KYM HOLDINGS BHD.

Reg No.: 198201004556 (84303-A)

Empowering Futures
Advancing Together

ANNUAL REPORT 2023

CONTENTS

CORPORATE

FINANCIAL

OTHERS

41ST ANNUAL GENERAL MEETING

Date:

Wednesday, 5 July 2023

Time:

11.00 a.m.

Venue:

Level 17, KYM Tower, No. 8 Jalan PJU 7/6,
Mutiara 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Tze Thean
Executive Chairman / Chief Executive Officer

Lee Ji Jin Darren
Executive Director / Deputy Chief Executive Officer

Sharman A/L Arumugam
Independent Non-Executive Director

Gan Chia Hui
Independent Non-Executive Director

Lee Li Choon
Independent Non-Executive Director

SECRETARY

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

AUDIT & RISK MANAGEMENT COMMITTEE

Sharman A/L Arumugam (Chairman)
Gan Chia Hui
Lee Li Choon

NOMINATION & REMUNERATION COMMITTEE

Gan Chia Hui (Chairperson)
Sharman A/L Arumugam
Lee Li Choon

REGISTERED OFFICE

Level 17, KYM Tower
No. 8, Jalan PJU 7/6
Mutiara 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

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

LIM TZE THEAN

Designation:

Executive Chairman / Chief Executive Officer

Nationality:

Malaysian

Age:

44

Lim Tze Thean, aged 44, 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 and appointed as Executive Chairman on 5 July 2022.

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.

Lim Tze Thean is the cousin of Darren Lee, the Executive Director and Deputy Chief Executive Officer of KYM. He is also a substantial shareholder of KYM. His interest in the securities of KYM is set out in page 128 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.

LEE JI JIN DARREN

Designation:

Executive Director / Deputy Chief Executive Officer

Nationality:

Malaysian

Age:

40

Lee Ji Jin Darren, aged 40, was appointed to the Board of KYM on 25 September 2014. He was appointed as a Deputy Chief Executive Officer on 1 June 2022.

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 the cousin of Lim Tze Thean, the Executive Chairman and Chief Executive Officer of KYM. His shareholding in the Company is set out in page 128 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)

SHARMAN A/L ARUMUGAM

Designation:

Independent Non-Executive Director

Nationality:

Malaysian

Age:

52

Sharman A/L Arumugam, aged 52, was appointed to the Board of KYM on 18 March 2022. He is the Chairman of the Audit & Risk Management Committee and a member of the Nomination & Remuneration Committee of the Company.

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.

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.

PROFILE OF DIRECTORS
(CONT'D)

GAN CHIA HUI

Designation:

Independent Non-Executive Director

Nationality:

Malaysian

Age:

46

Gan Chia Hui, aged 46, was appointed to the Board of KYM on 18 March 2022. She is the Chairperson of the Nomination & Remuneration Committee and a member of the Audit & Risk Management 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.

LEE LI CHOON

Designation:

Independent Non-Executive Director

Nationality:

Malaysian

Age:

50

Lee Li Choon, aged 50, was appointed to the Board of KYM on 5 July 2022. She is the member of the Audit & Risk Management Committee and Nomination & Remuneration Committee of the Company.

Ms Lee has close to 20 years of experience in Corporate Human Resources, Change Management and Leadership Development where she held various leadership positions within the IT, Telecommunications and Consulting industries. Some of the companies that she worked with were Fujitsu Computer Systems (M) Sdn Bhd, Huawei Technologies (M) Sdn Bhd, Deloitte Consulting (SEA) Sdn Bhd and Ericsson (Malaysia) Sdn Bhd.

Most of her jobs come with regional responsibility across the Asia Pacific region overseeing the whole spectrum of Human Resource functions, which helps her appreciate the cultural diversity in the workplace. In addition to providing HR and Leadership Development expertise to organizations, she is experienced in making strategic business decisions as an HR Business Partner which is a Regional Leadership Role.

She founded Talent Faculty Sdn Bhd providing professional coaching services with a focus on business owners and the leadership team of corporations from different industries since 2014.

She also serves on an Executive Committee on a voluntary basis in the International Coaching Federation (ICF) Malaysia Charter Chapter where she practiced peer leadership. She is currently the Immediate Past President of ICF Malaysia Charter Chapter.

PROFILE OF KEY SENIOR MANAGEMENT

LIM TZE THEAN

Executive Chairman / Chief Executive Officer
Malaysian, aged 44, Male

His profile is set out in Profile of Directors on page 3.

LEE JI JIN DARREN

Executive Director / Deputy Chief Executive Officer
Malaysian, aged 40, Male

His profile is set out in Profile of Directors on page 3.

DATUK TAKASHI HIBI

Chief Operating Officer
Japanese, aged 70, Male

Datuk Takashi Hibi was appointed as the Chief Operating Officer (COO) of KYM Group on 1 July 2022.

Datuk Hibi has vast experience, knowledge and passion in the integrated operation through manufacturing to sales. He joined Toyota Motor Corporation (TMC) in 1977 after graduation at Osaka University of Foreign Studies. Japan. Datuk Hibi was assigned to Middle East Division, and worked for marketing and sales for Toyota to the region. His strong abilities were especially recognized with continuous success every year in the difficult deals with the Iranian Government during the 1980s.

In the 90s, he was assigned to TMC Joint Venture operations for production and sales in ASEAN countries. In the late 90s, he contributed significantly to revive Indonesian JV operations which was in a dire situation arising from the Asian financial crisis and subsequent political instability there.

In 2007, Datuk Hibi was assigned as Deputy Chairman of UMW Toyota, TMC JV in Malaysia. During his eight-year tenure, he enhanced the JV greatly to be a real overwhelming No. 1 non-national car company in every aspect. He initiated many projects to improve overall operations, such as vendors network, vehicle assembly, logistic, sales and service. Through these projects, Datuk Hibi also developed human resources in business partners at supplier and dealers as well as UMW Toyota Motor. He was a former President of Japanese Chamber of Commerce and Industry Malaysia (JACTIM) for 4 years.

LIM SU MAY

Chief Investment Officer
Malaysian, aged 49, Female

Lim Su May was appointed as the Chief Investment Officer (CIO) of KYM Group on 1 August 2022.

She has more than 25 years of experience in the Malaysian capital market especially in the area of equity/debt promotion, advisory, structuring, execution and placements, M&A advisory and business matching, strategic planning & investments and most recently involved in development of policies.

Prior to joining KYM Group, Su May was appointed by Bursa Malaysia Berhad ("Bursa Malaysia") as Executive Vice President, Listing Development back in June 2019. She was responsible to enhance the fundraising ecosystem, making it a conducive platform for IPO aspirants and public listed companies to raise the funding required via capital market solutions. During her tenure there, Su May promoted both primary and secondary listings & fund-raising activities on Bursa Malaysia and the Labuan International Financial Exchange.

Prior to joining Bursa Malaysia, Su May was heading the Investment Banking Department at MUFG Bank (Malaysia) Berhad where she was responsible to help the Bank to diversify and grow its business in investment banking via debt capital markets products, securitization, project finance, export credit agency financing solutions as well as identifying opportunities of mergers and acquisitions targets to buy-side investors from Japan.

Su May began her career in investment banking in 1997 and brings with her more than twenty years of investment banking experience having served in senior positions in several Malaysian top financial institutions (including CIMB Investment Bank Berhad and RHB Investment Bank Berhad) as well as a Middle Eastern bank (Alkhair International Islamic Bank Berhad).

Su May holds a Bachelor of Science (Economics), First Class Honours majoring in Economics and Management Studies from University of London.

PROFILE OF KEY SENIOR MANAGEMENT
(CONT'D)

MOK TUCK MENG

Managing Director,
Multiwall Industrial Paper Sacks Division
Malaysian, aged 58, Male

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.

LIM KHENG ENG

Managing Director, Corrugated Carton Division
Malaysian, aged 65, Male

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, a major shareholder of the Company.

TAN PENG AUN

Group Property Manager
Malaysian, aged 58, Male

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.

CHEE MIN ER

Head of Corporate Communications &
Administration, Company Secretary
Malaysian, aged 51, Female

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.

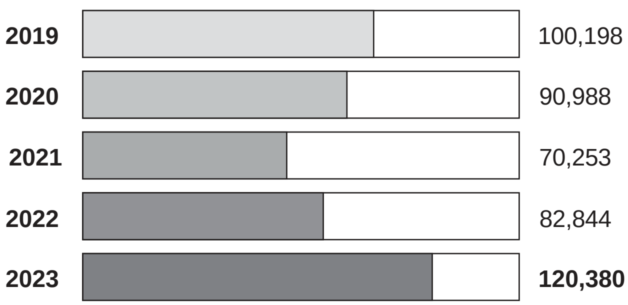
Except as otherwise stated in the individual Directors' Profile and Key Senior Management's Profile, none of the Key Senior Management Officers have: -

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.

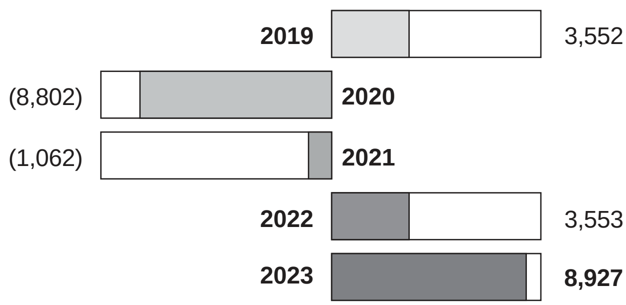
5 YEAR FINANCIAL HIGHLIGHTS

		2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Revenue		120,380	82,844	70,253	90,988	100,198
Profit/(Loss) Before Tax		12,449	4,801	(1,496)	(9,078)	4,714
Profit/(Loss) After Tax		8,927	3,553	(1,062)	(8,798)	3,552
Profit/(Loss) After Tax Attributable to Owners of the Company		8,927	3,553	(1,062)	(8,802)	3,552
Issued share capital ('000)		151,790	149,890	149,890	149,890	149,890
Paid up capital		111,217	110,381	110,381	110,381	110,381
Shareholders' Fund		98,023	88,260	84,707	85,769	94,567
Total Assets		177,942	166,401	162,043	165,422	173,137
Total Borrowings		43,533	48,393	52,734	53,633	37,834
Gearing ratio	Times	0.44	0.55	0.62	0.63	0.40
Basic Earnings/(Loss) Per Share	sen	5.91	2.37	(0.71)	(5.87)	2.37
Net Assets Per Share	RM	0.65	0.59	0.57	0.57	0.63

REVENUE
RM'000

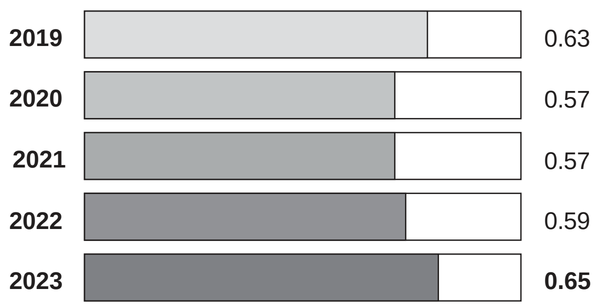


PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY
RM'000



SHAREHOLDERS' FUND
RM'000

NET ASSETS PER SHARE
RM'000



MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

In 2022, KYM underwent a significant transition in its leadership. New Independent Directors with diverse skillsets were appointed to bring fresh perspective and new ideas. Mr Lim Tze Thean assumed the position of Executive Chairman and CEO while Mr Lee Ji Jin Darren was appointed as Deputy CEO to assist in day-to-day operations and ensure a smooth transition for the company. Additionally, with the onboarding of Datuk Takashi Hibi as Chief Operating Officer and Ms Lim Su May as Chief Investment Officer of the Group during the financial year, the strengthened leadership team was in place. These changes in leadership ushered a new era for the group, one that is focused on growth, innovation, and long-term success.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

2022 was a year of continuing our business objectives, to deliver the best possible products to the customers using the best materials, in the best manner using the best technology and equipment with the best people, focusing on the growth of our paper packaging business. Throughout the year, we prioritised the following core areas:

- Growth activities to increase its market share domestically as well as open new markets regionally to further increase sales to existing and new markets;
- Continued cost optimisation and increasing operational efficiencies through digitalisation and automation;
- Embedding sustainability into our business operations, striving to innovate and develop new sustainable packaging products; and
- New investments or business opportunities to increase revenue and earnings

These efforts yielded substantial results, evident in a remarkable 45% revenue growth to RM120.380 million in the financial year ended 31 January 2023 ("FY2023"), and the Group's PBT had nearly tripled to RM12.449 million.

The Group's commitment to digitalisation and automation has resulted in the successful completion of the digitalisation of the supply chain management in the Carton Box division to shorten the lead time and improve delivery time to customers.

By prioritizing the development of innovative and sustainable packaging products, a ground-breaking achievement was made in the form of the development of the first plastic-free film ESG sacks. This remarkable milestone aligns perfectly with the Group's focus on sustainability and its commitment to reducing carbon footprint.

In its ongoing pursuit of growth, the Group remains vigilant in identifying new investment and business opportunities that align with its key investment criteria in its quest to enhance revenue and earnings through strategic ventures.

These achievements reflect the Group's unwavering commitment to growth, operational excellence, and sustainability.

FINANCIAL RESULTS AND FINANCIAL CONDITION

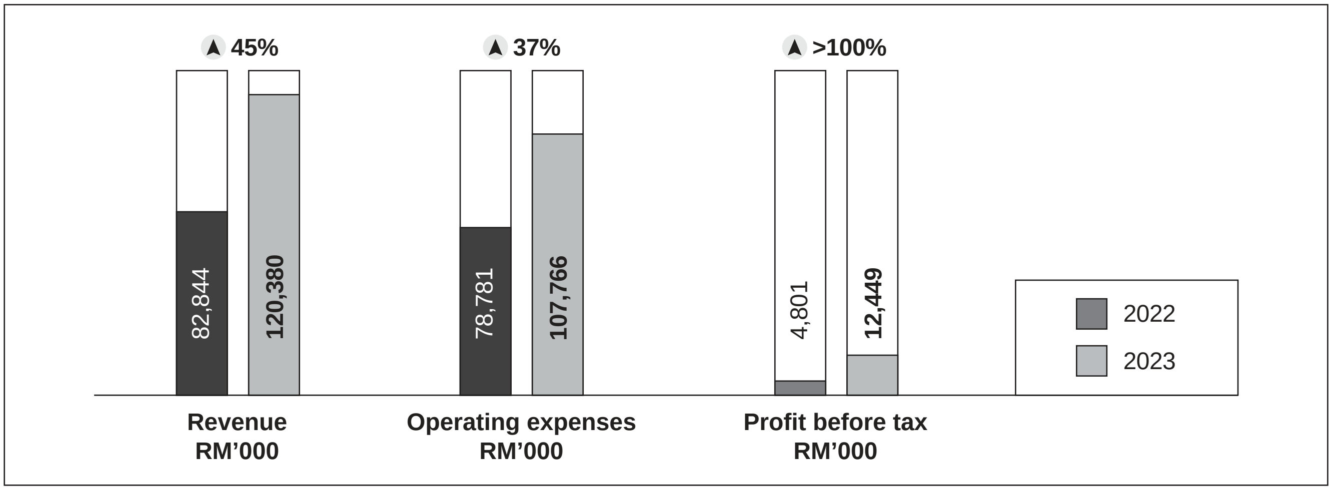
Revenue

On the back of an improved economic environment during the endemic era, the Group delivered a commendable set of financial results in FY2023 with a total revenue of RM120.380 million, representing a significant growth of 45% from the previous year's revenue of RM82.844 million.

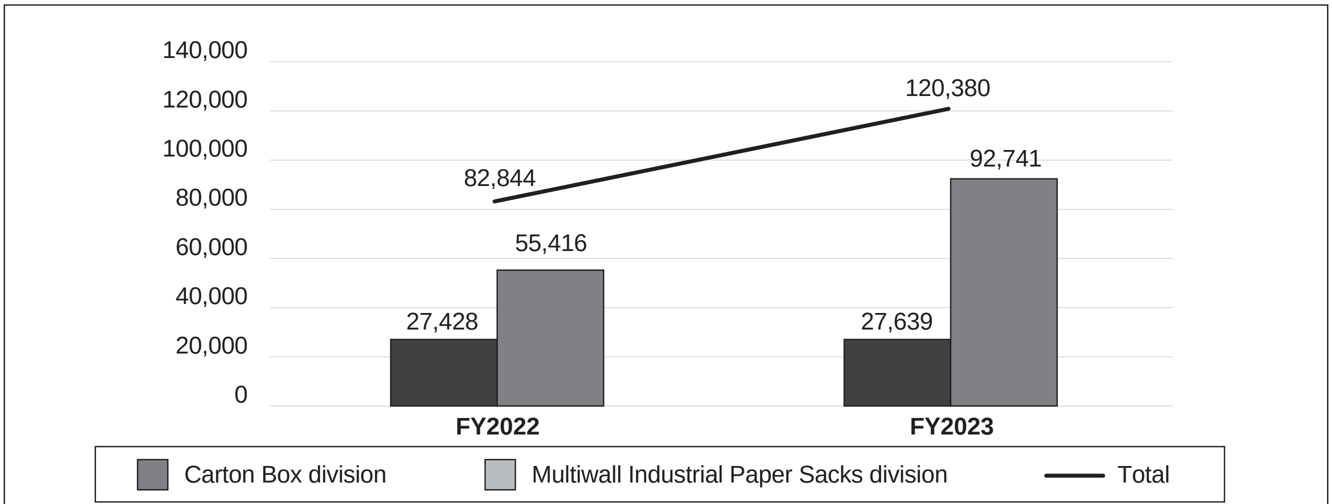
During the financial year under review, the Multiwall Industrial Paper Sacks division remained the primary contributor, accounting for 77% of the Group's total revenue in the current financial year. The division's revenue increased from RM55.416 million in FY2022 to RM92.741 million in FY2023, primarily due to the increase in selling price and higher sales to export markets during the current financial year. On the other hand, the Carton Box division contributed a revenue of RM27.639 million in FY2023, which was equivalent to 23% of the Group's total revenue.

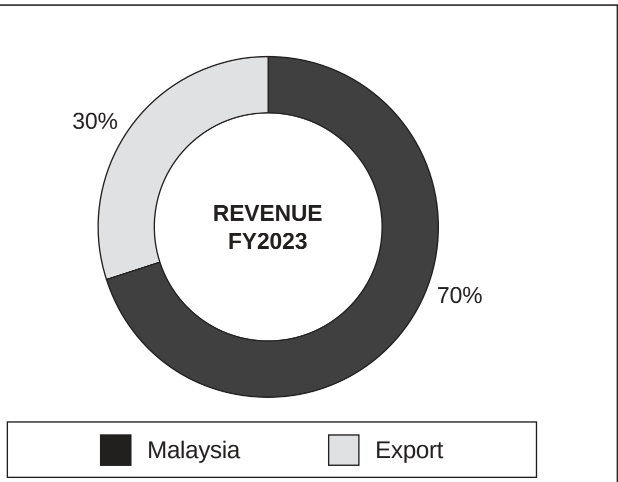
Geographically, Malaysia accounted for 70% of the Group's revenue, while the remaining 30% came from export. The primary export markets during the financial year under review were Indonesia, contributing 22% of the Group's total revenue, followed by Thailand and Singapore at 4% each.

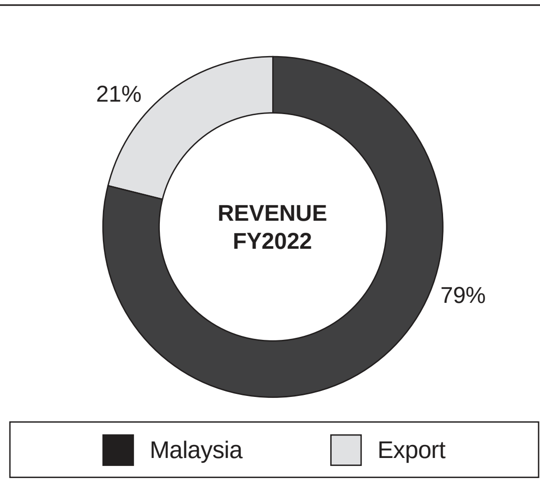
MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)



REVENUE BY DIVISION







MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Profit before tax

The Group's current year profit before tax ("PBT") experienced a remarkable surge, nearly tripling from RM4.801 million in the previous financial year to RM12.449 million. This impressive performance is particularly noteworthy considering the increase in administrative expenses recorded by the Investment Holding and Property segments from RM2.347 million in FY2022 to RM3.969 million in FY2023 and the recognition of a share-based payment of RM0.836 million pursuant to a share grant under KYM ESS 2022 during the current financial year.

The outstanding improvement in PBT can be primarily attributed to the exceptional performance of the Multiwall Industrial Paper Sacks division. This division achieved significant growth in PBT, increasing from RM3.773 million in FY2022 to RM14.545 million in FY2023. The division's success can be attributed to its ability to negotiate for higher selling price and increased sales in export market during the current financial year. Additionally, the Carton Box division contributed a PBT of RM2.709 million to the Group, maintaining a performance similar to the previous financial year (FY2022: RM3.375 million). These results showcase the Group's ability to capitalise on market opportunities and drive profitability in the key divisions.

Liquidity

The Group's cash and cash equivalents as at 31 January 2023 decreased by RM10.653 million year-on-year to negative balance of RM0.587 million, due to the effects of the following:

a) Net cash outflow of RM1.791 million for operating activities, as a result of the increase in cash utilised for working capital purposes for the current financial year.

b) Net cash outflow of RM0.815 million for investing activities, in which an amount of RM0.937 million was for the capital expenditures, partly cushioned by sales proceeds received from the disposal of property, plant and equipment of RM0.122 million.

c) Net cash outflow of RM8.047 million for financing activities, which was mainly for the repayments of banking facilities.

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 2023, the Group's borrowings was RM43.533 million, which represented a 10% reduction compared to the previous financial year's balance of RM48.393 million. As a result, gearing ratio improved from 0.55 times to 0.44 times.

OPERATIONAL REVIEW

2022 was an exceptional year for KYM. Following the reopening of the country border and all economic sectors in Malaysia, KYM's performance improved in tandem with the recovery in economic and business activities. All segments contributed to the increase in revenue and profitability of the Group, with higher contribution from the Multiwall Industrial Paper Sacks division due to the increase in demand from export market and improved selling price.

During the financial year, geopolitical tension due to the ongoing Russia-Ukraine conflicts resulted in paper supply shortages, delay in delivery and increase in shipping charges. At the home front, we faced manpower shortage in the beginning of 2022 due to the on-going restrictions on foreign labour. Despite various disruption in the supply chain, our response to these challenges has been robust. We dealt with the rising raw material cost, paper supply shortages and manpower shortage effectively. Our operations were able to adjust the selling price upwards to keep pace with the rising raw material price. The Multiwall Industrial Paper Sacks division did not experience any major disruptions to procurement as we leveraged on our extensive procurement experience and strong support from our major suppliers. We also procure paper from multiple sources to limit supply risk and overdependence on any single supplier. We capitalised on the emerging opportunities arising from the paper shortages to supply to new customers who encountered supply disruption from their existing suppliers. The reopening of borders in transitioning to the endemic phase and the return of foreign workers have mitigated the acute labour constraints. Both the Multiwall Industrial Paper Sacks division and the Carton Box division have received the approval from the Ministry of Home Affairs to bring in foreign workers in stages.

We are able to negotiate cost-past-through mechanism with selective customers to reduce the impact of the rising paper cost and the increased minimum wage to our bottom line. In view of the continuous hike of paper prices, we expect that the price gap will be narrowed and suppressed moving forward.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

We will continue to leverage on our strengths to drive innovation in tandem with market needs for sustainable products with enhanced quality and performance at reduced material footprint. The Multiwall Industrial Paper Sacks division has embarked on trials with its major customer for a new innovative and sustainable packaging to reduce environmental carbon footprint and it was successful. The timeline to rollout commercial production is targeted in second half of 2023, targeting customers who are striving to be more environmentally friendly and achieve their Environment, Social, and Governance ('ESG') goals. The Group is optimistic that the introduction of this new and innovative product to the market would improve sales significantly in addition to reducing environmental carbon footprint.

The Carton Box division continues to maintain its steady performance throughout the financial year, and is expected to remain consistent for the upcoming months as budgeted. The Food & Beverages (F&B) sector remains the major contributor to the Carton Box division. There was an increase in demand from the F&B sector during the fourth quarter due to the World Cup. The supply contract with a major customer has also been renewed.

Meanwhile, we shall expedite the digitalisation process at the operating subsidiaries to drive long term competitive advantage, enhance operational efficiency as well as to tap new growth opportunities. The digitalisation of the supply chain management in the Carton Box division has been fully completed during the financial year and is expected to go live in mid of 2023. The development works to digitalise the paper roll management and supply chain management in the Multiwall Industrial Papers Sacks division is in progress and is expected to be completed by end of 2023.

CORPORATE DEVELOPMENT

On 28 January 2022, Anabatic Sdn Bhd, a wholly-owned subsidiary of KYM entered into conditional sale and purchase agreement 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 ("Disposal"). The Disposal has been completed on 10 March 2023.

On 18 April 2022, the Company proposed to establish an employees' share 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 ("KYM ESS 2022"). The KYM ESS 2022 was approved by the shareholders at an EGM held on 8 June 2022 and implemented on 9 June 2022. The KYM ESS 2022 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.

Since the implementation of KYM ESS 2022, a total of 1,900,000 new ESS shares were offered and granted to the specific directors of KYM pursuant to the Proposed Specific Allocation as approved at the EGM held on 8 June 2022 at no consideration, mainly to reward the directors for their past efforts and continuous efforts and contributions to the development and growth of the KYM Group.

THE OUTLOOK

The pathway into 2023 is riddled with challenges and obstacles from various macroeconomic factors. Malaysia's economic or gross domestic product (GDP) growth is projected to ease to between 4% to 5% in 2023, as slowing global growth is anticipated to weigh on exports while concern about elevated costs of living and input costs are expected to impact spending by households and businesses. To navigate this challenging operating environment, the Group will continue to exercise pro-active management and close assessment of the key risks to mitigate or minimize the potential material negative impacts on the Group's performance.

To address the key risks and challenges that the Group may face going forward, the Group will enhance its diversifying of raw material sources, implement stricter cost control procedures, focus on operational efficiency, development of new packaging products while actively continuing its business development and marketing efforts.

As an essential industry, the packaging materials industry is expected to experience continuous growth, as requirements for sustainable packaging is expected gain popularity. The Multiwall Industrial Paper Sacks division looks forward to launching the Top Daeration Plastic Free Film ESG Sacks, its new sustainable and innovative product in order to capture the interest of customers.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

The Carton Box division anticipates to improve its facilities to cope with its increasing demand as well as for better quality standard. The Carton Box division's focus would be geared towards the F&B business sector, with the aim of positioning itself as a food grade certified packaging supplier. Its strong presence in the essentials service category will put this division on a stronger footing.

The Group is also actively pursuing new business opportunities via joint ventures, strategic partnerships and/or acquisitions to future-proof the business and diversify its revenue streams to enhance its financial performance. To accelerate its plans, the Group is leveraging on human capital and recruiting fresh talent to propel the Group's objectives.

Despite the challenging landscape, the Group is optimistic that it will be able to navigate the challenging landscape by prudently managing the key risks and achieve satisfactory performance in 2023, barring unforeseen circumstances.

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.

APPRECIATION

The Group would like to express its heartfelt gratitude to its founder, Dato' Lim Kheng Yew, as well as the departure of its Non-Executive Chairman, Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, Dato' Mohd Azmi Bin Othman, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim and Datuk Seri Rahadian Mahmud Bin Mohammad Khalil, who have dedicated their time and efforts in serving the Company for more than 15 years. Their invaluable contributions and unwavering commitment have been instrumental in shaping the success of our organisation. We extend our sincere appreciation to them for their service, and we wish them all the best in their future endeavours.

At the same time, the Group extends a warm welcome to Sharman A/L Arumugam, Ms Gan Chia Hui and Ms Lee Li Choon, who are joining us on this exciting journey. We are thrilled to have such experienced and accomplished individuals on board, and we look forward to their contributions in driving the growth and success of our company. We are confident that their diverse perspectives and expertise will bring new insights and ideas to the table, enabling us to achieve our goals and reach new heights as we Advance Together to greater heights and Empower our Futures.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

We are pleased to present our Sustainability Statement for sixth (6th) 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 2022 to 31 January 2023, unless indicated otherwise, it has been prepared in accordance with Bursa Malaysia Sustainability Reporting Guide 3rd Edition and the Global Reporting Initiative ("GRI") Standards.

STATEMENT SCOPE AND BOUNDARY

This statement focuses 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.

FEEDBACK

We welcome feedback from our stakeholders to improve our sustainable reporting and strategies.

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SUSTAINABILITY STRATEGY

The Group acknowledges the need to balance its business sustainability with responsible environmental and social considerations which emphasise the Group's sustainable development practices. Our sustainability journey continues with an action plan to track progress and communicate results of our ESG Goals to our stakeholders.

We strongly embrace our Group's corporate vision statement, from which we have drawn out our sustainability strategy focusing on the three pillars of sustainability: Economic, Environmental and Social. In contributing to these pillars, we focus our efforts and resources on innovative technology, quality assurance and human capital development. We have further aligned our ESG efforts with the United Nations Sustainable Development Goals ("UN SDGs").

ECONOMIC

To build financial strength and deliver sustainable shareholder returns.

ENVIRONMENTAL

To mitigate any negative environmental impact and conserve the surrounding environment.

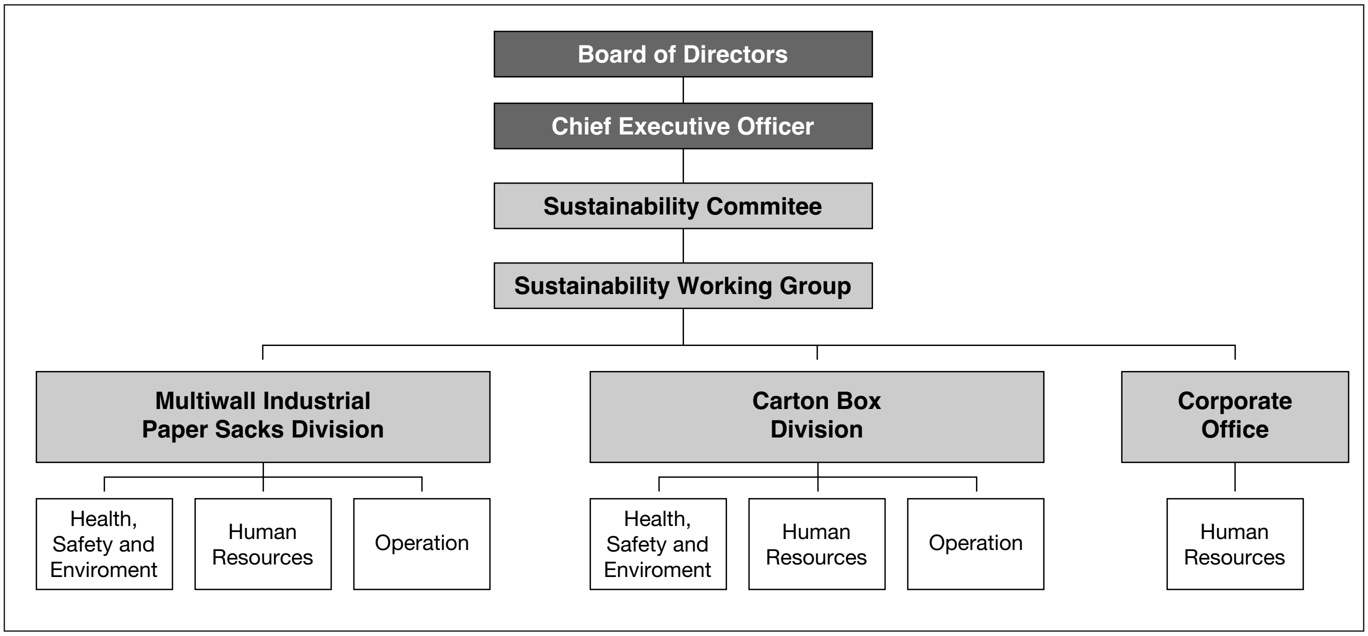
SOCIAL

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

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.



While the Management Sustainability Committee ("SC") monitors and reports the progress of the 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
- Comprises the Heads of the Strategic Business Units and Head of Corporate Communications & Administration
- 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

Sustainability Working Group
- Comprise representatives from the departments and divisions within the Group and is led by the Head of Corporate Communications & Administration
- To implement strategies formulated, while adhering to specific management procedures
- Maintains proper records of actions taken and their results

SUSTAINABILITY STATEMENT
(CONT'D)

Identifying and assessing the needs of stakeholders is an essential part of the Group's communication and engagement imperative structured to create long-term value for all our stakeholders. Hence, effective stakeholder engagement for a strong understanding of our stakeholders and their concerns is vital to the Group's strategic planning and operational delivery to foster long-lasting relationships for an enduring, positive impact on our business. During the financial year, a gap analysis was conducted to ensure the Group's sustainability efforts are aligned with the specific UN SDGs, Global Reporting Initiative (GRI) Standards, Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations, FTSE4Good Bursa Malaysia Index. We are in the progress of formulating a sustainability roadmap aligned with KYM's material matters and KPIs are to be set to enable us to bring our sustainability practices to the next level.

The following table covers a list of key stakeholder groups, various methods of engagement and key issues raised.

Stakeholder Engagement

Our Key Stakeholder	Our Engagement with Them	Frequency of Engagement	Areas of Interest
Investors	Annual General Meeting Company's website Financial results announcements Annual Reports Press releases Press conference Investor relation activities	Annually Continuous Quarterly Annually Quarterly and as needed As needed As needed	• 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 celebrations, team building retreat, staff training sessions, annual dinner) Factory visits Surveys	As needed Monthly Annual Continuous	• Performance evaluation and management • Remunerations • Safe and conducive work environment • Training and development programme • Career development and progression opportunities • Inclusive and non-discriminate work culture • Employees' needs and wellbeing
Customers	Customers meeting Feedback sessions Customer Satisfaction Surveys Audit by Customers Community and networking events	Continuous Continuous Continuous Continuous Continuous	• 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	• 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	• Environmental management and compliance • Governance compliance • Occupational safety and health • Labour practices
Local Communities	Community engagement CSR programmes Press releases	Continuous Continuous As needed	• Social Issues • Impact of business operations • Transparency and accountability • Environmental impacts

SUSTAINABILITY STATEMENT
(CONT'D)

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. Potential sustainability topics undergo a thorough assessment, considering factors that include stakeholder needs and concerns, impacts to local communities where we operate, regulatory issues and the topic's significance to business operations. The sustainability topics are then evaluated through consultations with certain stakeholders and Heads of the Strategic Business Units, providing a gauge on each topic's materiality and significance.

1. Identifying Material Sustainability Matters

- Workshop was carried out with the Sustainability Commitee and the key departments to identify the material sustainability matters by aligning them to the GRI indicators that are relevent to the Group.

2. Ranking Material Sustainability Matters

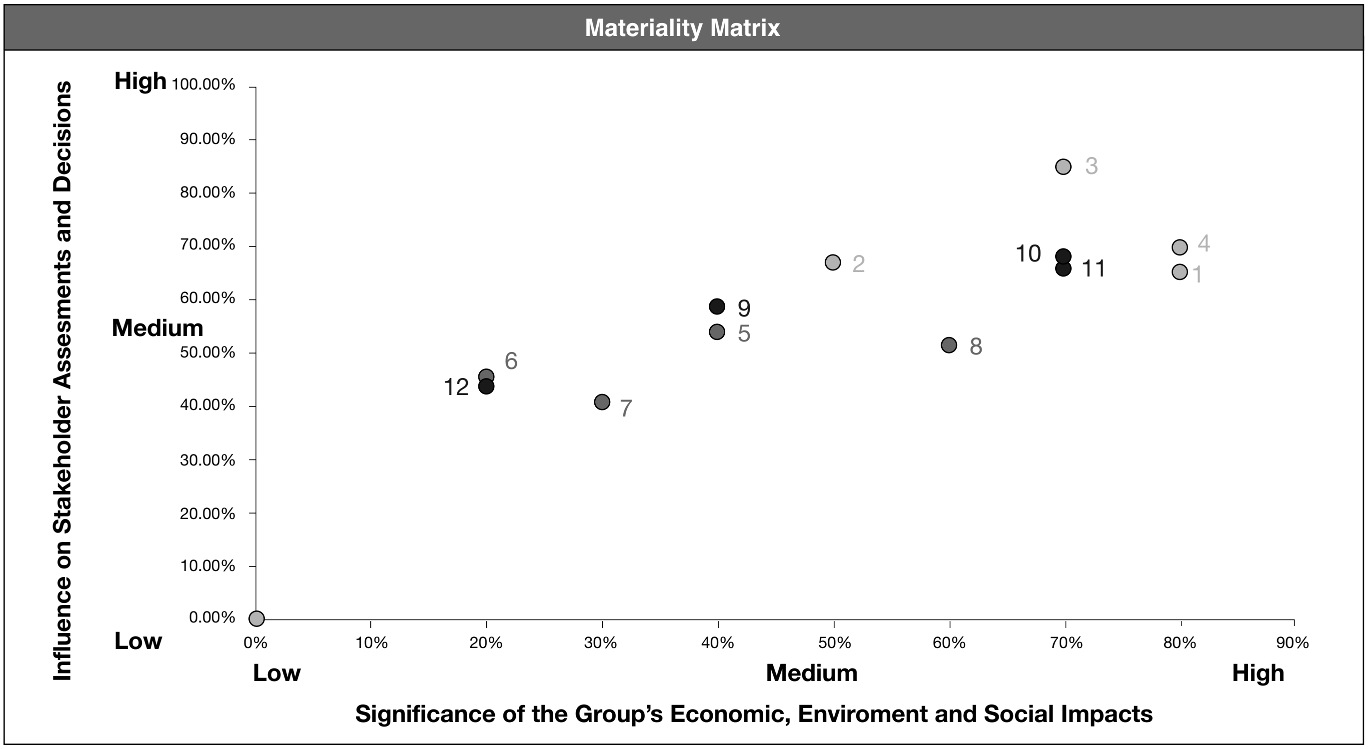
- The material sustainability matters were ranked based on their importance to the Group's business operation and to its stakeholders.

3. Deriving Materiality Matrix

- The Group's materiality matrix were derived based on the ranking of the material sustainability matters.

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
Greenhouse Gas Emissions	Emissions	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)



1	Sustainable Sourcing	7	Water Management
2	Digitalisation	8	Waste Management
3	Business Ethics and Integrity	9	Diversity
4	Sustainable and Innovative Products	10	Safety at Workplace
5	Energy Efficiency	11	Labour Practice
6	Greenhouse Gas Emission	12	Community Engagement

Economic Enviroment Social

We have reviewed the measurement and tracking method and shall use FY2023 as a baseline to guide us in strategising and setting our sustainable development objectives in the coming years.

SUSTAINABILITY STATEMENT
(CONT'D)

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. 100% of the raw materials of the Carton Boxes division are sourced locally. However, Multiwall Industrial Paper Sacks division purchases approximately 25% of its raw material locally 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. **100%** of the raw material for the 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 helps 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 without plastic film, the Rain Safe Sack and the D-Sacks.

The Multiwall Industrial Paper Sacks division has embarked on the trials for its new **Plastic-Free Film ESG sacks** for a major customer and it was successful. Instead of plastic film, we use coated paper as an effective barrier in our Top Deaeration system for easy recycling while maintaining the sack strength and handling. The timeline to rollout commercial production of this fully biodegradable packaging is targeted in second half of 2023.

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

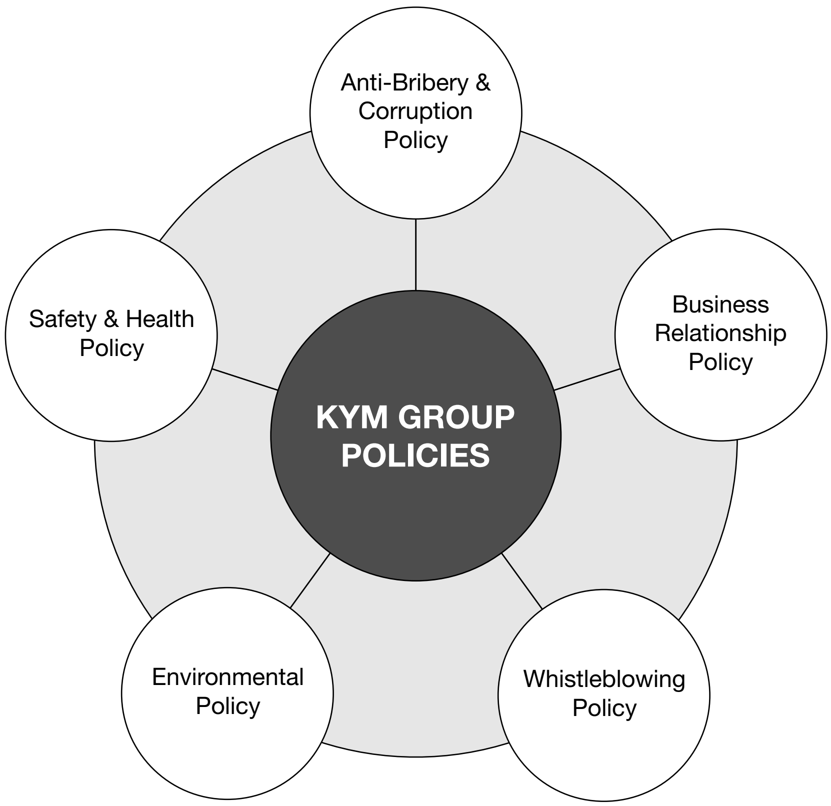
SUSTAINABILITY STATEMENT
(CONT'D)

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 2026. Our 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



The Group has a strict zero-tolerance approach towards bribery and corruption. In this connection, all our vendors, suppliers, contractors and other third parties which we engage with in the course of business are made aware of our Anti-Bribery & Corruption Policy ("ABAC Policy") and are requested to acknowledge the ABAC Policy. As such, our counterparts and business associates are expected to uphold the same in promoting an ethical and honest business relationship. Our stand on anti-corruption is further emphasised by our Business Relationships Policy which states business transactions are to be conducted in a fair and transparent manner.

In January 2023, we invited a trainer from the Malaysian Anti-Corruption Commission ('MACC') to provide training to the employees based in Klang Valley on corporate liability governed under Section 17A of the MACC Act 2009 to increase awareness on corporate behaviour standards and the consequences of engaging in bribery and corruption. The Group also provided refresher training to its management and employees on its ABAC Policy and Whistleblowing Policy. We have also communicated our ABAC Policy to all new members of staff that joined during FY2023. The percentage of employees who have received training on the ABAC policy and procedures by employee category are as follows:-

Management	Executives	Non-Executives
100%	100%	95.5%

The Group has also carried out corruption risk-assessment among its two strategic business units representing 100% of our total operations, to analyse risk related to corruption and bribery. The Group considered its business process and focused on those which are more prone to corruption risk, such as procurement, sales, finance, interaction with government authorities, and provision of gifts and hospitality, and assessed the adequacy of its existing controls and procedures.

There were no corruption-related cases reported during the financial year under review.

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. The Whistleblowing Policy was duly updated in December 2022 to incorporate an investigation procedure. A whistleblowing email was set up to ease the disclosure process. During the financial year under review, the Group did not receive any whistleblowing reports.

During the financial year, we continued to provide regular training to our employees to ensure their ongoing appreciation of our Safety and Health Policy and Environmental Policy.

Digitalisation

The Covid-19 pandemic triggered the KYM Group to embark 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, to digitalise the major raw material movements and supply chain management, and to create a management dashboard.

During the financial year, the Group has completed the digitalisation of the supply chain management at the Carton Box's manufacturing facility. The digitalisation process at the manufacturing facilities in Perak has been delayed and it is expected to be completed by FY2024.

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 consuming the materials efficiently and operating our manufacturing factories sustainably.

REDUCE	REUSE	RECYCLE	DISPOSE OF
generation of waste	goods repeatedly	Those cannot be reused as raw materials	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)

Energy Consumption and Efficiency

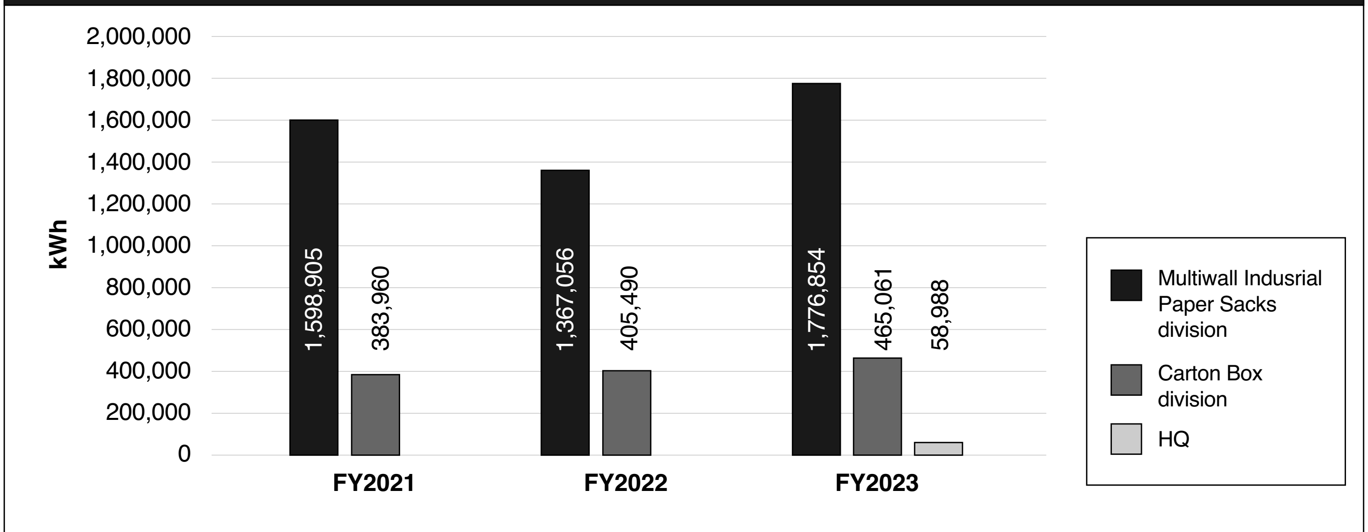
High energy consumption results in an increase in greenhouse gas emissions. KYM has established an Energy and Water Conservation Policy to reduce energy consumption and generate savings at our corporate office and manufacturing facilities and to improve energy efficiency via various electricity-saving measures.

The main source of energy consumption of our manufacturing plant is electricity from TNB, mainly to power factory operations. Diesel consumption is mostly for forklifts used at operational sites. No KPIs or targets have been set for energy consumption.

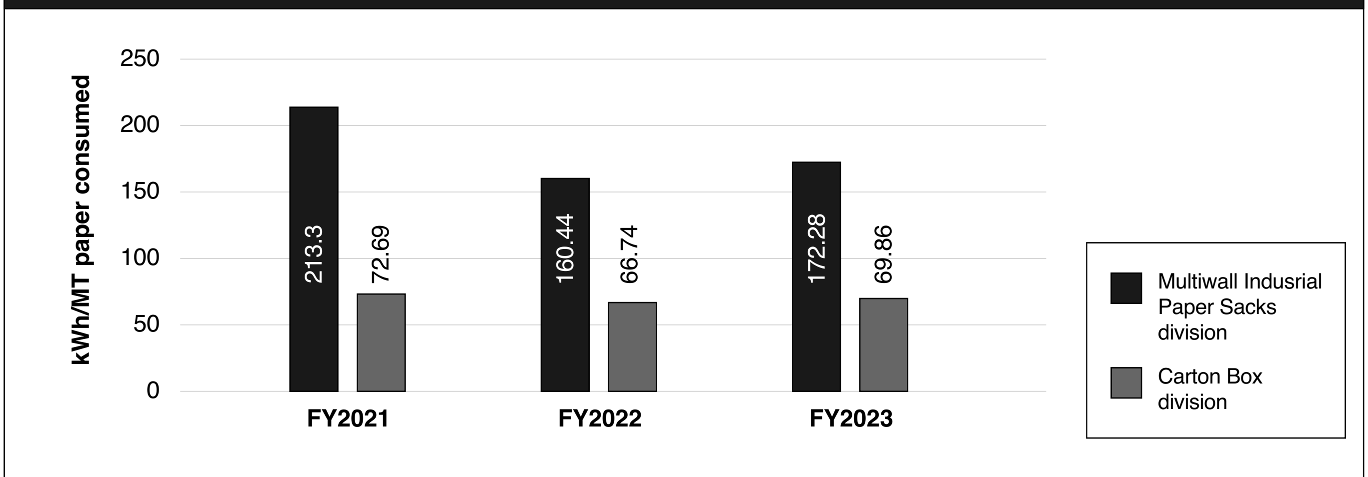
Total Energy Consumption	FY2021	FY2022	FY2023
Diesel Consumption (ℓ)*	12,258	11,584	11,150
Energy Consumption (kWh)	1,982,865	1,772,546	2,300,903

* Diesel and LPG consumptions by Multiwall Industrial Paper Sacks division are not reported.

Electricity Consumption by Division



Energy Intensity



SUSTAINABILITY STATEMENT
(CONT'D)

All divisions 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 and to identify opportunities to reduce energy consumption such as expediting the switch to LED lighting at the manufacturing facilities of the Multiwall Industrial Paper Sacks division and changing consumption behaviour.

Initiatives and Targets

- To install solar panels at manufacturing facilities by 2023/2024.

Emission of Greenhouse Gases

At present, our emissions are mostly contributed from our use of electricity sourced from the power grid. We are committed to reduce the GHG emission by reducing the energy consumption and through the use of renewable energy.

Our current carbon footprint
Scope 1: Direct Emissions
GHG from our manufacturing plants, and other sources that are owned or controlled by KYM Group. Emission source is diesel and LPG.

Scope 2: Indirect Emissions
GHG resulting from electricity, heat or steam purchased by KYM Group.

Emissions are provided in terms of total emissions as well as breakdowns for operating entities, derived by first measuring estimated fuel and electricity consumption. Then the data are converted into carbon dioxide equivalent ("CO_2e"). The conversion is performed by using globally accepted emissions factors GHG Protocol.

	Multiwall Industrial Paper Sacks Division			**Carton Box division**			**Headquarters**		
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
Scope 1 (kgCO2e)	Data Not Reported			31,774	33,165	32,526	Not Applicable		
Scope 2 (kgCO2e)	691,677	391,381	768,657	166,090	175,413	201,183	Data Not Reported		25,518
Total	691,677	391,381	768,657	197,864	208,578	233,709	Data Not Reported		25,518

GHG Emission Intensity

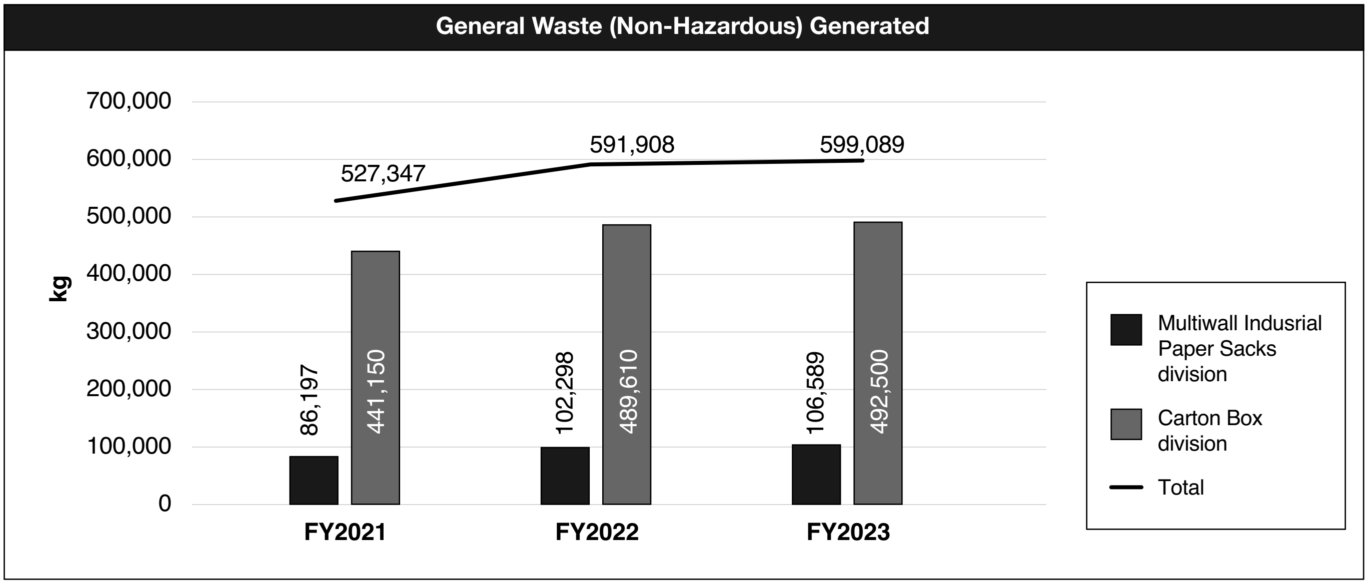
		FY2021	**FY2022**	**FY2023**
Group	kgCO2e/RM'000	12.662	9.656	8.539

The Multiwall Industrial Paper Sacks division produced 768,657 kgCO2e indirect GHG emissions, a higher GHG emissions as compared to FY2022 due to increased production activities. The much lower emission in FY2022 was due to lower production where the division operated at low workforce capacity during the Full Movement Control Order in June 2021, the Enhanced MCO in Batang Padang in July 2021 and temporary suspension for 2 weeks. Overall, the total greenhouse gas (GHG) emissions by the Group were 1,027,884 kgCO2e for the reporting period.

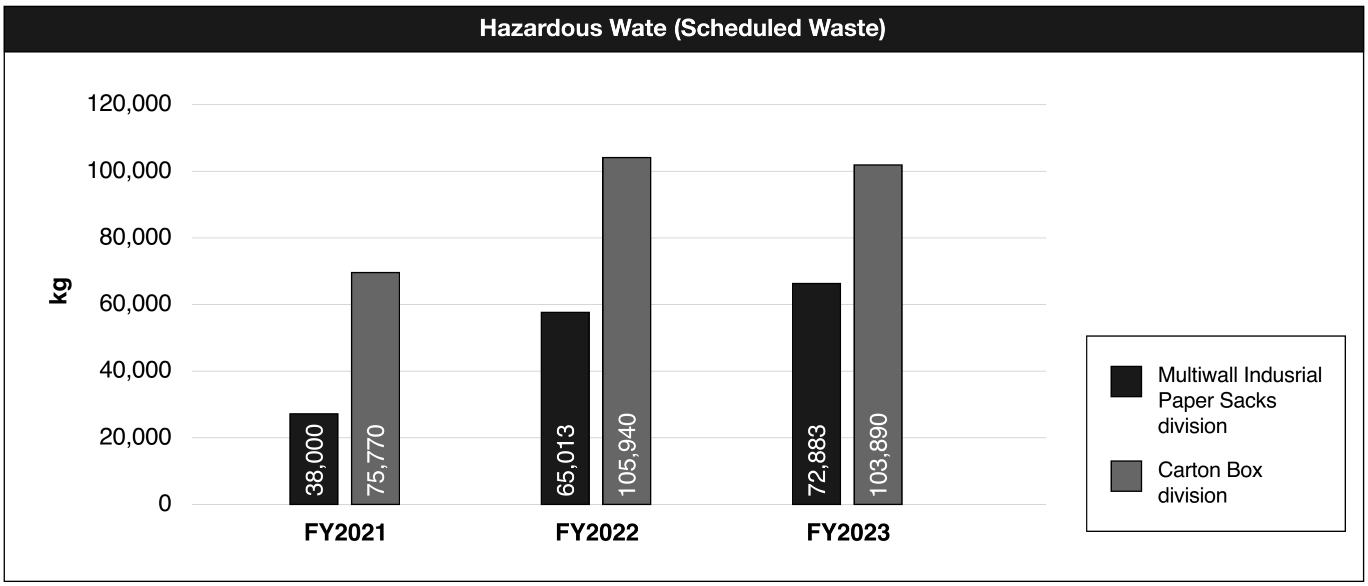
SUSTAINABILITY STATEMENT
(CONT'D)

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 general waste is mainly paper. Paper is the major raw material of our products, which is naturally biodegradable and can be entirely absorbed by the environment without any impact on the environment or human health. 100% of the paper waste and scrapped paper are disposed of to a recycling company for recycling to reduce impact on the environment, while wooden pallets are re-used or scrapped and disposed of. Both divisions continue to improve their production planning to reduce waste generated from its production operations and processes.



SUSTAINABILITY STATEMENT
(CONT'D)

Our scheduled wastes for the FY2023 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 total hazardous waste discharge for the year under review was 176,773 kg, a slight increase compared to 170,953 kg in the previous year.

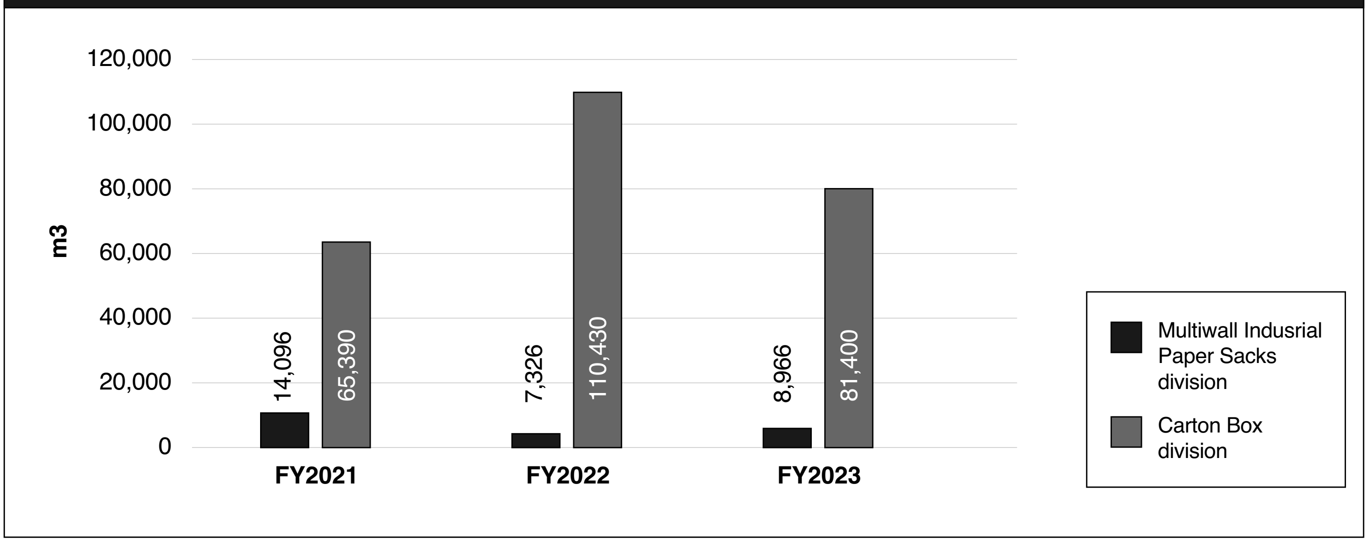
The scheduled waste of the Multiwall Industrial Paper Sack division increased to 72,883 kg as compared to the previous year of 65,013 kg. The increase of solid waste in Multiwall Industrial Paper Sacks division was attributable to the increase in ink sludge due to high number of ink change over for small 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.

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. The re-installation of the wastewater treatment plant for the Carton Box division was delayed, due to the delay in finalising its factory extension plan.

Water Consumption

Water Consumption



Water is a vital component of our business needs. Our main source of water is via municipal pipelines. For the reporting period, there was an overall decrease in water consumption by the Group. This was mainly due to the reduced water consumption by the Carton Box division.

Water Consumption Intensity (m^3/RM'000)			
	FY2021	FY2022	FY2023
Total	1,131	1,428	752

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
FY2023	**3**

ZERO Fatalities

FY2023 | FY2022

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.

Labour Practices

We comply with the requirements of the Employment Act, 1955, Occupational Safety and Health Act 1994, Employees Provident Fund Act 1991, Employees Social Security Act 1969 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. None of the subsidiaries in KYM Group employed forced labour. This requirement is being extended to supply chains.

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.

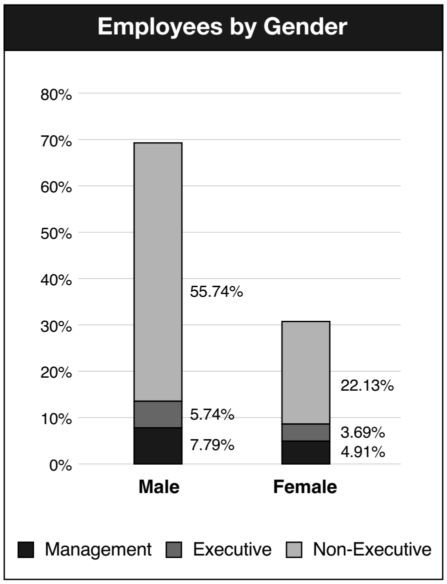
The Group continuously educates its employees by conducting occupational health and safety-related trainings. During the financial year, there were a total of 6 safety engagements carried out by the Group with its employees. The number of employees provided with occupational health and safety training recorded by the Group are as follows:-

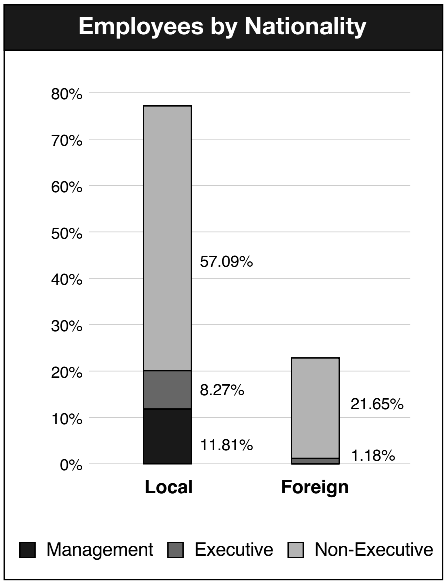
	FY2021	FY2022	FY2023
Number of employees who received occupational health and safety training	97	182	161

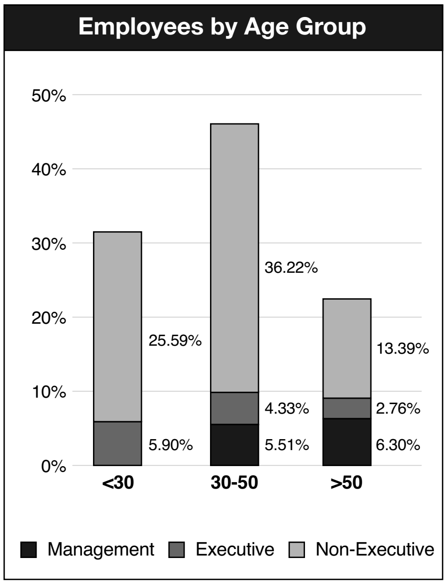
SUSTAINABILITY STATEMENT
(CONT'D)

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 displayed below:



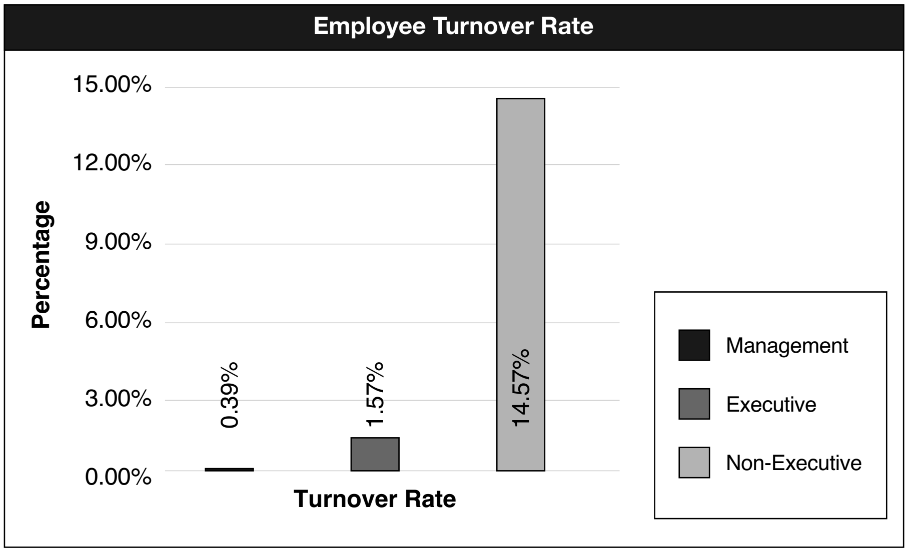




The Group is committed to local employment where practical. 77% of our total workforce are Malaysian. Our workforce comprises a healthy mix of young and old generations. While male employees constitute 69% of the workforce, female employees constitute 31%.

Employees Turnover

A high turnover rate can be costly for companies in terms of lost productivity, recruitment and training costs, and a negative impact on morale. In contrast, a low turnover rate indicates employee satisfaction and contributes to a more stable and productive work environment. As such, we regularly monitor employee turnover rates in order to better understand the reasons for turnover in order to develop strategies to retain employees, such as creating a positive work culture and providing opportunities for growth and development. The employee turnover rate recorded by the Group is as follows:-



SUSTAINABILITY STATEMENT
(CONT'D)

Training and Development

As supporters of talent development, we aim to ensure that our employees have access to development programmes that provide them with knowledge on relevant areas of operations such as compliance with rules and regulations, health and safety, technical training and product development. The average number of training hours per employee recorded by the Group are shown as follows:-

	FY2021	FY2022	FY2023
Average training hours per employee	1.98 hours	1.94 hours	4.27 hours

Employee Compensation

KYM Group complies with the new employment laws that stipulate maternity leave effective 1 January 2023 has been extended to 98 days for each child born. The revision in the law also sees the introduction of mandatory paternity leave of seven days for each child born.

Employee Engagement

H Happiness

U Unity

G Growing Together

Happiness – We encourage a positive work environment where employees feel valued and appreciated. We acknowledged employees who have been with the organization for an extended period through Long-Service Awards as a token of appreciation for their contributions. We arranged various events, such as festive celebrations, annual appreciation dinners, and birthday celebrations, Hari Raya Photo Contests to promote workplace happiness.

Unity – We foster a sense of belonging and teamwork among employees. We encourage collaboration and communication, and create a culture where everyone feels empowered to contribute their ideas and expertise. The corporate goals and strategies are communicated to the employees so that they remain collectively focused on working towards the Group's overarching objectives.

Growing Together – We support professional development and career growth for employees. We provide training and development opportunities, regular feedbacks and performance reviews to help employees achieve their goals and reach their full potential.

In October 2022, a 3 days strategic retreat was held among the Heads of Departments of the Group at Janda Baik, Pahang with the theme 'Advance Together', to discuss the Group's targets and goals in achieving the key performance index which have been set and to promote teamwork.

By embracing the HUG mentality in the workplace, we believe we can create a supportive and collaborative culture where employees feel happy, connected, and motivated to grow and succeed together.

In our commitment to further promote employee well-being, the corporate office also organises weekly yoga, Zumba sessions and table tennis coaching classes after work hours to encourage a balanced work-life for our employees.

We acknowledge that it is important to foster a good communication in the workplace where employees can use to forward a complaint to the management on matters of perceived injustice pertaining to the employment relationship or terms and conditions of employment. A grievance mechanism and procedures have been formalised so that grievances may be brought to the attention of the department heads, Human Resource Manager or if necessary, escalated to the CEO.

Conclusion

This statement describes our sustainability initiatives and our approach in 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 2023 (“FY2023”). This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance 2021 (“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 & Risk Management Committee Report, Statement on Risk Management and Internal Control and CG Report 2023 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 FY2023.

As at 31 January 2023, KYM applied 35 out of the total 48 recommended practices (included 5 step-up) 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 stakeholders

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 to be in line with the amendments as set out in the Main Market Listing Requirements in regards to the director appointment and independence and MCCG 2021. The latest Board Charter is available at KYM’s website www.kym.com.my. During the FY2023, the Board adopted a Fit and Proper Policy to enhance Board quality in the appointment and re-election of Directors of the Group.

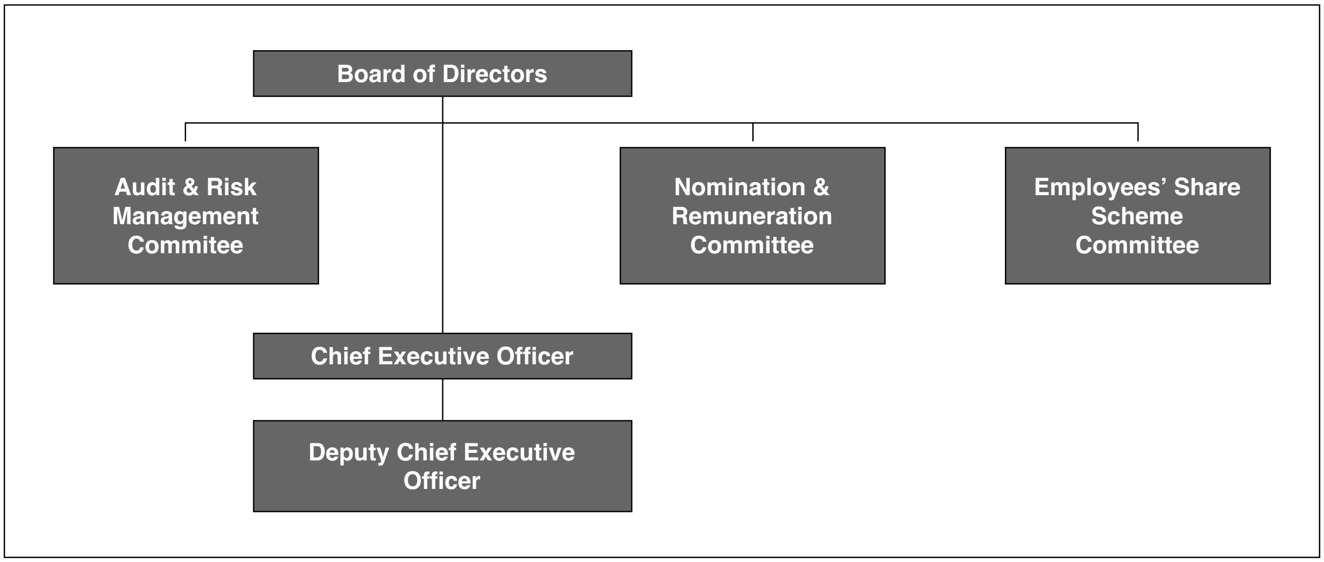
The Board has delegated specific responsibilities to two (2) board committees namely Audit & Risk Management Committee and Nomination & Remuneration Committee (“NRC”) that operate within clearly defined terms of references. During FY2023, the Board has reviewed and updated the terms of reference of the ARMC and NRC to reflect the actual responsibilities of the respective board committees and to be in line with the Main Market Listing Requirements.

In addition to the above, an Employees’ Share Scheme (ESS) Committee was established during the financial year to implement and administer the KYM Employees Share Scheme 2022. The main duties and responsibilities of the ESS Committee include selecting and identifying suitable eligible persons to be offered the Share Grant and ESS Option, determining the actual number of Shares Grant and ESS Options to be allocated to an eligible person and to recommend to the Board any amendments or modification of the By-laws, where necessary.

During the FY2023, Mr Lim Tze Thean was appointed as Executive Chairman in place of Dato’ Seri Dr. Isahak Bin Yeop Mohamed Shar who stepped down from the Board after helming the Group for almost 16 years. In the interim, Mr Lim Tze Thean assumed the positions of Executive Chairman and Chief Executive Officer to ensure smooth leadership transition. Since Mr Lim Tze Thean was appointed as Executive Chairman of the Company, he was no longer involved in the Board Committees (except for ESS Committee) to ensure there is check and balance as well as objective review by the board.

The Board delegates the day-to-day management of KYM’s business to the Chief Executive Officer (CEO) and Deputy Chief Executive Officer (Deputy 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, six (6) Board of Directors' Meeting were held and the Directors' attendance are as follows:

Name of Director	Attendance
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar [1]	4/4
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim [1]	3/4
Dato' Lim Kheng Yew [2]	4/4
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil [1]	3/4
Dato' Mohd Azmi Bin Othman [3]	1/3
Lee Ji Jin Darren	6/6
Lim Tze Thean	6/6
Sharman A/L Arumugam [4]	6/6
Gan Chia Hui [4]	6/6
Tang Kae Sue [5]	1/3
Lee Li Choon [6]	2/2

Notes:
1. *Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim and Datuk Seri Rahadian Mahmud Bin Mohammad Khalil resigned as Directors on 5 July 2022.*
2. *Dato' Lim Kheng Yew retired on 5 July 2022.*
3. *Dato' Mohd Azmi Bin Othman retired at the conclusion of the 40th AGM on 5 July 2022.*
4. *Mr Sharman A/L Arumugam and Ms Gan Chia Hui were appointed as Directors on 18 March 2022.*
5. *Ms Tang Kae Sue was appointed as a Director on 25 March 2022 and retired at conclusion of the 40th AGM on 5 July 2022.*
6. *Ms Lee Li Choon was appointed as a Director on 5 July 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. During the financial year, the Board reviewed and updated the Whistleblowing Policy to include a designated whistleblowing email address for reports to be directed to and an improved due process flow of actions and timeline after the report has been received. The Anti-Bribery And Corruption Policy and Whistleblowing Policy are 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

The Board reviewed and deliberated a 3-year business plan that sets out the core focus areas to drive the transformation of the Group. The Board members actively participated in the discussion on management's proposals on organic and inorganic growth for the Group. The Board deliberated the business plan, 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 monitors the conducts of business by reviewing the financial performance of each segment at its quarterly meeting.

The detailed activities of the Board for FY2023 are provided in the CG Report 2023.

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 or Deputy 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.

KYM recognizes the importance of balancing its business sustainability with responsible environmental and social considerations, focusing on the Group's sustainable development practices. KYM has implemented an action plan to monitor its progress and shares the results of its ESG objectives with its stakeholders.

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.

During the financial year, there have been several changes to the board composition. In March 2022, three new Directors with diverse backgrounds were appointed to the Board as part of the Group's succession plan and to enhance the core competencies of the Board. With that, the board size increased to 10 Directors comprising 6 Independent Directors and 2 female Directors.

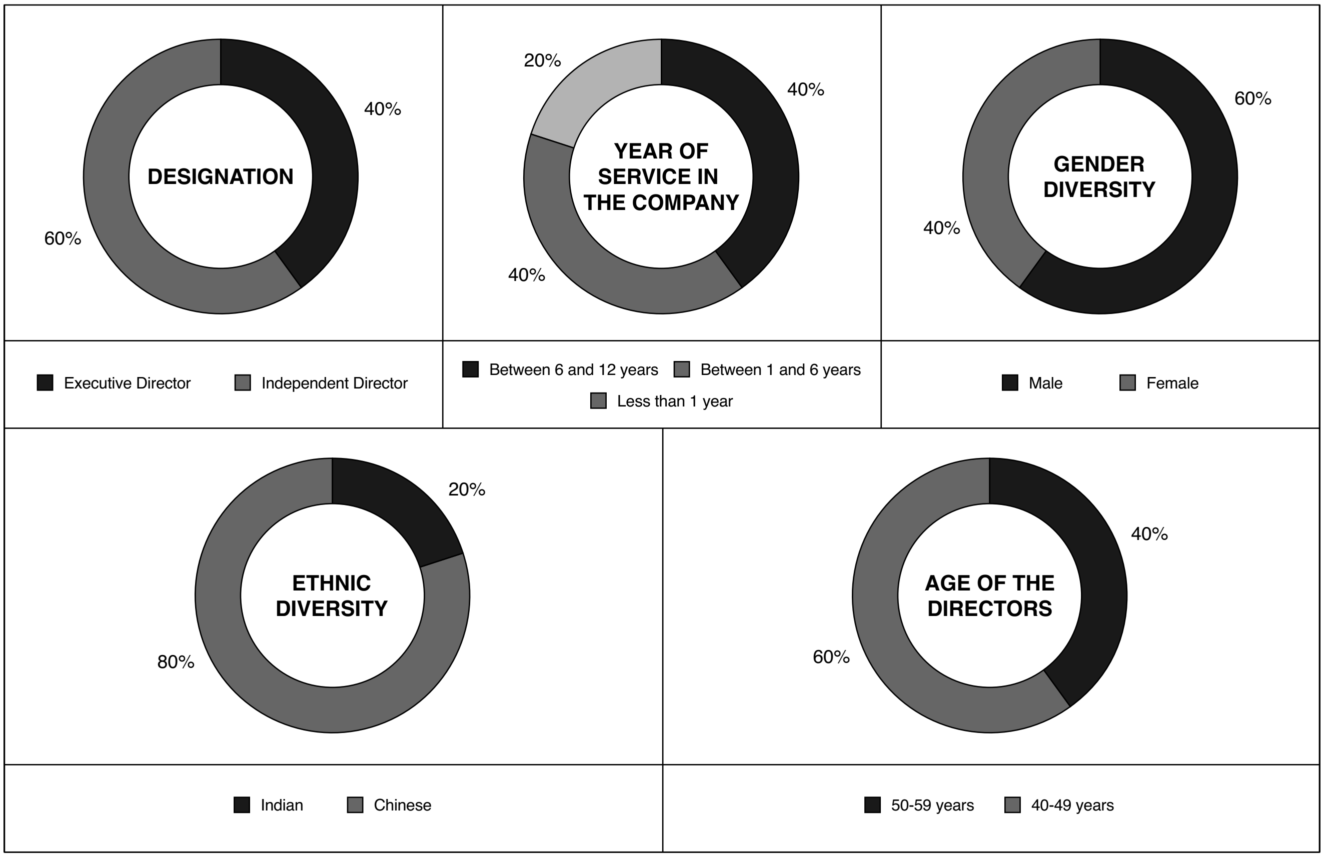
The founder, Dato' Lim Kheng Yew who has been an integral part of the KYM group's growth since 1982 retired on 5 July 2022. The former Chairman, Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar along with Dato' Seri Ir. Mohamad Othman Bin Zainal Azim, Datuk Seri Rahadian Mahmud Bin Mohammad Khalil and Dato' Mohd Azmi Bin Othman decided to step down on 5 July 2022 after serving the Company more than 15 years. Ms Tang Kae Sue who was appointed on 25 March 2022 did not stand for re-election at the 40th AGM due to her medical condition at that point in time. She retired as an Independent Non-Executive Director at the conclusion of the 40th AGM.

The retirement of Dato' Lim Kheng Yew along with the departure of Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim, Datuk Seri Rahadian Mahmud Bin Mohammad Khalil and Dato' Mohd Azmi Bin Othman was set to usher in a new phase for the Group. Mr Lee Ji Jin Darren was appointed as Deputy Chief Executive Officer and re-designated as Executive Director. The new line-up and changes in the boardroom reflected a total of 5 members of the Board of Directors and 2 female Directors representing 40 per cent female representation.

As at the date of this Statement, the Board consists of five (5) members: -

(a) two (2) Executive Directors; and
(b) three (3) Independent Non-Executive Directors

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)



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. Given the length of service of each independent director, the Board decided to prioritize the recruitment of new independent directors. The CEO was assigned the responsibility of finding qualified candidates who met the desired expertise and skillsets for the new independent directors. The Board determined these requirements based on the Company's future needs and long-term vision. The NRC is tasked with reviewing the composition of the Board, evaluating and recommending suitable candidates for the appointment of Directors. During the financial year, the NRC evaluated and interviewed the shortlisted candidate based on merit and objective criteria developed by the Board, formally and transparently, considering the candidate's skills, knowledge, experience, competencies, age, cultural background, gender, time commitment, integrity and professionalism. At the recommendation of the NRC, the appointment of Mr Sharman A/L Arumugam, Ms Gan Chia Hui, Ms Tang Kae Sue and Ms Lee Li Choon were approved by the Board. However, Ms Tang Kae Sue retired at conclusion of the 40th AGM on 5 July 2022.

Mr Sharman A/L Arumugam is a Chartered Accountant (Malaysia), a fellow of CPA Australia, a member of the Malaysian Institute of Certified Public Accountant (CPA) and an ASEAN Chartered Professional Accountant. His areas of expertise encompasses accounting, audit & risk management and corporate finance which includes corporate valuations, fund raisings, mergers and acquisitions, corporate re-organizations and insolvency workouts.

Ms Gan Chia Hui is a non-practising UK solicitor and an advocate and solicitor of the High Court of Malaya. Her areas of specialty include legal and corporate finance. She has been in education management for 13 years. Prior to entering the education industry, Ms Gan Chia Hui specialized in fund formation, mergers and acquisitions, cross border investment, regulatory advisory and intellectual property protection.

Ms Lee Li Choon has extensive experience in leadership transformation, leadership coaching and human resource. She brings a valuable combination of competence and regional exposure, which greatly enhances the capabilities of the Board.

Overall, the Board believes that the present board composition is appropriate and well balanced.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The NRC was restructured in May 2022 to address the 12-year mandatory tenure limit for the former independent directors as well as to achieve better corporate governance. Ms Gan Chia Hui was appointed as the Chairperson of NRC in replacement of Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar on 19 May 2022.

During the financial year, 3 NRC meetings were held. Matters discussed at the NRC meeting include the following:-

- Skill gap assessment
- Fit and Proper Policy
- Assessment for Board, Board Committees, Executive Directors, Non-Executive Directors and independence of directors and reviewing the results of the respective assessments
- Appointment of candidates to the Board
- Re-election of retiring directors
- Review of directors' remuneration
- Review of evaluation criteria of the Board, Board Committees and each individual director
- Review the terms of reference of the NRC
- Training for directors
- Discussion of Board and Senior Management remuneration practices

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

Name of Director	Number of Meetings Attended During the Financial Year
Gan Chia Hui [1] *Chairperson/Independent Non-Executive Director*	1/1
Sharman A/L Arumugam [2] *Independent Non-Executive Director*	1/1
Lee Li Choon [3] *Independent Non-Executive Director*	1/1
Tang Kae Sue [4] *Independent Non-Executive Director*	N/A
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar [5] *Former Chairman, Non-Independent Non-Executive Director*	2/2
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim [5] *Former Senior Independent Non-Executive Director*	2/2
Dato' Mohd Azmi Bin Othman [5] *Former Independent Non-Executive Director*	2/2

Notes:
1. *Ms Gan Chia Hui was appointed as the Chairperson of the NRC on 19 May 2022.*
2. *Mr Sharman A/L Arumugam was appointed as a NRC member on 19 May 2022.*
3. *Ms Lee Li Choon was appointed as a NRC member on 5 July 2022.*
4. *Ms Tang Kae Sue was appointed as a NRC member on 19 May 2022. She ceased as a NRC member following her retirement as a Director upon the conclusion of 40th AGM on 5 July 2022.*
5. *Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim and Dato' Mohd Azmi Bin Othman resigned from the NRC on 19 May 2022.*

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

The Board through the NRC, conducts the annual assessment on effectiveness of the Board, the Board Committees and the individual Directors of the Company. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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 it 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.

During the financial year, the NRC has undertaken an annual evaluation of the independence of all the independent directors and is satisfied 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. However, 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 did not recommend to retain them as Independent Non-Executive Directors.

The NRC also reviewed the eligibility of each of the Directors standing for re-election at the AGM based on the performance of the Directors 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.

During the financial year, the Board approved the NRC's recommendation that the Directors who retire in accordance with Article 81 and 87 of the Constitution of the Company be eligible to stand for re-election.

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.

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

Lee Ji Jin Darren	• How to Scale Up Fast on 2 July 2022 • Performance Management and the 5 Laws of Teamwork on 8-10 Oct 2022 • Malaysia Tax Budget Conference 2023: Riding the Post-Pandemic Tide on 27 October 2022 • YPO Edge Global Leadership Conference, New York City on 2- 4 November 2022 • MACC Anti-Bribery & Corruption Training on 11 January 2023
Lim Tze Thean	• Supply Operations and Automation on 2 Jun 2022 • K-A-K Focus Training on 1-3 July 2022 • MIDA-Perodua Digital Transformation Ecosystems on 15 August 2022 • CFF Retreat with Johnben Loy on 16 & 17 August 2022 • EVM ASIA 2022 Technology Symposium on 28 September 2022 • SDG 2030: Catalyst for Green Economy Change on 28 September 2022 • MACC Anti-Bribery & Corruption Training on 11 January 2023 • INSEAD: The World Economy in 2023 on 31 January 2023
Sharman A/L Arumugam	• The Metaverse: Its Economy and Economics on 28 April 2022 • Financial Frauds and Scams on 11 May 2022 • State of the Cryptocurrency 2022: The Year of Regulation on 11 August 2022 • Purpose Driven Leadership: The Importance of Owning an Impact Statement on 11 October 2022 • Understanding DeFi – A Thorn or A Remedy to the Current Financial System on 20 October 2022 • CPA Virtual Congress on 19 – 21 October 2022
Gan Chia Hui	• Bursa Malaysia Mandatory Accreditation Programme (MAP) on 23- 25 May 2022 • ICLIF Executive Education Center: Corporate Governance & Remuneration Practices for the ESG World on 6 September 2022 • SDG Investment Forum Asean in Malaysia on 23 November 2022 • ICDM BRC Dialogue & Networking on 8 December 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

Lee Li Choon	• ICF Malaysia: How to Build a Powerful Personal Brand as a Coach on 9 March 2022 • ICF Malaysia: 10 Coaching Thoughts to Live By on 19 March 2022 • International Coaching Federation: ICF Global Leadership Forum on 30-31 March 2022 • ICF Malaysia: Branding yourself through visuals on 6 April 2022 • ICF Malaysia: International Coaching Week – Reimagine the Future Program on 17-21 May 2022 • ICF Thought Leadership Institute: Manifesting the Future of Education Convening on 9 June 2022 • ICF Malaysia: Coaching Supervision – Unlocking True Potential of Coaching on 23 June 2022 • Malaysia Association of Certified Coaches Professional Coaching: Creating your coaching niche on 20 August 2022* • ICLIF Executive Education Center: Corporate Governance & Remuneration Practices for the ESG World on 6 September 2022 • Bursa Malaysia Mandatory Accreditation Programme (MAP) on 20 – 22 September 2022 • Working with Metaphors in Supervision: A Clean Language Approach on 4 October 2022 • Introducing Creativity's Compass Rose: 8 Ways for You to Own your Creativity and to re-Source Your Practice on 21 October 2022 • Association of Coaching, Supervision & Mentoring: Exploring the Space of Awareness to Connect with Your SELF on 15 November 2022* • EO Moderator Retreat on 25-27 November 2022 • EO Malaysia Employment Act Amendment on 1 December 2022 • Coaching Supervision by Miriam Orriss on 8 July 2022-13 January 2023 **Trainings conducted by Lee Li Choon.*

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 Board 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	Allowance RM	ESS RM	Total RM	Salary RM	Bonus RM	Fee RM	Allowance RM	Defined Contribution Plan RM	Benefits in Kind RM	ESS RM	Total RM
Executive:												
Dato' Lim Kheng Yew	-	-	132,000	132,000	61,936	-	-	-	7,433	-	132,000	201,369
Lim Tze Thean	11,562	-	220,000	231,562	437,419	270,000	11,562	-	108,188	-	220,000	1,047,169
Lee Ji Jin Darren	14,849	1,500[(1)]	132,000	148,349	170,800	180,000	14,849	1,500[(1)]	56,000	-	132,000	555,149
Non-Executives:												
Dato' Seri Dr Isahak Bin Yeop Mohamad Shar	25,479	2,000	88,000	115,479	-	-	25,479	2,000	-	-	88,000	115,479
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	5,945	2,000	88,000	95,945	-	-	5,945	2,000	-	-	88,000	95,945
Dato' Mohd Azmi Bin Othman	4,247	1,500	88,000	93,747	-	-	4,247	1,500	-	-	88,000	93,747
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil	4,247	1,000	88,000	93,247	-	-	4,247	1,000	-	-	88,000	93,247
Gan Chia Hui	21,069	3,500	-	24,569	-	-	21,069	3,500	-	-	-	24,569
Lee Li Choon	11,562	1,750	-	13,312	-	-	11,562	1,750	-	-	-	13,312
Sharman A/L Arumugam	33,370	3,500	-	36,870	-	-	33,370	3,500	-	-	-	36,870
Tang Kae Sue	5,644	-	-	5,644	-	-	5,644	-	-	-	-	5,644
TOTAL	137,974	16,750	836,000	990,724	670,155	450,000	137,974	16,750	171,621	-	836,000	2,282,500

Note:
(1) This allowance was paid to Lee Ji Jin Darren when he was a Non-Executive Director prior to his redesignation as Executive Director on 1 June 2022.

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.

PRINCIPLE B – EFFECTIVE AUDIT & RISK MANAGEMENT

I Audit & Risk Management Committee

During the financial year, there have been changes to the composition of Audit & Risk Management Committee. Prior to May 2022, the Audit & Risk Management Committee comprises a majority of Independent Non-Executive Directors. Consequential to the change in May 2022, the Audit & Risk Management Committee comprises solely Independent Directors. Details on the composition of the Audit & Risk Management Committee are outlined under the Audit & Risk Management Committee Report.

The Audit & Risk Management 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 auditor. Further details on the external auditors are set out in the Audit & Risk Management Committee Report.

The NRC conducts an annual assessment of the Audit & Risk Management Committee to ensure that the Audit & Risk Management Committee carries out their duties in accordance with the Terms of Reference of the Audit & Risk Management 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 & Risk Management Committee as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

The Board has overall accountability for ensuring that risk is effectively managed across the Group and, on behalf of the Board, the Audit & Risk Management Committee is responsible to assist the Board in ensuring the adequacy and effectiveness of internal control. The Audit & Risk Management 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 42 to 44 of this Annual Report.

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

I Communication 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. During the financial year, the Company through an outsourced investor relation service, conducted dialogues, discussions or briefings with the press, fund managers as part of investor relations activities.

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.

II Conduct of General Meetings

The Annual General Meeting ("AGM") remains the primary platform for dialogue with shareholders. The Company's 40th AGM was held physically on 5 July 2022 and Notice of the 40th AGM was given to the shareholders at least 28 days prior to the meeting.

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.

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 18 May 2023.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of KYM Holdings Bhd ("Board") is pleased to present the Audit & Risk Management Committee ("ARMC") Report for financial year ended 31 January 2023 ("FY2023"). On 26 September 2022, the committee was renamed as the Audit & Risk Management Committee to reflect its expanded role in overseeing the company's risk management in addition to its other responsibilities.

COMPOSITION AND MEETINGS

		Attendance
Sharman A/L Arumugam [1] (Current Chairman)	Independent Non-Executive Director	3/3
Gan Chia Hui [2]	Independent Non-Executive Director	3/3
Lee Li Choon [3]	Independent Non-Executive Director	2/2
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim [4] (Former Chairman)	Senior Independent Non-Executive Director	2/2
Dato' Mohd Azmi Bin Othman [5]	Independent Non-Executive Director	2/2
Lee Ji Jin Darren [6]	Executive Director	2/2
Tang Kae Sue [7]	Independent Non-Executive Director	N/A

Notes:

1. *Mr Sharman A/L Arumugam was appointed as the Chairman of ARMC on 19 May 2022.*
2. *Ms Gan Chia Hui was appointed as a member of ARMC on 19 May 2022.*
3. *Ms Lee Li Choon was appointed as a member of ARMC on 5 July 2022.*
4. *Dato' Seri Ir. Mohamad Othman Bin Zainal Azim was redesignated as a member of ARMC on 19 May 2022 and resigned as an ARMC member on 5 July 2022.*
5. *Dato' Mohd Azmi Bin Othman resigned as an ARMC member on 19 May 2022.*
6. *Mr Lee Ji Jin Darren resigned as an ARMC member on 19 May 2022. He was re-designated as Deputy CEO and Executive Director of KYM on 1 June 2022.*
7. *Ms Tang Kae Sue was appointed as a member of ARMC on 19 May 2022. She ceased to be a member of ARMC on 5 July 2022.*

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

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

During the FY2023, the ARMC members met five (5) times and details of attendance of each committee member are as above. The Chief Executive Officer (CEO) (before he was appointed as Executive Chairman) or Deputy Chief Executive Officer ("DCEO"), senior management, and representatives from the Internal or External Auditors were invited to attend the meeting to assist the ARMC's discussions and consideration of reports, and to answer questions in relation to internal or external audit reviews and improvement recommendations.

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

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

RESPONSIBILITIES OF THE ARMC

The responsibilities of the ARMC are set out in the Terms of Reference duly approved by the Board. The Terms of Reference was reviewed and updated on 1 December 2022, a copy of which is posted on the Company's website under the Corporate Governance section.

Being a delegated body of the Board, the ARMC 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 ARMC members to ease their responsibilities, and the ARMC 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 FY2023.

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

ACTIVITIES OF THE AUDIT & RISK MANAGEMENT COMMITTEE

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

Financial Reporting

- The ARMC 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 and recommended to the Board for approval. During the review, Management provided explanations on the analysis of the quarterly results and major variances and provided insight information on the Group's business operations, factors affecting the Group's performance and market outlook;

- The ARMC received assurance that appropriate accounting policies had been adopted and applied consistently;

- The ARMC 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 ARMC 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 ARMC for Board's approval.

External Auditors

- The ARMC had on 31 March 2022, 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 2022.

- The ARMC had on 19 May 2022, reviewed with the External Auditors, the final draft of the audited financial statements of the Company for the financial year ended 31 January 2022 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 ARMC 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 ARMC'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 ARMC also reviewed the reasonableness of the audit fees charged against the size and complexity of the Group.

  The External Auditors had on 19 May 2022, provided a written assurance to the ARMC 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 ARMC reviewed the non-audit services rendered by the External Auditors during the financial year ended 31 January 2022. 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 2022 were RM59,000. Considering the nature and scope of the non-audit service, the ARMC was of the opinion the independence of the External Auditors was not impaired by the provision of such non-audit services to the Group.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

The ARMC 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 40th Annual General Meeting held on 5 July 2022.

- At the meeting held on 30 November 2022 the ARMC reviewed and discussed with the External Auditors the Group's audit plan prior to the commencement of audit for financial year ended 31 January 2023 ("2023 APM"). The 2023 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 ARMC with the new and latest changes in accounting standards and interpretations. The External Auditors presented a summary of the Transparency Report, which outlines the firm's Governance Structure and System of Quality Controls. This included an explanation of the partner rotation rule, monitoring of engagement partners' workload, Continuing Professional Development program, and Engagement Quality Control Review. The report also covered the Audit Firm's Investment to Uphold Audit Quality and Internal and External Monitoring Reviews. Additionally, the External Auditors will adopt the revised ISA 315 audit standard on risk assessment, which requires detailed documentation of risk management during the audit process. The ARMC, upon due deliberation, approved the 2023 APM for implementation in accordance with the audit timeline.

- During the financial year, the ARMC had two (2) private discussions with the External Auditors without the presence of the CEO and Management.

<u>Internal Auditors</u>

- During the financial year, the outsourced internal audit function prepared an annual 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 ARMC and management on the latest risk information and business operation condition. The ARMC reviewed and approved the proposed internal audit plan, audit scope and timing.

- The ARMC 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 ARMC 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 ARMC.

- The ARMC assessed the performance of the Internal Auditors in FY2023 and was satisfied with the performance of the outsourced internal audit function.

<u>Related Party Transactions</u>

- The ARMC reviewed the recurrent related party transactions ("RRPT") 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. The management had conducted a comparison of new related party transaction i.e., the naming rights fees of KYM Tower against advertising fees to ensure that the RRPT is entered on an arm's length basis.

<u>Others</u>

- During the financial year, the ARMC reviewed the Transfer Pricing documentation with the company's tax consultants.

- The ARMC also reviewed and revised Terms of Reference of ARMC to reflect its expanded responsibilities and to be in line with the latest Main Market Listing Requirements and the Malaysian Code of Corporate Governance 2021. The Terms of Reference was updated on 1 December 2022, a copy of which is posted on the Company's website.

- The ARMC reviewed and revised the Whistleblowing Policy during its meeting on 30 November 2022, which the revision was subsequently approved by the Board of Directors on 1 December 2022. The ARMC also monitors the receipt of whistleblowing reports on a quarterly basis.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

- During the financial year, the ARMC closely monitored the status of the disposal of Lot 7 by the Company's wholly-owned subsidiary, Anabatic Sdn Bhd. to ensure completion in accordance with the terms of the Sale and Purchase Agreement.

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

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 ARMC. 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 ARMC annually.

Cost incurred for the internal audit function in respect of the financial year ended 31 January 2023 is RM36,000.00.

Two (2) internal audit reviews covering the following business processes were carried out during the financial year: -

o Sales & Marketing function;
o Procurement function;
o Anti Bribery and Anti-Corruption Compliance Framework;
o Risk Management;
o Due Diligence;
o Training and Communication; and
o Monitoring of Whistleblowing Channel.

A total of thirteen (13) observations were raised of which four (4) needed Immediate Attention which implementation of action must commence within 3 months from the date of the report.

The Internal Audit Report were reviewed by the ARMC 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 ARMC. The ARMC 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 ARMC Chairman reported the significant findings highlighted by the Internal Auditors to the Board of Directors after each ARMC meeting.

CONCLUSION

The Board is of the view that the ARMC and all its members have discharged their duties and responsibilities effectively during the FY2023.

This statement is made in accordance with a resolution of the Board of Directors of KYM Holdings Bhd dated 18 May 2023.

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 2023.

BOARD RESPONSIBILITIES

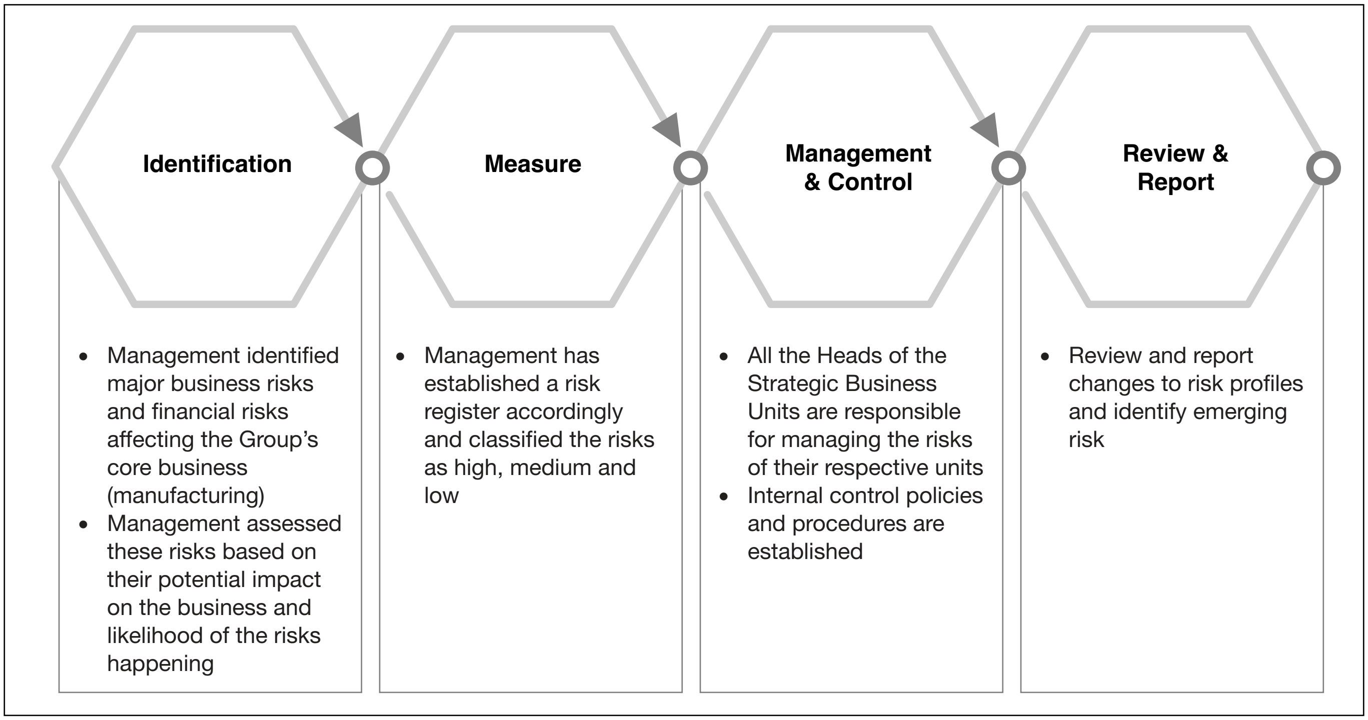
The Board is responsible for maintaining an effective governance, sound risk management framework and system of internal control that cover the financial reporting, compliance and operations of the Group to safeguard shareholders’ investment and the Group’s assets. The Audit & Risk Management Committee 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 & Risk Management 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



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 during the financial year ended 31 January 2023 and our key mitigation efforts to manage those risks are described below:

- **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 resulted 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 & Risk Management 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 & Risk Management Committee. Further details are set out in the Audit & Risk Management Committee Report.

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 & Risk Management 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 on the Company's website. The Board delegates responsibility for the day-to-day management of the Company to the CEO and Deputy 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 and/or Deputy 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.

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

- 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 & Risk Management 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 & Risk Management 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.

(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.
- The Group’s Whistleblowing Policy, which was updated on 1 December 2022, provides 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 the Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on Risk Management and Internal Control included in the Annual Report, issued by Malaysian Institute of Accountants (MIA).

Based on their review, the External Auditors have 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, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is it factually inaccurate.

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 **18 May 2023.**

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 2023, 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. AUDIT AND 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	193,100	49,000
Non-Audit Fees	120,000	23,000

3. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into 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 2023 or since the end of the previous financial year.

4. EMPLOYEES' SHARE SCHEME 2022 ('ESS')

KYM established an Employees Shares Scheme 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 KYM Group ("ESS 2022"). The ESS shall be in force for a period of five (5) years, commencing from 9 June 2022 and expiring on 8 June 2027.

During the financial year, a total of 1,900,000 new ESS shares were granted to the specific directors of KYM pursuant to the Proposed Specific Allocation approved by the shareholders at an Extraordinary General Meeting held on 8 June 2022.

Since commencement of the Scheme on 9 June 2022				
Aggregate ESS Shares Granted	Aggregate ESS Options Granted	Aggregate ESS Options Exercised	Aggregate ESS Options Forfeited/Lapsed	Aggregate ESOS Options Outstanding
1,900,000	-	-	-	-

ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

	Aggregate maximum allocation applicable (%)	Actual ESS Shares/ Options granted during the financial year (%)	Aggregate ESS Shares & Options Granted Since 9 June 2022 (%)
Directors and Senior Management	80.00	8.45	8.45

The breakdown of the ESS Shares granted and vested to non-executive directors pursuant to the ESS 2022 in respect of the financial year is as follows:-

Name of director	Amount of shares granted
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar[1]	200,000
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim[1]	200,000
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil[1]	200,000
Dato' Mohd Azmi Bin Othman[2]	200,000

Notes:
1. *Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar, Dato' Seri Ir. Mohamad Othman Bin Zainal Azim and Datuk Seri Rahadian Mahmud Bin Mohammad Khalil resigned as Directors on 5 July 2022.*
2. *Dato' Mohd Azmi Bin Othman retired at the conclusion of the 40th AGM on 5 July 2022.*

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 2023.

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	8,927	(1,349)
Attributable to:		
Owners of the Company	8,927	(1,349)

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) the Company increased its issued and paid-up share capital from RM110,380,724 to RM111,216,724 by way of issuance of 1,900,000 new ordinary shares at RM0.44 each pursuant to a share grant under the Employees' Share Scheme ("ESS").

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

(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.

DIRECTORS' REPORT
(CONT'D)

EMPLOYEES' SHARE SCHEME

The ESS of the Company was approved by the shareholders at the Extraordinary General Meeting held on 8 June 2022 and is governed by the ESS By-Laws. The ESS is to be in force for a period of five (5) years commencing from 9 June 2022 and may be extended for another five (5) years by the Board upon recommendation of the ESS Committee.

The details of the ESS are disclosed in Note 19(b) to the financial statements.

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.

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.

DIRECTORS' REPORT
(CONT'D)

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

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

Lim Tze Thean	
Lee Ji Jin Darren	
Sharman A/L Arumugam	
Gan Chia Hui	
Lee Li Choon	(Appointed on 5.7.2022)
Dato' Seri Dr. Isahak Bin Yeop Mohamad Shar	(Resigned on 5.7.2022)
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil	(Resigned on 5.7.2022)
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	(Resigned on 5.7.2022)
Dato' Lim Kheng Yew	(Retired on 5.7.2022)
Dato' Mohd Azmi Bin Othman	(Retired on 5.7.2022)
Tang Kae Sue	(Retired on 5.7.2022)

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' REPORT
(CONT'D)

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 or debentures of the Company and its related corporations during the financial year are as follows:

	Number of Ordinary Shares			
	At 1.2.2022	Acquired	Sold	At 31.1.2023
The Company				
Direct Interests				
Lim Tze Thean	3,650,000	500,000	-	4,150,000
Lee Ji Jin Darren	110,000	300,000	-	410,000
Indirect Interests				
Lim Tze Thean #	15,300,000	4,700,000	-	20,000,000

\# 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.

	Number of Ordinary Shares Granted under the ESS			
	At 1.2.2022	Granted	Vested	At 31.1.2023
The Company				
Direct Interests				
Lim Tze Thean	-	500,000	(500,000)	-
Lee Ji Jin Darren	-	300,000	(300,000)	-

The other directors holding office at the end of the financial year had no interest in shares, options over unissued shares or debentures of the Company or its related corporations during the financial year.

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 the "Directors' Remuneration" of this report) 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 42 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, other than the shares granted pursuant to the ESS of the Company.

DIRECTORS' REPORT
(CONT'D)

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:

	The Group RM'000	The Company RM'000
Fees	138	138
Salaries and other benefits	1,120	-
Defined contribution plan	172	-
Share-based payment	836	836
	2,266	974

INDEMNITY AND INSURANCE COST

During the financial year, the amount 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 46 to the financial statements.

AUDITORS

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

The details of the auditor's remuneration for the financial year are as follows:

	The Group RM'000	The Company RM'000
Audit fees	193	49
Non-audit fees	6	6
	199	55

Signed in accordance with a resolution of the directors dated 18 May 2023.

Lim Tze Thean

Lee Ji Jin Darren

STATEMENT BY DIRECTORS

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

We, Lim Tze Thean and Lee Ji Jin Darren, being two of the directors of KYM Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 57 to 126 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 2023 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 18 May 2023.

Lim Tze Thean | **Lee Ji Jin Darren**

STATUTORY DECLARATION

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

I, Lee Ji Jin Darren, MIA Membership Number: CA 43911, 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 57 to 126 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
Lee Ji Jin Darren, NRIC Number: 821001-10-5479
at Kuala Lumpur
in the Federal Territory
on this 18 May 2023.

Lee Ji Jin Darren

Before me

Shaiful Hilmi Bin Halim (No. W-804)
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 2023 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 57 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2023, 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
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"). 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. The value-in-use model used to assess the risk of impairment is based on assumptions including revenue forecasts, gross margins and discount rate. 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.	Our procedures included, among others: (a) Making enquiries of and challenging the management on the key assumptions made, which included the following: (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.

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)

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.
- 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

Gerald Lau Beng Tong
03523/08/2024J
Chartered Accountant

Kuala Lumpur

18 May 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 31 JANUARY 2023

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	26,784	26,784
Other investments	6	1	1	*	*
Property, plant and equipment	7	36,328	38,961	*	1
Investment properties	8	43,760	43,660	-	-
Right-of-use assets	9	15,952	16,805	711	410
Goodwill	10	4,667	4,667	-	-
		100,708	104,094	27,495	27,195
CURRENT ASSETS					
Inventories	11	37,147	16,787	-	-
Trade receivables	12	25,496	22,836	-	-
Other receivables, deposits and prepayments	13	3,389	1,735	309	370
Amount owing by subsidiaries	14	-	-	27,021	27,493
Current tax assets		1,476	999	-	-
Short-term investment	15	13	13	13	13
Fixed deposits with licensed banks	16	1,447	1,363	-	-
Cash and bank balances		2,656	12,964	30	50
		71,624	56,697	27,373	27,926
Assets classified as held for sale	17	5,610	5,610	-	-
		77,234	62,307	27,373	27,926
TOTAL ASSETS		177,942	166,401	54,868	55,121

Note:
* Less than RM1,000.

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2023 (CONT'D)

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	111,217	110,381	111,217	110,381
Reserve	19	72	72	-	-
Accumulated losses		(13,266)	(22,193)	(86,926)	(85,577)
Equity attributable to owners of the Company		98,023	88,260	24,291	24,804
Non-controlling interest		-	-	-	-
TOTAL EQUITY		98,023	88,260	24,291	24,804
NON-CURRENT LIABILITIES					
Term loans	20	161	229	-	-
Hire purchase payable	21	592	1,834	-	-
Lease liabilities	22	13,508	14,304	798	646
Deferred tax liabilities	23	8,935	9,022	-	-
		23,196	25,389	798	646
CURRENT LIABILITIES					
Trade payables	24	15,925	11,435	-	-
Other payables and accruals	25	10,370	7,862	453	615
Amount owing to subsidiaries	14	-	-	28,124	27,974
Amount owing to related parties	26	1,156	1,309	990	990
Amount owing to a director	27	-	77	-	-
Current tax liability		-	43	-	-
Hire purchase payable	21	1,710	3,971	-	-
Lease liabilities	22	1,321	1,112	212	92
Short-term borrowings	28	22,985	24,032	-	-
Bank overdrafts	29	3,256	2,911	-	-
		56,723	52,752	29,779	29,671
TOTAL LIABILITIES		79,919	78,141	30,577	30,317
TOTAL EQUITY AND LIABILITIES		177,942	166,401	54,868	55,121

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 2023

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	30	120,380	82,844	900	-
COST OF SALES	31	(93,318)	(69,234)	-	-
GROSS PROFIT		27,062	13,610	900	-
OTHER INCOME	32	2,054	2,436	40	1,083
		29,116	16,046	940	1,083
SELLING AND DISTRIBUTION EXPENSES	33	(5,115)	(3,681)	-	-
ADMINISTRATIVE EXPENSES	34	(8,747)	(5,140)	(1,842)	(418)
OTHER EXPENSES	35	(586)	(726)	(151)	(803)
FINANCE COSTS	36	(1,965)	(1,996)	(45)	(145)
NET (IMPAIRMENT LOSSES)/REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS	37	(254)	298	(251)	(234)
PROFIT/(LOSS) BEFORE TAXATION		12,449	4,801	(1,349)	(517)
INCOME TAX EXPENSE	39	(3,522)	(1,248)	-	-
PROFIT/(LOSS) AFTER TAXATION/TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		8,927	3,553	(1,349)	(517)
PROFIT/(LOSS) AFTER TAXATION/TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:					
Owners of the Company		8,927	3,553	(1,349)	(517)
EARNINGS PER SHARE (SEN)	40				
Basic		5.91	2.37		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

The Group	Share Capital RM'000	Revaluation Reserve RM'000	Employees' Share Scheme 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 1.2.2021	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 31.1.2022/1.2.2022	110,381	72	-	(22,193)	88,260	-	88,260
Profit after taxation/ Total comprehensive income for the financial year	-	-	-	8,927	8,927	-	8,927
Transaction with owners of the Company:							
- Share-based payment transactions	-	-	836	-	836	-	836
- Ordinary shares issued pursuant to a share grant under ESS	836	-	(836)	-	-	-	-
Balance at 31.1.2023	111,217	72	-	(13,266)	98,023	-	98,023

The Company	Share Capital RM'000	Employees' Share Scheme Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
Balance at 1.2.2021	110,381	-	(85,060)	25,321
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(517)	(517)
Balance at 31.1.2022/1.2.2022	110,381	-	(85,577)	24,804
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(1,349)	(1,349)
Transaction with owners of the Company:				
- Share-based payment transactions	-	836	-	836
- Ordinary shares issued pursuant to a share grant under ESS	836	(836)	-	-
Balance at 31.1.2023	111,217	-	(86,926)	24,291

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		12,449	4,801	(1,349)	(517)
Adjustments for:					
COVID-19-related rent concessions		-	(460)	-	-
Dividend income		-	-	(900)	-
Depreciation of property, plant and equipment		4,007	4,689	1	5
Depreciation of right-of-use assets		1,412	1,719	91	298
Fair value gain on investment properties		(100)	(242)	-	-
Fair value loss on quoted investment		*	*	-	-
Gain on disposal of property, plant and equipment, net		(42)	(25)	-	(25)
Gain on modification of lease		-	(75)	-	(75)
Impairment losses/(Reversal of impairment losses) on trade receivables		254	(298)	-	-
Impairment losses on amount owing by subsidiaries		-	-	251	234
Impairment loss on investment in a subsidiary		-	-	-	500
Interest expense		1,965	1,996	45	145
Interest income		(84)	(15)	(*)	(*)
Investments in subsidiaries written off		-	-	-	*
Inventories written down		6	40	-	-
Inventories written off		34	121	-	-
Property, plant and equipment written off		8	-	-	-
Other receivables written off		59	-	59	-
Reversal of inventories previously written down		(84)	-	-	-
Share-based payment		836	-	836	-
Waiver of amount owing to a subsidiary		-	-	-	(776)
Operating profit/(loss) before working capital changes		20,720	12,251	(966)	(211)
Increase in inventories		(20,316)	(1,723)	-	-
(Increase)/Decrease in trade and other receivables		(4,627)	(5,417)	2	(17)
Increase/(Decrease) in trade and other payables		6,998	5,239	(162)	66
Decrease in amount owing by subsidiaries		-	-	221	124
Increase in amount owing to subsidiaries		-	-	150	705
(Decrease)/Increase in amount owing to related parties		(153)	(121)	-	109
Decrease in amount owing to a director		(77)	-	-	-
CASH FROM/(FOR) OPERATIONS		2,545	10,229	(755)	776
Income tax refunded		483	*	-	-
Income tax paid		(4,612)	(1,060)	-	-
Interest paid		(207)	(254)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(1,791)	8,915	(755)	776

Note:
* Less than RM1,000.

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Dividend received from subsidiaries		-	-	900	-
Interest received		84	15	-	*
Proceeds from disposal of property, plant and equipment		122	25	-	25
Purchase of property, plant and equipment	41(a)	(937)	(853)	-	-
Placement of fixed deposits pledged to licensed banks		(84)	(15)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(815)	(828)	900	25
CASH FLOWS FOR FINANCING ACTIVITIES					
Interest paid		(1,758)	(1,521)	(45)	(145)
Repayment of hire purchase payable		(4,028)	(3,908)	-	-
Repayment of lease liabilities		(1,146)	(1,001)	(120)	(245)
Net (repayment)/drawdown of bills payable		(2,257)	3,629	-	-
Repayment of term loans		(228)	(257)	-	-
Net drawdown of bankers' acceptances		1,370	644	-	-
Net repayment of revolving credit		-	(400)	-	-
Repayment to a subsidiary		-	-	-	(400)
NET CASH FOR FINANCING ACTIVITIES	41(b)	(8,047)	(2,814)	(165)	(790)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(10,653)	5,273	(20)	11
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		10,066	4,793	63	52
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	41(d)	(587)	10,066	43	63

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 2023

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 18 May 2023.

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

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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Lease Liability in a Sales and Leaseback	1 January 2024
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
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
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

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 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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. 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. 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 respectively.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(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 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. 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	
	2023	**2022**
	RM'000	**RM'000**
Current tax assets	1,476	999
Current tax liability	-	43

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 2023 (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 fair value changes do not include interest or dividend income.

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 2023 (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 (excluding interest expense) 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 2023 (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	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 2023 (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 2023 (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 2023 (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.

At grant date, the fair value of the share options or shares granted to the employees 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 employees' share scheme reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options and shares 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 or shares to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options or shares measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employees' share scheme reserve.

Upon expiry of the share options not exercised or share grants not completed, the employees' share scheme reserve is transferred to retained profits.

When the share options are exercised or the share grants is completed, the employees' share scheme reserve is transferred to share capital if new ordinary shares are issued.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 EMPLOYEE BENEFITS (CONT'D)

(c) Share-based Payment Transactions (Cont'd)

Any recharge for the share options or shares granted to a subsidiary's employees is to be offset against the investments in subsidiaries in the Company's separate financial statements with any excess goes to profit or loss as a distribution from the subsidiary.

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 embodies 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 or shares granted to employees.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

<u>Sale of Goods</u>

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.

<u>Dividend Income</u>

Dividend income form investment is recognised when the right to received dividend payment is established.

4.21 OTHER OPERATING INCOME

(a) Interest Income

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

(b) Rental Income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2023 RM'000	2022 RM'000
Unquoted shares, at cost	74,780	75,590
Accumulated impairment losses	(47,996)	(48,806)
	26,784	26,784
Accumulated impairment losses:		
At 1 February 2022/2021	(48,806)	(48,306)
Addition (Note 35)	-	(500)
Write off	810	-
At 31 January	(47,996)	(48,806)

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 2023 %	2022 %	Principal Activities
Subsidiaries of the Company			
KYM Industries (M) Sdn. Bhd. ("KYMM")	100	100	Manufacturing and sale of corrugated fibre boards and boxes.
KYM Ventures Sdn. Bhd. ("KYMV") (Formerly known as KYM Industries (Johor) Sdn. Bhd.)	100	100	Dormant.
KYM Industries (Melaka) Sdn. Bhd. ^	-	100	Dormant.
Polypulp Enterprises Sdn. Bhd. ("Polypulp")	100	100	Investment holding.
KYM Properties Sdn. Bhd. ("KYMP")	100	100	Property management.
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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (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 2023 %**	**2022 %**	**Principal Activities**
Subsidiaries of KYMM			
Anabatic Sdn. Bhd.	100	100	Property investment.
Teguh Amalgamated Sdn. Bhd.	100	100	Property investment.
Subsidiary of KYMV			
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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

6. OTHER INVESTMENTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 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

The Group	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
2023						
Carrying Amount						
At 1.2.2022	11,312	25,593	1,179	234	643	38,961
Additions	-	18	358	703	383	1,462
Depreciation charges	(295)	(2,860)	(483)	(194)	(175)	(4,007)
Disposal	-	-	-	(80)	-	(80)
Write off	-	-	-	-	(8)	(8)
At 31.1.2023	11,017	22,751	1,054	663	843	36,328

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 2023 (CONT'D)

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

The Group	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
2022						
Carrying Amount						
At 1.2.2021	12,413	28,618	1,227	341	596	43,195
Additions	-	636	414	-	190	1,240
Classified as held for sale	(785)	-	-	-	-	(785)
Depreciation charges	(316)	(3,661)	(462)	(107)	(143)	(4,689)
Disposal	-	-	-	(*)	-	(*)
At 31.1.2022	11,312	25,593	1,179	234	643	38,961
2023						
At Cost	14,548	57,848	5,993	1,247	6,651	86,287
Accumulated Depreciation	(3,531)	(33,766)	(4,939)	(584)	(5,808)	(48,628)
Accumulated Impairment	-	(1,331)	-	-	-	(1,331)
Carrying Amount	11,017	22,751	1,054	663	843	36,328
2022						
At Cost	14,548	57,830	5,635	1,141	6,305	85,459
Accumulated Depreciation	(3,236)	(30,906)	(4,456)	(907)	(5,662)	(45,167)
Accumulated Impairment	-	(1,331)	-	-	-	(1,331)
Carrying Amount	11,312	25,593	1,179	234	643	38,961

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 2023 (CONT'D)

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

	Motor Vehicles RM'000	Other Assets # RM'000	Total RM'000
The Company			
2023			
Carrying Amount			
At 1.2.2022	-	1	1
Depreciation charges	-	(1)	(1)
At 31.1.2023	-	*	*
2022			
Carrying Amount			
At 1.2.2021	*	6	6
Disposal	(*)	-	(*)
Depreciation charges	-	(5)	(5)
At 31.1.2022	-	1	1
2023			
At Cost	-	1,035	1,035
Accumulated Depreciation	-	(1,035)	(1,035)
Carrying Amount	-	*	*
2022			
At Cost	-	1,039	1,039
Accumulated Depreciation	-	(1,038)	(1,038)
Carrying Amount	-	1	1

Notes:
Other assets consist of office equipment, furniture and fittings, renovation and electrical installation.
* Less than RM1,000.

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

(a) The buildings of the Group amounting to RM7,150,000 (2022: RM7,349,000) have been pledged to financial institutions as security for banking facilities granted to the Group as disclosed in Note 28 to the financial statements.

(b) The plant and machinery of the Group amounting to RM15,956,000 (2022: RM17,513,000) is secured by a pledge of the fixed deposits of a subsidiary and corporate guarantee of the Company and a subsidiary.

(c) The following is the carrying amount of the assets held under hire purchase arrangements.

	The Group	
	2023 RM'000	**2022 RM'000**
Plant and machinery	16,369	17,973
Forklifts, tools and equipment and production accessories	-	59
Motor vehicles	659	138

These assets have been pledged as security for the hire purchase payable as disclosed in Note 21 to the financial statements.

8. INVESTMENT PROPERTIES

	The Group	
	2023 RM'000	**2022 RM'000**
Carrying Amount		
At 1 February 2022/2021	43,660	43,418
Gain on changes in fair value	100	242
At 31 January	43,760	43,660

(a) The investment properties comprise the following:

	The Group	
	2023 RM'000	**2022 RM'000**
Freehold land	4,560	4,460
Leasehold land	34,820	34,820
Building	4,380	4,380
	43,760	43,660

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

8. INVESTMENT PROPERTIES (CONT'D)

(b) The investment properties of the Group amounting to RM20,980,000 (2022: RM20,880,000) have been pledged to financial institutions as security for banking facilities granted to the Group as disclosed in Note 28 to the financial statements.

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

	The Group	
	2023 RM'000	**2022 RM'000**
Rental income	475	522
Direct operating expenses	355	306

(d) 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.

9. RIGHT-OF-USE ASSETS

	Leasehold Land RM'000	**Office Building RM'000**	**Signage RM'000**	**Factory RM'000**	**Warehouse RM'000**	**Forklifts RM'000**	**Total RM'000**
The Group							
2023							
Carrying Amount							
At 1.2.2022	2,806	410	-	7,401	6,179	9	16,805
Additions	-	-	331	-	-	167	498
Depreciation charges	(47)	(63)	(28)	(815)	(444)	(15)	(1,412)
Modification of lease liabilities (Note 22)	-	61	-	-	-	-	61
At 31.1.2023	2,759	408	303	6,586	5,735	161	15,952

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

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

The Group	Leasehold Land RM'000	Office Building RM'000	Signage RM'000	Factory RM'000	Warehouse RM'000	Forklifts RM'000	Total RM'000
2022							
Carrying Amount							
At 1.2.2021	7,749	2,313	675	8,216	6,623	53	25,629
Depreciation charges	(118)	(298)	-	(815)	(444)	(44)	(1,719)
Classified as held for sale	(4,825)	-	-	-	-	-	(4,825)
Modification of lease liabilities (Note 22)	-	(1,605)	-	-	-	-	(1,605)
Derecognition due to lease modification	-	-	(675)	-	-	-	(675)
At 31.1.2022	2,806	410	-	7,401	6,179	9	16,805

The Company	Office Building RM'000	Signage RM'000	Total RM'000
2023			
Carrying Amount			
At 1.2.2022	410	-	410
Additions	-	331	331
Depreciation charges	(63)	(28)	(91)
Modification of lease liabilities (Note 22)	61	-	61
At 31.1.2023	408	303	711
2022			
Carrying Amount			
At 1.2.2021	2,313	675	2,988
Depreciation charges	(298)	-	(298)
Modification of lease liabilities (Note 22)	(1,605)	-	(1,605)
Derecognition due to lease modification	-	(675)	(675)
At 31.1.2022	410	-	410

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

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

The Group and the Company have leased certain pieces of leasehold land, office building, signage, 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 RM898,000 (2022: RM923,000) have been pledged to financial institutions as security for banking facilities as disclosed in Note 28 to the financial statements.
(ii) Office building	The Group and the Company have leased an office building for 6 years, with an option to renew the lease for another 3 years.
(iii) Signage	The Group and the Company have leased a signage for 3 years, with an option to renew the lease for another 3 years.
(iv) 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.
(v) Forklifts	The Group has leased 2 forklifts for 4 years.

10. GOODWILL

	The Group	
	2023	**2022**
	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:

	2023	**2022**
	%	**%**
Gross profit margin	14	14
Growth rate	-21 to 5	5 to 44
Discount rate	10.66	9.74

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

10. GOODWILL (CONT'D)

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.

11. INVENTORIES

	The Group 2023 RM'000	The Group 2022 RM'000
Raw materials	30,813	11,884
Work-in-progress	164	311
Finished goods	4,163	2,739
Consumables	2,007	1,853
	37,147	16,787
Recognised in profit or loss:		
Inventories recognised as cost of sales	77,492	54,109
Inventories written down	6	40
Inventories written off	34	121
Reversal of inventories previously written down	(84)	-

12. TRADE RECEIVABLES

	The Group 2023 RM'000	The Group 2022 RM'000
Trade receivables	25,752	22,838
Allowance for impairment losses	(256)	(2)
	25,496	22,836
Allowance for impairment losses:		
At 1 February 2022/2021	(2)	(300)
Addition (Note 37)	(254)	-
Reversal (Note 37)	-	298
At 31 January	(256)	(2)

The Group's normal trade credit terms range from 14 to 90 (2022: 14 to 90) days.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables:				
Third parties	139	164	3	62
Goods and services tax recoverable	25	25	-	-
	164	189	3	62
Deposits	1,244	1,230	283	283
Prepayments	1,981	316	23	25
	3,389	1,735	309	370

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2023 RM'000	2022 RM'000
Amount owing by subsidiaries	51,366	51,587
Allowance for impairment losses	(24,345)	(24,094)
	27,021	27,493
Allowance for impairment losses:		
At 1 February 2022/2021	(24,094)	(23,860)
Additions (Note 37)	(251)	(234)
At 31 January	(24,345)	(24,094)
Amount owing to subsidiaries	(28,124)	(27,974)

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

15. SHORT-TERM INVESTMENT

	The Group/The Company	
	2023 RM'000	2022 RM'000
Unit trust fund, at fair value	13	13

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

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 29 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 1.85% to 2.75% (2022: 1.35% to 1.91%) per annum. The fixed deposits have maturity periods ranging from 1 month to 3 years (2022: 1 month to 3 years).

17. ASSETS CLASSIFIED AS HELD FOR SALE

In the previous financial year, 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 ("Disposal") for a total cash consideration of approximately RM22.975 million. The carrying amounts of the land and buildings have been classified as assets held for sale. The Disposal was completed on 10 March 2023.

18. SHARE CAPITAL

	The Group/The Company			
	2023	2022	2023	2022
	Number of Shares ('000)		RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 February	149,890	149,890	110,381	110,381
Ordinary shares issued pursuant to a share grant under the ESS	1,900	-	836	-
At 31 January	151,790	149,890	111,217	110,381

(a) During the current financial year, the Company increased its issued and paid-up share capital from RM110,380,724 to RM111,216,724 by way of issuance of 1,900,000 new ordinary shares at RM0.44 each pursuant to a share grant under the ESS.

The new ordinary shares issued rank equally in all respect with the existing ordinary shares of the Company.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

19. RESERVE

(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) Employees' Share Scheme ("ESS") Reserve

The ESS reserve represents the equity-settled share options or shares granted to employees. The reserve is 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 or shares, and is reduced by expiry of the share options not exercised or share grants not completed, exercise of the share options or completion of the share grants.

The ESS of the Company, comprising share grant and ESS option, was approved by the shareholders at the Extraordinary General Meeting ("EGM") held on 8 June 2022 and is governed by the ESS By-Laws. The ESS is to be in force for a period of five (5) years commencing from 9 June 2022 and may be extended for another five (5) years by the Board upon recommendation of the ESS Committee.

The main features of the ESS are as follows:

(i) The maximum number of the Company's new ordinary shares which may be granted to the eligible Directors and employees of the Group shall not at any point in time in aggregate exceed 15% of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) during the tenure of the scheme;

(ii) Any Director (including non-executive Directors) or employee of the companies within KYM Group (excluding the subsidiaries which are dormant) who have attained the age of 18 years and hold the designated job grade or rank/position of a non-dormant company within KYM Group are eligible to participate in the ESS. The eligibility for consideration under the ESS does not confer an eligible person a right to participate in the ESS unless the ESS Committee has made an offer in writing to the eligible person and the eligible person has accepted the offer in accordance with the terms of the By-Laws governing the ESS;

(iii) Not more than 80% of the Company's new ordinary shares available under the ESS shall be allocated to the Directors and/or senior management of the Group; and

(iv) Not more than 10% of the Company's new ordinary shares available under the ESS shall be allocated to any selected persons who, either singly or collectively through persons connected to them, hold 20% or more of the total number of issued ordinary shares of the Company (excluding treasury shares, if any).

Share Grant

On 17 June 2022, the Company awarded 1,900,000 ESS shares under the ESS to specific Directors of the Company pursuant to the Proposed Specific Allocation as approved by the shareholders at the EGM on 8 June 2022. The share grant vested during the financial year resulted in the issuance of 1,900,000 new ordinary shares as disclosed in Note 18 to the financial statements.

The following table illustrates the movement of shares granted during the financial year:

		Number of ordinary shares granted under ESS			
Grant date	**Vesting date**	**At 1 February 2022**	**Granted**	**Vested**	**At 31 January 2023**
17 June 2022	17 June 2022	-	1,900,000	(1,900,000)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

19. RESERVE (CONT'D)

(b) Employees' Share Scheme ("ESS") Reserve (Cont'd)

Share Grant (Cont'd)

The fair value of the shares granted was determined using the 5-day volume weighted average market price ("VWAP") of KYM shares immediately preceding the grant date with a discount of not more than 10% (or such basis as the relevant authorities may permit), as shown below.

	RM
Fair value of shares granted	0.44
5-day VWAP prior to grant date	0.48

ESS Option

There is no ESS Option awarded during the current financial year.

20. TERM LOANS

	The Group	
	2023 RM'000	2022 RM'000
Current liabilities (Note 28)	113	273
Non-current liabilities	161	229
	274	502

(i) The term loans of the Group at the end of the reporting period bore effective interest rates ranging from 5.22% to 5.72% (2022: 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 28 to the financial statements.

21. HIRE PURCHASE PAYABLE

	The Group	
	2023 RM'000	2022 RM'000
Analysed by:		
Current liabilities	1,710	3,971
Non-current liabilities	592	1,834
	2,302	5,805

Included in the hire purchase payable of the Group is an amount of RM1,491,000 (2022: RM5,301,000) at floating interest rate which is secured by a pledge of the fixed deposits of a subsidiary and a corporate guarantee of the Company and a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

22. LEASE LIABILITIES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 February 2022/2021	15,416	19,011	738	3,338
Additions	498	-	331	-
Changes due to lease modification (Note 9)	61	(1,605)	61	(1,605)
COVID-19-related rent concessions (Note 32)	-	(460)	-	-
Derecognition due to lease modification	-	(750)	-	(750)
Interest expense recognised in profit or loss (Note 36)	876	1,030	45	141
Repayment of principal	(1,146)	(1,001)	(120)	(245)
Repayment of interest expense	(876)	(809)	(45)	(141)
At 31 January	14,829	15,416	1,010	738
Analysed by:				
Current liabilities	1,321	1,112	212	92
Non-current liabilities	13,508	14,304	798	646
	14,829	15,416	1,010	738

23. DEFERRED TAX LIABILITIES

	The Group	
	2023 RM'000	2022 RM'000
At 1 February 2022/2021	9,022	9,037
Recognised in profit or loss (Note 39)	(87)	(15)
At 31 January	8,935	9,022

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

	The Group	
	2023 RM'000	2022 RM'000
Deferred tax liabilities:		
Accelerated capital allowances	4,429	4,262
Revaluation arising from deemed cost property	954	974
Fair value changes of investment properties	6,036	6,036
	11,419	11,272

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

23. DEFERRED TAX LIABILITIES (CONT'D)

	The Group 2023 RM'000	The Group 2022 RM'000
Deferred tax assets:		
Inventories	(1)	(20)
Provision for bonus	-	(48)
Unabsorbed capital allowances	(1,932)	(1,334)
Unabsorbed reinvestment allowances	-	(355)
Unutilised tax losses	(80)	(169)
Others	(471)	(324)
	(2,484)	(2,250)
	8,935	9,022

24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2022: 30 to 90) days.

25. OTHER PAYABLES AND ACCRUALS

	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
Other payables:				
Third parties	2,796	2,785	246	223
Sales and service tax payable	1,228	1,005	-	-
	4,024	3,790	246	223
Deposits received	2,448	610	-	-
Accruals	3,898	3,462	207	392
	10,370	7,862	453	615

26. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

27. AMOUNT OWING TO A DIRECTOR

In the previous financial year, the amount owing was non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

28. SHORT-TERM BORROWINGS

	The Group	
	2023 RM'000	2022 RM'000
Secured:		
Bankers' acceptances	9,369	7,999
Bills payable	13,503	15,760
Term loans (Note 20)	113	273
	22,985	24,032

The bankers' acceptances, bills payable and term loans 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.

29. BANK OVERDRAFTS

The bank overdrafts are secured in the same manner as the bills payable disclosed in Note 28 to the financial statements and by a pledge of the fixed deposits of a subsidiary.

30. REVENUE

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from Contracts with Customers				
Recognised at a point in time				
Sales of goods	120,380	82,844	-	-
Revenue from Other Sources				
Dividend income	-	-	900	-
	120,380	82,844	900	-

The information on the disaggregation of revenue by geographical market is disclosed in Note 44 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

31. COST OF SALES

	The Group	
	2023	2022
	RM'000	RM'000
Included in cost of sales are:		
Depreciation:		
- property, plant and equipment	3,617	4,363
- right-of-use assets	1,296	1,325
Inventories written down	6	40
Inventories written off	34	121
Lease expenses:		
- short-term leases	48	34
Realised (gain)/loss on foreign exchange	(464)	112
Reversal of inventories previously written down	(84)	-
Staff costs:		
- salaries and other benefits	6,077	5,259
- defined contribution plan	495	444

32. OTHER INCOME

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Included in other income are:				
COVID-19-related rent concessions	-	460	-	-
Fair value gain on investment properties	100	242	-	-
Gain on disposal of property, plant and equipment	54	25	-	25
Gain on modification of lease	-	75	-	75
Interest income	84	15	*	*
Realised gain on foreign exchange	262	56	-	-
Rental income	475	522	-	-
Waiver of amount owing to a subsidiary	-	-	-	776

Note:
* Less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

33. SELLING AND DISTRIBUTION EXPENSES

	The Group	
	2023 RM'000	2022 RM'000
Included in selling and distribution expenses are:		
Staff costs:		
- salaries and other benefits	1,396	932
- defined contribution plan	135	106
Carriage outwards	3,407	2,492

34. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Included in administrative expenses are:				
Auditors' remuneration:				
- audit fees:				
- current financial year	193	188	49	49
- overprovision in the previous financial year	-	(1)	-	(1)
- non-audit fees	6	6	6	6
Lease expenses:				
- short-term leases	21	20	-	-
- low-value assets	6	9	-	3
Staff costs:				
- salaries and other benefits	3,061	2,103	-	-
- defined contribution plan	375	268	-	-

35. OTHER EXPENSES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Depreciation:				
- property, plant and equipment	390	326	1	5
- right-of-use assets	116	394	91	298
Fair value loss on quoted investment	*	*	-	-
Impairment loss on investment in a subsidiary	-	-	-	500
Investments in subsidiaries written off	-	-	-	*
Loss on disposal of property, plant and equipment	12	-	-	-
Other receivables written off	59	-	59	-
Property, plant and equipment written off	8	-	-	-
Realised loss on foreign exchange	1	6	-	-
	586	726	151	803

Note:
* Less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

36. FINANCE COSTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses on:				
- term loans	65	43	-	-
- revolving credit	-	12	-	-
- bank overdrafts	198	246	-	-
- bankers' acceptances	311	263	-	-
- bills payable	360	143	-	-
- hire purchase payable	146	251	-	-
- lease liabilities	876	1,030	45	141
- amount owing to a subsidiary	-	-	-	4
- others	9	8	-	-
	1,965	1,996	45	145

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

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Impairment losses on:				
- trade receivables (Note 12)	(254)	-	-	-
- amount owing by subsidiaries (Note 14)	-	-	(251)	(234)
Reversal of impairment losses on:				
- trade receivables (Note 12)	-	298	-	-
	(254)	298	(251)	(234)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

38. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company				
Non-Executive directors:				
- fee	112	104	112	104
- share-based payment	352	-	352	-
	464	104	464	104
Executive directors:				
- fee	26	-	26	-
- salaries and other benefits	1,120	506	-	-
- defined contribution plan	172	61	-	-
- share-based payment	484	-	484	-
	1,802	567	510	-
	2,266	671	974	104
Directors of the Subsidiaries				
Executive directors:				
- salaries and other benefits	1,128	868	-	-
- defined contribution plan	192	129	-	-
	1,320	997	-	-
	3,586	1,668	974	104

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the subsidiaries were RM35,000 (2022: RM17,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

39. INCOME TAX EXPENSE

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax:				
- for the current financial year	3,668	1,254	-	-
- (over)/underprovision in the previous financial year	(59)	9	-	-
	3,609	1,263	-	-
Deferred tax (Note 23):				
- origination and reversal of temporary differences	43	(12)	-	-
- overprovision in the previous financial year	(130)	(3)	-	-
	(87)	(15)	-	-
	3,522	1,248	-	-

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) before taxation	12,449	4,801	(1,349)	(517)
Tax at the statutory tax rate of 24% (2022: 24%)	2,988	1,152	(324)	(124)
Tax effects of:				
Non-taxable income	(35)	(203)	(225)	(242)
Non-deductible expenses	940	739	549	366
Deferred tax assets not recognised during the financial year	-	41	-	-
Realisation of deferred tax liabilities arising from revaluation surplus	(20)	(138)	-	-
Utilisation of deferred tax assets previously not recognised	(162)	(349)	-	-
(Over)/Underprovision in the previous financial year:				
- current tax	(59)	9	-	-
- deferred tax	(130)	(3)	-	-
Income tax expense for the financial year	3,522	1,248	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

39. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Excess of depreciation over capital allowances	115	141	-	-
Unabsorbed capital allowances	11,909	11,918	836	836
Unabsorbed reinvestment allowances	6,096	6,096	-	-
Unutilised tax losses:				
- expires year of assessment 2028	26,895	27,481	961	961
- expires year of assessment 2029	-	-	-	-
- expires year of assessment 2030	-	31	-	-
- expires year of assessment 2031	184	188	-	-
- expires year of assessment 2032	143	143	-	-
Others	-	19	-	-
	45,342	46,017	1,797	1,797

Based on the current legislation, the unabsorbed reinvestment allowances are allowed to be utilised for 7 (2022: 7) consecutive years of assessment, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for the year of assessment 2019 onwards are allowed to be utilised for 10 (2022: 10) consecutive years of assessment immediately following that year of assessment; whereas, the unabsorbed capital allowances are allowed to be carried forwards indefinitely.

40. EARNINGS PER SHARE

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

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

	The Group	
	2023	2022
Profit attributable to owners of the Company (RM'000)	8,927	3,553
Weighted average number of ordinary shares ('000)	150,988	149,890
Basic earnings per share (sen)	5.91	2.37

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

41. 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		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment				
Cost of property, plant and equipment purchased (Note 7)	1,462	1,240	-	-
Less: Acquired through hire purchase arrangements (Note 41(b))	(525)	(387)	-	-
	937	853	-	-
Right-of-use assets				
Cost of right-of-use assets acquired (Note 9)	498	-	331	-
Less: Additions of new lease liabilities (Note 41(b))	(498)	-	(331)	-
	-	-	-	-

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

The Group	Hire Purchase Payable RM'000	Lease Liabilities RM'000	Term Loans RM'000	Bankers' Acceptances RM'000	Bills Payable RM'000	Total RM'000
2023						
At 1 February 2022	5,805	15,416	502	7,999	15,760	45,482
Changes in Financing Cash Flows						
Proceeds from drawdown	-	-	-	23,510	59,561	83,071
Repayment of principal	(4,028)	(1,146)	(228)	(22,140)	(61,818)	(89,360)
Repayment of interests	(146)	(876)	(65)	(311)	(360)	(1,758)
	(4,174)	(2,022)	(293)	1,059	(2,617)	(8,047)
Other Changes						
Acquisition of property, plant and equipment (Note 41(a))	525	-	-	-	-	525
Acquisition of new leases (Note 41(a))	-	498	-	-	-	498
Changes due to lease modification	-	61	-	-	-	61
Interest expense recognised in profit or loss	146	876	65	311	360	1,758
	671	1,435	65	311	360	2,842
At 31 January	2,302	14,829	274	9,369	13,503	40,277

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

41. CASH FLOW INFORMATION (CONT'D)

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

The Group	Hire Purchase Payable RM'000	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	9,326	19,011	759	400	7,355	12,131	48,982
Changes in Financing Cash Flows							
Proceeds from drawdown	-	-	-	1,000	23,349	23,775	48,124
Repayment of principal	(3,908)	(1,001)	(257)	(1,400)	(22,705)	(20,146)	(49,417)
Repayment of interests	(251)	(809)	(43)	(12)	(263)	(143)	(1,521)
	(4,159)	(1,810)	(300)	(412)	381	3,486	(2,814)
Other Changes							
Acquisition of property, plant and equipment (Note 41(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	251	1,030	43	12	263	143	1,742
	638	(1,785)	43	12	263	143	(686)
At 31 January	5,805	15,416	502	-	7,999	15,760	45,482

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

41. 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
2023			
At 1 February 2022	738	-	738
Changes in Financing Cash Flows			
Repayment of principal	(120)	-	(120)
Repayment of interests	(45)	-	(45)
	(165)	-	(165)
Other Changes			
Acquisition of new leases (Note 41(a))	331	-	331
Changes due to lease modification	61	-	61
Interest expense recognised in profit or loss	45	-	45
	437	-	437
At 31 January	1,010	-	1,010
2022			
At 1 February 2021	3,338	400	3,738
Changes in Financing Cash Flows			
Repayment to a subsidiary	-	(400)	(400)
Repayment of principal	(245)	-	(245)
Repayment of interests	(141)	(4)	(145)
	(386)	(404)	(790)
Other Changes			
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 2023 (CONT'D)

41. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Payment of short-term leases	69	54	-	-
Payment of low-value assets	6	9	-	3
Interest paid on lease liabilities	876	809	45	141
Payment of lease liabilities	1,146	1,001	120	245
	2,097	1,873	165	389

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

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed deposits with licensed banks	1,447	1,363	-	-
Short-term investment	13	13	13	13
Cash and bank balances	2,656	12,964	30	50
Bank overdrafts	(3,256)	(2,911)	-	-
	860	11,429	43	63
Less:				
Fixed deposits pledged to licensed banks	(1,447)	(1,363)	-	-
	(587)	10,066	43	63

42. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

42. RELATED PARTY DISCLOSURES (CONT'D)

(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	
	2023 RM'000	**2022 RM'000**
Dividend income from subsidiaries		
- Hasrat Meranti Sdn. Bhd.	600	-
- KYM Industries (M) Sdn. Bhd.	300	-
Interest expense charged by a subsidiary		
- KYM Industries (M) Sdn. Bhd.	-	4
Waiver of debts granted by a subsidiary		
- KYM Industries (Melaka) Sdn. Bhd.	-	776

(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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Short-term employee benefits	4,191	1,931	138	104

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the subsidiaries were RM35,000 (2022: RM17,000).

(iii) Other related parties

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Rental charged by:				
- Tzel Assets Sdn. Bhd. *@	1,838	1,838	-	-
- TSM Towers Sdn. Bhd. *@	165	386	165	386
Rental rebate granted by:				
- Tzel Assets Sdn. Bhd. *@	-	460	-	-
Support fee charged to:				
- Symphony Straits Sdn. Bhd. *@	233	186	-	-
Maintenance fee charged by:				
- Uni Residences Sdn. Bhd. *	7	7	-	-

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

@ 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 2023 (CONT'D)

43. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segment and to assess their performance. For management purpose, the Group is organised into business units based on their products and services provided.

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 assets 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 2023 (CONT'D)

43. OPERATING SEGMENTS (CONT'D)

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Group RM'000
2023					
Revenue					
External revenue	120,380	-	-	-	120,380
Inter-segment revenue	-	900	32	2,408	3,340
	120,380	900	32	2,408	123,720
Adjustments and eliminations					(3,340)
Consolidated revenue					120,380
Results					
Results before following adjustments	24,663	(1,870)	(679)	(2,211)	19,903
Impairment losses on trade receivables	(254)	-	-	-	(254)
Interest income	84	-	-	-	84
Interest expense	(1,920)	(45)	-	-	(1,965)
Depreciation of property, plant and equipment	(3,998)	(1)	(2)	(6)	(4,007)
Depreciation of right-of-use assets	(1,321)	(91)	-	-	(1,412)
Fair value gain on investment properties	-	-	100	-	100
Profit/(Loss) before taxation	17,254	(2,007)	(581)	(2,217)	12,449
Income tax expense					(3,522)
Consolidated profit after taxation					8,927
Assets					
Segment assets	121,020	6,090	48,770	586	176,466
Unallocated asset:					
Current tax assets					1,476
Consolidated total assets					177,942
Liabilities					
Segment liabilities	62,441	2,462	5,627	454	70,984
Unallocated liability:					
Deferred tax liabilities					8,935
Consolidated total liabilities					79,919
Other Segment Items					
Non-current assets other than financial instruments:					
Additions on:					
- Property, plant and equipment	1,437	-	-	25	1,462
- Right-of-use assets	167	331	-	-	498
	1,604	331	-	25	1,960

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

43. OPERATING SEGMENTS (CONT'D)

	Manufacturing RM'000	Investment Holding RM'000	Property RM'000	Others RM'000	Group RM'000
2022					
Revenue					
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
Results					
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	(4,656)	(5)	(24)	(4)	(4,689)
Depreciation of right-of-use assets	(1,351)	(298)	(70)	-	(1,719)
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
Assets					
Segment assets	111,961	5,871	47,360	210	165,402
Unallocated asset:					
Current tax assets					999
Consolidated total assets					166,401
Liabilities					
Segment liabilities	63,082	2,351	3,393	250	69,076
Unallocated liabilities:					
- Deferred tax liabilities					9,022
- Current tax liabilities					43
Consolidated total liabilities					78,141
Other Segment Items					
Non-current assets other than financial instruments:					
Additions on property, plant and equipment	1,235	-	-	5	1,240

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

44. 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.

	Revenue		Non-Current Assets Other Than Financial Instruments	
Geographical Information	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Malaysia	83,610	65,187	100,707	104,093
Indonesia	26,543	6,163	-	-
Thailand	5,183	5,604	-	-
Singapore	4,931	5,232	-	-
Mauritius	113	471	-	-
Philippines	-	187	-	-
	120,380	82,844	100,707	104,093

Major Customers

Revenue from two (2) major customers (2022: one (1)), with revenue equal to or more than 10% of the Group's revenue, amounted to RM29,880,000 (2022: RM8,919,000) arising from sales by the manufacturing segment.

45. 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.

45.1 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 currencies other than the respective functional currencies of entities within the Group. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure

The Group	**United States Dollar RM'000**	**Singapore Dollar RM'000**	**Euro RM'000**	**Ringgit Malaysia RM'000**	**Total RM'000**
2023					
Financial Assets					
Other investments	-	-	-	1	1
Trade receivables	-	772	150	24,574	25,496
Other receivables	-	-	-	139	139
Short-term investment	-	-	-	13	13
Fixed deposits with licensed banks	-	-	-	1,447	1,447
Cash and bank balances	1	12	290	2,353	2,656
	1	784	440	28,527	29,752
Financial Liabilities					
Hire purchase payable	-	-	-	2,302	2,302
Lease liabilities	-	-	-	14,829	14,829
Term loans	-	-	-	274	274
Trade payables	397	-	12,430	3,098	15,925
Other payables and accruals	-	-	47	6,647	6,694
Amount owing to related parties	-	-	-	1,156	1,156
Bankers' acceptances	-	-	-	9,369	9,369
Bills payable	12,288	-	1,215	-	13,503
Bank overdrafts	-	-	-	3,256	3,256
	12,685	-	13,692	40,931	67,308
Net financial (liabilities)/assets	(12,684)	784	(13,252)	(12,404)	(37,556)
Less: Net financial liabilities denominated in the respective entities' functional currencies	-	-	-	12,404	12,404
Currency Exposure	(12,684)	784	(13,252)	-	(25,152)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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**
2022					
Financial Assets					
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
Financial Liabilities					
Hire purchase payable	-	-	-	5,805	5,805
Lease liabilities	-	-	-	15,416	15,416
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
Bankers' acceptances	-	-	-	7,999	7,999
Bills payable	6,565	-	9,195	-	15,760
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 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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	
	2023	**2022**
	RM'000	**RM'000**
Effects on Profit After Taxation		
United States Dollar:		
- strengthened by 10%	(1,268)	(656)
- weakened by 10%	1,268	656
Singapore Dollar:		
- strengthened by 10%	78	92
- weakened by 10%	(78)	(92)
Euro:		
- strengthened by 10%	(1,325)	(1,403)
- weakened by 10%	1,325	1,403

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 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 Notes 45.1(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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	
	2023	**2022**
	RM'000	**RM'000**
Effects on Profit Before Taxation		
Increase of 100 basis points ("bp")	(279)	(325)
Decrease of 100 bp	279	325

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 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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 (2022: two customers) which constituted approximately 31% (2022: 29%) 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	
	2023	**2022**
	RM'000	**RM'000**
Malaysia	24,574	19,883
Indonesia	-	1,335
Singapore	772	1,021
Mauritius	-	465
Thailand	150	132
	25,496	22,836

(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 RM27,893,000 (2022: RM32,473,000), 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 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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 over 12 months (2022: 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 inflation 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
2023				
Current (not past due)	20,338	-	-	20,338
1 to 30 days past due	4,648	-	-	4,648
31 to 60 days past due	317	-	-	317
61 to 90 days past due	122	-	-	122
91 to 180 days past due	71	-	-	71
Credit impaired	256	(254)	(2)	-
	25,752	(254)	(2)	25,496
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

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 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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 Owing 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. As the Company is able to determine the timing of payments of the loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

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 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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

The Company	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2023			
Low credit risk	3,928	-	3,928
Credit impaired	47,438	(24,345)	23,093
	51,366	(24,345)	27,021
2022			
Low credit risk	4,149	-	4,149
Credit impaired	47,438	(24,094)	23,344
	51,587	(24,094)	27,493

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 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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
2023						
Non-derivative Financial Liabilities						
Hire purchase payable	3.75	2,302	2,397	1,741	656	-
Lease liabilities	5.81	14,829	19,574	2,148	8,268	9,158
Term loans	5.28	274	291	123	168	-
Trade payables	-	15,925	15,925	15,925	-	-
Other payables and accruals	-	6,694	6,694	6,694	-	-
Amount owing to related parties	-	1,156	1,156	1,156	-	-
Bankers' acceptances	4.88	9,369	9,369	9,369	-	-
Bills payable	3.81	13,503	13,503	13,503	-	-
Bank overdrafts	7.74	3,256	3,256	3,256	-	-
		67,308	72,165	53,915	9,092	9,158
2022						
Non-derivative Financial Liabilities						
Hire purchase payable	3.48	5,805	5,978	4,089	1,889	-
Lease liabilities	5.83	15,416	20,982	1,982	7,880	11,120
Term loans	4.44	502	577	292	285	-
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	-	-
Bills payable	1.40	15,760	15,760	15,760	-	-
Bank overdrafts	6.95	2,911	2,911	2,911	-	-
		67,461	73,275	52,101	10,054	11,120

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 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
2023						
Non-derivative Financial Liabilities						
Lease liabilities	5.62	1,010	1,158	264	786	108
Other payables and accruals	-	453	453	453	-	-
Amount owing to subsidiaries	-	28,124	28,124	28,124	-	-
Amount owing to related parties	-	990	990	990	-	-
Financial guarantee contracts in relation to corporate guarantees given to certain subsidiaries	-	-	27,893	27,893	-	-
		30,577	58,618	57,724	786	108
2022						
Non-derivative Financial Liabilities						
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

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 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.2 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	
	2023 RM'000	**2022 RM'000**
Hire purchase payable	2,302	5,805
Lease liabilities	14,829	15,416
Term loans	274	502
Bankers' acceptances	9,369	7,999
Bills payable	13,503	15,760
Bank overdrafts	3,256	2,911
	43,533	48,393
Less: Cash and bank balances	(2,656)	(12,964)
Less: Short-term investment	(13)	(13)
Net debt	40,864	35,416
Total equity	98,023	88,260
Debt-to-equity ratio	0.42	0.40

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 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial Assets				
Fair Value Through Profit or Loss				
Other investments	1	1	*	*
Short-term investment	13	13	13	13
	14	14	13	13
Amortised Cost				
Trade receivables	25,496	22,836	-	-
Other receivables	139	164	3	62
Amount owing by subsidiaries	-	-	27,021	27,493
Fixed deposits with licensed banks	1,447	1,363	-	-
Cash and bank balances	2,656	12,964	30	50
	29,738	37,327	27,054	27,605
Financial Liability				
Amortised Cost				
Hire purchase payable	2,302	5,805	-	-
Lease liabilities	14,829	15,416	1,010	738
Term loans	274	502	-	-
Bankers' acceptances	9,369	7,999	-	-
Bills payable	13,503	15,760	-	-
Trade payables	15,925	11,435	-	-
Other payables and accruals	6,694	6,247	453	615
Amount owing to subsidiaries	-	-	28,124	27,974
Amount owing to related parties	1,156	1,309	990	990
Amount owing to a director	-	77	-	-
Bank overdrafts	3,256	2,911	-	-
	67,308	67,461	30,577	30,317

Note:
* Less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
Financial Assets				
Fair Value Through Profit or Loss				
Net gains recognised in profit or loss	*	*	*	-
Amortised Cost				
Net gains/(losses) recognised in profit or loss	663	369	(192)	(234)
Financial Liability				
Amortised Cost				
Net (losses)/gains recognised in profit or loss	(1,465)	(1,467)	(5)	706

Note:
* Less than RM1,000.

45.5 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				
The Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total Fair Value RM'000**	**Carrying Amount RM'000**
2023								
Financial Assets								
Other investments:								
- quoted	1	-	-	-	-	-	1	1
- unquoted	-	*	-	-	-	-	*	*
Short-term investment	-	13	-	-	-	-	13	13
Financial Liabilities								
Term loans	-	-	-	-	274	-	274	274
Hire purchase payable	-	-	-	-	2,302	-	2,302	2,302

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.5 FAIR VALUE INFORMATION (CONT'D)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value				
The Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total Fair Value RM'000**	**Carrying Amount RM'000**
2022								
Financial Assets								
Other investments:								
- quoted	1	-	-	-	-	-	1	1
- unquoted	-	*	-	-	-	-	*	*
Short-term investment	-	13	-	-	-	-	13	13
Financial Liabilities								
Term loans	-	-	-	-	502	-	502	502
Hire purchase payable	-	-	-	-	5,805	-	5,805	5,805

Note:
* Less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.5 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value of Financial Instruments Carried at Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair Value of Financial Instruments not Carried at Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2023								
<u>Financial Assets</u>								
Other investments:								
- unquoted	-	*	-	-	-	-	*	*
Short-term investment	-	13	-	-	-	-	13	13
2022								
<u>Financial Assets</u>								
Other investments:								
- unquoted	-	*	-	-	-	-	*	*
Short-term investment	-	13	-	-	-	-	13	13

Note:
* Less than RM1,000.

(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 unit trust 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

45. FINANCIAL INSTRUMENTS (CONT'D)

45.5 FAIR VALUE INFORMATION (CONT'D)

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

(1) The fair value of the Group's term loans and hire purchase payable that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(2) The fair value of the Group's hire purchase payable that carry fixed interest rate are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:

	The Group	
	2023	2022
	%	%
Hire purchase payable (fixed rate)	3.74 - 7.28	4.55 - 7.28

46. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL PERIOD

(a) 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 ("Disposal"). The Disposal was completed on 10 March 2023.

(b) On 18 April 2022, the Company proposed to establish an ESS of up to 15% of the total number of issued ordinary shares of 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 subsidiary ("Proposed ESS"). The Proposed ESS was approved by the shareholders at the EGM on 8 June 2022 and came into effect on 9 June 2022 for a period of five (5) years.

On 17 June 2022, the Company awarded 1,900,000 ESS shares under the ESS to specific Directors of the Company pursuant to the Proposed Specific Allocation as approved by the shareholders at an EGM held on 8 June 2022. The share grant vested during the financial year resulted in the issuance of 1,900,000 new ordinary shares as disclosed in Note 18 to the financial statements.

On 28 April 2023, the Company further awarded the Executive Directors of the Company and selected employees of the Group an additional 819,000 ESS shares under the ESS. The Company also awarded 4,535,000 ESS options to the Executive Directors of the Company and selected employees of the Group under the ESS with an exercise price of RM0.45.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023 (CONT'D)

47. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:

	The Group		The Company	
	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000
Statement of Financial Position (Extract):				
ASSET				
NON-CURRENT ASSETS				
Property, plant and equipment	20,791	38,961	-	-
Right-of-use assets	34,975	16,805	-	-
LIABILITIES				
NON-CURRENT LIABILITIES				
Hire purchase payable	-	1,834	-	-
Lease liabilities	16,138	14,304	-	
CURRENT LIABILITIES				
Hire purchase payable	-	3,971	-	-
Lease liabilities	5,083	1,112	-	-
Statement of Cash Flows (Extract):				
Net cash from operating activities	7,394	8,915	631	776
Net cash for financing activities	(1,293)	(2,814)	(645)	(790)

ANALYSIS OF SHAREHOLDINGS
AS AT 28 APRIL 2023

The total number of issued shares of the Company stands at 151,789,753 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	470	379,900	0.25
1,001 – 10,000	1,032	5,546,926	3.65
10,001 – 100,000	607	19,423,186	12.80
100,001 – 7,589,486	99	56,339,323	37.12
7,589,487 and above	3	70,100,000	46.18
Total	2,233	151,789,753	100.00

SUBSTANTIAL SHAREHOLDERS

As registered in the Register of Substantial Shareholders as at 28 April 2023.

	No. of Shares held			
Name	Direct	%	Indirect	%
Cheong Chan Holdings Sdn Bhd	30,000,000	19.76	-	-
West River Capital Sdn Bhd	13,000,000	8.56	-	-
Dato' Lim Kheng Yew	2,300,000	1.52	50,000,000[(1)]	32.94
Datin Millie Lee Siew Kim	5,000,000	3.29	7,000,000[(2)]	4.61
Lim Tze Thean	4,600,000	3.03	20,000,000[(3)]	13.18

(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”).
(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 28 April 2023

	Name of Shareholders	No. of Ordinary Shares	% of Issued Capital
1.	Cheong Chan Holdings Sdn Bhd	30,000,000	19.76%
2.	HSBC Nominees (Asing) Sdn Bhd Exempt an For Credit Suisse	27,100,000	17.85%
3.	West River Capital Sdn Bhd	13,000,000	8.56%
4.	KYM Sdn Bhd	7,000,000	4.61%
5.	HSBC Nominees (Asing) Sdn Bhd Exempt An for The Hongkong and Shanghai Banking Corporation Limited	5,500,000	3.62%
6.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Millie Lee Siew Kim	5,000,000	3.29%
7.	Lim Tze Thean	3,950,000	2.60%
8.	Mark Lim Tze Seang	3,000,000	1.98%
9.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Melissa Lim Su Lin	3,000,000	1.98%
10.	Yap Chee Lit	2,617,000	1.72%
11.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Lim Kheng Yew	2,300,000	1.52%
12.	Tan Suan Huat	1,770,000	1.17%

ANALYSIS OF SHAREHOLDINGS
AS AT 28 APRIL 2023

	Name of Shareholders	No. of Ordinary Shares	% of Issued Capital
13.	Magnitude Network Sdn Bhd	775,273	0.51%
14.	Loh Toh Heoh	682,300	0.45%
15.	Kerk Lee Hua	655,400	0.43%
16.	Lim Tze Thean	650,000	0.43%
17.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamad Razman Bin Rahim	600,000	0.40%
18.	Phillip Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Tian Shinn	600,000	0.40%
19.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Jeffry Hew Bin Abdullah	580,000	0.38%
20.	Tan Yew Thiam	546,300	0.36%
21.	Yee Kwok Yim	510,000	0.34%
22.	Liow Yun Chun	500,000	0.33%
23.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Jian You	450,000	0.30%
24.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Chu Hui	448,300	0.30%
25.	Lim Soo Hien	431,500	0.28%
26.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Ji Jin Darren	410,000	0.27%
27.	How Bee Lay	407,500	0.27%
28.	Lim Soo Hien	402,000	0.26%
29.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Ah Onn	389,200	0.26%
30.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Tian You	350,000	0.23%
		113,624,773	74.86%

DIRECTORS' INTEREST IN SHARES
as at 28 April 2023

	Ordinary Shares			
Name	**Direct**	**%**	**Indirect**	**%**
Lim Tze Thean	4,600,000	3.03	20,000,000[(1)]	13.18
Lee Ji Jin Darren	410,000	0.27	-	-
Sharman A/L Arumugam	-	-	-	-
Gan Chia Hui	-	-	-	-
Tang Kae Sue	-	-	-	-

(1) 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.

LIST OF PROPERTIES
AS AT 31 JANUARY 2023

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	31 years	22,500,000
** The property was subsequently disposed of on 10 March 2023.*						
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	(31.12.2022)	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	(31.12.2022)	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	(31.12.2022)	Residential, Commercial; Vacant	-	7,600,000
12 & 14 Lorong Medan Tuanku Satu 50300 Kuala Lumpur	1,200	Freehold	(31.12.2022)	2 adjoining units of 5-storey shop/office buildings; Vacant	38 years	6,500,000
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	30 years	6,097,292

LIST OF PROPERTIES
AS AT 31 JANUARY 2023 (CONT'D)

Location/Address	Land Area (m^2)	Tenure	Date of Acquisition/ (Revaluation)	Description and Existing Use	Approx. Age of Buildings	Net Book Value (RM)
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	31 years	5,241,990
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	12 years	1,562,791
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	7 years	975,774
No. 443 & 443A Jalan Wallagonia 18 Taman Universiti Wallagonia 35400 Tapah Road Perak Darul Ridzuan	260	99 years leasehold expiring on 15.02.2112	(31.12.2022)	Leasehold single storey terrace house	6 years	360,000

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 41st 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 Wednesday, 5 July 2023 at 11.00 a.m. for the following purposes:-

1. To receive the Financial Statements for the financial year ended 31 January 2023 together with the Reports of the Directors and Auditors thereon. **(NOTE 1)**

2. To approve the payment of Directors' Fees of RM138,000 for financial year ended 31 January 2023 and the payment of Directors' benefit (excluding Directors' Fee) to Non-Executive Director of up to an amount of RM12,750 from the date of 41st 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. Lim Tze Thean (Article 81) **(RESOLUTION 2)**
    ii. Lee Li Choon (Article 87) **(RESOLUTION 3)**

4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(RESOLUTION 4)**

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 ("Act"), 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.

    And that pursuant to Section 85 of the Act to be read together with Article 47 of the Constitution of the Company, the shareholders of the Company do hereby waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Act." **(RESOLUTION 5)**

    Ordinary Resolution
    Proposed Renewal of Shareholders' Mandate and A New Shareholders' Mandate for Additional 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 5 July 2022 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 2023 with the related party mentioned therein which are necessary for the day-to-day operations of the KYM Group be and is hereby renewed And That a new shareholders' mandate be and is hereby granted to the Company and its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature as specified in the said Circular to Shareholders 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.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

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

(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 6)**

Ordinary Resolution
Waiver of Pre-Emptive Rights for Issuance of New Shares under Employees Share Scheme ("ESS")

"That further to shareholders' approval obtained on 8 June 2022 and pursuant to Section 85(1) of the Companies Act 2016 read together with Article 47 of the Company's Constitution, the shareholders do hereby waive their pre-emptive rights over all options and/or grants offered/to be offered pursuant to the ESS and/or any new shares to be issued pursuant to the exercise of such options and/or the vesting of such grants by eligible employees and/or eligible directors of the Company, such new shares, when issued, shall rank pari passu with the existing shares." **(RESOLUTION 7)**

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 2023

Notes:-

1. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 30 June 2023 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
(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

   Section 230(1) of the CA 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. The 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.

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.

   Lim Tze Thean being eligible, has offered himself for 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.

   Ms Lee Li Choon was appointed as Independent Non-Executive Director of KYM on 5 July 2022. Accordingly, she shall hold office until the conclusion of the 41st AGM and shall then be eligible for re-election pursuant to Article 87 of the Company's Constitution. Ms Lee has offered herself for re-election at this AGM.

   All Directors have undergone an individual 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.

   The NRC and the Board have considered the results of the evaluation conducted for the financial year ended 31 January 2023, the performance of each retiring Director was found satisfactory and met the fit and proper assessment criteria.

   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 5, 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 5 July 2022 which will lapse at the conclusion of the 41st 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.

   Please refer Section 85(1) of the Companies Act 2016 ("Act") and Article 47 of the Company's Constitution as detailed below.

5. Proposed Renewal of Shareholders' Mandate and a New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

   The proposed resolution 6 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 and additional recurrent related party transactions of a revenue or trading nature, particulars of which are set out in Section 2.2 of the Circular to Shareholders dated 31 May 2023 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
(CONT'D)

6. Waiver of Pre-Emptive Rights for Issuance of New Shares under Employees Share Scheme ("ESS")

   The ESS was approved by the shareholders on 8 June 2022. Subsequent to the approval, the Company now seeks for waiver of the pre-emptive rights pursuant to Section 85(1) of the Act read together with Clause 47 of the Company's Constitution from shareholders.

   Pursuant to Section 85(1) of the Act read together with Article 47 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

   Section 85(1) provides as follows:

   Pre-emptive rights to new shares
   "Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

   Article 47 of the Constitution of the Company

   "Subject to any direction to the contrary that may be given by the Company in meeting of Members, all new shares or other convertible securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of meetings of Member in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article."

   In order for the Board to issue any new shares or other convertible securities free of pre-emptive rights, such pre-emptive rights must be waived. The proposed ordinary resolutions, if passed, will exclude your pre-emptive rights over all new shares, options over or grant of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities under the Authority To Directors To Allot Shares and pre-emptive rights over options or grants offered or to be offered pursuant to the ESS and/or any new shares to be issued by the Company pursuant to the ESS.

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

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 41ST 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 41st AGM of the Company.

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 41st 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 Wednesday, 5 July 2023 at 11.00 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 Lim Tze Thean		
3.	Re-election of Ms Lee Li Choon		
4.	Re-appointment of Messrs Crowe Malaysia PLT as Auditors		
5.	Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016		
6.	Proposed Renewal of Shareholders' Mandate and A New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		
7.	Waiver of Pre-Emptive Rights for Issuance of New Shares under Employees Share Scheme ("ESS")		

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 …………………….. , 2023.

……………………………………………………………
Signature of Member/Common Seal

Notes:
1. Only members registered in the Record of Depositors on or before 5.00 p.m. as at 30 June 2023 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.

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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.
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47800 Petaling Jaya
Selangor

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