka) Sdn. Bhd. for the disposal of a leasehold industrial land located at No.7, Jalan Perusahaan 1, Beranang Industrial Estate, 43700 Beranang, Selangor Darul Ehsan together with a single storey detached factory building and a warehouse erected for a total cash consideration of approximately RM22.975 million ("Proposed Disposal"). The Proposed Disposal provides an opportunity for KYM Group to unlock the value and monetise its investment in the property assets. KYM Group is able to realise a net gain from the Proposed Disposal of approximately RM14.5 million and provide KYM Group with additional funds to be utilised for its existing business.

On 18 April 2022, the Company proposed to establish an employees' shares scheme of up to 15% of the total number of issued ordinary shares in KYM (excluding any treasury shares) at any point in time during the tenure of the scheme for eligible directors and employees of the Group ("Proposed ESS"). The Proposed ESS is intended to:-

- (i) reward eligible persons for their contribution towards KYM Group;
- (ii) create a sense of loyalty and ownership amongst the employees, by giving the employees an opportunity to participate in the equity of the Company;
- (iii) increase the level of commitment and dedication of the eligible persons by rewarding them with an equity stake in the Company; and
- (iv) provide incentive for the eligible persons to participate more actively in the operations of the Group and encourage them to contribute to the future growth of the Group.

The Proposed Disposal and Proposed ESS are collectively referred to as the "Proposals". The Proposals are subject to the Company's shareholders' approval at an EGM to be held on 8 June 2022. Further details of the Proposals are set out in the circular to shareholders dated 24 May 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE OUTLOOK

The Malaysian economy is expected to remain on its recovery path in line with the continued expansion in global demand and higher private sector spending. Requirements for sustainable packaging is expected to be on the upward trend as the construction and building materials sectors are forecasted to grow after the pandemic. The pandemic has transformed the procurement process and supply chain from the previous practice. Given the ongoing disruption in supply chain, KYM Group will be more prudent with its raw material supply. We work closely and maintain relationship of trust with our customers to understand their needs.

The Carton Box division looks to improve its facilities to cope with its increasing demand as well as for better quality standard. The division will continue to embark on marketing effort and strategic business initiatives to boost its performance.

The Multiwall Industrial Paper Sacks division continues to face tough operating environment due to sack kraft paper shortages, longer supply lead times, continuous hike in paper prices, shipping costs and intense price pressure in the domestic market.

Our priorities for the coming year are about increasing sales, pursuing continued cost optimisation and efficiency measures, and securing a competitive and reliable supply of raw materials. The Group is embarking on digital transformation and smart manufacturing to future proof our business and to improve operational efficiency.

The Group continues to explore new business roadmap for the Group including but not limited to new investments or business opportunities to increase revenue and earnings. Barring any unforeseen circumstances, the Board expects the outlook of the Group for 2022 to be resilient.

DIVIDEND POLICY

At present, the Group's focus is to create and enhance shareholders' value in the long run. We shall re-invest the earnings to grow our business organically or inorganically. As such, the Group does not currently plan to adopt any dividend policy in the short term but will consider to distribute excess profits once earnings become more stable. This would be after taking into consideration of the working capital requirements and planned capital expenditure in the future.

SUSTAINABILITY STATEMENT

CORPORATE VISION

We aim to be a trusted global player in delivering industrial, property and construction solutions to an international and local clientele.

By being thoroughly committed to innovation, technology, human capital and sustainable development, we aim to be critical enablers to an environment in which businesses thrive and communities are enriched.

SUSTAINABILITY STRATEGY



ECONOMIC

To build financial strength and deliver sustainable shareholder returns.



ENVIRONMENTAL

To mitigate any negative environmental impact and conserve the surrounding environment



SOCIAL

To foster a robust, diverse and capable workforce, and create a safe workplace.

ABOUT THIS STATEMENT

We are pleased to present our Sustainability Statement for fifth (5th) consecutive years. It covers our diverse achievements in creating economic, environmental and social value for a wide array of stakeholders. This statement refers to the financial year from 1 February 2021 to 31 January 2022, unless indicated otherwise, it has been prepared in accordance with Bursa Malaysia Sustainability Reporting Guide 2nd Edition and the Global Reporting Initiative ("GRI") Standards.

STATEMENT SCOPE AND BOUNDARY

This statement focus on the Group's business operation of marketing and manufacturing of multiwall industrial paper sacks and corrugated carton boxes which includes its manufacturing factories in Selangor and Perak.

SUSTAINABILITY STRATEGY

Based on our Group's corporate vision statement, we have drawn out our sustainability strategy focusing on the three pillars of sustainability: economy, environment and society. In contributing to these pillars, we focus our efforts and resources on innovative technology, quality assurance and human capital development.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE STRUCTURE

We are cognisant of the importance of having a robust governance structure to ensure the seamless integration of sustainability initiatives within our business operations. To this end, we have established a sustainability governance structure comprising the Board of Directors ("BOD"), the Chief Executive Officer ("CEO") and the Sustainability Committee ("SC").



While the SC monitors and reports the progress of implemented sustainability initiatives to the CEO, the CEO plays an advisory role to the SC, providing guidance and overseeing the Group's sustainability performance. The BOD, at the apex of the structure, is ultimately responsible for the endorsement of the sustainability strategy and related policies and initiatives within the Group.

The roles and responsibilities of the BOD, CEO and SC within the governance structure for sustainability are described below:

Roles and Responsibilities

BOD

- Reviews and approves the Group's sustainability strategy and related policies, initiatives, priorities and targets
- Endorses the proposed sustainability initiatives and progress, and the annual sustainability statement

CEO

- Guides and advises the key departments on the development of sustainability strategies, initiatives, priorities and targets
- Reports to the BOD on the proposed sustainability initiatives

SC

- Reports to the CEO on progress of the Group's sustainability efforts
- Presents the annual sustainability statement for review and comments
- Monitors data to evaluate the Group's sustainability progress
- Conducts management meetings with key departments to discuss the progress of sustainability-related initiatives and programmes

Over the years, we have fostered our relationship with our stakeholders by concentrating on prioritizing our stakeholders, the quality of our goods, the social impact we have made, the economic success we have accomplished, and our consistency in compliance with applicable legislation and regulations. The following table covers a list of key stakeholder groups, various methods of engagement and key issues raised.

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Engagement

Our Key Stakeholder	Our Engagement With Them during the Reporting Period	Frequency of Engagement	Issues Raised
Investors	Annual General Meeting Company's website Financial results announcements Annual Reports Press releases Press conference	Annually Continuous Quarterly Annually As needed As needed	<ul style="list-style-type: none"> Group's financial and business performance Business strategy Corporate governance Investment return Share price performance
Employees	Town hall sessions Management meetings Staff appraisals Staff engagement activities (e.g. festive celebration, annual dinner)	As needed Monthly Annual Continuous	<ul style="list-style-type: none"> Performance evaluation and management Remunerations Training and development programme Career development and progression opportunities Employees' needs and wellbeing
Customers	Customers meeting Feedback sessions Customer Satisfaction Surveys Audit by Customers Community and networking events	Continuous Continuous Continuous Continuous Continuous	<ul style="list-style-type: none"> Product quality and safety Customer-company relationship management Reliable delivery Business practices and ethics
Suppliers and Vendors	Evaluation and performance reviews Contract negotiation Open tenders	Continuous As needed As needed	<ul style="list-style-type: none"> Reliability of supply Product quality Pricing of services Green sourcing of materials
Regulatory Agencies and Statutory Bodies	Inspection/audit by local authority Compliance with Bursa Malaysia's requirements Direct consultation with local regulators Participation in workshops and events organised by regulatory agencies	Continuous Continuous Continuous Continuous	<ul style="list-style-type: none"> Environmental management and compliance Governance compliance Occupational safety and health Labour practices
Local Communities	Community engagement CSR programmes Press releases	Continuous Continuous As needed	<ul style="list-style-type: none"> Social Issues Impact of business operations Transparency and accountability Environmental impacts

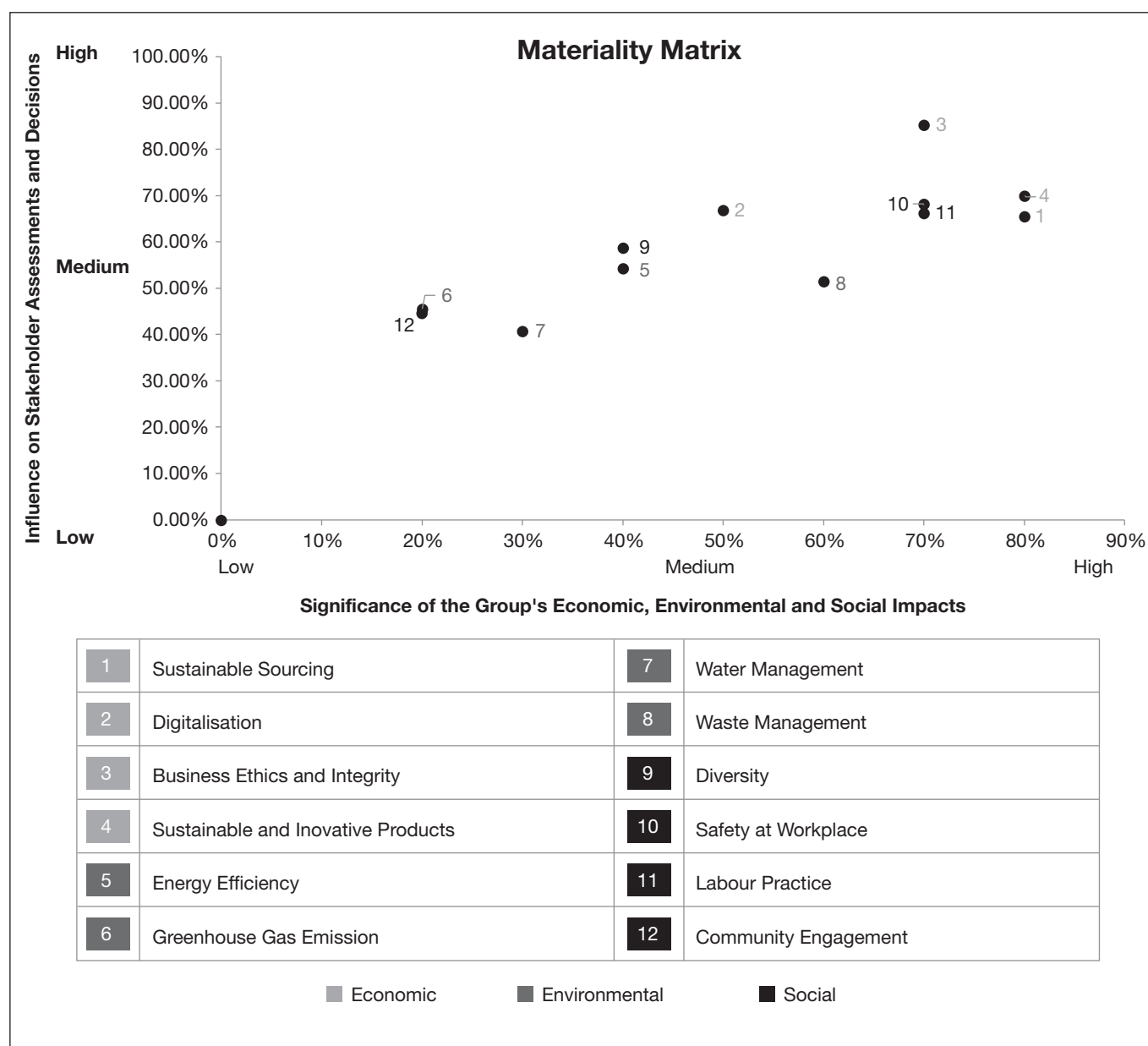
Materiality Assessment

We have identified the sustainability matters that are mapped to the GRI indicator and material to our multiwall industrial paper sacks and corrugated carton boxes segments. During the financial year, we have reached out to our internal stakeholders to understand their expectations on sustainability matters that are material to the business and evaluated the importance and significance of the material sustainability matters. We have updated the assessment to ensure it remains current, accurate and relevant to our businesses.

SUSTAINABILITY STATEMENT

(CONT'D)

Material Sustainability Matters	Applicable GRI Indicator(s)	Relevant Stakeholder Group(s)
Sustainable Sourcing	Procurement Practices Supplier Environmental Assessment	Suppliers, Vendors and Customers
Diversity	Diversity and Equal Opportunity	Employees
Energy Efficiency	Energy	Local Communities
Waste Management	Waste	Regulatory Agencies and Statutory Bodies
Water Management	Water and effluents	Local Communities
Community Engagement	Effluents and Waste	Regulatory Agencies and Statutory Bodies
Labour Practices	Diversity and Equal Opportunity	Employees
Business Ethics and Integrity	Anti-Corruption	Shareholders/Investors
Safety at Workplace	Occupational Health and Safety	Employees, Suppliers and Vendors
Sustainable and Innovative Products	GRI General Standards Disclosures	Customers



SUSTAINABILITY STATEMENT (CONT'D)

The list was then prioritised and formed the basis for the Group's sustainability strategy and focus. The factors that were identified as highly significant in its impact on KYM's business and stakeholders, are listed below:

Economic	Sustainable Sourcing Business Ethics and Integrity Sustainable and Innovative Products Digitalisation
Environmental	Waste Management Energy Efficiency
Social	Safety at Workplace Labour Practices Diversity

We have reviewed the measurement and tracking method and shall use FY2021 as a baseline to guide us in strategising and setting our sustainable development objectives in the coming years.

ECONOMIC

• Sustainable Sourcing

We manage our procurement practices responsibly and maintain transparency across our supply chain. Our preference to engage local suppliers over non-local suppliers, encourages local businesses and plays a role in contributing to the local economy. However, there are some limitations on local procurement with regard to sustainable raw material as we only procure from certified paper mills that source wood and fibre from sustainably managed forests which are not available in Malaysia.

We are committed to adopting green procurement practices as part of our business in the industrial paper sacks and corrugated carton boxes industry. By integrating environmentally sound decisions into the supply-chain management of our manufacturing process, we are able to produce packaging that is sustainable and of low environmental impact.

Multiwall Industrial Paper Sacks

It is important to source sustainable raw materials from certified suppliers. 100% of our sack kraft paper are certified under the Programme for the Endorsement of Forest Certification ("PEFC") or the Forest Stewardship Council ("FSC"). Both PEFC and FSC provide certification of forests that are managed sustainably. This ensures that the material sourced has not been harvested illegally, or in violation of traditional or civil rights, or in a way that threatens high biodiversity conservation value areas.

We collaborate with a world leading provider of primary fibre based packaging materials for a sustainable procurement of major raw material i.e. high quality sack kraft paper for our industrial sacks manufacturing. Save for the sack kraft paper, the remaining raw materials for the Multiwall Industrial Paper Sacks division are sourced from the local suppliers.

Corrugated Carton Boxes

KYM's corrugated carton boxes are made from 100% recycled material and where applicable, with food grade certification, and therefore uses considerably less energy than producing new products from raw material. 98% of the raw material for the Corrugated Carton Boxes division is sourced from local certified paper mills with RoHS Compliance. The corrugated carton boxes produced are recyclable which means we reduce the quantity of waste material to the landfill. The board material we utilise is biodegradable and therefore we can reduce our impact to the soil and groundwater.

• Sustainable and Innovative Products

Innovation plays a vital role in the growth of KYM. We constantly find new ways to increase the efficiency of our business to improve profitability. We invest heavily on innovative technology and machinery as it leads to production efficiency and an increase in product quality.

With the state-of-the art machines, we increased raw material efficiency for multiwall industrial paper sacks i.e. minimise scrap and deliver the required lower basis-weight without compromising bag strength. We continue to develop with our major customers on stronger paper sacks with lower substance. The strength of our bags help generate a cleaner, healthier and safer working environment for our customers and higher efficiency in handling and transportation. We continue to work with key suppliers to innovate and improve our products to better serve our existing customers as well to develop new customers. Examples of the results of some of these new products are the Multiwall Industrial Paper Sacks Division's Top Deaeration system, the Rain Safe Sack, the D-Sacks and the coated paper.

We partnered with major paper suppliers to strengthen our technical capabilities and upskill our people of the Multiwall Industrial Paper Sacks division.

SUSTAINABILITY STATEMENT

(CONT'D)

An important measure to ensure customers get consistent, good quality products and services, which in turn brings many business benefits, is to abide by stringent quality control and quality management principles. Our efforts in this direction have earned us International Organisation for Standardisation ("ISO") Quality Management System certifications.

The Multiwall Industrial Paper Sacks division is ISO 9001:2015 certified by Intertek Certification Limited and the certification is valid till 30 January 2023. Our Corrugated Carton Box division is ISO 9001: 2015 certified by SIRIM QAS International Sdn Bhd. In order to be certified and maintain the ISO certifications our divisions are regularly audited by an independent certification body.



KYM's superior quality products meet the customers' needs with excellent performance in food safety and security practices. We are one of the few in South East Asia passes the rigorous Yum! Supplier Food Safety Assessment (FSA) audit.

• Business Ethics and Compliance

As a responsible Group, we comply with all the relevant laws and regulations set by government and the local authority. The Multiwall Industrial Paper Sacks division complied with the OSHA 1994/FMA 1967 Act, Environmental Quality Act 1974, Kualiti Alam Sekeliling (Buangan Terjadual) 2005 and Fire Services Act 1988 (FC). We go beyond compliance by practising sustainable manufacturing practices and adhering to stringent regulations. We committed to full compliance of Restriction of Hazardous Substances (RoHS) Directive. Our food packaging products are made from high quality food grade paperboard.

KYM is committed to ensuring a high standard of corporate governance by adhering to the principles and recommendations set out by the Malaysian Code on Corporate Governance 2021 and Main Market Listing Requirement issued by Bursa Malaysia.

KYM adopts a zero-tolerance approach to corruption and bribery. Employees, vendors and customers of the subsidiaries are made aware of, to understand and adhere to the Group's Anti-Bribery and Corruption Policy.

KYM's Whistleblowing Policy was established to provide all directors and employees of KYM Group a platform to raise concerns or disclose any wrongdoing that may adversely impact the Group without fear of suffering retribution and to provide a transparent and confidential process for dealing with concerns.

Initiative and Target

To obtain GFSI certification for food packaging products by year 2023.

• Digitalisation

The COVID-19 pandemic triggered the KYM Group has embarked on digital transformation of our core business to future-proof ourselves, to improve the sustainability and operational efficiency as well as to tap new growth opportunities. Our first phase of the digitalisation initiatives include, among others, digitalise the major raw material movements and supply chain management, and to create a management dashboard. We are also collaborating with UiTM to implement smart manufacturing in the factory located in Beranang.

Initiatives and Target

To complete first phase of the digital transformation at all manufacturing facilities by year 2022.

To implement smart manufacturing at the manufacturing facility in Beranang by year 2022.

ENVIRONMENTAL

It is our Group's mission to continuously play our part in the conservation and protection of our environment. We are committed to minimise our environmental footprint by operating our manufacturing factories sustainably.

REDUCE
GENERATION OF WASTE

REUSE
GOODS REPEATEDLY

RECYCLE
THOSE CANNOT BE REUSED AS RAW MATERIALS

DISPOSE OF
THOSE CANNOT BE USED BY ANY MEANS

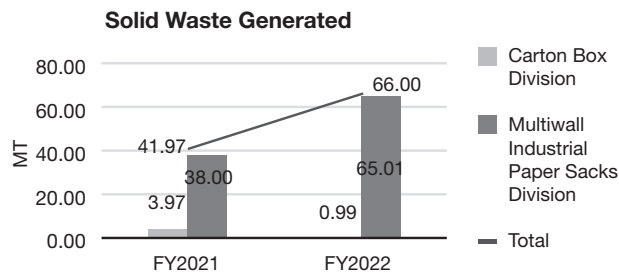
Based on the list of environmental matters in the GRI that are applicable to KYM Group, we will be prioritising the following key environmental matters that are pertinent to our business and stakeholder.

SUSTAINABILITY STATEMENT (CONT'D)

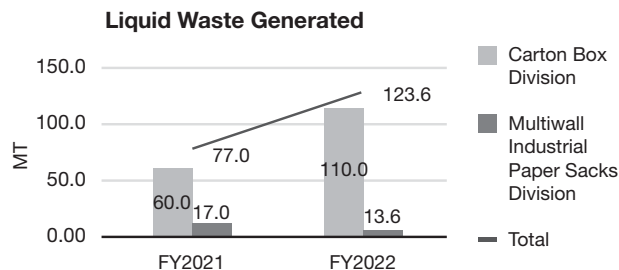
Waste Management

We adopt the “Reduce, Reuse and Recycle” concept in our waste management. We strive to reduce our waste disposal to the landfill and are committed to ensure compliance with the local regulations.

Our scheduled wastes for the FY2022 were mainly glue waste, ink sludge and waste ink. All scheduled waste generated at our manufacturing facilities are stored in a specially constructed Scheduled Waste Storage Room prior to the disposal, handled and disposed in accordance with the requirements of the Environmental Quality (Scheduled Waste) Regulations, 2005. In line with the regulations, offsite disposal or recycling of the scheduled waste is carried out only by our appointed scheduled waste contractors who are approved by the Department of Environment (DOE).



The increase of solid waste in Multiwall Industrial Paper Sacks division was attributable to the increase in ink sludge due to high number of ink change over for small quantity orders to prevent colour contamination. We are reducing ink change over frequency by better production planning, running small quantity orders in single production run.



The Carton Box division generated much lower ink sludge since the water treatment plant ceased operations. As such, the liquid waste of the Corrugated Carton Boxes division is higher as compared to solid waste. The liquid waste will be sun dried to become solid waste for proper disposal to the appointed scheduled waste contractor.

Our manufacturing factory in Perak has its own wastewater treatment plant to treat effluent before discharge into the river. We conduct monthly monitoring by engaging an independent third party certified laboratory to analyse the quality of the final discharge released from our treatment plant. This to ensure compliance to the Standard B limits stipulated in the Environmental Quality (Industrial Effluent) Regulations, 2009.

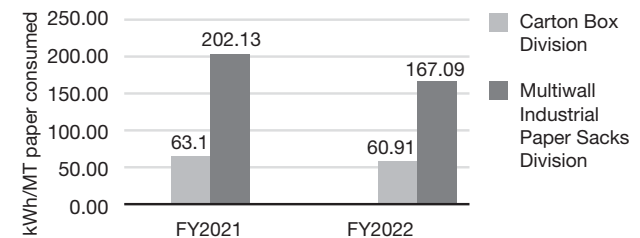
The Group shall continue the monthly waste control and chemical exposure monitoring.

Energy Efficiency

High energy consumption results in an increase in greenhouse gas emissions. KYM has established an Energy and Water Conservation Policy to reduce energy consumption and generate savings at our corporate office and manufacturing facilities. We regularly manage and monitor our energy consumption and efficiency strictly to reduce consumption, control and monitor electricity bills and retrofitting of existing appliances with energy-efficient systems.

The main source of energy consumption of our manufacturing plant is electricity.

Electricity Consumed per MT Papers Consumed



The Carton Box division has installed a new 30HP compressor to back up the existing 30HP compressor to reduce energy consumption. Despite running an additional machine to cope with the increased orders during the financial year, the Carton Box division consumed less energy.

The Multiwall Industrial Paper Sacks division showed a reduction of electricity consumption partly due to the operational shutdown during the Full Movement Control Order period and better production performance. The division will continue to perform regular machine preventive maintenance to optimise the performance and reduce wear and tear that may increase energy consumption.

We shall continue to monitor our electricity consumption whilst optimising our manufacturing process by implementing energy-saving initiatives.

Initiatives and Targets

To install solar panels at manufacturing facilities by 2023

SUSTAINABILITY STATEMENT

(CONT'D)

SOCIAL

At KYM, a positive work environment is created where our employees can learn, grow and most importantly, work safely. Our people are simply the most valued resource we have. We recognise the important role they play in our current success and long-term growth. To this end, we have developed people-centric policies and practices, so as to create a supportive and safe environment, conducive both for work and professional growth.

• Safety at Workplace

We emphasise the need for safe working environments, regular review and access the safety of our work conditions which must meet with our corporate standards. Our Safety & Health Policy sets out our commitment to manage health and safety at the workplace. The Policy aims to achieve a zero-accident rate at our manufacturing facilities. To manage occupational, safety and health issues, we have established an Emergency Response Team and Occupational Health, Safety & Environment (OHSE) Committee at our manufacturing facilities in Perak and Selangor respectively.

No. of Lost Time Injury

FY2021	1
FY2022	0

ZERO
Fatalities

FY2022 | FY2021

In light of the COVID-19 pandemic and its impact on the businesses, the Group continues to observe the Standard Operating Procedure (SOP) issued by the Ministry of International Trade and Industry and Ministry of Health from time to time to safeguard of our employees' health and safety and to ensure business continuity during the financial year:

- Daily temperature screening at factory entrance;
- Mandatory wearing of face mask;
- Undertaking RTK self test fortnightly;
- Provision of hand sanitizer;
- Practice physical distancing;
- Prescheduled daily sanitizing of the workplace and common areas;
- Virtual meeting where possible

Staff at corporate office were segregated into two (2) teams to work in office and work from home by rotation to minimise potential infections at the workplace.

We ensure the living condition of our foreign workers comply with the amended Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446). We have obtained the Certificate for Accommodation issued by the Department of Labour Peninsular Malaysia for our workers' hostel.

All employees have been fully vaccinated of which 90% have received booster shots.

• Labour Practices

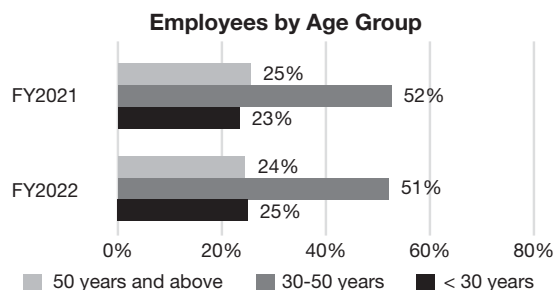
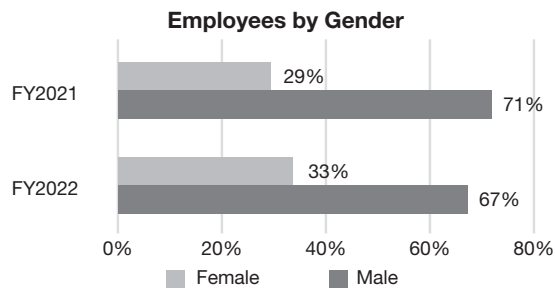
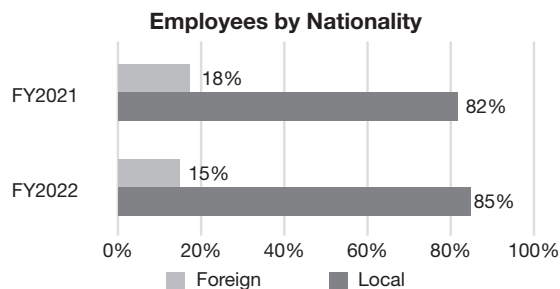
We comply with the requirements of the Employment Act, 1955 and the Minimum Wages Order 2022. Child labour is strictly prohibited in our business operation as we do not employ anyone below the age of 18.

Collective bargaining is a key means through which employers and trade unions can establish fair wages and working conditions. KYM protects workers' rights by allowing them to participate in decision making in areas which are of vital interest to them such as wages, allowance, sick leave, annual leave, etc. Approximately 33% of KYM's workers are covered under the Collective Bargaining Agreement.

SUSTAINABILITY STATEMENT (CONT'D)

Employees Diversity

Our employees are hired based on merit and credibility and we do not condone any form of discrimination based on race, age or gender. The distribution of our workforce demographics is deployed below:



The Group is committed to local employment where practical. 85% of our total workforce are Malaysian. Our workforce comprised a healthy mix of young and old generations. While male employees constitute 67% of the workforce, female employees constitute 33%, a gradual improvement from 21% over five years.

Conclusion

This statement describes our sustainability initiatives and our approach to addressing the material sustainability matters that are embedded in the Group's value chain. Moving forward we will continue to progress in our journey towards sustainability, in a focused and meaningful way to build a better tomorrow for our future generation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of KYM is pleased to present this statement to provide shareholders and investors with an overview of the corporate governance (CG) practices of the Company under the leadership of the Board during the financial year ended 31 January 2022 ("FY2022"). This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance 2011 ("MCCG").

This overview statement is prepared in compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR") and is to be read in conjunction with the Audit Committee Report, Statement on Risk Management and Internal Control and CG Report 2022 of the Company ("CG Report") which is available on the Company's website, www.kym.com.my. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the FY2022.

As at 31 January 2022, KYM applied 33 out of the total 48 recommended practices (including 5 step-up practices) in the MCCG. The Board noted the gap and identified a few areas to be focused on to achieve a higher standard of corporate governance practice.

The Board is pleased to present this statement and explain how KYM has applied the three (3) principles which are set out in MCCG:

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholder.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

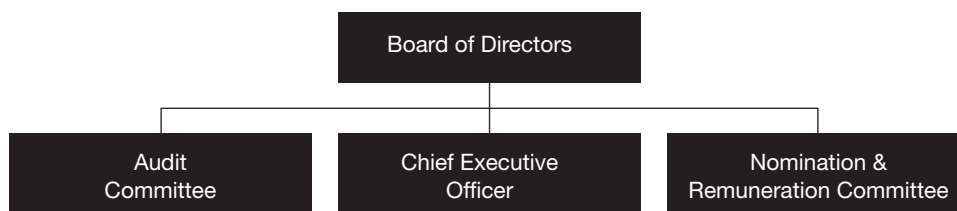
I Board Responsibilities

The role of the Board of the Company is to provide strategic guidance to the Company and effective oversight of its management for the benefit of Shareholders and other stakeholders.

A description of the roles and responsibilities of the Board is stated in the Board Charter. The Board Charter was reviewed and updated in March 2022. The latest Board Charter is available at KYM's website www.kym.com.my.

The Board has delegated specific responsibilities to two (2) board committees namely Audit Committee and Nomination & Remuneration Committee ("NRC") that operate within clearly defined terms of references.

The Board delegates the day-to-day management of KYM's business to the Chief Executive Officer ("CEO"). The matters reserved for the collective decision of the Board are listed in the Board Charter.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Directors discharged their roles and responsibilities through their attendance at the meeting. During the financial year, five (5) Board of Directors' Meeting were held and the Directors' attendance is as follows:

Name of Director	Attendance
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	5/5
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	5/5
Dato' Lim Kheng Yew	4/5
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil	5/5
Dato' Mohd Azmi Bin Othman	4/5
Lee Ji Jin Darren	5/5
Lim Tze Thean	5/5
Sharman A/L Arumugam ¹	-
Gan Chia Hui ¹	-
Tang Kae Sue ²	-

Notes:

¹ Sharman A/L Arumugam and Gan Chia Hui were appointed on 18 March 2022.

² Tang Kae Sue was appointed on 25 March 2022.

The Board is committed to enhance KYM's corporate governance practices and to promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour. Group wide Code of Conduct, Whistle Blowing Policy and Anti-Bribery And Corruption ("ABAC") Policy have been adopted. The ABAC Policy is communicated to all parties whom the Group has business dealings. The Group continues to take appropriate measures to instill a compliance culture within KYM Group.

The Board reviewed and deliberated a strategic plan that sets out the core strategic focus to drive the transformation of the Group. The Board member actively participated in the discussion on management's proposals on strategic plan for the Group. The Board deliberated the key issues and challenges, KPI, financial budgets including capital expenditure proposal for the following year, sustainability goals and initiatives at the scheduled Board Meeting. The financial budget is subject to review half yearly whereby comparisons of approved targets against the Company's actual performance will be made. The Board assessed the impact of the various phases of Movement Control Order and COVID-19 outbreak on the Group's business operations. Special strategies and initiatives proposed by the Management to mitigate the effect of impact were reviewed and approved by the Board to ensure the Group is able to weather the pandemic storm. The Board monitors the conducts of business by reviewing the financial performance of each segment at its quarterly meeting.

The detailed activities of the Board for FY2022 are provided in the CG Report 2022.

The Board is supported by a qualified and competent Company Secretary who assists the Board in fulfilling its fiduciary duties, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices of KYM Group.

The Company Secretary updates the Board on any changes to statutory and regulatory requirements or governance practices concerning their duties and responsibilities.

All Directors are provided with reports and other relevant information in a timely manner, prior to the Meeting of Board or Board Committee to enable the Directors to obtain further explanations. The CEO and other members of Senior Management attended the Board and Board Committee Meetings by invitation to provide insight into business. Upon conclusion of the meeting, the minutes of the meeting are circulated in the timely manner.

The Board, CEO and the Sustainability Committee ("SC") are responsible for the governance of sustainability. The Board at the apex of the structure, is ultimately responsible for the endorsement of the sustainability strategy and related policies and initiatives within the Group. The CEO plays an advisory role to the SC, providing guidance and overseeing the Group's sustainability performance. While the SC monitors and reports the progress of implemented sustainability initiatives to the CEO.

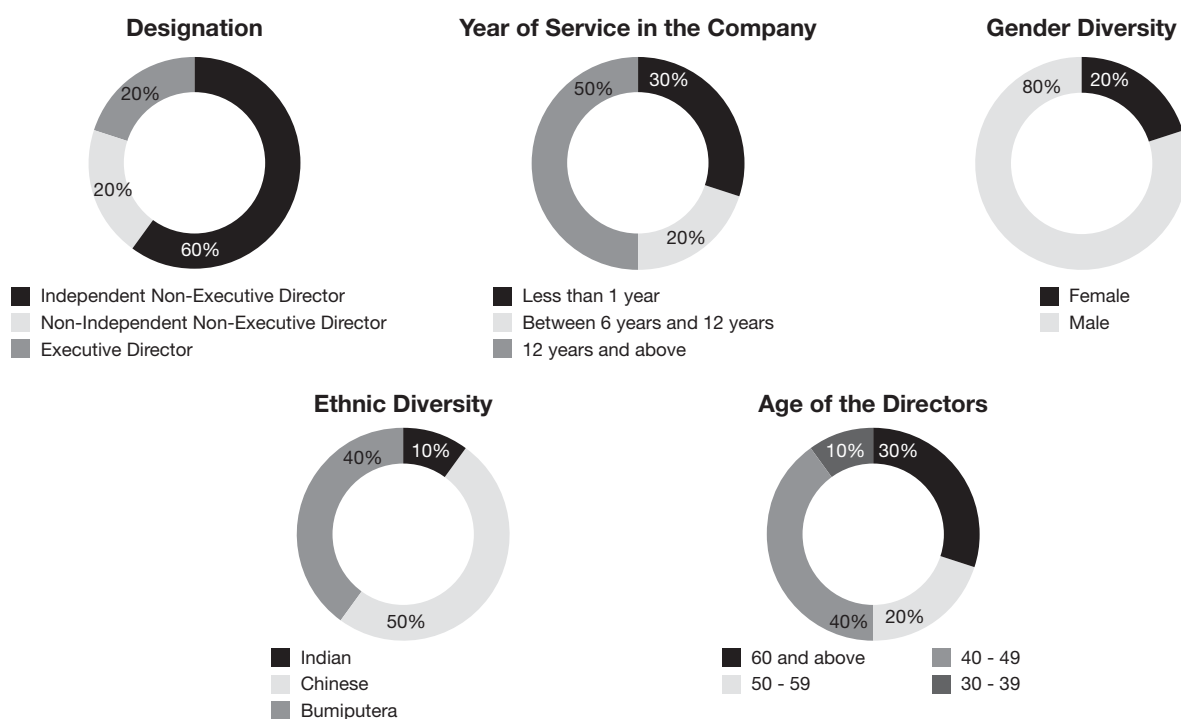
CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

II Board Composition

The Board recognises that an effective board should include the right group of people, with an appropriate mix of skills, knowledge, experience and independent elements that fit the Company's objectives and strategic goals.

As at the date of this Statement, the Board consists of ten (10) members: -

- (a) two (2) Executive Directors;
- (b) two (2) Non-Independent Non-Executive Directors; and
- (c) six (6) Independent Non-Executive Directors.



The Board is responsible for ensuring that there is an effective and orderly succession plan in KYM Group. The Board noted the potential impact of the 12-year tenure limit for independent directors. In view of the tenure of each independent director, the Board placed focus on the appointment of additional independent directors. The CEO has been tasked to search for suitable qualified candidates for potential independent directors. The CEO identified candidates based on the desired expertise and skillsets for new independent director determined by the Board based on the Company's future needs and long-term vision. The Nomination & Remuneration Committee ("NRC") will have engagement sessions to review the suitability of the shortlisted candidates prior to recommending to the Board for approval. All potential candidates will be first considered by the NRC, taking into account the mix of skills, competencies, experience, integrity, personal attributes, and time commitment. Subsequent to the financial year end, Mr Sharman A/L Arumugam, Ms Gan Chia Hui and Ms Tang Kae Sue were appointed to the Board. The Board believes that the newly appointed Directors will bring new perspective to the boardroom and that their breadth of expertise and experience will further enhance the core competencies of the Board.

The Board does not have a gender diversity policy for 30% women director on the Board. The Group practices non-discrimination in any form, whether based on age, gender or cultural background, throughout the organisation. The Board considers diversity from a number of different aspects, including diversity in skills, experience, age and cultural background.

The Board through the NRC, conducts the annual assessment on effectiveness of the Board, the Board Committees and the individual Directors of the Company. The NRC consists of three (3) members. During the financial year, Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar assumed the positions of the Chairman of the Board and Chairman of the NRC. To address this issue and considering the 12-year mandatory tenure limit for the existing independent directors, the NRC was restructured in May 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The members and the details of their attendance at the NRC Meeting are as follows:

Name of Director	Designation	Number of Meetings Attended During the Financial Year
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar ¹	Non-Independent Non-Executive Director	2/2
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim ¹	Senior Independent Non-Executive Director	2/2
Dato' Mohd Azmi Bin Othman ¹	Independent Non-Executive Director	2/2
Gan Chia Hui ²	Chair/Independent Non-Executive Director	N/A
Sharman A/L Arumugam ³	Independent Non-Executive Director	N/A
Tang Kae Sue ³	Independent Non-Executive Director	N/A

Notes:

¹ Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim and Dato' Mohd Azmi Bin Othman resigned from NRC on 19 May 2022.

² Ms Gan Chia Hui was appointed as the Chair of NRC on 19 May 2022.

³ Mr Sharman A/L Arumugam and Ms Tang Kae Sue were appointed as a NRC member on 19 May 2022.

The terms of reference of the NRC are published on the Company's website www.kym.com.my.

During the financial year, the NRC carried out the annual assessment of the effectiveness of the Board and Board Committee internally based on the agreed evaluation process, criteria to be used and the evaluation method.

Structured questionnaires were prepared taking into consideration the major roles performed by the Board. The Company Secretary compiled and presented the outcome of the assessment to the NRC. The NRC deliberated the outcome of the assessment and reported to the Board. The results of the assessment indicated that the performance of the Board and the Board Committee during the financial year has been good. The Board was able to discharge its duties professionally and effectively as well as uphold the governance standards in their conduct.

Peer Evaluation was conducted to assess the performance of each individual Director during the financial year.

The NRC carries out an annual evaluation of the independence of each Independent Director. In 2021, based on the evaluation outcome, the NRC and Board recommended to the shareholders to approve the retention of three (3) Independent Non-Executive Directors who have served on the Board for a cumulative term of more than twelve (12) years namely Datuk Seri Rahadian Mahmud Bin Mohammad Khalil, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim and Dato' Mohd Azmi Bin Othman as Independent Non-Executive Director at the 39th AGM held on 8 July 2021 through a two-tier voting process. Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar has been re-designated as a Non-Independent Non-Executive Director at the conclusion of 39th AGM as he did not meet the criteria for an independent director.

During the financial year, the NRC has undertaken an annual evaluation of the independence of all the independent directors and is satisfied that the Independent Directors have been exercising independence and due care as an independent director during the financial year. They have been consistently providing independent judgement and unbiased view in decision making at board meetings. Datuk Seri Rahadian Mahmud Bin Mohammad Khalil, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim and Dato' Mohd Azmi Bin Othman have served the Company more than fifteen (15) years. After taking consideration of the 12-year mandatory tenure limit for Independent Directors, the NRC is not recommending to retain them as Independent Non-Executive Directors at the coming AGM. Datuk Seri Rahadian Mahmud Bin Mohammad Khalil, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim and Dato' Mohd Azmi Bin Othman will be redesignated as Non-Independent Non-Executive Directors upon the conclusion of the forthcoming 40th AGM.

In order to continue to contribute effectively to the Board and Board Committee meetings, Directors are regularly provided the opportunity to take part in ongoing training and development and can also request specific training that they may consider necessary or useful.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

During financial year, all the Directors attended the virtual briefings conducted in-house in regards to the updates of Malaysia Code on Corporate Governance 2021. The other continuous education programmes attended by the Directors during the financial year are as follows:

Lee Ji Jin Darren	<ul style="list-style-type: none"> • YPO Live: Speak to Lead on 24 February 2021 • YPO Live: Rethink, Reshape, Restart - Post-Pandemic Economic Recovery in Asia on 7 July 2021 • YPO Live: Sales Management Techniques that Work on 23 June 2021 • Special Pathway Programme by MICPA - Resilience and Agility During and Post Pandemic on 28 September 2021 • Malaysia Budget 2022 webinar by Ernst & Young on 12 November 2021
Lim Tze Thean	<ul style="list-style-type: none"> • EO Accelerator - Execution Day on 10 March 2021 • Smart Factory Technical Overview: Enabling Technologies for Industry on 18 March 2021 • EO Event: Multicultural Malaysia - The Past, Present and The Future on 30 September 2021 • Prospects for ASEAN - Japan Collaboration in DX for Manufacturing on 12 November 2021 • Pre-Taipan Series: Executing your Company out of the Pandemic on 13 January 2022
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	<ul style="list-style-type: none"> • Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees on 6 December 2021
Dato' Mohd Azmi Bin Othman	<ul style="list-style-type: none"> • Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees on 6 December 2021

III Remuneration

The Company aims to set remuneration levels which are sufficient to attract and retain the Directors needed to run the Company effectively, taking into consideration the role, workload and responsibilities.

The remuneration of the Board is in line with the Group's overall practice on compensation and benefits. The Group operates a bonus and incentive scheme for all employees, including the Executive Directors. The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Group. The Executive Directors and senior management's remuneration will depend on the performance of the Group, the achievement of the goals, the performance of the individual and the prevailing market practice.

The remuneration for Non-Executive Directors is based on a fixed fee, with the Chairman of the Board and Chairman of the Audit Committee receiving higher amount in recognition of their additional responsibilities. Fees payable to Non-Executive Directors are subject to shareholders' approval at the Annual General Meeting. The individuals concerned abstain from discussions of their own remuneration. The remuneration of the Directors (Executive and Non-Executive) was reviewed by the NRC annually.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The details of the remuneration of the Directors of the Group and of the Company for the financial year under review (including remuneration drawn from the subsidiaries) on a name basis are as follows:

	The Company		The Group						
	Fee RM'000	Allowance RM'000	Fee RM'000	Salary RM'000	Bonus RM'000	Allowance RM'000	Defined Contribution Plan RM'000	Benefits in Kind RM'000	Total RM'000
Executive:									
Dato' Lim Kheng Yew	-	-	-	144	12	-	19	-	175
Lim Tze Thean	-	-	-	300	50	-	42	-	392
Non-Executives:									
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	60	5	60	-	-	5	-	-	65
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	14	5	14	-	-	5	-	-	19
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil	10	3	10	-	-	3	-	-	13
Dato' Mohd Azmi Bin Othman	10	4	10	-	-	4	-	-	14
Lee Ji Jin Darren	10	4	10	-	-	4	-	-	14
TOTAL	104	21	104	444	62	21	61	-	692

Due to the highly competitive paper packaging industry and the challenges in talent management and retention in the Group, the Board is of the opinion that the disclosure of the Senior Management personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) to be sensitive and would not be in the best interest of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT & RISK MANAGEMENT

I Audit Committee

During the financial year, the Audit Committee comprises a majority of Independent Non-Executive Directors. Following a review of the tenure of the independent directors, the Audit Committee was reconfigured in May 2022. Details on the composition of the Audit Committee are outlined in the Audit Committee Report. Consequential to the change, the Audit Committee comprises solely of Independent Directors.

The Audit Committee conducted an annual assessment of the External Auditors in accordance with the Company's External Auditors Appointment and Independence Policy to assess the suitability and independence of the External Auditors. Further details about the External Auditors are set out in the Audit Committee Report.

The NRC conducts an annual assessment of the Audit Committee to ensure that the Audit Committee carries out their duties in accordance with the Terms of Reference of the Audit Committee. Based on the outcome of the assessment carried out during the financial year, the NRC and the Board was satisfied with the performance of the Audit Committee as a whole.

II Risk Management and Internal Control Framework

The Board has overall accountability for ensuring that risk is effectively managed across the Group and, on behalf of the Board, the Audit Committee is responsible to assist the Board in ensuring the adequacy and effectiveness of internal control. The Audit Committee will evaluate the adequacy and review the effectiveness of the risk management and internal control process. Each strategic business unit is responsible for identifying, assessing, measuring and managing the risks in their respective area.

The Board has established a risk management and internal control system that is designed to manage, rather than eliminate risk, and to improve the governance process of the Group. In this respect, the key features of the Group's risk management framework are set out in Statement on Risk Management and Internal Control on pages 36 to 39 of this Annual Report.

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

I Engagement with Stakeholders

The Company recognises the significance of being transparent and accountable to its stakeholders. Therefore, the Company maintains an active and constructive communication medium that enables the Board and Management to communicate effectively with investors and the public generally.

The Board and Management convey information about the Company's performance, corporate strategy and other matters affecting shareholders' interests to the shareholders and investors through timely dissemination of information which include distribution of annual reports and relevant circulars and issuance of press releases.

The Company's website www.kym.com.my is a key communication channel for the Company to connect with its shareholders, investors and the general public. The Company's announcement, financial results, annual reports, circular to shareholders and press statements are published in the Company's website to keep the shareholders and investors informed on the Group's performance.

Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

II Conduct of General Meetings

The Annual General Meeting (“AGM”) remains the primary platform for dialogue with shareholders.

Due to the nationwide lockdown imposed by Malaysian Government effective from 1 June 2021 to prevent the spread of COVID-19, the Company’s 39th AGM was held as a fully virtual meeting through live streaming and online remote voting on 8 July 2021 in accordance with SOPs issued by MKN and guidelines issued by Securities Commission. All the members of the Board and other meeting participants attended the 39th AGM through the live streaming.

During the meeting, shareholders were provided with an opportunity to raise question, provide comments or suggestions for improvement and cast their votes during the live polling session. The Chairman, on behalf of the Board, and the Group CEO addressed questions submitted by the shareholders.

Response to the written questions raised by the Minority Shareholders Watch Group (MSWG) were presented at the meeting. The minutes of the meeting was published on the Company’s website within 30 business days after the AGM.

COMPLIANCE STATEMENT

This Statement was reviewed and approved by the Board on 19 May 2022.

AUDIT COMMITTEE REPORT

The Board of Directors of KYM Holdings Bhd (“Board”) is pleased to present Audit Committee (“AC”) Report for financial year ended 31 January 2022 (“FY2022”).

COMPOSITION AND MEETINGS

Name of Director	Designation	Attendance
Dato’ Seri Ir. Mohamad Othman Bin Zainal Azim ¹	Senior Independent Non-Executive Director	6/6
Dato’ Mohd Azmi Bin Othman ²	Independent Non-Executive Director	6/6
Lee Ji Jin Darren ²	Non-Independent Non-Executive Director	6/6
Sharman A/L Arumugam ³ (Chairman)	Independent Non-Executive Director	N/A
Gan Chia Hui ⁴	Independent Non-Executive Director	N/A
Tang Kae Sue ⁴	Independent Non-Executive Director	N/A

Notes:

¹ Dato’ Seri Ir. Mohamad Othman Bin Zainal Azim was redesignated as a member of AC on 19 May 2022.

² Dato’ Mohd Azmi Bin Othman and Mr Lee Ji Jin Darren resigned as an AC member on 19 May 2022.

³ Mr Sharman A/L Arumugam was appointed as the Chairman of AC on 19 May 2022.

⁴ Ms Gan Chia Hui and Ms Tang Kae Sue were appointed as a member of AC on 19 May 2022.

The composition of the AC during the financial year complied with the Listing Requirements of Bursa Malaysia Securities Berhad.

The term of office and the performance of the AC as a whole was evaluated by the Nomination & Remuneration Committee (“NRC”). The NRC is satisfied that the Audit Committee and its members have carried out their duties in accordance with the Terms of Reference of the AC.

During the FY2022, the AC members met six (6) times and details of attendance of each committee member are as above. The Chief Executive Officer (CEO), senior management, and representatives from the Internal or External Auditors were invited to attend the meeting to assist the AC’s discussions and consideration of reports, and to answer questions in relation to internal or external audit reviews and improvement recommendations. The AC Chairman will then report on key issues discussed at each meeting to the Board for their further considerations and deliberations.

Minutes of each AC meeting are recorded and tabled for confirmation and approval at the following meeting and subsequently presented to the Board for notation. The AC Chairman also conveys to the Board the key matters deliberated at the AC meetings and matters of significant concern as and when raised by the external or internal auditors.

RESPONSIBILITIES OF THE AC

The responsibilities of the AC are set out in the Terms of Reference duly approved by the Board, a copy of which is posted on the Company’s website under the Corporate Governance section.

Being a delegated body of the Board, the AC is empowered to review the financial matters and report and to discuss problems and reservations arising with Internal and External Auditors. Information pertaining to the financial matters is made available to the AC members to ease their responsibilities, and the AC received full support from the Board members, Company Secretary, Internal and External Auditors as well as the staff of the Group in discharging its duties during the FY2022.

AC members are updated with the relevant developments in accounting and auditing standards, practices and rules by attending trainings and briefing from the External Auditors.

AUDIT COMMITTEE REPORT (CONT'D)

ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the AC during the financial year were summarized as follows:

Financial Reporting

- The AC reviewed the unaudited quarterly financial results and audited financial statements of the Group with an aim in ensuring that the interim financial reports and financial statements were prepared in accordance with the approved Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs"), the Companies Act 2016 and other statutory requirements. In reviewing the interim financial report, the Accounts Assistant Manager and Finance Manager provided explanations on the analysis of the quarterly results and major variances. The CEO briefed on the Group's business operations, factors affecting the Group's performance and market outlook;
- The AC received assurance that appropriate accounting policies had been adopted and applied consistently;
- The AC discussed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements; and
- At the Board Meetings, the Chairman of the AC briefed the Board on the significant accounting issues raised in respect of the interim financial report or financial statements and presented the recommendations of the AC for Board's approval.

External Auditors

- The AC had on 25 March 2021, reviewed and deliberated with the External Auditors, the audit findings and accounting issues in respect of their financial audit for the financial year ended 31 January 2021.
- The External Auditors had on 20 May 2021, provided a written assurance to the AC confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The AC reviewed the non-audit services rendered by the External Auditors during the financial year ended 31 January 2021. The non-audit services rendered by the External Auditors and its network firms were mainly the annual review of the Statement of Risk Management and Internal Control and tax compliances. The total fees incurred by the Group for non-audit services rendered by Crowe Malaysia PLT and its network firms during the financial year ended 31 January 2021 were RM59,000. Considering the nature and scope of the non-audit service, the Audit Committee was of the opinion the independence of the External Auditors was not impaired by the provision of such non-audit services to the Group.
- The AC had on 20 May 2021, reviewed with the External Auditors, the final draft of the audited financial statements of the Company for the financial year ended 31 January 2021 prior to the approval by the Board. The External Auditors were of the opinion that the Company's audited financial statements gave a true and fair view of the financial position of the Company and its group in accordance with the MFRSs, IFRSs and requirements of the Companies Act, 2016.
- The AC assessed the performance, suitability and independence of the External Auditors in accordance with the External Auditors Appointment and Independence Policy and based on the quality of work of the audit team, sufficiency of resources, the AC's communication with the External Auditors during the interaction and private session with the lead engagement partner and engagement team, as well as the observations and feedback from the personnel of KYM who has substantial dealing with the engagement team during the financial year. The AC also reviewed the reasonableness of the audit fees charged against the size and complexity of the Group.

The AC was completely satisfied with the performance of the external audit team who has demonstrated independence, objectivity and professional skepticism and the suitability of Crowe Malaysia PLT as a firm and recommended to the Board the re-appointment of Crowe Malaysia PLT as External Auditors. Crowe Malaysia PLT was re-appointed as the External Auditors at the 39th Annual General Meeting held on 8 July 2021.

AUDIT COMMITTEE REPORT (CONT'D)

- At the meeting held on 8 December 2021, the AC reviewed and discussed with the External Auditors the Group's audit plan prior to the commencement of audit for financial year ended 31 January 2022 ("2022 APM"). The 2022 APM outlines the audit approach, areas of audit emphasis, audit engagement team, audit timeline and proposed audit fees. The External Auditors performed enquiries on matters required under the International Standards on Auditing ("ISA") and updated the AC with the new and latest changes in accounting standards and interpretations. The AC, upon due deliberation, approved the 2022 APM for implementation in accordance with the audit timeline.
- During the financial year, the AC had a private discussion with the External Auditors without the presence of the CEO and Management to discuss the audit scope.

Internal Auditors

- During the financial year, the outsourced internal audit function prepared an internal audit plan based on the Group's corporate and strategic goals, risks for the industry and the changes in the operating environment of the KYM Group, and the discussion with the AC and management on the latest risk information and business operation condition. The AC reviewed and approved the proposed internal audit plan, audit scope and timing.
- The AC reviewed the internal audit report presented by the Internal Auditors, considered the management's response and follow up actions thereto to ensure significant findings are adequately addressed by the management. The Managing Director of the subject Strategic Business Unit (SBU) was invited to attend the AC Meeting to facilitate discussions and to provide further information and explanation.
- A status report on the follow up audit issues together with management's explanations on outstanding items that are overdue, was tabled to the AC.
- The AC assessed the performance of the Internal Auditors in FY2022 and was satisfied with the performance of the outsourced internal audit function.

Related Party Transactions

- The AC reviewed the recurrent related party transactions entered pursuant to the Shareholders' Mandate at every scheduled meeting to ensure that the transactions were not favorable to the related parties than those generally available to the public and not detrimental to the minority shareholders.

Others

- The AC reviewed the Audit Committee Report and Statement on Risk Management and Internal Control and recommended to the Board for inclusion into the Annual Report.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent external party, Tricor Axcelasia Sdn. Bhd. which reports directly to the AC. Further information on the resources and independence of the engagement team of the outsourced internal audit function is provided in the CG Report in accordance with Practice 11.1 of the MCCG. The Internal Auditors whose principal responsibility is to evaluate and improve the effectiveness of risk management, control and governance processes. This is accomplished through a systematic and disciplined approach of regular reviews and appraisals of the management, control and governance processes based on the internal audit plan that is approved by the AC annually.

Cost incurred for the internal audit function in respect of the financial year ended 31 January 2022 is RM18,000.00.

One internal audit review was carried out during the financial year. The review was to assess the ability and effectiveness of the existing Management Information System of a SBU to meet business objectives and business operation.

The Internal Audit Report was reviewed by the AC and the relevant management personnel were made responsible for the corrective actions.

The Internal Auditors conducted follow-up assessment on the internal audit observations highlighted in previous audit reports and presented the results of the follow-up assessment to the AC. The AC discussed and followed up on the status of the Management Action Plans in relation to the audit findings to ensure the Management has taken appropriate actions to address the weaknesses highlighted by the internal auditors within the proposed timeline.

The AC Chairman reported the significant findings highlighted by the Internal Auditors to the Board of Directors after each AC meeting.

CONCLUSION

The Board is of the view that the AC and all its members have discharged their duties and responsibilities effectively during the FY2022.

This statement is made in accordance with a resolution of the Board of Directors of KYM Holdings Bhd dated 19 May 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of KYM Holdings Bhd (“Board”) is pleased to present its Statement on Risk Management & Internal Control, which is made in accordance with the paragraph 15.26(b) of Bursa Malaysia Securities Berhad Listing Requirements and as guided by Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers (“the Guidance”), outlines the nature and scope of the Group’s internal control and risk management for financial year ended 31 January 2022.

BOARD RESPONSIBILITIES

The Board is responsible for maintaining an effective governance, sound risk management framework and system of internal control that cover the financial reporting, compliance and operations of the Group to safeguard shareholders’ investment and the Group’s assets. The Audit Committee supports the Board in reviewing the adequacy and effectiveness of the Group’ risk management and internal control system. Notwithstanding that, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Management is accountable to the Board for implementing and monitoring the system of risk management and internal control and for providing assurance to the Board that it has done so. The Board received assurance from the CEO that the Group’s risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group.

RISK MANAGEMENT FRAMEWORK

The existing risk management framework is designed to advance the development and implementation of modern management practices and to support innovation throughout KYM’s operational and business activities.

Board of Directors	Oversight of governance, risk management framework and system of internal control
Audit Committee	Evaluates the adequacy and effectiveness of the risk management and internal control system
Management	Owner of the risk shall identify, assess and measure key risk areas; implement and monitor the system of risk management and internal control

Identification	Measure	Management & Control	Review & Report
<ul style="list-style-type: none"> Management identified major business risks and financial risks affecting the Group’s core business (manufacturing) Management assessed these risks based on their potential impact on the business and likelihood of the risks happening 	<ul style="list-style-type: none"> Management has established a risk register accordingly and classified the risks as high, medium and low 	<ul style="list-style-type: none"> All the Heads of the Strategic Business Units are responsible for managing the risks of their respective units Internal control policies and procedures are established 	<ul style="list-style-type: none"> Review and report changes to risk profiles and identify emerging risk

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

Management will perform separate risk assessment on new business proposals or major investments. Key risk areas will be highlighted and appropriate action plans will be prepared to address the key risks prior to the submission to the Board for consideration.

The Group is exposed to the following major risks and our key mitigation efforts to manage those risks are described below:

- **Business Continuity amid COVID-19 Pandemic**

During various phases of restrictions order, we continuously performed COVID-19 testing, adhered to the Standard Operating Procedures to ensure the safety, health and well-being of our employees and continuity of operation. In addition, staffs at corporate office were segregated into 2 teams to work in office and work from home by rotation to minimise potential infections at workplace.

- **Market competition**

The local paper packaging industry is highly competitive and will have a significant impact on selling price and profitability. The Group managed these risks by diversifying to export markets to reduce dependent on local or typical single market, adding new business segments and providing value added services.

- **Fluctuation in Foreign Currency Exchange Rate**

Volatility of the Ringgit Malaysia against the Euro and US Dollar could compress the Group's profit margin as the major raw materials for the manufacturing of multiwall industrial paper sacks are imported. The Group manages the exchange rate exposure in accordance with the Foreign Exchange Policy and Procedure. As the export sales is denominated in US Dollar, there is a natural hedge as the selling price for export in US Dollar has a positive correlation with the strengthening of the US Dollar.

- **Disruption in the Global Supply Chain**

Raw materials shortages, rising cost of raw materials, drastic spike in shipping and freight cost will have significant impact to the cost of our products. The disruption in global supply chain has resultant in paper shortage and longer delivery lead time. The Group adopts effective procurement process to mitigate material shortage and to avoid high stock taken into consideration of the lead time in procurement. Management also procures paper from multiple sources to limit supply risk and overdependence on any single supplier.

The Audit Committee with the assistance of the Internal Auditors, Tricor Axcelasia Sdn Bhd reviews the internal control processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. The internal audit work plan, which reflects the risk profile of the Group's major business sectors is routinely reviewed and approved by the Audit Committee. Further details are set out in the Audit Committee Report.

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

INTERNAL CONTROL STRUCTURE AND PROCESSES

The principle features of the Group internal control structure are summarised as follows:

(1) Responsibility and Authority Limits

- An organisational structure has defined roles and responsibilities with appropriate limits of authority. The Board has delegated specific responsibilities to the relevant committees such as Audit Committee and Nomination & Remuneration Committee to implement and monitor the Board's policies and controls within the Group in accordance with their respective terms and reference. Matters reserved for the Board's decision are clearly set out in the Board Charter which is published in the Company's website. The Board delegates responsibility for the day-to-day management of the Company to the CEO.
- Different authority limits are set for different categories of managers for the procurement of capital expenditure and approval of general and operational expenses. Similarly, cheque signatories and authority limits are clearly defined and enforced.

The Limits of Authority and the categories of transactions is reviewed periodically to determine the relevance and applicability of existing authority levels.

(2) Strategic Planning and Monitoring

- The Group's corporate objectives and corporate values deliberated at the Board Meeting will be disseminated to members of management at the scheduled fortnightly top management meetings. Significant business risks that have impacted or likely to impact each business unit are raised and discussed regularly during the fortnightly management meetings. Appropriate action plans and control procedures are implemented to mitigate the risks and issues identified. The CEO will closely monitor the business and operational risks and ensure that the Group's corporate objectives are met, as well as the review of relevant management and operational reports. Significant risks are escalated to the Board at the scheduled Board Meetings.
- The annual budgeting process is one of our key control activities. All operating subsidiaries prepare their respective budgets and business plan which will be reviewed by the Senior Management before tabling to the Board for deliberation and approval. The actual performance versus the approved financial budgets are reviewed by the Board half yearly. Financial performance variances are presented to the Board on quarterly basis.
- Management holds fortnightly meetings with Heads of Strategic Business Unit to discuss strategic issues and resolve challenges faced with regard to operational and administrative matters. Finance team meeting is held monthly to review the performance of the business units. Variances are analysed against the budget (for financial and operational targets) and reasons for shortfalls are identified and responded in a timely manner.

(3) Policies and Standard Operating Procedures

- The Group has set in place policies and standard operating procedures for its key business processes and business units. In addition, the manufacturing subsidiaries that implement ISO 9001:2015 Quality Management System benefit from the improved risk management and operational effectiveness and efficiency as the standard provides guidance and tools to the subsidiaries to ensure their products or services meet a certain level of quality; that is, they are reliable, safe, consistent, meet customer expectations, continuously improve and comply with the law. Audit of the QMS is carried out regularly to ensure continual improvement of the effectiveness. These policies and procedures are subject to review and improvement to meet changes in business, operational and statutory needs.

(4) Assurance Compliance

- The Internal Audit function provides an independent, objective assurance on the areas of operations reviewed, and advises on the best practices that will improve and add value to the Group's internal control. Audit reports together with findings, management's response and corrective actions are presented by the Internal Auditors to the Audit Committee on a quarterly basis. In assessing the adequacy and effectiveness of the system of internal controls and financial control procedures of the Group, the Audit Committee reports to the Board on its activities, significant audit results or findings and the necessary recommendations or actions needed to be taken by management to rectify those issues.
- Management constantly monitors the gaps and issues highlighted by internal and external auditors and has shown commitment to improve on the current processes and internal controls.

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

(5) Conduct of Employees

- As part of the preventive anti-fraud measures, the Group has in place a Code of Conduct for employees that is communicated to all staff to govern the standard of ethics and good conducts.
- A Whistleblowing Policy has been formalised to provide an avenue to all directors and employees of the Group to raise concerns or disclose any wrong doing that may adversely impact the Group without fear of suffering retribution and to provide a transparent and confidential process for dealing with concerns.
- An Anti-Bribery and Corruption Policy ("ABAC Policy") has been approved by the Board on 26 March 2020. The Company adopts a zero-tolerance approach to corruption and bribery. Any violation of the ABAC Policy will be regarded as a serious matter and will result in disciplinary action, including dismissal and termination in accordance with local law.

REVIEW BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report for the financial year ended 31 January 2022, and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control systems.

BOARD'S CONCLUSION

The Board has reviewed the adequacy and effectiveness of the Group's risk management and system of internal control for the year under review and up to date of this Statement. During the year, there were no material losses caused by breakdown in internal controls. Where weaknesses were noted, Management has taken appropriate actions to address them. Based on inquiry, information and assurances received from the CEO, the Board is of the view that the risk management and system of internal control are satisfactory.

The Board will continue to develop and improve on its risk management practices which are consistent with good corporate governance.

This statement was made in accordance with a resolution of the Board dated 19 May 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. STATEMENTS OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE PREPARATION OF AUDITED FINANCIAL STATEMENTS

The Directors are legally required to prepare financial statements for each financial year which give a true and fair view in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Securities.

In preparing the financial statements of the Group and the Company for the financial year ended 31 January 2022, the Directors have: -

- adopted appropriate accounting policies and applied them consistently;
- made judgement and estimates that are prudent and reasonable; and
- ensured the applicable approved accounting standards have been followed.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company and to detect and prevent any fraud as well as any other irregularities.

2. NON-AUDIT FEES

The details of fees paid/payable to the external auditors or a firm affiliated with the auditors' firm during the financial year is set out below:

	The Group RM	The Company RM
Audit Fees	187,500	49,000
Non-Audit Services	58,000	13,000

3. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group involving the interest of Directors and major shareholders that were still subsisting at the end of the financial year ended 31 January 2022 or since the end of the previous financial year.

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FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 January 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM'000	The Company RM'000
Profit/(Loss) after taxation for the financial year	3,553	(517)
Attributable to: Owners of the Company	3,553	(517)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

DIRECTORS' REPORT

(CONT'D)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities 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 of the Group and of the Company 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 when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

DIRECTORS' REPORT

(CONT'D)

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	
Dato' Lim Kheng Yew	
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil	
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	
Dato' Mohd Azmi Bin Othman	
Lee Ji Jin Darren	
Lim Tze Thean	
Gan Chia Hui	(Appointed on 18.3.2022)
Sharman A/L Arumugam	(Appointed on 18.3.2022)
Tang Kae Sue	(Appointed on 25.3.2022)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:

Lim Kheng Eng
Mok Tuck Meng
Tan Peng Aun

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares, options over unissued shares of the Company and its related corporations during the financial year are as follows:

	At 1.2.2021	Number of Ordinary Shares		At 31.1.2022
		Bought	Sold	
The Company				
<i>Direct Interests</i>				
Dato' Lim Kheng Yew	2,000,000	-	-	2,000,000
Dato' Mohd Azmi Bin Othman	42,000	-	-	42,000
Lee Ji Jin Darren	110,000	-	-	110,000
Lim Tze Thean	3,650,000	-	-	3,650,000
<i>Indirect Interests</i>				
Dato' Lim Kheng Yew *	50,450,000	5,500,000	-	55,950,000
Lim Tze Thean #	9,800,000	5,500,000	-	15,300,000

* Deemed interested by virtue of his direct and indirect shareholdings in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and West River Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016, and by virtue of the shareholdings of his spouse and children pursuant to Section 59(11)(c) of the Companies Act 2016.

Deemed interested by virtue of his direct and indirect shareholdings in KYM Sdn Bhd and West River Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

By virtue of his shareholding in the Company, Dato' Lim Kheng Yew is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in Note 37 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 41 to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 37 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amounts of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM10 million and RM17,381 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL PERIOD

The significant events during and subsequent to the financial period are disclosed in Note 45 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 33 to the financial statements.

Signed in accordance with a resolution of the directors dated 19 May 2022.

Dato' Lim Kheng Yew

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar

STATEMENT BY DIRECTORS

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

We, Dato' Lim Kheng Yew and Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, being two of the directors of KYM Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 50 to 114 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 January 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 19 May 2022.

Dato' Lim Kheng Yew

Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Dato' Lim Kheng Yew, MIA Membership Number: CA 1820, being the director primarily responsible for the financial management of KYM Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 50 to 114 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Dato' Lim Kheng Yew, NRIC Number: 510717-08-5137
at Kuala Lumpur
in the Federal Territory
on this 19 May 2022.

Dato' Lim Kheng Yew

Before me

Datin Hajah Raihela Wanchik (No. W-275)
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KYM HOLDINGS BHD.

(Incorporated in Malaysia)

Registration No: 198201004556 (84303 - A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KYM Holdings Bhd., which comprise the statements of financial position as at 31 January 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 114.

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 January 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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Goodwill Impairment

Refer to Note 10 to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
<p>The Group has goodwill of approximately RM4.7 million arising from the acquisition of Hasrat Meranti Sdn. Bhd. and its subsidiaries, a cash generating unit ("CGU").</p> <p>The goodwill arising from the CGU of which the recoverable amount is determined by the value-in-use model, requires judgement on the part of management in identifying and then valuing the CGU.</p> <p>The value-in-use model used to assess the risk of impairment is based on assumptions including revenue forecasts, gross margins and discount rate.</p> <p>We focused on this area because of the inherent judgement involved in determining key assumptions such as future sales growth, profit margins, discount rate and terminal value.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> (a) Making enquiries of and challenging the management on the key assumptions made, which included the following: <ul style="list-style-type: none"> (i) the achievability of the business plan; and (ii) sales growth, profit margins, discount rate and terminal value. (b) Performing sensitivity analysis on key assumptions and agreeing with management's conclusion that reasonable possible changes to the assumptions would require the goodwill to be impaired; and (c) Assessing the adequacy of disclosure of goodwill in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KYM HOLDINGS BHD. (CONT'D)

(Incorporated in Malaysia)

Registration No: 198201004556 (84303 - A)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KYM HOLDINGS BHD. (CONT'D)

(Incorporated in Malaysia)

Registration No: 198201004556 (84303 - A)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

19 May 2022

Ngiam Mia Teck
03000/07/2022 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2022

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	26,784	27,284
Other investments	6	1	1	*	*
Property, plant and equipment	7	20,791	23,844	1	6
Investment properties	8	43,660	43,418	-	-
Right-of-use assets	9	34,975	44,980	410	2,988
Goodwill	10	4,667	4,667	-	-
		104,094	116,910	27,195	30,278
CURRENT ASSETS					
Inventories	11	16,787	15,225	-	-
Trade receivables	12	22,836	17,077	-	-
Other receivables, deposits and prepayments	13	1,735	1,779	370	353
Amount owing by subsidiaries	14	-	-	27,493	27,851
Current tax assets		999	1,159	-	-
Short-term investment	15	13	12	13	12
Fixed deposits with licensed banks	16	1,363	1,348	-	-
Cash and bank balances		12,964	8,533	50	40
		56,697	45,133	27,926	28,256
Assets classified as held for sale	17	5,610	-	-	-
		62,307	45,133	27,926	28,256
TOTAL ASSETS		166,401	162,043	55,121	58,534
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	110,381	110,381	110,381	110,381
Reserves	19	72	72	-	-
Accumulated losses		(22,193)	(25,749)	(85,577)	(85,060)
Equity attributable to owners of the Company		88,260	84,704	24,804	25,321
Non-controlling interests		-	3	-	-
TOTAL EQUITY		88,260	84,707	24,804	25,321

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2022 (CONT'D)

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES (CONT'D)					
NON-CURRENT LIABILITIES					
Term loans	20	229	498	-	-
Lease liabilities	21	16,138	23,095	646	3,015
Deferred tax liabilities	22	9,022	9,037	-	-
		25,389	32,630	646	3,015
CURRENT LIABILITIES					
Trade payables	23	11,435	7,377	-	-
Other payables and accruals	24	7,862	6,681	615	549
Amount owing to subsidiaries	14	-	-	27,974	28,445
Amount owing to related parties	25	1,309	1,430	990	881
Amount owing to a director	26	77	77	-	-
Current tax liability		43	-	-	-
Lease liabilities	21	5,083	5,242	92	323
Short-term borrowings	27	24,032	20,147	-	-
Bank overdrafts	28	2,911	3,752	-	-
		52,752	44,706	29,671	30,198
TOTAL LIABILITIES		78,141	77,336	30,317	33,213
TOTAL EQUITY AND LIABILITIES		166,401	162,043	55,121	58,534

Note:

* Less than RM1,000.

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
REVENUE	29	82,844	70,253	-	-
COST OF SALES	30	(69,234)	(61,182)	-	-
GROSS PROFIT		13,610	9,071	-	-
OTHER INCOME	31	2,436	1,485	1,083	*
		16,046	10,556	1,083	*
SELLING AND DISTRIBUTION EXPENSES	32	(3,681)	(3,335)	-	-
ADMINISTRATIVE EXPENSES	33	(5,140)	(5,043)	(418)	(353)
OTHER EXPENSES	34	(726)	(945)	(803)	(399)
FINANCE COSTS	35	(1,996)	(2,431)	(145)	(228)
NET REVERSAL OF IMPAIRMENT LOSSES/ (IMPAIRMENT LOSSES) ON FINANCIAL ASSETS	36	298	(298)	(234)	(244)
PROFIT/(LOSS) BEFORE TAXATION		4,801	(1,496)	(517)	(1,224)
INCOME TAX EXPENSE	38	(1,248)	434	-	-
PROFIT/(LOSS) AFTER TAXATION/TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		3,553	(1,062)	(517)	(1,224)
PROFIT/(LOSS) AFTER TAXATION/TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		3,553	(1,062)	(517)	(1,224)
EARNINGS/(LOSS) PER SHARE (SEN)	39				
Basic		2.37	(0.71)		

Note:

* Less than RM1,000.

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022

The Group	Share Capital RM'000	Employee Share Option Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Attributable to Owners of The Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1.2.2020	110,381	853	72	(25,540)	85,766	3	85,769
Loss after taxation/ Total comprehensive expenses for the financial year	-	-	-	(1,062)	(1,062)	-	(1,062)
Transaction with owners of the Company: - Employee share option reserve lapsed	-	(853)	-	853	-	-	-
Balance at 31.1.2021/1.2.2021	110,381	-	72	(25,749)	84,704	3	84,707
Profit after taxation/ Total comprehensive income for the financial year	-	-	-	3,553	3,553	-	3,553
Transaction with owners of the Company: - Strike-off of a subsidiary	-	-	-	3	3	(3)	-
Balance at 31.1.2022	110,381	-	72	(22,193)	88,260	-	88,260

The Company	Share Capital RM'000	Employee Share Option Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
Balance at 1.2.2020	110,381	853	(84,689)	26,545
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(1,224)	(1,224)
Transaction with owners of the Company: - Employee share option reserve lapsed	-	(853)	853	-
Balance at 31.1.2021/1.2.2021	110,381	-	(85,060)	25,321
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(517)	(517)
Balance at 31.1.2022	110,381	-	(85,577)	24,804

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022

Note	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	4,801	(1,496)	(517)	(1,224)
Adjustments for:				
Bad debts written off	-	29	-	4
COVID-19-related rent concessions	(460)	-	-	-
Deposits written off	-	25	-	-
Depreciation of property, plant and equipment	3,024	3,401	5	10
Depreciation of right-of-use assets	3,384	3,445	298	385
Fair value gain on investment properties	(242)	(310)	-	-
Fair value gain on quoted investment	-	(*)	-	-
Gain on disposal of property, plant and equipment	(25)	-	(25)	-
Gain on modification of lease	(75)	-	(75)	-
Impairment losses on amount owing by subsidiaries	-	-	234	244
Impairment loss on investment in a subsidiary	-	-	500	-
Interest expense	1,996	2,431	145	228
Interest income	(15)	(16)	(*)	(*)
Investments in subsidiaries written off	-	-	*	-
Inventories written down	40	44	-	-
Inventories written off	121	6	-	-
(Reversal of impairment losses)/Impairment losses on trade receivables	(298)	298	-	-
Waiver of amount owing to a subsidiary	-	-	(776)	-
Operating profit/(loss) before working capital changes	12,251	7,857	(211)	(353)
(Increase)/Decrease in inventories	(1,723)	1,864	-	-
Increase in trade and other receivables	(5,417)	(288)	(17)	(133)
Increase/(Decrease) in trade and other payables	5,239	(1,685)	66	48
Decrease in amount owing by subsidiaries	-	-	124	317
Increase in amount owing to subsidiaries	-	-	705	122
(Decrease)/Increase in amount owing to related parties	(121)	901	109	517
CASH FROM OPERATIONS	10,229	8,649	776	518
Income tax refunded	*	601	-	-
Income tax paid	(1,060)	(442)	-	-
Interest paid	(1,775)	(2,431)	(145)	(228)
NET CASH FROM OPERATING ACTIVITIES	7,394	6,377	631	290

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Addition to right-of-use assets	40(a)	(97)	(7)	-	-
Interest received		15	16	*	*
Proceeds from disposal of property, plant and equipment		25	-	25	-
Purchase of property, plant and equipment	40(a)	(756)	(842)	-	-
Placement of fixed deposits pledged to licensed banks		(15)	(16)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(828)	(849)	25	*
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Repayment of lease liabilities		(4,909)	(3,159)	(245)	(181)
Net drawdown of bills payable		3,629	6,848	-	-
Repayment of term loans		(257)	(97)	-	-
Net drawdown of bankers' acceptances		644	(878)	-	-
Net repayment of revolving credit		(400)	(600)	-	-
Repayment to a subsidiary		-	-	(400)	(100)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	40(b)	(1,293)	2,114	(645)	(281)
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,273	7,642	11	9
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		4,793	(2,849)	52	43
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	40(d)	10,066	4,793	63	52

Note:

* Less than RM1,000.

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office, which is also the principal place of business, is at Level 17, KYM Tower, No. 8 Jalan PJU 7/6, Mutiara Damansara, 47800 Petaling Jaya, Selangor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 19 May 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendment to MFRS 16: Covid-19-Related Rent Concessions

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

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Effective Date

MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

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 reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

(b) Valuation of Investment Properties

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining property size, location, market trends and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting fair value. The carrying amount of investment properties as at the reporting date is disclosed in Note 8 to the financial statements.

(c) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of goodwill as at the reporting date and the key assumptions and sensitivity analysis are disclosed in Note 10 to the financial statements.

(d) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 7 and 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

(f) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales including changes in the customer payment profile in response to the COVID-19 pandemic and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 12 to the financial statements.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information incorporating the impact of COVID-19 pandemic. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Notes 13 and 14 to the financial statements respectively.

(h) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and current tax liability as at the reporting date are as follows:

	The Group	
	2022	2021
	RM'000	RM'000
Current tax assets	999	1,159
Current tax liability	43	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(b) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(c) Share-based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree 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 at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other 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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use, and the estimated costs of dismantling and removing the items and restoring that site on which they are located.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Buildings	2%
Plant and machinery	6.67% - 20%
Forklifts, tools and equipment and production accessories	10% - 50%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings, renovation and electrical installation	10% - 20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-to-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If the owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

4.9 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method 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 Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

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 uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.12 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (or non-current assets of the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

4.13 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.16 OPERATING SEGMENTS

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

4.17 EARNINGS PER ORDINARY SHARE

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 BORROWING COSTS

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

4.19 FAIR VALUE MEASUREMENTS

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 a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions and leasing transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability 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 transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

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

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risk of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 OTHER OPERATING INCOME

(a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Interest Income

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

(c) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022	2021
	RM'000	RM'000
Unquoted shares, at cost	75,590	75,590
Accumulated impairment losses	(48,806)	(48,306)
	26,784	27,284
Accumulated impairment losses:		
At 1 February 2021/2020	(48,306)	(48,306)
Addition during the financial year (Note 34)	(500)	-
At 31 January	(48,806)	(48,306)

The details of the subsidiaries, all of which the principal place of business is in Malaysia, are as follows:

Name of Subsidiary	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2022 %	2021 %	
Subsidiaries of the Company			
KYM Industries (M) Sdn. Bhd. ("KYMM")	100	100	Manufacturing and sale of corrugated fibre boards and boxes.
KYM Industries (Johor) Sdn. Bhd. ("KYMJ")	100	100	Dormant.
KYM Industries (BP) Sdn. Bhd. ^	-	95	Dormant.
KYM Industries (Melaka) Sdn. Bhd.	100	100	Dormant.
Polypulp Enterprises Sdn. Bhd. ("Polypulp")	100	100	Investment holding.
KYM Properties Sdn. Bhd. ("KYMP")	100	100	Property management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries, all of which the principal place of business is in Malaysia, are as follows (Cont'd):

Name of Subsidiary	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2022 %	2021 %	
Subsidiaries of the Company (Cont'd)			
KMG Assets Sdn. Bhd.	100	100	Providing management services.
Hasrat Meranti Sdn. Bhd. (“HMSB”)	100	100	Investment holding and manufacturing and sale of multi-wall industrial paper bags.
Subsidiaries of KYMM			
Anabatic Sdn. Bhd.	100	100	Property investment.
Teguh Amalgamated Sdn. Bhd.	100	100	Property investment.
Subsidiary of KYMJ			
Panorama Industries Sdn. Bhd.	100	100	Dormant.
Subsidiary of Polypulp			
Tegas Consolidated Sdn. Bhd. (“Tegas”)	100	100	Investment holding.
Subsidiary of Tegas			
Harta Makmur Sdn. Bhd. (“Harta”) ⁽¹⁾	100	100	Property investment and development.
Subsidiaries of Harta			
Teluk Rubiah Resorts Sdn. Bhd.	100	100	Dormant.
Teluk Rubiah Country Club Sdn. Bhd.	100	100	Dormant.
Subsidiaries of KYMP			
KYM Development (Perak) Sdn. Bhd.	100	100	Property investment.
KYM Leisure Sdn. Bhd.	100	100	Dormant.
Subsidiaries of HMSB			
Hasrat Meranti (Chemor) Sdn. Bhd.	100	100	Manufacturing and sale of multi-wall industrial paper bags.
Hasrat Meranti (Tapah) Sdn. Bhd.	100	100	Manufacturing and sale of multi-wall industrial paper bags.

Notes:

[^] The subsidiary has been struck off during the current financial year.

⁽¹⁾ 60% and 40% interest held by Tegas Consolidated Sdn. Bhd. and the Company respectively.

Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiaries were not individually material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

6. OTHER INVESTMENTS

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Quoted shares, at fair value	1	1	-	-
Unquoted shares, at fair value	*	*	*	*
	1	1	*	*

Note:

* Less than RM1,000.

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and	Forklifts, Tools and Equipment and Production Accessories	Motor Vehicles	Other Assets #	Total
	RM'000	Machinery RM'000	RM'000	RM'000	RM'000	RM'000
The Group						
2022						
<i>Carrying Amount</i>						
At 1.2.2021	12,413	9,549	1,161	125	596	23,844
Additions	-	152	414	-	190	756
Classified as held for sale	(785)	-	-	-	-	(785)
Depreciation charges	(316)	(2,080)	(455)	(30)	(143)	(3,024)
Disposal	-	-	-	(*)	-	(*)
At 31.1.2022	11,312	7,621	1,120	95	643	20,791

Notes:

Other assets consist of office equipment, furniture and fittings, renovation and electrical installation.

* Less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RM'000	Plant and Machinery RM'000	Forklifts, Tools and Equipment and Production Accessories RM'000	Motor Vehicles RM'000	Other Assets # RM'000	Total RM'000
The Group						
2021						
<i>Carrying Amount</i>						
At 1.2.2020	12,729	11,927	930	27	625	26,238
Additions	-	81	633	-	128	842
Transfer from right-of-use assets (Note 9)	-	-	-	165	-	165
Depreciation charges	(316)	(2,459)	(402)	(67)	(157)	(3,401)
At 31.1.2021	12,413	9,549	1,161	125	596	23,844
2022						
At Cost	14,548	33,995	5,562	732	6,305	61,142
Accumulated Depreciation	(3,236)	(25,043)	(4,442)	(637)	(5,662)	(39,020)
Accumulated Impairment	-	(1,331)	-	-	-	(1,331)
Carrying Amount	11,312	7,621	1,120	95	643	20,791
2021						
At Cost	15,578	33,843	5,148	1,006	6,115	61,690
Accumulated Depreciation	(3,165)	(22,963)	(3,987)	(881)	(5,519)	(36,515)
Accumulated Impairment	-	(1,331)	-	-	-	(1,331)
Carrying Amount	12,413	9,549	1,161	125	596	23,844

Note:

Other assets consist of office equipment, furniture and fittings, renovation and electrical installation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Motor Vehicles RM'000	Other Assets ^ RM'000	Total RM'000
The Company			
2022			
<i>Carrying Amount</i>			
At 1.2.2021	*	6	6
Disposal	(*)	-	(*)
Depreciation charges	-	(5)	(5)
At 31.1.2022	-	1	1
2021			
<i>Carrying Amount</i>			
At 1.2.2020	*	16	16
Depreciation charges	-	(10)	(10)
At 31.1.2021	*	6	6
2022			
At Cost	-	1,039	1,039
Accumulated Depreciation	-	(1,038)	(1,038)
Carrying Amount	-	1	1
2021			
At Cost	274	1,039	1,313
Accumulated Depreciation	(274)	(1,033)	(1,307)
Carrying Amount	*	6	6

Notes:

^ Other assets consist of office equipment, furniture and fittings, renovation and electrical installation.

* Less than RM1,000.

The buildings of the Group amounting to RM7,349,000 (2021: RM8,355,000) have been pledged to financial institutions as security for banking facilities granted to the Group as disclosed in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

8. INVESTMENT PROPERTIES

	The Group 2022 RM'000	2021 RM'000
<i>Carrying Amount</i>		
At 1 February 2021/2020	43,418	43,108
Gain on changes in fair value	242	310
At 31 January	43,660	43,418

- (a) The investment properties comprise the following:

	The Group 2022 RM'000	2021 RM'000
Freehold land	4,460	4,460
Leasehold land	34,820	34,820
Building	4,380	4,138
	43,660	43,418

- (b) The investment properties of the Group amounting to RM20,880,000 (2021: RM20,638,000) have been pledged to financial institutions as security for banking facilities granted to the Group as disclosed in Note 27 to the financial statements.

- (c) The following are recognised in profit or loss in respect of investment properties:

	The Group 2022 RM'000	2021 RM'000
Rental income	522	492
Direct operating expenses	306	349

- (d) The investment properties of the Group are leased to a customer under operating leases with rentals payable monthly.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:

	The Group 2022 RM'000	2021 RM'000
Within 1 year	-	145

- (e) The fair value of the investment properties have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location, market trends and others. The most significant input into this valuation approach is the price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The fair value of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

9. RIGHT-OF-USE ASSETS

The Group	Leasehold Land RM'000	Office Building RM'000	Signage RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Factory RM'000	Warehouse RM'000	Forklifts RM'000	Total RM'000
2022									
<i>Carrying Amount</i>									
At 1.2.2021	7,749	2,313	675	19,069	216	8,216	6,623	119	44,980
Addition	-	-	-	484	-	-	-	-	484
Depreciation charges	(118)	(298)	-	(1,581)	(77)	(815)	(444)	(51)	(3,384)
Classified as held for sale	(4,825)	-	-	-	-	-	-	-	(4,825)
Modification of lease liabilities (Note 21)	-	(1,605)	-	-	-	-	-	-	(1,605)
Derecognition due to lease modification	-	-	(675)	-	-	-	-	-	(675)
At 31.1.2022	2,806	410	-	17,972	139	7,401	6,179	68	34,975
2021									
<i>Carrying Amount</i>									
At 1.2.2020	7,867	2,611	762	20,626	458	9,031	7,067	95	48,517
Addition	-	-	-	-	-	-	-	73	73
Depreciation charges	(118)	(298)	(87)	(1,557)	(77)	(815)	(444)	(49)	(3,445)
Transfer upon exercise of purchase option (Note 7)	-	-	-	-	(165)	-	-	-	(165)
At 31.1.2021	7,749	2,313	675	19,069	216	8,216	6,623	119	44,980

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

9. RIGHT-OF-USE ASSETS (CONT'D)

	Office Building RM'000	Signage RM'000	Total RM'000
The Company			
2022			
<i>Carrying Amount</i>			
At 1.2.2021	2,313	675	2,988
Depreciation charges	(298)	-	(298)
Modification of lease liabilities (Note 21)	(1,605)	-	(1,605)
Derecognition due to lease modification	-	(675)	(675)
At 31.1.2022	410	-	410
2021			
<i>Carrying Amount</i>			
At 1.2.2020	2,611	762	3,373
Depreciation charges	(298)	(87)	(385)
At 31.1.2021	2,313	675	2,988

The Group and the Company have leased certain pieces of leasehold land, office building, plant and machinery, motor vehicles, factory, warehouse and forklifts of which the leasing activities are summarised below:

- | | |
|---------------------------|---|
| (i) Leasehold land | The Group has leased certain pieces of leasehold land for lease periods ranging from 45 to 91 years. Leasehold land amounting to RM923,000 (2021: RM5,844,000) have been pledged to financial institutions as security for banking facilities as disclosed in Note 27 to the financial statements. |
| (ii) Office building | The Group has leased an office building for 6 years, with an option to renew the lease for another 3 years. |
| (iii) Plant and machinery | <p>The plant and machinery have been leased under hire purchase arrangement with lease term of 5 years. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.</p> <p>Plant and machinery amounting to RM17,513,000 (2021: RM19,069,000) is secured by a pledge of the fixed deposits of a subsidiary and corporate guarantee of the Company and a subsidiary.</p> |
| (iv) Motor vehicles | The Group has leased certain motor vehicles under hire purchase arrangements. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount. |
| (v) Factory and warehouse | The Group has leased a factory and a warehouse for 3 years, with options to renew the leases up to maximum cumulative period of 15 years. |
| (vi) Forklifts | <p>The Group has leased 2 forklifts for 4 years.</p> <p>The Group has also leased a forklift under hire purchase arrangement. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.</p> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

10. GOODWILL

	The Group	
	2022	2021
	RM'000	RM'000
Goodwill on consolidation	6,392	6,392
Accumulated impairment loss	(1,725)	(1,725)
	4,667	4,667

- (a) The carrying amount of goodwill is allocated to Hasrat Meranti Sdn. Bhd. and its subsidiaries, a cash-generating unit.
- (b) The Group has assessed the recoverable amount of goodwill allocated and determined that no additional impairment is required. The recoverable amount of the cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from cash-generating unit computed based on the projections of financial budgets approved by management covering a period of five years. The key assumptions used in the determination of the recoverable amounts are as follows:

	2022	2021
	%	%
Gross margin	13	10 - 12
Growth rate	5 - 44	5 - 21.9
Discount rate	9.74	7.11

- | | |
|----------------------------------|---|
| (i) Budgeted gross profit margin | The basis used to determine the value assigned to the budgeted gross profit margin is the average gross profit margin based on past performance and its expectations of market development. |
| (ii) Growth rate | Based on the expected projections of the manufacturing and sale of multi-wall industrial paper bags. There is no growth rate in perpetuity to arrive at terminal value. |
| (iii) Discount rate (pre-tax) | The discount rate used is the pre-tax weighted average cost of capital of the Company obtained from Bloomberg at the end of reporting period. |

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

The Board of Directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the cash-generating unit carrying amount to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

11. INVENTORIES

	The Group	
	2022	2021
	RM'000	RM'000
Raw materials	11,884	9,140
Work-in-progress	311	232
Finished goods	2,739	4,033
Consumables	1,853	1,820
	16,787	15,225
Recognised in profit or loss:		
Inventories recognised as cost of sales	54,109	46,938
Inventories written down	40	44
Inventories written off	121	6

12. TRADE RECEIVABLES

	The Group	
	2022	2021
	RM'000	RM'000
Trade receivables	22,838	17,377
Allowance for impairment losses	(2)	(300)
	22,836	17,077
Allowance for impairment losses:		
At 1 February 2021/2020	(300)	(781)
Addition during the financial year (Note 36)	-	(298)
Reversal during the financial year (Note 36)	298	-
Written off during the financial year	-	779
At 31 January	(2)	(300)

The Group's normal trade credit terms range from 14 to 90 (2021: 14 to 90) days.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Other receivables:				
Third parties	164	188	62	62
Goods and services tax recoverable	25	25	-	-
	189	213	62	62
Deposits	1,230	1,230	283	283
Prepayments	316	336	25	8
	1,735	1,779	370	353

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2022	2021
	RM'000	RM'000
Amount owing by subsidiaries	51,587	51,711
Allowance for impairment losses	(24,094)	(23,860)
	27,493	27,851
Allowance for impairment losses:		
At 1 February 2021/2020	(23,860)	(23,616)
Addition during the financial year (Note 36)	(234)	(244)
At 31 January	(24,094)	(23,860)
Amount owing to subsidiaries	(27,974)	(28,445)

- (a) The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.
- (b) In the previous financial year, included in the amount owing to subsidiaries was an interest-bearing loan of RM400,000 which bore an effective interest rate of 6.03% per annum at the end of the reporting period.

15. SHORT-TERM INVESTMENT

	The Group/The Company	
	2022	2021
	RM'000	RM'000
Wholesale money market fund, at fair value	13	12

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period have been pledged to licensed banks as security for credit facilities granted to certain subsidiaries as disclosed in Notes 21 and 28 to the financial statements.

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.35% to 1.91% (2021: 1.60% to 1.73%) per annum. The fixed deposits have maturity periods ranging from 1 month to 3 years (2021: 1 month to 3 years).

17. ASSETS CLASSIFIED AS HELD FOR SALE

On 28 January 2022, Anabatic Sdn. Bhd., a wholly-owned subsidiary of the Company, had entered into a conditional sale and purchase agreement with a third party to dispose of a piece of leasehold land together with a detached factory building and a warehouse for a total cash consideration of approximately RM22.975 million. Please refer to Note 45(b) to the financial statements for further details. Accordingly, the carrying amounts of the land and buildings have been classified as assets held for sale.

Assets classified as held for sale have been pledged to financial institutions as security for banking facilities as disclosed in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

18. SHARE CAPITAL

	The Group/The Company			
	2022	2021	2022	2021
	Number of Shares ('000)		RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares	149,890	149,890	110,381	110,381

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

19. RESERVES

(a) Revaluation Reserve

The revaluation reserve is represented by the surplus arising from a transfer of an owner-occupied building to an investment property and is not distributable by way of cash dividends.

(b) Employee Share Option Reserve

In the previous financial year, the employee share option reserve represented the equity-settled share options granted to employees. The reserve was made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and was reduced by the expiry or exercise of the share options.

The Employee Share Option Scheme of the Company ("ESOS") was governed by the ESOS By-Laws and was approved by shareholders on 13 April 2010. The ESOS then was in force for a period of 5 years effective from 16 May 2010.

The Board of Directors of the Company had on 13 May 2015 approved the extension of the duration of the ESOS for a further 5 years pursuant to the ESOS By-Laws of the Company. The ESOS expired on 15 May 2020.

The main features of the ESOS were as follows:

- (i) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group and have served for at least 3 years on the date of the offer.
- (ii) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.
- (iii) The option price shall be determined by the Option Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%.
- (iv) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.
- (v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

19. RESERVES (CONT'D)

(b) Employee Share Option Reserve (Cont'd)

The option prices and the details in the movement of the options granted are as follows:

Date of Offer	Exercise Price	Number of Options over Ordinary Shares			
		At 1.2.2020	Granted	Lapsed	At 31.1.2021
26 May 2010	RM0.90	2,843,000	-	(2,843,000)	-

The options which lapsed in the previous financial year were due to the expiry of ESOS on 15 May 2020.

The fair values of the share options granted were estimated using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used were as follows:

	At Exercise Price of RM0.50 Each
Fair value of share options at the grant date (RM)	0.30
Closing share price (RM)	0.99
Exercise price (RM)	0.90
Expected volatility (%)	20
Expected life (years)	5
Risk free rate (%)	3.63
Expected dividend yield (%)	-

20. TERM LOANS

	The Group	
	2022 RM'000	2021 RM'000
Current liabilities (Note 27)	273	261
Non-current liabilities	229	498
	502	759

- (i) The term loans of the Group at the end of the reporting period bore effective interest rates ranging from 4.22% to 4.72% (2021: 4.22% to 4.72%) per annum.
- (ii) The term loans of the Group are secured in the same manner as the bankers' acceptances disclosed in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

21. LEASE LIABILITIES

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 February 2021/2020	28,337	31,430	3,338	3,519
Additions	387	66	-	-
Changes due to lease modification (Note 9)	(1,605)	-	(1,605)	-
COVID-19-related rent concessions (Note 31)	(460)	-	-	-
Derecognition due to lease modification	(750)	-	(750)	-
Interest expense recognised in profit or loss (Note 35)	1,281	1,542	141	199
Repayment of principal	(4,909)	(3,159)	(245)	(181)
Repayment of interest expense	(1,060)	(1,542)	(141)	(199)
At 31 January	21,221	28,337	738	3,338
Analysed by:				
Current liabilities	5,083	5,242	92	323
Non-current liabilities	16,138	23,095	646	3,015
	21,221	28,337	738	3,338

Included in the lease liabilities of the Group is an amount of RM5,301,000 (2021: RM9,113,000) at floating interest rate which is secured by a pledge of the fixed deposits of a subsidiary and a corporate guarantee of the Company.

22. DEFERRED TAX LIABILITIES

	The Group	
	2022	2021
	RM'000	RM'000
At 1 February 2021/2020	9,037	9,671
Recognised in profit or loss (Note 38)	(15)	(634)
At 31 January	9,022	9,037

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

22. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax consists of the tax effects of the following items:

	The Group	
	2022	2021
	RM'000	RM'000
Deferred tax liabilities:		
Accelerated capital allowances	4,262	3,344
Revaluation arising from deemed cost property	974	994
Revaluation arising from deemed cost plant and machinery	-	118
Fair value changes of investment properties	6,036	6,049
	11,272	10,505
Deferred tax assets:		
Inventories	(20)	-
Provision for bonus	(48)	-
Unabsorbed capital allowances	(1,334)	(842)
Unabsorbed reinvestment allowances	(355)	-
Unutilised tax losses	(169)	(230)
Others	(324)	(396)
	(2,250)	(1,468)
	9,022	9,037

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2021: 30 to 90) days.

24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Other payables:				
Third parties	2,785	2,720	223	236
Sales and service tax payable	1,005	558	-	-
	3,790	3,278	223	236
Deposits received	610	151	-	-
Accruals	3,462	3,252	392	313
	7,862	6,681	615	549

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

25. AMOUNT OWING TO RELATED PARTIES

- (a) Related parties refer to persons connected to a director and/or a key management personnel and companies in which certain directors and persons connected to a director and/or a key management personnel are common directors and/or have substantial financial interests.
- (b) The amount owing is non-trade in nature, unsecured interest-free advances and payments made on behalf.
- (c) The amount owing is repayable on demand and is to be settled in cash.

26. AMOUNT OWING TO A DIRECTOR

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

27. SHORT-TERM BORROWINGS

	The Group	
	2022	2021
	RM'000	RM'000
Secured:		
Revolving credit	-	400
Bankers' acceptances	7,999	7,355
Bills payable	15,760	12,131
Term loans (Note 20)	273	261
	24,032	20,147

The bills payable, bankers' acceptances and revolving credit are secured by:

- (i) legal charges over the freehold land, leasehold land and buildings of certain subsidiaries;
- (ii) a debenture incorporating fixed and floating charges over the assets of a subsidiary; and
- (iii) a corporate guarantee of the Company and a subsidiary.

28. BANK OVERDRAFTS

The bank overdrafts are secured in the same manner as the bills payable disclosed in Note 27 to the financial statements and by a pledge of the fixed deposits of a subsidiary.

29. REVENUE

The revenue represents sales of goods which was recognised at a point in time.

The information on the disaggregation of revenue by geographical market is disclosed in Note 43 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

30. COST OF SALES

	The Group	
	2022	2021
	RM'000	RM'000
Included in cost of sales are:		
Depreciation:		
- property, plant and equipment	2,775	3,115
- right-of-use assets	2,913	2,886
Inventories written down	40	44
Inventories written off	121	6
Lease expenses:		
- short-term leases	34	35
Staff costs:		
- salaries and other benefits	5,259	4,612
- defined contribution plan	444	421

31. OTHER INCOME

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Included in other income are:				
Bad debts recovered	-	12	-	-
COVID-19-related rent concessions	460	-	-	-
Fair value gain on quoted investment	-	*	-	-
Fair value gain on investment properties	242	310	-	-
Gain on disposal of property, plant and equipment	25	-	25	-
Gain on modification of lease	75	-	75	-
Interest income	15	16	*	*
Realised gain on foreign exchange	56	16	-	-
Rental income	522	492	-	-
Waiver of amount owing to a subsidiary	-	-	776	-

Note:

* Less than RM1,000.

32. SELLING AND DISTRIBUTION EXPENSES

	The Group	
	2022	2021
	RM'000	RM'000
Included in selling and distribution expenses are:		
Staff costs:		
- salaries and other benefits	932	864
- defined contribution plan	106	101
Carriage outwards	2,492	2,183

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

33. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Included in administrative expenses are:				
Auditors' remuneration:				
- audit fees:				
- current financial year	188	189	49	49
- (over)/underprovision in the previous financial year	(1)	2	(1)	-
- non-audit fees	6	6	6	6
Lease expenses:				
- short-term leases	20	23	-	-
- low-value assets	9	23	3	20
Staff costs:				
- salaries and other benefits	2,103	2,138	-	-
- defined contribution plan	268	267	-	-

34. OTHER EXPENSES

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	-	29	-	4
Depreciation:				
- property, plant and equipment	249	286	5	10
- right-of-use assets	471	559	298	385
Deposits written off	-	25	-	-
Fair value loss on quoted investment	*	-	-	-
Realised loss on foreign exchange	6	46	-	-
Impairment loss on investment in a subsidiary	-	-	500	-
Investments in subsidiaries written off	-	-	*	-
	726	945	803	399

Note:

* Less than RM1,000.

35. FINANCE COSTS

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- term loans	43	79	-	-
- revolving credit	12	30	-	-
- bank overdrafts	246	328	-	-
- bankers' acceptances	263	305	-	-
- bills payable	143	140	-	-
- lease liabilities	1,281	1,542	141	199
- amount owing to a subsidiary	-	-	4	29
- others	8	7	-	-
	1,996	2,431	145	228

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

36. NET REVERSAL OF IMPAIRMENT LOSSES/(IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Impairment losses:				
- trade receivables (Note 12)	-	(298)	-	-
- amount owing by subsidiaries (Note 14)	-	-	(234)	(244)
Reversal of impairment losses:				
- trade receivables (Note 12)	298	-	-	-
	298	(298)	(234)	(244)

37. DIRECTORS' REMUNERATION

The aggregate amount of remuneration received and receivable by the directors of the Group and of the Company during the financial year were as follows:

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Directors of the Company</u>				
Non-Executive directors:				
- fee	104	104	104	104
Executive directors:				
- salaries and other benefits	506	444	-	-
- defined contribution plan	61	53	-	-
	567	497	-	-
	671	601	104	104
<u>Directors of the Subsidiaries</u>				
Executive directors:				
- salaries and other benefits	868	962	-	-
- defined contribution plan	129	143	-	-
	997	1,105	-	-
	1,668	1,706	104	104

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the subsidiaries were RM17,000 (2021: RM16,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

38. INCOME TAX EXPENSE

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- for the current financial year	1,254	199	-	-
- underprovision in the previous financial year	9	1	-	-
	1,263	200	-	-
Deferred tax (Note 22):				
- origination and reversal of temporary differences	(12)	(637)	-	-
- (over)/underprovision in the previous financial year	(3)	3	-	-
	(15)	(634)	-	-
	1,248	(434)	-	-

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation	4,801	(1,496)	(517)	(1,224)
Tax at the statutory tax rate of 24% (2021: 24%)	1,152	(359)	(124)	(294)
Tax effects of:				
Non-taxable income	(203)	(*)	(242)	(*)
Non-deductible expenses	739	867	366	294
Deferred tax assets not recognised during the financial year	41	24	-	-
Realisation of deferred tax liabilities arising from revaluation surplus	(138)	(147)	-	-
Utilisation of deferred tax assets previously not recognised	(349)	(823)	-	-
Under/(Over)provision in the previous financial year:				
- current tax	9	1	-	-
- deferred tax	(3)	3	-	-
Income tax expense for the financial year	1,248	(434)	-	-

Note:

* Less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

38. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

Subject to agreement with the tax authorities, the Group and the Company have unabsorbed capital allowances, unabsorbed reinvestment allowances and unutilised tax losses respectively available at the end of the reporting period to be carried forward for offset against future taxable business income:

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Excess of depreciation over capital allowances/ (Accelerated capital allowances)	144	(3,505)	-	-
Unabsorbed capital allowances	11,988	11,985	836	836
Unabsorbed reinvestment allowances	6,096	7,574	-	-
Unutilised tax losses:				
- expires year of assessment 2025	-	31,463	-	1,292
- expires year of assessment 2026	-	385	-	-
- expires year of assessment 2027	-	31	-	-
- expires year of assessment 2028	28,256	188	1,292	-
- expires year of assessment 2029	385	-	-	-
- expires year of assessment 2030	31	-	-	-
- expires year of assessment 2031	188	-	-	-
Others	19	268	-	-
	47,107	48,389	2,128	2,128

The unutilised tax losses and unabsorbed reinvestment allowances are allowed to be utilised for 10 (2021: 7) and 7 (2021: 7) respectively for the consecutive years of assessment while unabsorbed capital allowances allowed to be carried forward indefinitely.

39. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing profit/(loss) for the financial year, by the weighted average number of ordinary shares outstanding during the financial year.

The following reflect the profit/(loss) and share data used in the computation of basic earnings/(loss) per share for the financial year ended 31 January:

	The Group	
	2022	2021
Profit/(Loss) attributable to owners of the Company (RM'000)	3,553	(1,062)
Weighted average number of ordinary shares ('000)	149,890	149,890
Basic earnings/(loss) per share (sen)	2.37	(0.71)

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings/(loss) per share is equal to the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

40. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the additions of right-of-use assets is as follows:

	The Group	
	2022	2021
	RM'000	RM'000
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 7)	756	842
Right-of-use assets		
Cost of right-of-use assets acquired (Note 9)	484	73
Less: Additions of new lease liabilities (Note 40(b))	(387)	(66)
	97	7

- (b) The reconciliations of liabilities arising from financing activities are as follows:

The Group	Lease Liabilities RM'000	Term Loans RM'000	Revolving Credit RM'000	Bankers' Acceptances RM'000	Bills Payable RM'000	Total RM'000
2022						
At 1 February 2021	28,337	759	400	7,355	12,131	48,982
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	-	-	1,000	23,349	23,775	48,124
Repayment of principal	(4,909)	(257)	(1,400)	(22,705)	(20,146)	(49,417)
Repayment of interests	(1,060)	(43)	(12)	(263)	(143)	(1,521)
	(5,969)	(300)	(412)	381	3,486	(2,814)
<u>Non-cash Changes</u>						
Acquisition of new leases (Note 40(a))	387	-	-	-	-	387
Changes due to lease modification	(1,605)	-	-	-	-	(1,605)
COVID-19-related rent concessions	(460)	-	-	-	-	(460)
Derecognition due to lease modification	(750)	-	-	-	-	(750)
Interest expense recognised in profit or loss	1,281	43	12	263	143	1,742
	(1,147)	43	12	263	143	(686)
At 31 January	21,221	502	-	7,999	15,760	45,482

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

40. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):

The Group	Lease Liabilities RM'000	Term Loans RM'000	Revolving Credit RM'000	Bankers' Acceptances RM'000	Bills Payable RM'000	Total RM'000
2021						
At 1 February 2020	31,430	856	1,000	8,233	5,283	46,802
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	-	-	700	23,097	20,145	43,942
Repayment of principal	(3,159)	(97)	(1,300)	(23,975)	(13,297)	(41,828)
Repayment of interests	(1,542)	(79)	(30)	(305)	(140)	(2,096)
	(4,701)	(176)	(630)	(1,183)	6,708	18
<u>Non-cash Changes</u>						
Acquisition of new leases (Note 40(a))	66	-	-	-	-	66
Interest expense recognised in profit or loss	1,542	79	30	305	140	2,096
	1,608	79	30	305	140	2,162
At 31 January	28,337	759	400	7,355	12,131	48,982

The Company	Lease Liabilities RM'000	Amount Owing to a Subsidiary RM'000	Total RM'000
2022			
At 1 February 2021	3,338	400	3,738
<u>Changes in Financing Cash Flows</u>			
Repayment to a subsidiary	-	(400)	(400)
Repayment of principal	(245)	-	(245)
Repayment of interests	(141)	(4)	(145)
	(386)	(404)	(790)
<u>Non-cash Changes</u>			
Changes due to lease modification	(1,605)	-	(1,605)
Derecognition due to lease modification	(750)	-	(750)
Interest expense recognised in profit or loss	141	4	145
	(2,214)	4	(2,210)
At 31 January	738	-	738

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

40. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):

The Company	Lease Liabilities RM'000	Amount Owing to a Subsidiary RM'000	Total RM'000
2021			
At 1 February 2020	3,519	500	4,019
<u>Changes in Financing Cash Flows</u>			
Repayment to a subsidiary	-	(100)	(100)
Repayment of principal	(181)	-	(181)
Repayment of interests	(199)	(29)	(228)
	(380)	(129)	(509)
<u>Non-cash Changes</u>			
Interest expense recognised in profit or loss	199	29	228
At 31 January	3,338	400	3,738

(c) The total cash outflows for leases as a lessee are as follows:

	The Group 2022 RM'000	2021 RM'000	The Company 2022 RM'000	2021 RM'000
Payment of short-term leases	54	58	-	-
Payment of low-value assets	9	23	3	20
Interest paid on lease liabilities	1,060	1,542	141	199
Payment of lease liabilities	4,909	3,159	245	181
	6,032	4,782	389	400

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

40. CASH FLOW INFORMATION (CONT'D)

(d) The cash and cash equivalents comprise the following:

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	1,363	1,348	-	-
Short-term investment	13	12	13	12
Cash and bank balances	12,964	8,533	50	40
Bank overdrafts	(2,911)	(3,752)	-	-
	11,429	6,141	63	52
Less:				
Fixed deposits pledged to licensed banks	(1,363)	(1,348)	-	-
	10,066	4,793	63	52

41. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Related Party Transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:

(i) Subsidiaries

	The Company	
	2022	2021
	RM'000	RM'000
Interest expense charged by a subsidiary		
- KYM Industries (M) Sdn. Bhd.	4	29
Waiver of debts granted by a subsidiary		
- KYM Industries Melaka Sdn. Bhd.	776	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

41. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related Party Transactions (Cont'd)

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year (Cont'd):

(ii) Key management personnel

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	1,931	1,951	104	104

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the subsidiaries were RM17,000 (2021: RM16,000).

(iii) Other related parties

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Rental charged by:				
- Tzel Assets Sdn. Bhd. *#@	1,838	1,838	-	-
- TSM Towers Sdn. Bhd. *@	386	379	386	379
Rental rebate granted by:				
- Tzel Assets Sdn. Bhd. *#@	460	-	-	-
Support fee charged to:				
- Symphony Straits Sdn. Bhd. *@	186	162	-	-
Maintenance fee charged by:				
- Uni Residences Sdn Bhd *	7	4	-	-

* A company in which persons connected to Dato' Lim Kheng Yew and Lim Tze Thean are directors and/or have substantial financial interests.

A company in which Dato' Lim Kheng Yew is a director.

@ A company in which Lim Tze Thean has interests and/or is a director of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

42. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units.

The following summary described the operations in each of the Group's reportable segments:

Manufacturing segment - manufacture and sale of multi-wall industrial paper bags and corrugated fibre boards and boxes.

Investment holding segment - investment in quoted and unquoted shares are held for capital gains.

Property segment - properties lease out for rental income or held for long-term capital appreciation.

Performance is measured based on segment profit/(loss) before taxation as included in the internal management reports that are reviewed by the Group's Executive Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

SEGMENT ASSETS

The total of segment asset is measured based on all assets (including goodwill) of a segment other than tax-related assets, as included in the internal management reports that are reviewed by the Group's Executive Director. Segment total asset is used to measure return of assets of each segment.

SEGMENT LIABILITIES

Segment liabilities comprise operating liabilities and lease liabilities other than tax-related liabilities.

SEGMENT CAPITAL EXPENDITURE

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

42. OPERATING SEGMENTS (CONT'D)

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Group RM'000
2022					
<u>Revenue</u>					
External revenue	82,844	-	-	-	82,844
Inter-segment revenue	-	-	36	1,656	1,692
	82,844	-	36	1,656	84,536
Adjustments and eliminations					(1,692)
Consolidated revenue					82,844
<u>Results</u>					
Results before following adjustments	14,455	(123)	(452)	(1,230)	12,650
Reversal of impairment losses on trade receivables	298	-	-	-	298
Interest income	15	-	-	-	15
Interest expense	(1,855)	(141)	-	-	(1,996)
Depreciation of property, plant and equipment	(2,991)	(5)	(24)	(4)	(3,024)
Depreciation of right-of-use assets	(3,016)	(298)	(70)	-	(3,384)
Fair value gain on investment properties	242	-	-	-	242
Profit/(Loss) before taxation	7,148	(567)	(546)	(1,234)	4,801
Income tax expense					(1,248)
Consolidated profit after taxation					3,553
<u>Assets</u>					
Segment assets	111,961	5,871	47,360	210	165,402
Unallocated asset:					
Current tax assets					999
Consolidated total assets					166,401
<u>Liabilities</u>					
Segment liabilities	63,082	2,351	3,393	250	69,076
Unallocated liabilities:					
- Deferred tax liabilities					9,022
- Current tax liability					43
Consolidated total liabilities					78,141
<u>Other Segment Items</u>					
Non-current assets other than financial instruments:					
Additions on:					
- Property, plant and equipment	751	-	-	5	756
- Right-of-use assets	484	-	-	-	484
	1,235	-	-	5	1,240

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

42. OPERATING SEGMENTS (CONT'D)

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Group RM'000
2021					
<u>Revenue</u>					
External revenue	70,253	-	-	-	70,253
Inter-segment revenue	-	-	36	1,179	1,215
	70,253	-	36	1,179	71,468
Adjustments and eliminations					(1,215)
Consolidated revenue					70,253
<u>Results</u>					
Results before following adjustments	9,837	(336)	(716)	(1,032)	7,753
Impairment losses on trade receivables	(298)	-	-	-	(298)
Interest income	16	-	-	-	16
Interest expense	(2,203)	(228)	-	-	(2,431)
Depreciation of property, plant and equipment	(3,362)	(10)	(26)	(3)	(3,401)
Depreciation of right-of-use assets	(2,990)	(385)	(70)	-	(3,445)
Fair value gain on investment properties	-	-	310	-	310
Profit/(Loss) before taxation	1,000	(959)	(502)	(1,035)	(1,496)
Income tax expense					434
Consolidated loss after taxation					(1,062)
<u>Assets</u>					
Segment assets	105,344	8,428	46,954	158	160,884
Unallocated asset: Current tax assets					1,159
Consolidated total assets					162,043
<u>Liabilities</u>					
Segment liabilities	60,358	4,777	2,636	528	68,299
Unallocated liabilities: Deferred tax liabilities					9,037
Consolidated total liabilities					77,336
<u>Other Segment Items</u>					
Non-current assets other than financial instruments:					
Additions on:					
- Property, plant and equipment	842	-	-	-	842
- Right-of-use assets	73	-	-	-	73
	915	-	-	-	915

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

43. SEGMENT INFORMATION - GEOGRAPHICAL SEGMENTS

In presenting the information on the basis of geographical segments, segment revenue is based on the geographical location of customers. The carrying values of segment assets are based on the geographical location of the assets.

Geographical Information	Revenue		Non-Current Assets Other Than Financial Instruments	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	65,187	49,467	104,093	116,909
Singapore	5,232	5,761	-	-
Mauritius	471	192	-	-
Thailand	5,604	4,995	-	-
Philippines	187	331	-	-
Indonesia	6,163	7,627	-	-
Vietnam	-	58	-	-
India	-	1,822	-	-
	82,844	70,253	104,093	116,909

Major Customers

Revenue from one major customer (2021: two), with revenue equal to or more than 10% of the Group's revenue, amounted to RM8,919,000 (2021: RM14,629,000) arising from sales by the manufacturing segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

44.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in foreign currencies. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar, and Euro. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below.

Foreign Currency Exposure

The Group	United States Dollar RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
2022					
<u>Financial Assets</u>					
Other investments	-	-	-	1	1
Trade receivables	2,042	911	-	19,883	22,836
Other receivables	-	-	-	164	164
Short-term investment	-	-	-	13	13
Fixed deposits with licensed banks	-	-	-	1,363	1,363
Cash and bank balances	256	4	-	12,704	12,964
	2,298	915	-	34,128	37,341
<u>Financial Liabilities</u>					
Lease liabilities	-	-	-	21,221	21,221
Term loans	-	-	-	502	502
Trade payables	2,288	-	4,717	4,430	11,435
Other payables and accruals	-	-	120	6,127	6,247
Amount owing to related parties	-	-	-	1,309	1,309
Amount owing to a director	-	-	-	77	77
Bills payable	6,565	-	9,195	-	15,760
Bankers' acceptances	-	-	-	7,999	7,999
Bank overdrafts	-	-	-	2,911	2,911
	8,853	-	14,032	44,576	67,461
Net financial (liabilities)/assets	(6,555)	915	(14,032)	(10,448)	(30,120)
Less:					
Net financial liabilities denominated in the respective entities' functional currencies	-	-	-	10,448	10,448
Currency Exposure	(6,555)	915	(14,032)	-	(19,672)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
2021					
<u>Financial Assets</u>					
Other investments	-	-	-	1	1
Trade receivables	31	1,215	-	15,831	17,077
Other receivables	-	-	-	188	188
Short-term investment	-	-	-	12	12
Fixed deposits with licensed banks	-	-	-	1,348	1,348
Cash and bank balances	659	1	-	7,873	8,533
	690	1,216	-	25,253	27,159
<u>Financial Liabilities</u>					
Lease liabilities	-	-	-	28,337	28,337
Term loans	-	-	-	759	759
Trade payables	2,031	-	2,166	3,180	7,377
Other payables and accruals	-	-	221	5,751	5,972
Amount owing to related parties	-	-	-	1,430	1,430
Amount owing to a director	-	-	-	77	77
Revolving credit	-	-	-	400	400
Bills payable	5,801	-	6,330	-	12,131
Bankers' acceptances	-	-	-	7,355	7,355
Bank overdrafts	-	-	-	3,752	3,752
	7,832	-	8,717	51,041	67,590
Net financial (liabilities)/assets	(7,142)	1,216	(8,717)	(25,788)	(40,431)
Less:					
Net financial liabilities denominated in the respective entities' functional currencies	-	-	-	25,788	25,788
Currency Exposure	(7,142)	1,216	(8,717)	-	(14,643)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:

	The Group	
	2022	2021
	RM'000	RM'000
Effects on Profit/(Loss) After Taxation		
<i>United States Dollar:</i>		
- strengthened by 10%	(656)	(714)
- weakened by 10%	656	714
<i>Singapore Dollar:</i>		
- strengthened by 10%	92	122
- weakened by 10%	(92)	(122)
<i>Euro:</i>		
- strengthened by 10%	(1,403)	(872)
- weakened by 10%	1,403	872

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 44.1(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:

	The Group	
	2022	2021
	RM'000	RM'000
Effects on Profit/(Loss) Before Taxation		
Increase of 100 basis points ("bp")	(325)	(335)
Decrease of 100 bp	325	335

The Company does not have any floating rate borrowings and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles. Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have a material impact on the profit after taxation of the Group and hence, no sensitivity analysis is presented.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by two customers (2021: one customer) which constituted approximately 29% (2021: 19%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:

	The Group	
	2022	2021
	RM'000	RM'000
Malaysia	19,883	15,831
Indonesia	1,335	-
Singapore	1,021	1,215
Mauritius	465	31
Thailand	132	-
	22,836	17,077

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM32,473,000 (2021: RM33,510,000), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 180 days past due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales of 12 months (2021: 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the unemployment rate as the key macroeconomic factor of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2022				
Current (not past due)	18,132	-	-	18,132
1 to 30 days past due	3,655	-	-	3,655
31 to 60 days past due	1,009	-	-	1,009
61 to 90 days past due	40	-	-	40
Credit impaired	2	-	(2)	-
	22,838	-	(2)	22,836
2021				
Current (not past due)	11,821	-	(7)	11,814
1 to 30 days past due	3,430	-	(10)	3,420
31 to 60 days past due	1,531	-	(11)	1,520
61 to 90 days past due	210	-	(12)	198
91 to 180 days past due	140	-	(15)	125
Credit impaired	245	-	(245)	-
	17,377	-	(300)	17,077

The movements in the loss allowances in respect of trade receivables is disclosed in Note 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

The Group applies the 3-stage general approach to measure expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owed By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measure expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries (Non-trade Balances) (Cont'd)

Allowance for Impairment Losses

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
The Company			
2022			
Low credit risk	4,149	-	4,149
Credit impaired	47,438	(24,094)	23,344
	51,587	(24,094)	27,493
2021			
Low credit risk	4,097	-	4,097
Credit impaired	47,614	(23,860)	23,754
	51,711	(23,860)	27,851

The movements in the loss allowances are disclosed in Note 14 to the financial statements.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2022						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	4.71	21,221	26,960	6,075	9,765	11,120
Term loans	4.44	502	577	292	285	-
Bills payable	1.40	15,760	15,760	15,760	-	-
Trade payables	-	11,435	11,435	11,435	-	-
Other payables and accruals	-	6,247	6,247	6,247	-	-
Amount owing to related parties	-	1,309	1,309	1,309	-	-
Amount owing to a director	-	77	77	77	-	-
Bankers' acceptances	3.59	7,999	7,999	7,999	-	-
Bank overdrafts	6.95	2,911	2,911	2,911	-	-
		67,461	73,275	52,105	10,050	11,120
2021						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	5.01	28,337	35,843	6,556	14,969	14,318
Term loans	4.49	759	869	292	577	-
Bills payable	1.41	12,131	12,131	12,131	-	-
Trade payables	-	7,377	7,377	7,377	-	-
Other payables and accruals	-	5,972	5,972	5,972	-	-
Amount owing to related parties	-	1,430	1,430	1,430	-	-
Amount owing to a director	-	77	77	77	-	-
Revolving credit	6.18	400	400	400	-	-
Bankers' acceptances	3.49	7,355	7,355	7,355	-	-
Bank overdrafts	7.00	3,752	3,752	3,752	-	-
		67,590	75,206	45,342	15,546	14,318

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2022						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	5.70	738	891	132	528	231
Other payables and accruals	-	615	615	615	-	-
Amount owing to subsidiaries	-	27,974	27,974	27,974	-	-
Amount owing to related parties	-	990	990	990	-	-
Financial guarantee contracts in relation to corporate guarantees given to certain subsidiaries	-	-	32,473	32,473	-	-
		30,317	62,943	62,184	528	231
2021						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	5.70	3,338	4,179	506	2,081	1,592
Other payables and accruals	-	549	549	549	-	-
Amount owing to subsidiaries	-	28,445	28,445	28,445	-	-
Amount owing to related parties	-	881	881	881	-	-
Financial guarantee contracts in relation to corporate guarantees given to certain subsidiaries	-	-	33,510	33,510	-	-
		33,213	67,564	63,891	2,081	1,592

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	The Group	
	2022	2021
	RM'000	RM'000
Lease liabilities	21,221	28,337
Term loans	502	759
Bankers' acceptances	7,999	7,355
Revolving credit	-	400
Bills payable	15,760	12,131
Bank overdrafts	2,911	3,752
	48,393	52,734
Less: Cash and bank balances	(12,964)	(8,533)
Less: Short-term investment	(13)	(12)
Net debt	35,416	44,189
Total equity (excluding non-controlling interests)	88,260	84,704
Debt-to-equity ratio	0.40	0.52

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Short-term investment	13	12	13	12
Other investments	1	1	*	*
	14	13	13	12
<u>Amortised Cost</u>				
Trade receivables	22,836	17,077	-	-
Other receivables	164	188	62	62
Amount owing by subsidiaries	-	-	27,493	27,851
Fixed deposits with licensed banks	1,363	1,348	-	-
Cash and bank balances	12,964	8,533	50	40
	37,327	27,146	27,605	27,953
Financial Liability				
<u>Amortised Cost</u>				
Lease liabilities	21,221	28,337	738	3,338
Term loans	502	759	-	-
Bankers' acceptances	7,999	7,355	-	-
Bills payable	15,760	12,131	-	-
Trade payables	11,435	7,377	-	-
Other payables and accruals	6,247	5,972	615	549
Amount owing to subsidiaries	-	-	27,974	28,445
Amount owing to related parties	1,309	1,430	990	881
Amount owing to a director	77	77	-	-
Revolving credit	-	400	-	-
Bank overdrafts	2,911	3,752	-	-
	67,461	67,590	30,317	33,213

Note:

* Less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net (losses)/gains recognised in profit or loss	(*)	*	-	-
<u>Amortised Cost</u>				
Net gains/(losses) recognised in profit or loss	369	(282)	(234)	(248)
Financial Liability				
<u>Amortised Cost</u>				
Net (losses)/gains recognised in profit or loss	(1,467)	(2,478)	706	(228)

Note:

* Less than RM1,000.

44.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022								
<u>Financial Assets</u>								
Other investments:								
- quoted	1	-	-	-	-	-	1	1
- unquoted	-	*	-	-	-	-	*	*
Short-term investment	-	13	-	-	-	-	13	13
<u>Financial Liability</u>								
Term loans	-	-	-	-	502	-	502	502

Note:

* Less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021								
<u>Financial Assets</u>								
Other investments:								
- quoted	1	-	-	-	-	-	1	1
- unquoted	-	*	-	-	-	-	*	*
Short-term investment	-	12	-	-	-	-	12	12
<u>Financial Liability</u>								
Term loans	-	-	-	-	759	-	759	759
The Company								
2022								
<u>Financial Assets</u>								
Other investments:								
- unquoted	-	*	-	-	-	-	*	*
Short-term investment	-	13	-	-	-	-	13	13
2021								
<u>Financial Assets</u>								
Other investments:								
- unquoted	-	*	-	-	-	-	*	*
Short-term investment	-	12	-	-	-	-	12	12

Note:

* Less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

44. FINANCIAL INSTRUMENTS (CONT'D)

44.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (1) The fair values above have been determined using the following basis:
 - (i) The fair value of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.
 - (ii) The fair value of the unquoted equity investments is determined to approximate the net assets of the investee as it is immaterial in the context of the financial statements.
 - (iii) The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.
- (2) There were no transfers between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

45. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL PERIOD

- (a) On 28 May 2021, the Government of Malaysia has declared the implementation of nationwide Full Movement Control Order ("FMCO") for a period of 14 days from 1 June 2021 to 14 June 2021, and further extended for another 2 weeks up to 28 June 2021. All economic sectors are not allowed to operate during this period except essential economic and service sectors.

Part of the Group's operations has been disrupted. The Multiwall Industrial Paper Sacks Division has temporarily ceased operations in June 2021 and resumed operations in the last week of July 2021. On the other hand, the Carton Box Division is allowed to operate at reduced capacity during FMCO as it is a key supporting industry to the essential sectors including food and beverages and healthcare supply sectors.

The Group's financial performance for the current reporting period had not been significantly impacted by the COVID-19 pandemic. Nevertheless, the Group will continue to assess the situation and put in place measures to minimise impact to its businesses.

- (b) On 28 January 2022, Anabatic Sdn. Bhd., a wholly-owned subsidiary of the Company, had entered into a conditional sale and purchase agreement with a third party to dispose of a piece of leasehold land together with a detached factory building and a warehouse for a total cash consideration of approximately RM22.975 million ("Proposed Disposal").

The Proposed Disposal is subject to the approval of shareholders of the Company at an extraordinary general meeting ("EGM") to be convened. The Proposed Disposal is expected to be completed in the next financial year.

- (c) On 18 April 2022, the Company proposed to establish an employees' shares scheme ("ESS") of up to 15% of the total number of issued ordinary shares in the Company (excluding any treasury shares) at any point in time during the tenure of the scheme for eligible Directors and employees of the Company and its subsidiaries ("Proposed ESS").

The Proposed ESS is subject to the approval of shareholders of the Company at an EGM to be convened.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 APRIL 2022

The total number of issued shares of the Company stands at 149,889,753 with voting rights of one vote per ordinary share.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Holders	Total Holdings	%
1- 99	22	418	0.00
100 – 1,000	484	407,400	0.27
1,001 – 10,000	1,130	6,180,926	4.13
10,001 – 100,000	561	17,272,686	11.52
100,001 – 7,494,486	90	59,428,323	39.65
7,494,487 and above	3	66,600,000	44.43
Total	2,290	149,889,753	100.00

SUBSTANTIAL SHAREHOLDERS

As registered in the Register of Substantial Shareholders as at 29 April 2022.

Name	Direct	No. of Shares held %	Indirect	%
Cheong Chan Holdings Sdn Bhd	30,000,000	20.01	-	-
West River Capital Sdn Bhd	10,800,000	7.21	-	-
Dato' Lim Kheng Yew	2,000,000	1.33	58,450,000 ⁽¹⁾	39.00
Datin Millie Lee Siew Kim	4,650,000	3.10	7,000,000 ⁽²⁾	4.67
Lim Tze Thean	3,650,000	2.44	17,800,000 ⁽³⁾	11.88

⁽¹⁾ Deemed interest by virtue of his interest in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and West River Capital Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 ("Act") and by virtue of the shareholding of his spouse and children pursuant to Section 59(1)(c) of the Act.

⁽²⁾ Deemed interest by virtue of her interest in KYM Sdn Bhd pursuant to Section 8 of the Act.

⁽³⁾ Deemed interest by virtue of his interest in KYM Sdn Bhd and West River Capital Sdn Bhd pursuant to Section 8 of the Act.

THIRTY LARGEST SHAREHOLDERS

as at 29 April 2022

Name of Shareholders	No. of Ordinary Shares	% of Issued Capital
1. Cheong Chan Holdings Sdn Bhd	30,000,000	20.01%
2. HSBC Nominees (Asing) Sdn Bhd		
Exempt an For Credit Suisse	25,800,000	17.21%
3. West River Capital Sdn Bhd	10,800,000	7.21%
4. KYM Sdn Bhd	7,000,000	4.67%
5. HSBC Nominees (Asing) Sdn Bhd		
Exempt An for The Hongkong and Shanghai Banking Corporation Limited	5,500,000	3.67%
6. Millie Lee Siew Kim	4,650,000	3.10%
7. Kenanga Nominees (Asing) Sdn Bhd		
Cantal Capital Inc.	3,800,000	2.54%
8. Lim Tze Thean	3,000,000	2.00%
9. Mark Lim Tze Seang	3,000,000	2.00%
10. Maybank Nominees (Tempatan) Sdn Bhd		
Maybank Private Wealth Management for Melissa Lim Su Lin	3,000,000	2.00%
11. Yap Chee Lit	2,617,000	1.75%

ANALYSIS OF SHAREHOLDINGS

AS AT 29 APRIL 2022 (CONT'D)

	Name of Shareholders	No. of Ordinary Shares	% of Issued Capital
12.	Lim Kheng Yew	2,000,000	1.33%
13.	Tan Suan Huat	1,770,000	1.18%
14.	Chong Thin Choy	1,510,900	1.01%
15.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohamad Razman Bin Rahim	1,000,000	0.67%
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Kok Choy	1,000,000	0.67%
17.	Chong Toh Wee	910,000	0.61%
18.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chew Chi Hong	850,000	0.57%
19.	How Bee Lay	789,800	0.53%
20.	Magnitude Network Sdn Bhd	775,273	0.52%
21.	Ta Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Ah Onn	767,500	0.51%
22.	Loh Toh Heoh	682,300	0.46%
23.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Lim Tze Thean	650,000	0.43%
24.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Foong Wei Kuong	620,000	0.41%
25.	Denzyl Kee Tjun Xian	551,000	0.37%
26.	Yee Kwok Yim	500,000	0.33%
27.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Chu Hui (E-Klc)	448,300	0.30%
28.	Lim Soo Hien	352,000	0.23%
29.	I.S.E.T Engineering Sdn Bhd	350,000	0.23%
30.	Foong Wei Kuong	330,000	0.22%
		115,024,073	76.74%

DIRECTORS' INTEREST IN SHARES

as at 29 April 2022

Name	Direct	Ordinary Shares %	Indirect	%
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	-	-	-	-
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	-	-	-	-
Dato' Lim Kheng Yew	2,000,000	1.33	58,450,000 ⁽¹⁾	39.00
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil	-	-	-	-
Dato' Mohd Azmi Bin Othman	42,000	0.03	-	-
Lee Ji Jin Darren	110,000	0.07	-	-
Lim Tze Thean	3,650,000	2.44	17,800,000 ⁽²⁾	11.88
Sharman A/L Arumugam	-	-	-	-
Gan Chia Hui	-	-	-	-
Tang Kae Sue	-	-	-	-

⁽¹⁾ Deemed interest by virtue of his interest in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and West River Capital Sdn Bhd pursuant to Section 8 of the Act and by virtue of the shareholding of his spouse and children pursuant to Section 59(1)(c) of the Companies Act, 2016.

⁽²⁾ Deemed interest by virtue of his interest in KYM Sdn Bhd and West River Capital Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

Dato' Lim Kheng Yew is deemed to have an interest in all the shares held by the Company in its related corporations by virtue of his substantial shareholding in the Company.

LIST OF PROPERTIES

AS AT 31 JANUARY 2022

Location/Address	Land Area (m ²)	Tenure	Date of Acquisition/ (Revaluation)	Description and Existing Use	Approx. Age of Buildings	Net Book Value (RM)
Lot 7 Jalan Perusahaan 1 Kawasan Perusahaan Beranang 43700 Beranang Selangor Darul Ehsan	36,430	99 years leasehold expiring on 09.10.2099	(5.1.2022)	Industrial land with factory buildings and warehouse erected thereon	30 years	22,500,000
PN 210048 Lot No. 6917, PN 210061 Lot 6927, and HSD 489 PT No. 4116 Mukim of Lumut District of Manjung Perak Darul Ridzuan	311,253	99 years leasehold expiring on 14.03.2089	(31.1.2022)	Residential, Commercial; Vacant	-	14,820,000
PN 210047 Lot No. 6916 Mukim of Lumut District of Manjung Perak Darul Ridzuan	115,561	99 years leasehold expiring on 14.03.2089	(31.1.2022)	Residential, Vacant	-	12,400,000
PN 343148 Lot No. 392203 Mukim Hulu Kinta District of Kinta Perak Darul Ridzuan	167,400	99 years leasehold expiring on 23.11.2107	(31.1.2022)	Residential, Commercial; Vacant	-	7,600,000
12 & 14 Lorong Medan Tuanku Satu 50300 Kuala Lumpur	1,200	Freehold	(31.1.2022)	2 adjoining units of 5-storey shop/office buildings Vacant	37 years	6,400,000
Lot 10, 11 & 12 Persiaran Perindustrian Kanthan 5 Kanthan Industrial Estate 31200 Chemor Perak Darul Ridzuan	13,777	60 years leasehold expiring on 07.06.2060	(27.05.2011)	Industrial land with factory buildings, offices and warehouse erected thereon	29 years	6,262,083
Lot No. PT2 (Lot 5) Jalan Perusahaan 1 Kawasan Perusahaan Beranang 43700 Beranang Selangor Darul Ehsan	11,461	99 years leasehold expiring on 9.10.2099	(02.06.2011)	Industrial land with factory buildings, offices and warehouse erected thereon	30 years	5,348,311
Lot 16 Persiaran Perindustrian Kanthan 3 Kanthan Industrial Estate 31200 Chemor Perak Darul Ridzuan	7,532	60 years leasehold expiring on 10.2.2055	(27.05.2011)	Industrial land with single storey factory building erected thereon	11 years	1,611,628
Uni Residences B-1-01, B-1-02, B-1-03, B-1-04, B-1-09, B-1-10, KM 8, Jalan Tapah 35400 Tapah Road Perak Darul Ridzuan	-	99 years leasehold expiring on 8.12.2109	10.6.2016	Leasehold apartment units used for worker hostel	6 years	998,162
No. 443 & 443A, Jalan Wallagonia 18 Taman Universiti Wallagonia 35400 Tapah Road Perak Darul Ridzuan	260	99 years leasehold expiring on 15.02.2112	(31.1.2022)	Leasehold single storey terrace house	5 years	360,000

NOTICE OF ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of KYM Holdings Bhd. will be held at Level 17, KYM Tower, No. 8 Jalan PJU 7/6, Mutiara Damansara, 47800 Petaling Jaya, Selangor on Tuesday, 5 July 2022 at 10.00 a.m. for the following purposes:-

1. To receive the Financial Statements for the financial year ended 31 January 2022 together with the Reports of the Directors and Auditors thereon. **(NOTE 1)**
2. To approve the payment of Directors' Fees of RM104,000 for financial year ended 31 January 2022 and the payment of Directors' benefit (excluding Directors' Fees) to Non-Executive Director of up to an amount of RM38,050 from the date of 40th Annual General Meeting until the next Annual General Meeting. **(RESOLUTION 1)**
3. To re-elect the following Directors retiring in accordance with the Company's Constitution:
 - i. Lee Ji Jin, Darren (Article 81) **(RESOLUTION 2)**
 - ii. Sharman A/L Arumugam (Article 87) **(RESOLUTION 3)**
 - iii. Gan Chia Hui (Article 87) **(RESOLUTION 4)**
 - iv. Tang Kae Sue (Article 87) **(RESOLUTION 5)**

Dato' Mohd Azmi Bin Othman who retires pursuant to Article 81 of the Company's Constitution, has expressed his intention not to seek re-election. Hence, he will retain office until the close of this 40th AGM.
4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(RESOLUTION 6)**
5. As Special Business, to consider and if thought fit, pass with or without any modification, the following resolutions:

Ordinary Resolution

Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

"That pursuant to Section 75 and 76 of the Companies Act, 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time at such price and upon such terms and conditions and for such purposes and to such person or persons whomever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

And that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." **(RESOLUTION 7)**

Ordinary Resolution

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"That, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the shareholders' mandate for the recurrent related party transactions of a revenue or trading nature as approved by the shareholders of the Company on 8 July 2021 authorising the Company and its subsidiaries ("KYM Group") to enter into any of the recurrent transactions of a revenue or trading nature of the Group as set out in Section 2.2 of the Circular to Shareholders dated 31 May 2022 with the related party mentioned therein which are necessary for the day-to-day operations of the KYM Group be and is hereby renewed provided that the transaction are in the ordinary course of business, at arms' length basis and are on normal commercial terms which are not more favorable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year.

And that such approval conferred shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or

NOTICE OF ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

(iii) revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is earlier,

And that the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the Proposed Shareholders' Mandate.” **(RESOLUTION 8)**

Ordinary Resolution

Proposed Allocation of Awards to Lim Kheng Eng

“That, subject to the passing of the ordinary resolution at an Extraordinary General Meeting of the Company to be held on 8 June 2022 and the approvals of all the relevant authorities for the proposed establishment of an employees' shares scheme (“Proposed ESS”), approval be and is hereby given to the ESS Committee appointed by the Board of Directors of the Company to administer the Proposed ESS of the Company, at any time and from time to time to offer and grant to Lim Kheng Eng, being a person connected to Dato' Lim Kheng Yew, the Executive Director of the Company (as defined under the relevant provisions of the Listing Requirements of Bursa Securities for the Main Market), such number of ESS Shares and/or ESS Options representing up to an aggregate of not more than 10% of the total Awards to be issued and/or transferred pursuant to the Proposed ESS, subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-Laws.” **(RESOLUTION 9)**

6. To transact any other matter of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board

CHEE MIN ER

SSM PC No.: 201908000760 (MAICSA 7016822)

Secretary

Selangor Darul Ehsan

31 May 2022

Notes:-

1. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 29 June 2022 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf. A proxy or an attorney or a duly authorised representative need not be a member of the Company.
2. Save for an exempt authorised nominee as defined in the under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the company for multiple beneficial owners in one securities account (“omnibus account”), a Member (including an authorised nominee) 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, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.
3. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
4. The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.
5. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, Level 17, KYM Tower, No. 8, Jalan PJU 7/6, Mutiara Damansara, 47800 Petaling Jaya, Selangor at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

NOTICE OF ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

Explanatory Notes:

1. The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only. As such, this item is not a business which requires a resolution to be put to vote by shareholders.
2. Directors' Fees and Benefits

The amount of Directors' fees payable includes fees payable to Non-Executive Directors as members of Board and Board Committees. The amount of Directors' benefits payable to Non-Executive Directors comprises meeting allowances from this AGM until the conclusion of the next AGM of the Company pursuant to the Act which shareholders' approval will be sought at this 40th AGM in accordance with Section 230 of the Act.

3. Re-election of Directors who retire pursuant to Article 81 and 87 of the Constitution of the Company

Article 81 provides that at least one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election.

Lee Ji Jin Darren being eligible, has offered himself for re-election at this AGM. Dato' Mohd Azmi Bin Othman who has served the Company more than twelve (12) years is not seeking re-election at this AGM.

Article 87 provides that a Director appointed by the Board shall hold office only until the next following annual general meeting and shall be eligible for re-election.

Mr Sharman A/L Arumugam, Ms Gan Chia Hui and Ms Tang Kae Sue offered themselves for re-election at this AGM.

For the purpose of determining the eligibility of Directors standing for re-election at this AGM, all Directors with the exception of Mr Sharman A/L Arumugam, Ms Gan Chia Hui and Ms Tang Kae Sue who were newly appointed in March 2022, had undergone a board effective evaluation to assess the performance and contribution of each individual Director, taking into consideration among others, competencies, fit and proper, time commitment, calibre and personality, as well as the level of independence demonstrated by the Independent Directors.

Based on the overall results of the evaluation, the individual Directors met the performance criteria required of an effective Board.

Given the relative recency of Mr Sharman A/L Arumugam, Ms Gan Chia Hui and Ms Tang Kae Sue tenure as Directors, a comprehensive performance evaluation on them as Directors will only be carried out for 2022.

The Board recommends the re-election of all retiring Directors.

4. Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed resolution 7, if approved, will authorise the Directors to issue shares (other than bonus or rights issue) in the Company up to an aggregate amount of not exceeding 10% of the issued capital of the Company without convening a general meeting. The approval is sought to avoid any delay and costs involved in convening a general meeting for such issuance of shares. The authority will expire at the next AGM of the Company.

As at the date of Notice, no shares were issued pursuant to the mandate granted to the Directors at the last AGM held on 8 July 2021 which will lapse at the conclusion of the 40th AGM.

The purpose of the renewal of general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions and/or as consideration for acquisitions.

5. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed resolution 8, if approved, will authorise KYM Group to continue entering into any of the categories of recurrent related party transactions of a revenue or trading nature with related parties, particulars of which are set out in Section 2.2 of the Circular to Shareholders dated 31 May 2022 circulated together with this Annual Report. These authorities, unless revoked or varied by the Company at a general meeting will expire at the next AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 (CONT'D)

6. Proposed Allocation of Awards to Lim Kheng Eng

All capitalized terms used in the proposed resolution 9 shall have the same meanings ascribed to them in the Circular to Shareholders dated 24 May 2022.

The proposed resolution 9 is made pursuant to the Proposed ESS which is subject to the approval of the Company's shareholders at an Extraordinary General Meeting to be held on 8 June 2022. Further details of the Proposed ESS is set out in the Circular to Shareholders dated 24 May 2022.

Lim Kheng Eng, being a Managing Director of KYM Industries (M) Sdn Bhd, is eligible to participate in the Proposed ESS. Lim Kheng Eng is a brother to Dato' Lim Kheng Yew, an Executive Director and a major shareholder of KYM.

The proposed resolution 9 is to approve the proposed allocation of Awards to Lim Kheng Eng, subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESS.

Dato' Lim Kheng Yew is deemed interested in the proposed allocation of Awards to Lim Kheng Eng and will abstain from voting in respect of resolution 9 at the AGM.

7. Annual Report 2022

The softcopy of the Annual Report 2022 is available on the Company's website at www.kym.com.my. Shareholders of the Company may request for the printed copy of the Annual Report 2022 via the Company's website at www.kym.com.my and must provide all the required information accurately i.e. full name, CDS Account Number, full mailing address and shareholder's mobile number. With the accurate and complete information, a copy of the Annual Report 2022 will be sent to the shareholders upon request within four (4) working days.

Personal Data Policy

By submitting a completed Proxy Form to the Company (or its agents) (as the case may be) for appointing a proxy(ies) and/or representative(s) to attend and/or in person at the 40th AGM and any adjournment therefore, a member of the Company hereby:

- (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 40th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 40th 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.

For the purpose of the paragraph, "personal data" shall have the same meaning given in section 4 of Personal Data Protection Act 2010.

STATEMENT ACCOMPANYING THE NOTICE OF THE 40TH AGM

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

No individual is seeking for election as a Director at the forthcoming 40th AGM of the Company.

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**KYM HOLDINGS BHD.**

Reg No.: 198201004556 (84303-A)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
Number of Shares Held	

I/We (NRIC No.:)
of
being a member of KYM Holdings Bhd. hereby appoint
..... (NRIC No.:)
of
or failing him (NRIC No.:)
of
as *my/our proxy to vote for *me/us and on *my/our behalf at the 40th Annual General Meeting of the Company to be held at Level 17, KYM Tower, No. 8 Jalan PJU 7/6, Mutiara Damansara, 47800 Petaling Jaya, Selangor on Tuesday, 5 July 2022 at 10.00 a.m. and at any adjournment thereof.

*My/Our proxy is to vote as indicated below:

No.	Resolution	For	Against
1.	Payment of Directors' Fees and Directors' Benefits to Non-Executive Directors		
2.	Re-election of Mr Lee Ji Jin Darren		
3.	Re-election of Mr Sharman A/L Arumugam		
4.	Re-election of Ms Gan Chia Hui		
5.	Re-election of Ms Tang Kae Sue		
6.	Re-appointment of Messrs Crowe Malaysia PLT as Auditors		
7.	Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016		
8.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9.	Proposed Allocation of Awards to Mr Lim Kheng Eng		

Please indicate with an "X" in the space provided, how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.

Dated this day of , 2022.

.....
Signature of Member/Common Seal

Notes:

- Only members registered in the Record of Depositors on or before 5.00 p.m. as at 29 June 2022 shall be eligible to attend the meeting or appoint a proxy to attend and/or vote on such depositor's behalf. A proxy or an attorney or a duly authorised representative need not be a member of the Company.
- Save for an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), a Member (including an authorised nominee) 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, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.
- If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
- The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.
- The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, Level 17, KYM Tower, No. 8, Jalan PJU 7/6, Mutiara Damansara, 47800 Petaling Jaya, Selangor at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

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Stamp

The Company Secretary

KYM HOLDINGS BHD.
Reg No.: 198201004556 (84303-A)

Level 17, KYM Tower
No. 8, Jalan PJU 7/6
Mutiara Damansara
47800 Petaling Jaya
Selangor

Please fold along this line (2)

KYM HOLDINGS BHD.

Reg No.: 198201004556 (84303-A)

Level 17, KYM Tower, No. 8, Jalan PJU 7/6
Mutiara Damansara, 47800 Petaling Jaya, Selangor.

www.kym.com.my