

# KIM HIN INDUSTRY BERHAD

Registration No.: 197301003569 (18203-V)



2025 ANNUAL REPORT



## *Vision*

*To be a world class ceramic tile producer and distributor by providing products and services of superior value and by sustaining consistent long term growth in volume and profitability.*

*We shall strive to be a leader in the ceramic industry by*

- achieving responsible and balanced commercial success*
- satisfying our customers' needs*
- enhancing shareholders' values and to provide fair returns to shareholders*
- providing rewarding careers to our employees*
- having mutually beneficial relationship with our business associates*
- participating and contributing effectively towards nation building*

## *Mission*

## *Corporate Values*

- A role model and a good corporate citizen.*
- Provide the highest quality products and values to our customers.*
- Commitment to our employees' welfare and well being.*
- To instill a culture of discipline, integrity, teamwork and proactivity amongst our people.*



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## *Notice of* **ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the Fifty-Third Annual General Meeting (“53<sup>rd</sup> AGM”) of KIM HIN INDUSTRY BERHAD (“Kim Hin” or “the Company”) will be held at Kim Hin Industry Berhad’s Conference Room, 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia on Friday, 29 May 2026 at 2.00 p.m. for the following businesses:

### **AGENDA**

#### **As Ordinary Business:**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon. **[Please refer to Explanatory Note No. 1]**
2. To re-elect the following Directors who shall retire by rotation pursuant to Clause 118 of the Company’s Constitution and, being eligible, offer themselves for re-election:
  - (i) Madam Pauline Getrude Chua Hui Lin; **(Ordinary Resolution 1)**
  - (ii) Dato Sim Kheng Boon; and **(Ordinary Resolution 2)**
  - (iii) Mr. Kho Soon Kheng. **(Ordinary Resolution 3)**
3. To approve the payment of Directors’ fees and Directors’ meeting allowances for the period from 1 June 2026 to the next AGM. **(Ordinary Resolution 4)**
4. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution 5)**

#### **As Special Business**

**To consider and, if thought fit, to pass the following ordinary resolutions:**

5. **Authority to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016 and approval for the waiver of statutory pre-emptive rights of the shareholders of the Company** **(Ordinary Resolution 6)**

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, subject always to the Companies Act 2016, the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issue.

**AND THAT** pursuant to Section 85 of the Companies Act 2016 read together with Clause 15 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of the new shares in the Company pursuant to Sections 75 and 76 of the Act.”

6. **Proposed renewal of shareholders’ mandate for recurrent related party transactions of a revenue or trading nature (“Shareholders’ Mandate”)** **(Ordinary Resolution 7)**

“**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiaries (“Kim Hin Group”) to enter into any of the categories of related party transactions which are recurrent, of a revenue or trading nature and are necessary for the day-to-day operations of Kim Hin Group as outlined in Section 3.2 of the Circular to Shareholders dated 30 April 2026 (“Circular”), with the specific related parties mentioned therein subject further to the followings:

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

**THAT** approval be and is hereby given to the Company and its subsidiaries to enter into any of the category of recurrent related party transactions of a revenue or trading nature as set out in the Circular to shareholders dated 30 April 2026 with the specific related parties mentioned therein which are necessary for Kim Hin Group's day-to-day operations subject further to the following :

- (i) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders; and
- (ii) disclosure is made in the annual report for the breakdown of the aggregate value of the transactions conducted pursuant to the Shareholders' Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based on the following information:-
  - the type of the recurrent related parties transactions made; and
  - the names of the related parties involved in each type of the recurrent related parties transactions made and their relationship with the Company.

**AND THAT** such approval shall continue to be in force until:

- (i) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed;
- (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 ("the Act") [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

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

**AND THAT** the estimated value given on the recurrent related party transactions specified in Appendix 1 of the Circular being provisional in nature, the Board of Directors of the Company be hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 3.5 of the Circular."

7. To transact any other business which may be transacted at an AGM of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD OF DIRECTORS

JONG OI JEN  
MAICSA 7069482  
SSM Practising Certificate No. 202008002165  
Company Secretary

Kuching, Sarawak  
Dated: 30 April 2026

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Explanatory Notes to Ordinary Business:

#### 1) Agenda 1- Audited Financial Statements

The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to Section 340(1)(a) of the Companies Act 2016. Hence, Agenda 1 will not be put forward for voting.

#### 2) Re-election of Directors pursuant to Clause 118

Clause 118 of the Company's Constitution provides that an election of Directors shall take place each year. At the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, 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 PROVIDED ALWAYS that all Directors including Managing Director shall retire from office at least once every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the general meeting at which he retires.

#### Ordinary Resolutions 1 to 3:

The Board of Directors through the Nomination Committee, assessed the retiring Directors, namely Madam Pauline Getrude Chua Hui Lin, Dato Sim Kheng Boon and Mr. Kho Soon Kheng who retire pursuant to Clause 118, and recommended their re-election, based on the following justifications:

- (i) they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors;
- (ii) they met the fit and proper criteria pursuant to the Company's Directors' Fit and Proper Policy; and
- (iii) those who are Independent Directors remain independent.

#### 3) Ordinary Resolution 4– Directors' fees and meeting allowances

Section 230(1) of the Companies Act 2016 provides that the fees of Directors, allowances and benefits payable to the Directors of a listed company shall be approved at a general meeting.

The proposed Directors' fees and Directors' meeting allowances are as below:

(a) Directors' fees for the period from 1 June 2026 to the next AGM	RM 360,000
(b) Directors' meeting allowances for the period from 1 June 2026 to the next AGM	RM 36,000
	<hr/>
	RM 396,000

The details of the Directors' remuneration for the financial year ended 31 December 2025, are as disclosed in the Corporate Governance Report for the financial year ended 31 December 2025.

### Explanatory Notes to Special Business:

#### 4) Ordinary Resolution 6 - Authority to allot shares pursuant to Section 75 and Section 76 of the Companies Act 2016 and approval for the waiver of statutory pre-emptive rights of the shareholders of the Company.

The Proposed Resolution 6, if passed,

- will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares to such persons in their absolute discretion without convening a general meeting provided the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.
- will approve the waiver of statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 52<sup>nd</sup> Annual General Meeting and which will lapse at the conclusion of the 53<sup>rd</sup> Annual General Meeting.

The General Mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares, for purposes of funding investment(s), repayment of borrowings, working capital and/or acquisition(s).

### 5) Ordinary Resolution 7- Shareholder Mandate for recurrent related party transactions

Paragraph 10.09 of the Main Market Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations ("RRPT"), a public listed company may seek a shareholder mandate.

The proposed Resolution 7, if passed, will authorise the Company and each of its subsidiaries to enter into RRPT with the mandated related parties as identified in Section 3.2 of the Circular dated 30 April 2026 ("Circular"), which are necessary for the Kim Hin Group's day-to-day operations, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

By obtaining the Shareholder Mandate, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such RRPT occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings without compromising on the corporate objectives of Kim Hin Group or adversely affecting the business opportunities available to Kim Hin Group.

### Notes

1. *Only Depositors whose names appear in the General Meeting Record of Depositors as at 22 May 2026 be regarded as Members and shall be entitled to attend, speak and vote at the 53<sup>rd</sup> AGM.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her place. A proxy need not be a member of the Company. Where a holder appoints two or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *A corporation which is a member may by resolution of its Directors authorise such person as it thinks fit to act as its representative at the meeting pursuant to Section 333 of the Companies Act 2016 and the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney, and the person so appointed may attend and vote at the meeting at which the appointer is entitled to vote.*
6. *The instrument appointing a proxy or representative must be deposited at the registered office at 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia not less than forty-eight (48) hours before the time for holding the meeting.*
7. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*
8. *Registration will start at 1:00 p.m. at Kim Hin Industry Berhad's Conference Room, 4 ½ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching, Sarawak, Malaysia on Friday, 29 May 2026.*

# Corporate INFORMATION

## BOARD OF DIRECTORS

➤ **CHUA SENG HUAT**  
(Executive Chairman)

➤ **PAULINE GETRUDE CHUA HUI LIN**  
(Executive Director)

➤ **KHO SOON KHENG**  
(Independent Non-Executive Director)

➤ **DATO' JOHN CHUA SENG CHAI**  
(Group Managing Director)

➤ **CHUA YEW LIN**  
(Executive Director)

➤ **AW TAI HUI**  
(Independent Non-Executive Director)

➤ **CHUA SENG GUAN**  
(Group Executive Director)

➤ **DATO SIM KHENG BOON**  
(Independent Non-Executive Director)

## COMPANY SECRETARY

JONG OI JEN  
MAICSA 7069482  
SSM PC No. 202008002165  
Email : mandy.jong@kimhin.com.my

## WEBSITE

www.kimhin.com.my

## PRINCIPAL BANKERS

CIMB Bank Berhad  
OCBC Bank (Malaysia) Berhad  
Standard Chartered Bank Malaysia Berhad  
United Overseas Bank (Malaysia) Berhad

## SHARE REGISTRARS

Tricor Investor & Issuing House  
Services Sdn. Bhd.  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3,  
Bangsar South, No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia.  
Tel : 03-2783 9299  
Email : is.enquiry@vistra.com

## ADVOCATES & SOLICITORS

Wong Lu Peen and Tunku Alina  
21-6, Block B, The Boulevard,  
Mid Valley City, Lingkaran Syed Putra,  
59200 Kuala Lumpur, Malaysia.

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities  
Berhad

## AUDITORS

Ernst & Young PLT  
202006000003  
(LLP0022760-LCA) & AF 0039  
Chartered Accountants  
3rd Floor, Wisma Bukit Mata Kuching,  
Jalan Tunku Abdul Rahman,  
93100 Kuching, Sarawak, Malaysia.

## STOCK NAME

KIMHIN

## REGISTERED OFFICE

4 1/2 Mile, Kung Phin Road,  
Off Penrissen Road,  
93250 Kuching, Sarawak, Malaysia.  
Tel : 082-451567  
Fax : 082-452135

## STOCK CODE

5371

Go paperless to help our environment.  
This Annual Report is available at our website <https://www.kimhin.com.my/annual-reports>

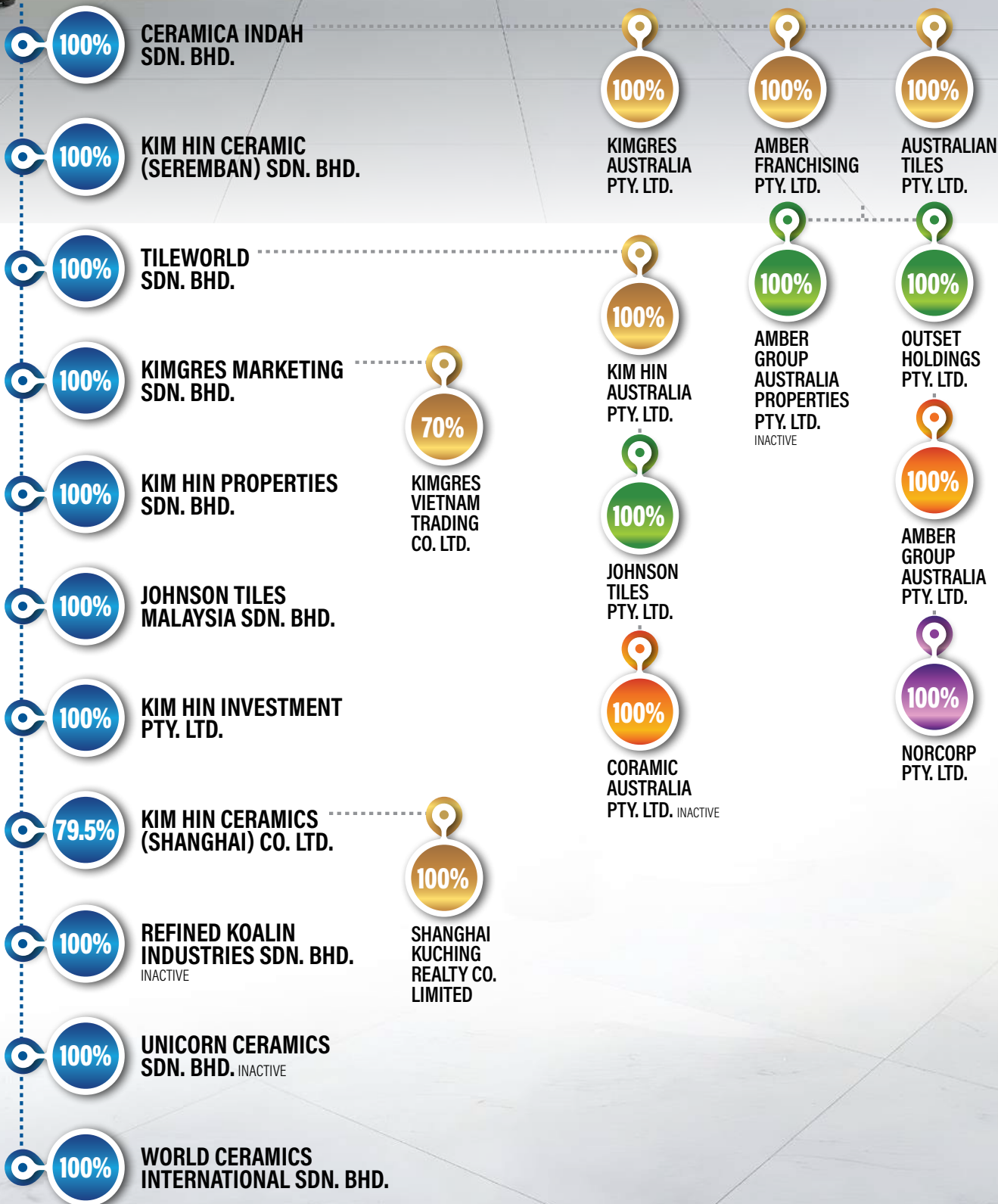


# Group CORPORATE STRUCTURE



## KIM HIN INDUSTRY BERHAD

Registration No.: 197301003569 (18203-V)



## CHAIRMAN'S Statement

### *To Our Valued Shareholders,*

*On behalf of the Board of Directors, I present the Annual Report of Kim Hin Industry Berhad for the financial year ended 31 December 2025.*

*The past year has been one of continued transition. While our financial performance reflects ongoing industry-wide pressures and legacy challenges, 2025 represents a period where we took further steps to reassess and recalibrate the fundamentals of our business.*

*We remain focused on managing the business prudently while adapting to a changing operating environment.*

### **THE CHALLENGING INDUSTRY LANDSCAPE**

The ceramic tile industry continues to undergo structural changes, driven by shifts in global supply dynamics, intensifying price competition and evolving cost structures across the industry. As one of the more energy-intensive manufacturing sectors, the Group remains particularly exposed to rising costs, especially in fuel such as natural gas and liquefied petroleum gas (LPG). These cost increases, together with ongoing volatility in energy pricing, continue to exert significant pressure on production margins.

At the same time, the market environment has become increasingly competitive, with a sustained influx of lower-priced imports placing downward pressure on pricing and margins. These challenges are further compounded by broader global economic uncertainties, evolving regulatory requirements and ongoing supply chain disruptions, including logistics constraints and periodic volatility in the availability of key inputs.

Across Sarawak and Malaysia, manufacturers are adapting to these evolving operating conditions. As noted by the Sarawak Manufacturers' Association, there is increasing emphasis on strengthening risk management practices, improving operational efficiency, diversifying supply chains and reducing dependency on conventional energy sources.

In this context, the Group continues to review its operating model with a focus on cost management, operational flexibility and alignment with broader developments in Sarawak, including initiatives under the Post-COVID-19 Development Strategy 2030.

We remain mindful that even short-term disruptions - whether in fuel supply, logistics or regulatory processes - can have a direct impact on production continuity and cost efficiency. Accordingly, ongoing efforts are directed at improving resource utilisation, reducing operational inefficiencies and strengthening the Group's ability to respond to such challenges where possible.

### **FINANCIAL PERFORMANCE**

For the financial year ended 31 December 2025, the Group recorded revenue of RM258.9 million and a loss before tax of RM21.0 million.

The continued loss position reflects both external pressures and the ongoing adjustments within the Group's operations. Efforts undertaken during the year were primarily directed at stabilising the business and managing cost structures in a challenging environment.

The Board does not recommend any dividend for the financial year ended 31 December 2025, in order to preserve liquidity and maintain financial flexibility.

### **OPERATIONAL TRANSFORMATION AND LOGISTICS OPTIMISATION**

During the year, the Group continued to review and adjust its manufacturing and logistics arrangements.

Steps have been taken to better align production with market demand, with the aim of reducing inefficiencies associated with long-distance transportation and improving overall cost management. At the same time, we have continued the rationalisation of assets and resources to support a more streamlined operating base.

Simultaneously, our ongoing rationalisation of assets and resource capabilities continues to strengthen a leaner manufacturing core, delivering improved overall equipment effectiveness, enhanced cost efficiency and stronger operational resilience.

In parallel, the Group has been reviewing its supplier base and logistics arrangements to reduce concentration risk and improve supply chain resilience.

These efforts also form part of a broader evaluation of the Group's manufacturing footprint and sourcing strategy, taking into consideration current cost structures and market conditions.

## CHAIRMAN'S STATEMENT (CONT'D)

### FINANCIAL DISCIPLINE AND BALANCE SHEET STRENGTHENING

Our focus on efficiency extends beyond operations into financial management.

During the year, we undertook targeted cost rationalisation across administrative functions to better align overheads with our current scale of operations. We also accelerated the disposal of aged inventories to unlock working capital and intensified efforts to improve receivables collection.

At the same time, we continued to engage key vendors on payable terms while maintaining prudent cash flow management. These measures are aimed at preserving liquidity and ensuring that the Group retains sufficient flexibility to support its ongoing operational adjustments.

### PEOPLE, GOVERNANCE AND ESG READINESS

We recognise that operational adjustments must be supported by appropriate organisational changes.

In 2025, we commenced a human resources review and restructuring initiative, supported by a structured job competency assessment exercise. This includes reviewing functional structures and workforce sizing, clarifying roles and responsibilities, and identifying competency gaps to support more effective execution.

This remains an ongoing process as the Group continues to align its workforce with its evolving operational requirements.

Looking ahead, we are preparing for Environmental, Social and Governance (ESG) reporting requirements. While this introduces additional compliance obligations, it is necessary to support the Group's ongoing participation in the market.

The emphasis by the Sarawak Manufacturers' Association on resource efficiency and reduced reliance on conventional energy sources is consistent with the direction being considered by the Group, where practical and feasible.

### OUTLOOK

The operating environment is expected to remain challenging, with continued pressures from energy costs, market competition and broader economic uncertainties.

In this context, the Group will continue to adopt a cautious and measured approach. Our focus remains on cost control, operational efficiency and maintaining flexibility in how we manage our production and sourcing strategies.

We will continue to assess our operating model in line with prevailing market conditions, with priority placed on sustaining the business in a practical and disciplined manner.

### APPRECIATION

On behalf of the Board of Directors, I wish to extend our sincere appreciation to all our valued shareholders for your continued support, patience and confidence in Kim Hin Industry Berhad during this period of transition.

I would also like to express my gratitude to my fellow Board members for their continued guidance, insights and stewardship in navigating the Group through a challenging operating environment. Their experience and oversight remain invaluable as we continue to assess and adapt our strategic direction.

In addition, I wish to acknowledge the dedication and commitment of our management team and employees across the Group. Their resilience, adaptability and continued efforts have been instrumental in supporting the Group's operations and ongoing initiatives during this period.

Together, we will continue to uphold the principles of integrity, accountability and prudent management as we navigate the path ahead.

### CHUA SENG HUAT

Executive Chairman  
Kim Hin Industry Berhad

## *Management* DISCUSSION AND ANALYSIS

The Board of Directors and management of Kim Hin Industry Berhad ("Kim Hin" or "the Company") present this Management Discussion and Analysis ("MD&A") to give investors and shareholders a clearer and more grounded understanding of how the Group performed in the financial year ended 31 December 2025, and the forces that shaped that performance.

This MD&A should be read alongside the Group's audited financial statements for the same period.

### OVERVIEW OF BUSINESS AND OPERATIONS

#### Who We Are

Kim Hin was established in 1973 and listed on the Main Board of Bursa Malaysia Securities Berhad in 1992. At its core, the Company is an investment holding entity, with its principal activity centred on the production and distribution of ceramic floor tiles, homogeneous tiles and monoporosa tiles. The Group also trades in building materials and holds property investments. Our headquarters remain in Kuching, Malaysia, which is also where we have our roots.

We operate across four geographical segments – Malaysia, the People's Republic of China, Australia and Vietnam – and our tiles are sold under the brands Kingres, Durogres, Vitrogres, Johnson and Amber. Two manufacturing plants anchor our production capability, one in Kuching, Sarawak, and another in Senawang, Seremban.

Our domestic sales offices span the major cities of Peninsular and East Malaysia: Petaling Jaya, Johor Bahru, Ipoh, Penang and Kuching. Internationally, we maintain offices in Melbourne, Sydney, Brisbane, Hobart, Shanghai and Danang. Our overseas sales network was meaningfully bolstered in 2016 when we acquired Outset Holdings Pty Ltd in Australia, the holding company of Amber Group Australia Pty Ltd. Through Amber, we now operate twenty-six retail stores across New South Wales, Queensland and the Australian Capital Territory – a physical retail footprint that we believe gives us a competitive edge in that market.

Approximately 12% of production from our Malaysian plants is directed to export markets, principally Australia, Taiwan, Japan, the United Kingdom, the United States of America and the United Arab Emirates. Our Shanghai operation is predominantly export-oriented.

#### Our Vision and Standards

Our ambition has not changed: to be a world-class ceramic tile producer and distributor, offering products and services that stand on their quality and value, while building sustainable growth over the long term. That ambition is supported by substance. Our manufacturing facilities in Kuching and Seremban are both certified under ISO 9001:2015 – the most current standard – with the Kuching plant re-certified in December 2025 and Seremban in April 2023. Our Shanghai operation operates under compulsory product certification issued by China Quality Certification Centre.

On the technology front, our Malaysian operations run on a fully integrated SAP Enterprise Resource Planning (ERP) system – version ECC 6.0 – covering sales, distribution, inventory management, production planning, and financial control. This is not merely a system of record; it is the operational backbone of how we manage a complex, multi-plant manufacturing business.

We take our people seriously. We know from experience that the sustained success of this Group over more than five decades is not the result of any single strategy, but of the consistent effort of a committed and capable workforce. We invest in their development – training hours are among our key performance indicators – and we support their wellbeing through incentive awards for academic achievement and through our sports club. The values we seek to instil are straightforward: discipline, integrity, teamwork and a willingness to take initiative.

#### Share Performance – Five-Year Overview

The table below summarises the Group's share performance metrics over the past five financial years.

	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
Share					
Year high (RM)	1.00	0.870	0.61	0.610	0.87
Year low (RM)	0.73	0.555	0.42	0.430	0.37
Year close (RM)	0.87	0.585	0.55	0.505	0.83
Market capitalization as at year end (RM'000)	122,008	82,040	77,131	70,821	116,398

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Financial Performance – Five-Year Overview

The table below summarises the Group's key financial performance metrics over the past five financial years.

	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
<b>Financial</b>					
<b>Revenue</b>	344,088	339,988	310,122	311,250	258,909
<b>Profit/(loss) before interest and tax</b>	(27,849)	(30,819)	(37,598)	(25,040)	(19,015)
<b>Finance costs</b>	1,995	2,315	2,446	2,029	2,025
<b>Net profit/(loss) after tax</b>	(32,553)	(32,398)	(40,127)	(28,193)	(23,917)
<b>Shareholders' equity</b>	367,643	333,921	297,361	267,383	240,252
<b>Total assets</b>	536,528	487,219	435,115	379,895	372,307
<b>Borrowings</b>	23,652	22,839	18,202	11,305	11,385
<b>Debt/Equity (%)</b>	6.43	6.84	6.12	4.23	4.73
<b>Basic/diluted loss per share (sen)</b>	(23.21)	(23.11)	(26.54)	(20.83)	(18.18)
<b>Net assets per share (RM)</b>	2.62	2.38	2.12	1.91	1.71
<b>Dividend per share (sen)</b>	2.00	-	-	-	-

The five-year picture tells a story of a Group navigating persistently difficult conditions. Revenue has trended downward since 2021, reflecting the broader weakness in the property and construction market, compounded by the disruptions of the pandemic and geopolitical headwinds that have weighed on demand globally. Net losses have also persisted, though the trajectory has been one of gradual improvement – the loss in 2025, at RM 23.9 million, is considerably narrower than the RM 40.1 million recorded at the trough in 2023.

Encouragingly, the Group's balance sheet retains significant strength. Shareholders' equity, while declining, remains above RM 240 million, and borrowings have been reduced materially from RM 23.7 million in 2021 to RM 11.4 million in 2025. Our gearing ratio stands at approximately 4.7% – a figure that reflects a deliberate and long-standing management philosophy of keeping debt minimal. The share price recovered strongly during 2025, closing the year at RM 0.830 against RM 0.505 at the end of 2024.

### Review of Financial Results and Financial Conditions

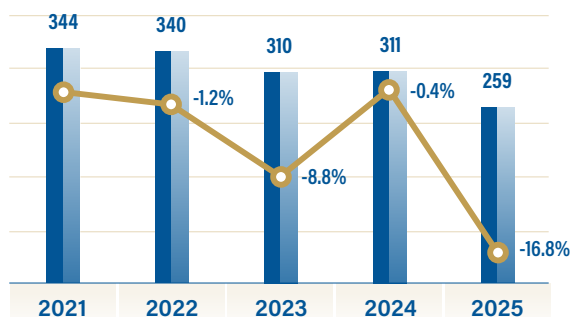
#### Revenue

The Group recorded revenue of RM 259 million in the current financial year, compared to RM 311 million in the prior year. That is a decline of approximately 16.8%, and it was felt across every geographical segment we operate in – not in isolation, but uniformly, which tells us something important about the nature of the challenge. This is not a market share problem unique to one region; it reflects a broad softening in market conditions driven by weak property demand, global economic uncertainty and ongoing geopolitical disruption.

Our Malaysia segment saw revenue decline by 15.5%. Our overseas operations fared no better, recording declines ranging from 15.2% to 31.0%. Despite the contraction in absolute terms, our overseas operations continued to account for approximately 47% of Group revenue, broadly consistent with the prior year's 48%. We do not view this geographic mix as incidental – it is the product of a deliberate diversification strategy that remains important to the Group's long-term resilience.

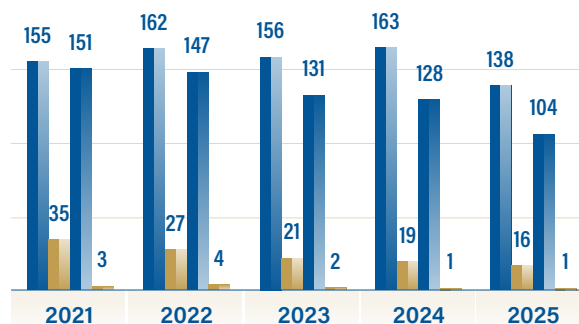
#### Group Revenue (RM million)

■ Group Revenue    ○ Revenue Growth (%)



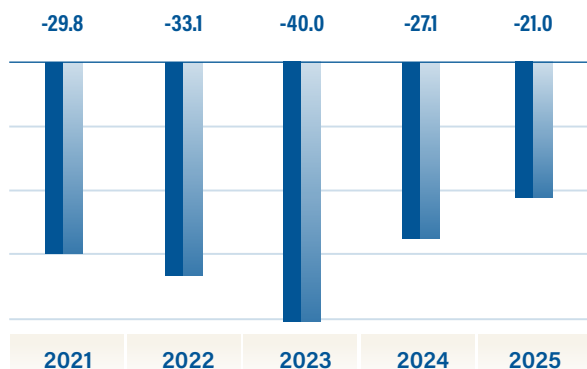
#### Revenue by Segment (RM million)

■ Malaysia    ■ China    ■ Australia    ■ Vietnam

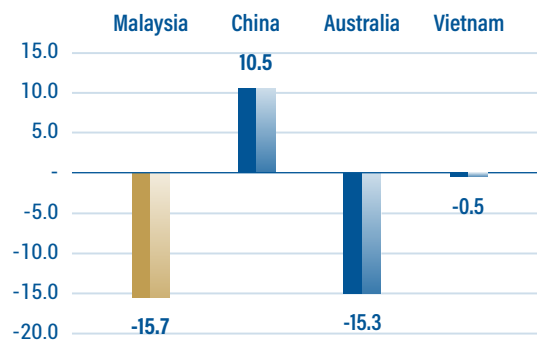


## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Group PBT (RM million)



### 2025 Segmental Contributions



### Profit Before Tax

The Group recorded a loss before tax of RM 21.0 million for 2025, compared to a loss of RM 27.1 million in 2024. The improvement, while meaningful, does not represent a return to profitability – but it does reflect genuine progress.

Two items contributed materially to the improvement relative to the prior year. First, unrealised foreign exchange losses were significantly lower, at RM 0.7 million versus RM 5.3 million in 2024. Currency movements are inherently difficult to predict, but the reduction is notable. Second, the Group recognised a gain on the disposal of property, plant and equipment of RM 3.6 million, compared to a negligible RM 0.03 million in 2024. These are not recurring items, and we are transparent about that. The underlying business continues to face real pressure, and the Board and management continue to reassess operational performance in light of the persistent losses.

Operating expenses, excluding cost of sales and impairment losses, amounted to RM 113.6 million, down from RM 125.1 million in the prior year. The reduction was broadly in step with the decline in revenue, reflecting our continued discipline on cost management. Finance costs remained stable at RM 2.0 million, consistent with the prior year.

### Taxation

Income tax expense for 2025 was RM 2.9 million, compared to RM 1.1 million in 2024. The increase is largely attributable to the Group's China operation, which contributed RM 2.6 million of the total tax charge. The Group does not benefit from group tax loss relief – a structural feature of the tax regime – and certain non-deductible expenses push the effective tax rate above the nominal rate. This is a known and recurring feature of the Group's tax position.

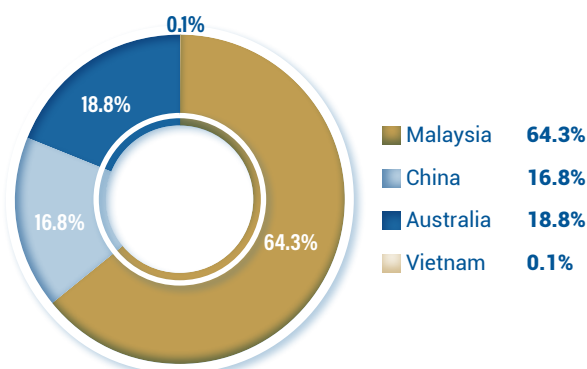
### Segmental Contributions

Looking at the performance by segment in 2025, China was the only segment to record a positive contribution to Group PBT, at RM 10.5 million. Malaysia recorded a loss of RM 15.7 million, Australia a loss of RM 15.3 million, and Vietnam a modest loss of RM 0.5 million. The positive contribution from China – driven by its predominantly export-oriented operation and property management – stands in contrast to the losses recorded across the other segments.

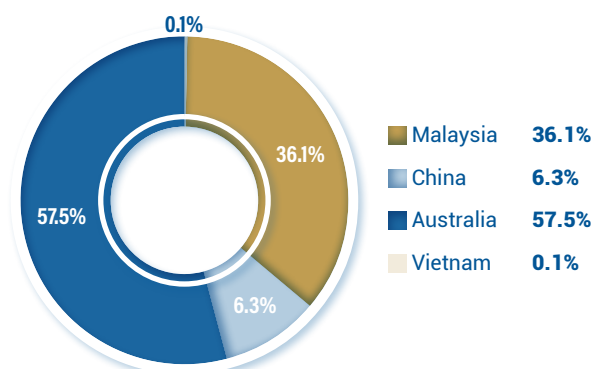
In terms of asset allocation, Malaysia accounts for 64.3% of Group assets and 36.1% of Group liabilities. Australia, though a smaller asset base at 18.8%, carries the largest share of Group liabilities at 57.5%, primarily reflecting lease obligations under the Amber and Johnson Tile store network. This is a natural consequence of operating a retail chain and is well understood in our capital planning.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Segmental Assets (RM million)



### Segmental Liabilities (RM million)



### Balance Sheet and Asset Quality

#### Investment Properties

The net carrying amount of the Group's investment properties stood at RM 30.9 million as at 31 December 2025, compared to RM 33.2 million in the prior year. The reduction reflects depreciation and impairment recognised during the year. These properties are managed as long-term assets contributing steady underlying value to the Group's balance sheet.

#### Right-of-use assets

	2025 RM'000	2024 RM'000
Leasehold land	29,523	31,224
Buildings (leased premises)	17,791	13,855
Others	1,366	250
Net carrying amount	48,680	45,329

The Group's right-of-use assets increased to RM 48.7 million from RM 45.3 million in 2024. Leasehold land – largely short-term in nature – accounts for RM 29.5 million of this total. The increase in building-related right-of-use assets, from RM 13.9 million to RM 17.8 million, reflects additional tenancy agreements for premises across the Group's operations, accounted for in accordance with MFRS 16 Leases.

#### Trade and Other Receivables

	2025 RM'000	2024 RM'000
Trade receivables	43,384	44,516
Trade deposits to suppliers	-	2,363
Other receivables	1,782	804
Deposits	1,226	1,140
	46,392	48,823

Trade receivables at year end stood at RM 43.4 million, a modest reduction of 2.5% from RM 44.5 million, broadly tracking the decline in revenue. The debtor turnover period lengthened from 52 days to 63 days during the year – a movement we monitor carefully – but it remains well within our standard credit term of 90 days, and we are comfortable with the quality of the receivables book. A provision of RM 180,000 for expected credit loss made during the year (versus a net provision of RM 545,000 in 2024) further reflects improving collection experience.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Inventories

	<b>2025</b>	<b>2024</b>
	RM'000	RM'000
Finished goods	67,197	68,185
Raw materials, and work-in-progress	11,414	11,108
Packing materials, spare parts and sundry inventories	8,966	10,240
	87,577	89,533
	87,577	89,533

Total inventories stood at RM 87.6 million, marginally lower than the RM 89.5 million held at the end of 2024. Finished goods, which constitute the largest component, declined slightly from RM 68.2 million to RM 67.2 million. The Group made a net write-back on inventories of RM 1.6 million during the year, compared to RM 0.5 million in 2024, reflecting improved inventory management and the rationalisation of slower-moving stock.

### Liabilities and Capital Structure

#### Trade and Other Payables

	<b>2025</b>	<b>2024</b>
	RM'000	RM'000
Trade payables	53,193	42,043
Trade deposits from customers	-	2,078
Other payables	13,940	13,395
Accruals	3,366	3,335
	70,499	60,851
	70,499	60,851

Trade payables increased by 26.5% to RM 53.2 million. This reflects the Group's active management of its payment terms and working capital cycle in a lower-revenue environment. We view this as a responsible and deliberate approach to preserving liquidity, consistent with our broader strategy of protecting the Group's cash position.

#### Lease Liabilities

	<b>2025</b>	<b>2024</b>
	RM'000	RM'000
Current	10,560	7,655
Non-current	18,607	12,420
	29,167	20,075
	29,167	20,075

Lease liabilities increased to RM 29.2 million from RM 20.1 million in the prior year, with lease terms spanning 1.0 to 7.8 years. These obligations relate primarily to property rented across the Group's operations in Malaysia and Australia. The increase in non-current lease liabilities reflects the addition of new tenancy agreements during the year.

#### Loans and Borrowings

	<b>2025</b>	<b>2024</b>
	RM'000	RM'000
Bank overdraft	390	123
Trade facilities (unsecured)	5,210	5,560
Trade facilities (secured)	3,353	708
RM loans (secured)	2,255	4,633
Hire purchase	177	281
	11,385	11,305
	11,385	11,305

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Total borrowings remained broadly stable at RM 11.4 million, compared to RM 11.3 million in 2024. The RM loans are secured by way of a fixed charge over landed properties held by a Malaysian subsidiary. The gearing ratio – total borrowings over total equity – remains in the range of 0.04 to 0.05 times, consistent with the five-year trend and consistent with management's long-standing position that maintaining a low-debt balance sheet is a strategic priority, not merely a financial metric.

### Business Outlook

We do not believe in painting an unduly optimistic picture when the environment does not warrant it. The global economy remains fragile, and the forces bearing on our business have not meaningfully abated. The prolonged Russia-Ukraine conflict continues to disrupt energy markets and supply chains. The Middle East crisis, including the Iran-US military escalation, has introduced new pressures on energy costs. The Sino-US trade dispute – now more than half a decade in the making – continues to reshape global trade patterns in ways that affect tile manufacturing and export economics. Against this backdrop, we believe it would be premature and misleading to offer specific earnings guidance for the year ending 31 December 2026.

That said, the Board is clear on one thing: none of the risks we face represents an existential threat to Kim Hin. We have been through difficult periods before – multiple recessions, financial crises, market dislocations – and this management team, with many members carrying more than thirty years of industry experience, has navigated through each of them. That institutional knowledge is not easily replicated, and it is one of our more durable competitive assets.

Our operational priorities for the year ahead are unchanged. We will continue to protect cash, manage working capital tightly and defer non-essential capital expenditure. We are concentrating export efforts on markets where we see better demand conditions, and we are focused on improving capacity utilisation at our Malaysian plants. The Group has cash reserves and liquid investments of approximately RM 65 million, a low gearing ratio, and sufficient trade facilities in place to meet its near-term obligations. We are not navigating this environment from a position of vulnerability.

The property market – the primary driver of tile demand – remains weak across all four of our geographies. We do not expect a rapid recovery, and we are planning accordingly. However, we also recognise that the Group's diversified market presence, while not immune from a synchronised global downturn, provides a degree of resilience that a single-market operator would not enjoy. Our China operation, in particular, has demonstrated its value as the only segment to record a positive contribution to Group PBT in 2025, underpinned by its property management and export-oriented business.

The Board remains confident that Kim Hin is positioned to withstand current uncertainties and that, as conditions improve, the Group will be well placed to capture the benefits of that recovery.

### Dividend Policy

The Board has not recommended a dividend for the financial year under review. This decision reflects both the Group's performance and the prudent need to preserve cash reserves during a period of continued external weakness. We are fully aware of what dividends mean to our shareholders, and we do not take this decision lightly. The Group remains committed to rewarding shareholders fairly when the financial position permits, and that commitment has not changed.

### Anticipated Business Risks

#### Competition

The ceramic tile industry is intensely competitive, and that is unlikely to change. Pressure comes from multiple directions: domestic manufacturers, regional importers – particularly from China, Thailand, Indonesia, Vietnam and India – and the broader flooring industry, which includes substitutes such as carpet, vinyl, laminate and hardwood. Pricing pressure is persistent, and consumer preferences continue to evolve. Our response is not to retreat from competition but to reinforce our position as a market leader in quality, design and distribution.

In Australia, we have deliberately moved beyond wholesale into direct retail through the Amber store network. This gives us greater control over the customer relationship and reduces our dependence on intermediary channels. It is a model that we continue to develop.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### Foreign Exchange

The Group is naturally exposed to currency movements given the breadth of our operations and the global nature of our supply chain. We import raw materials, printing materials and machinery from overseas, and we export to multiple markets. Our primary currency exposures are the USD – which affects both our cost base and export revenues – the AUD, which is relevant to our Australian earnings, the RMB, which is relevant to our operations in People Republic of China, and the Euro, which principally affects import costs. We also have more limited exposure to Vietnamese Dong, Japanese Yen, and Singapore Dollar. Managing this complexity is part of our routine operational practice.

### Rising Operating Costs

Cost inflation remains a genuine concern. The combination of supply chain disruption, raw material price volatility and a weaker Malaysian Ringgit creates upward pressure on our cost base that is difficult to fully absorb, let alone pass through to customers in a weak demand environment. Natural gas costs – relevant particularly to our Seremban plant – continue to be affected by the Government's subsidy rationalisation programme. Energy price pressures have been further compounded by regional geopolitical events. These are costs we manage as best we can, but transparency with shareholders requires us to acknowledge that they remain a meaningful headwind.

### Tariff and Trade Barriers

The global trade environment has become more fragmented and more uncertain. While the US Supreme Court's ruling in February 2026 invalidated the legal basis for the earlier baseline 10% tariff and associated reciprocal tariffs, the US subsequently applied a temporary 10% ad valorem duty under Section 122 of the Trade Act of 1974. The practical effect is that trade barriers remain a feature of the global landscape, with varying degrees of impact on our export markets. We continue to monitor developments and adjust our export strategy accordingly.

### Financial Risk

We consider the Group's financial risk profile to be manageable. Borrowings stand at just 5% of shareholders' equity, and the Group holds meaningful cash reserves. The continuous losses of recent years have affected our credit standing with some financial institutions, but we made tangible progress in 2025: our Malaysian subsidiaries secured additional banking facilities, and our Australian subsidiary had all covenant requirements on its trade facilities removed – a development that materially improves our flexibility. Interest rate risk is limited given our low floating-rate debt, and we note that Bank Negara reduced the overnight policy rate from 3.0% to 2.75% during 2025.

### Credit Risk

We operate a disciplined credit management process. Approvals for customer credit terms follow defined procedures, and we monitor collections closely. The ageing profile of our trade receivables remains healthy, and the reduced provisioning for expected credit losses in 2025 reflects improved collection outcomes.

### Human Capital

The Group's ability to attract and retain skilled people – while managing the cost of labour, levy obligations and other workforce-related pressures – is an ongoing operational consideration. We invest in our people and in a culture that we believe supports retention. This is not merely an HR matter; in a manufacturing environment, the knowledge and stability of the workforce have a direct bearing on quality and efficiency.

*The Board is confident that Kim Hin's experienced management team, disciplined financial management and diversified operations position the Group well to endure the current period of uncertainty and to emerge in a position of strength when conditions improve.*

## *Corporate Governance* OVERVIEW STATEMENT

The Board of Directors (“Board”) of Kim Hin Industry Berhad (“KimHin or Company”) recognises the importance of maintaining good standards of corporate governance in enhancing long-term shareholder value and safeguarding the interests of stakeholders. The Board remains committed to ensuring that the principles and practices as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”) are applied throughout the Group. The Board believes that sound corporate governance is fundamental to the sustainable growth of the Group, promoting transparency, accountability and integrity in the conduct of the Group’s business and affairs.

The Board continuously reviews and strengthens the Group’s governance framework to ensure that it remains aligned with evolving regulatory requirements.

Kim Hin is pleased to present the Corporate Governance Overview Statement pursuant to the requirements of Paragraph 15.25 (1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad and, in accordance with the guidance of Practice Note 9 of the MMLR and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Securities Berhad. The Corporate Governance Overview Statement is presented based on the following three key principles of good corporate governance:

- 1) Board leadership and effectiveness;
- 2) Effective audit and Risk Management; and
- 3) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The detailed application of each practice as set out in the **MCCG 2021** is disclosed in the Corporate Governance Report which is available at the Company’s corporate website, [www.kimhin.com.my](http://www.kimhin.com.my).

### **1) BOARD LEADERSHIP AND EFFECTIVENESS**

#### **The Board of Directors**

The Board as the Group leader, is responsible for developing and overseeing the Group’s strategic plans and businesses directions and performance. The Board instills good corporate governance culture within the group through formulation of policies and oversees the group investments operations. The Board always ensures that the Company is embraced with ethical behavior, accountability, transparency and sustainability in achieving its goals.

The Board implements effective controls over the Group business operations, resources, standard of conduct and financial position. The Board is committed to its fiduciary duties and leadership function to achieve long-term success of the Company and to deliver sustainable value to its stakeholders.

The Board collaborates with the Senior Management in setting up a proper organisation structure and authority chart to ensure effective discharge of management responsibilities and capabilities of each functional department and to provide effective flow of corporate governance information and, communication within the Group.

#### **Sustainability Governance**

The Board recognises the importance of sustainability in supporting the long-term growth and resilience of the Group. Sustainability consideration, including environmental, social and governance (“ESG”) matters, are incorporated into the Group’s business strategy and risk management framework.

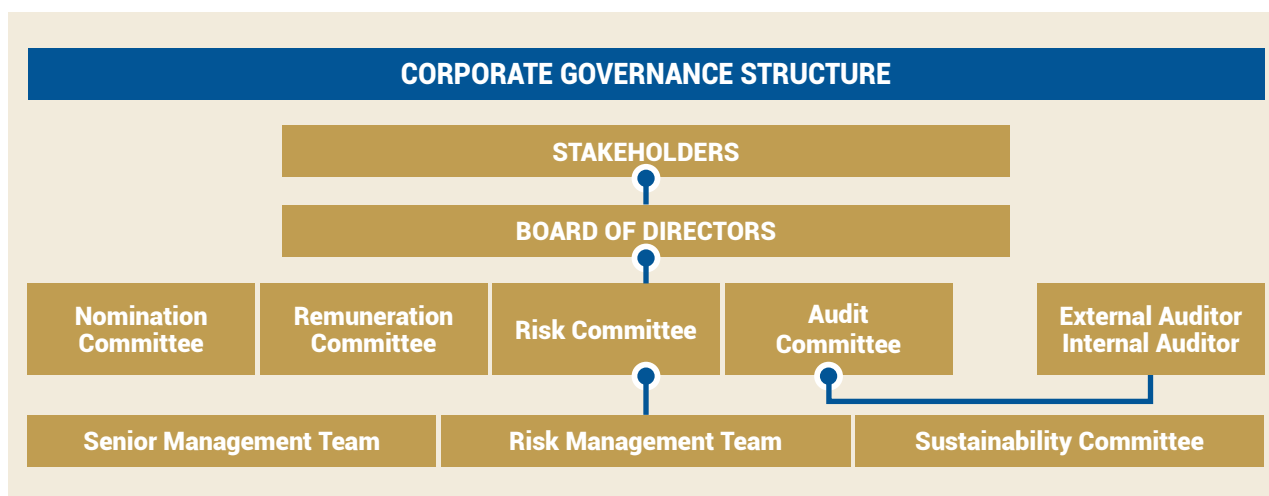
#### **Cyber Security Oversight**

The Board recognises the increasing importance of Cyber Security in safeguarding the Group’s information assets and operational systems. As part of its oversight responsibilities, the Board ensures that appropriate governance structures, policies and internal controls are in place to manage cyber security risks. The Board continues to monitor developments in cyber threats and supports ongoing improvements to the Group’s cyber security framework.

Kim Hin’s Corporate Governance Structure is formed upon the following statutory provisions, best practices and guidelines:

- 1) Companies Act 2016;
- 2) Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and
- 3) The Malaysian Code on Corporate Governance 2021.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)



The key Board responsibilities and leaderships of the Board of Directors are as follows:

- 1) Establishing strategic plans, objective, mission for the long-term success of the organisation;
- 2) Exercising the directors' core duties of fiduciary duty and duty to use reasonable care, skill & diligence;
- 3) Integration of sustainability into corporate strategy and risk management;
- 4) Appointment of sustainability committee;
- 5) Review, challenge and approve management's proposal on a strategic plan for the Group by bringing objectivity and breadth of judgment to the strategic planning process;
- 6) The Board is responsible to optimise the business development, performance and growth of the Companies and its subsidiaries;
- 7) Setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company;
- 8) Monitoring the implementation of strategic plans by management and the strategies plans on economic, environmental, safety & health, social and governance considerations underpinning sustainability of the Company;
- 9) Overseeing the performance of the Group's business, identifying principal risks of the business and conducting and ensuring a sound framework for internal controls and risk management;
- 10) Ensure that the Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- 11) Ensure the integrity of the Company's financial and non-financial reporting;
- 12) Together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behavior; and
- 13) To foster a healthy corporate governance culture which is founded on the principles of transparency, objectivity and integrity set the "tone from the top" by formalising and committing to ethical values.

### The Chairman

The Executive Chairman of the Group, Mr. Chua Seng Huat, provides leadership to the Board so that the Board can perform its responsibilities effectively. The Executive Chairman consistently monitors and oversees the Group's sales and production, financial position and the overall Group domestic and overseas businesses performance so as to achieve business goals in order to generate shareholder value. Mr. Chua emphasises on instilling good corporate governance practices within the management team of the Group and ensuring Board members received complete and accurate information in a timely manner. He works closely with the Board of Directors in developing the Company's objectives, strategies, aims and business directions for the successful management of the Group.

### The Group Managing Director

Dato' John Chua Seng Chai is the Group Managing Director of Kim Hin. There is always a clear division of responsibilities between the Executive Chairman and the Group Managing Director to ensure that there is balance of power and authority and no one individual has unfettered powers of decision. The Group Managing Director is responsible for the overall operations of the Group and the implementation of the Board's strategies and policies.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The role of the Group Managing Director includes the following:

- To plan, organise and control the operations of the group of companies;
- To review and analyse results of operations in relation to budgets and objectives and ensure proper steps are taken to correct unsatisfactory conditions;
- To be ultimately responsible for the effective implementation of the company's quality management system by chairing the management review meeting, providing support to implement quality improvements, reviewing and approving the issuance of Quality Manual; and
- To act on behalf of the Executive Chairman in his absence.

### Qualified and competent Company Secretary

The Company Secretary of Kim Hin is Miss Jong Oi Jen, who joined the Company in year 2018. She is a Fellowship Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), an affiliate body to the Chartered Governance Institute, United Kingdom. She holds a SSM Practising Certificate and is qualified to act as a Company Secretary under Section 235 of the Companies Act 2016. She has more than 15 years of professional experience in corporate secretarial and accounting practices.

The Company Secretary plays an advisory role in supporting the Board to uphold high standards of corporate governance. As a counsel to the Board, she provides the Board with periodic updates and compliance requirements from the Main Market Listing Requirements, Companies Act 2016 and other regulatory requirements.

The Company Secretary also ensures that there is good information flow within the Board, Board Committees and Senior Management.

She also serves as a focal point for stakeholders' communication and engagement on corporate governance issues.

### Meeting materials and minutes

The Board recognises the importance of sound and timely information flow to facilitate robust Board discussions. The Chairman, together with the Company Secretary and the management, are responsible for ensuring the Directors are provided with sufficient and timely information to prepare for Board meetings.

The deliberations and decisions of the Board are duly recorded in the Board's minutes. The draft minutes are circulated to the Executive Chairman for his review within a reasonable timeframe after the meeting. The minutes of meetings also capture the deliberations and decisions, rationale for decisions made, fundamental questions raised and key points of discussions, and any dissent views and abstentions made by the directors.

### Board Charter

The Board Charter of the Company is a source of references and literature which guide the governance and conduct of the Board. Board Charter provides a strategic directions of business operations to the Board. The Board shall effectively conduct the delegation of authority among the directors and Senior Management in accordance with the role and responsibilities and the Code of conduct and ethics stated in the Board Charter. Board Charter defined the Company's policies and government regulations which the Board shall comply with while performing their duties, such as the implementation of government regulations pertaining to the Environmental, Social and Governance considerations.

The Board Charter also provides insights to the Board when discharging their fiduciary duties and leadership functions and to assist the Board in the assessment of the performance of the individual Directors and Board Committees.

Board Charter and the term of references of the committees shall be periodically reviewed and updated by the Board taking into consideration the needs of the Group as well as any development in rules and regulations that may have an impact on the discharge of the Board's duties and responsibility.

The Board Charter is available at the Company's Corporate website, [www.kimhin.com.my](http://www.kimhin.com.my)

### Code of Conduct and Ethics

The Company's Code of Conduct and Ethics outlines the principles, policies and government rules and regulations that govern the group activities, including Section 17A of the MACC Act 2009 (Amendment 2018). Our employees are held to a set of values and standards of conduct that are expected of them.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Code of Conduct and Ethics shall shape the corporate culture and drive conduct within the Company. It serves as both an internal guideline and external statement of corporate values and commitment. It could also act as a central point of reference for employees to support their day-to-day decision-making.

The Board periodically reviews and updates the Code of Conduct and Ethics, or as necessary, to ensure it remains current. The Code of Conduct and Ethics is available at the Company's Corporate website, [www.kimhin.com.my](http://www.kimhin.com.my)

### Anti-Bribery and Anti-Corruption

The Company and its subsidiaries adopt policy against all form of bribery and corruption. Information pertaining to the government implementation of Section 17A of the MACC Act 2009 (Amendment 2018) was disseminated from the top management to the employees by distributing The Anti-Bribery and Anti-Corruption Handbook ("ABAC Handbook") to our employees. The ABAC Handbook was developed to serve as a useful practical tool to ensure compliance with the applicable anti-bribery and anti-corruption laws. The Board of Directors and the Senior Management expressing a strong, explicit and visible support and commitment to the corporate compliance programme. Trainings and staff briefings were also conducted to ensure the flow of the information pertaining to Section 17A of the MACC Act 2009 (Amendment 2018). The internal auditors conduct reviews on the status of the Group's implementation pursuant to Section 17A of the MACC Act 2009 (Amendment 2018).

### Whistle Blowing policy

The Group has in place a Whistle Blowing Policy in 2014 with the objective of promoting and maintaining high standard of transparency, accountability and ethics as well as good corporate governance practices in the workplace.

The Whistle Blowing Policy serves as the internal reporting framework for employees or other stakeholders to raise concerns about illegal or unethical conduct that they are aware of through their work, without fear of reprisals or retaliations. The Whistle Blowing Policy is accessible at the Company's Corporate website [www.kimhin.com.my](http://www.kimhin.com.my).

### Directors' Fit and Proper Policy

The Directors' Fit and Proper Policy of the Company was established on 30 June 2022.

The objectives of the policy are listed as follow:

- 1) To guide the Board of Nomination Committee ("NC") and Remuneration Committee ("RC") and the Board of Directors in their review and assessment of candidates who are to be appointed onto the Board as well as directors who are seeking for re-election; and
- 2) To ensure that each of the Directors has the character and integrity, experience and competence, time and commitment to effectively discharge his/her role as a Director of the Company and its subsidiaries.

The fit and proper criteria of a Director include but not limited to the following:

- 1) Character and Integrity
  - Probity
  - Personal Integrity
  - Financial Integrity
  - Reputation
- 2) Experience and competence
  - Qualifications, training and skills
  - Relevant experience and expertise
  - Relevant past performance or tract record
- 3) The assessment  
The NC and RC will assess a person for a new appointment or re-appointment of Directors based on the criteria set under item 2 before recommending to the Board for approval.
- 4) Review of the policy  
The NC and RC shall recommend any change to the Policy as and when the NC and RC deem appropriate, to the Board for approval. The terms of the policy shall be assessed, reviewed and updated when necessary.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### Board Composition

The Board consists of eight members: The Executive Chairman, the Group Managing Director, the Group Executive Director, the Administrative Director, the Finance Director, and three (3) Independent Non-Executive Directors.

The Company always ensure that at least two (2) directors or one-third (1/3) of the Board of directors of the Company, whichever is the higher, are independent directors. In the event of any vacancy in the Board of directors, resulting in non-compliance with the aforesaid, the Company must fill the vacancy within 3 months.

The Independent Non-Executive Directors focus on Board matters and do not stray into 'executive direction', thus providing an independent view to the Board and they are appointed to the Board to bring:

- Independence
- Impartiality
- Wide experience
- Special knowledge
- Personal qualities

### Independent Non-Executive Director's Tenure Policy

The Board strongly believes that a director's independence cannot be determined arbitrarily with reference to a set period of time. The Company does not have a policy which limits the tenure of its independent Non-Executive Directors to a maximum of twelve (12) years. Shareholders' approval shall be obtained at the annual general meeting through a two-tier voting process each year for the retention of the Independent Non-Executive Directors who have served on the Board for more than 9 years, but less than 12 years. All Independent Non-Executive Directors of the Company have served the Board for a period of less than nine (9) years.

### Board and Senior Management

Appointment of Board and Senior Management are based on objective criteria, merit and besides diversity in skills, experience, age, cultural background and gender.

The Group is also committed to providing an inclusive workplace that embraces and promotes diversity.

### Gender diversity

The Board adopted the Boardroom and Workforce Diversity Policy in 2015.

The Board recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage.

Currently, the Company has six (6) male Directors and two (2) female Directors.

### Board's new candidate

The Nomination Committee is responsible for recommending suitable candidates for Directorship to the Board.

In searching for suitable candidate, the Nomination Committee may receive suggestions from existing Board Members, management, and major shareholders. The Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent executive search firms.

### Nomination Committee

The Nomination Committee ("NC") is responsible for recommending the right candidate with the necessary skills, experience and competencies as new Board members as well as members of Board Committees. The Nomination Committee comprises two members, who are all Independent Directors.

The members of the NC are as follows:

- 1) Dato Sim Kheng Boon (Chairman of the Nomination Committee); and
- 2) Mr. Kho Soon Kheng (Member of the Nomination Committee).

Each year, the NC assesses the effectiveness of the Board and Board Committees, contributions and performance of each individual director, and the Chief Financial Officer in accordance with paragraph 2.20A of the MMLR.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

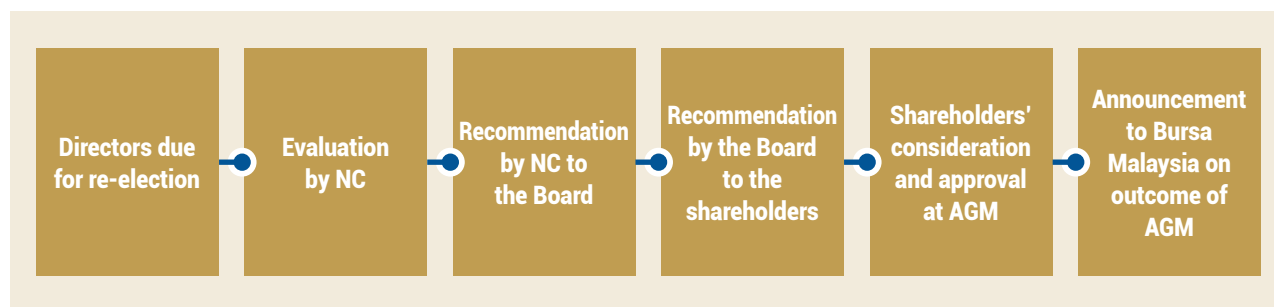
The objective of the assessment is to improve the Board's effectiveness, identify gaps, maximise strengths and address weaknesses of the Board. Self-assessment on the performance of the directors is used, and issues put forth for assessment are presented in a customised questionnaire. The Board oversees the overall evaluation process, with the responses analysed by the NC, being table and communicated to the Board.

The criteria on which assessment of the Board's effectiveness are to be developed, maintained and reviewed by the NC. These include, inter alia, the Board's and Board Committees' composition, the Board's roles and responsibilities, and the Board's operations.

Given that the Chairman of the Nomination Committee serves as a confidant to the other directors, Dato Sim Kheng Boon, the Chairman of the NC, is well-placed to oversee the assessment of the Board's Chairman, taking into account a broad range of perspectives.

The Terms of Reference of the NC is set out in the Board Charter and it is available at the Company's corporate website – [www.kimhin.com.my](http://www.kimhin.com.my).

### Re-election of Directors



The NC ensures that the retired directors are re-elected in accordance with the relevant laws and regulations in Malaysia and the Constitution of the Company. The NC considers the performance of the Directors who are due to retire or re-election at the forth coming AGM before making recommendation on their re-election to the Board.

Pursuant to Clause 118 of the Constitution of the Company, at least one-third (1/3) of the Board of Directors – currently three Directors will have to retire by rotation at the 53<sup>rd</sup> AGM of the Company to be held on 29 May 2026. Base on the schedule of retirement by rotation, the Directors who are due for retirement at the 53<sup>rd</sup> AGM are:

- 1) Madam Pauline Getrude Chua Hui Lin;
- 2) Dato Sim Kheng Boon; and
- 3) Mr. Kho Soon Kheng.

### Board Evaluation

The evaluations criteria performed by the NC for Board and Board Committee in year 2025 were as follows:

- 1) Board evaluation on the Mission and Strategic Direction, Governing Documents, Leadership, Succession and Transparency, Budgeting, Finance and Infrastructure;
- 2) Evaluation of Board and Board Committees on:
  - (i) Board mix and composition;
  - (ii) Quality of information and decision making;
  - (iii) Boardroom activities;
  - (iv) Board's relationship with the management;
  - (v) Performance evaluation of Board Committee; and
  - (vi) Board skills.
- 3) Directors' evaluations on the following assessment criteria:
  - (i) Fit and Proper;
  - (ii) Contribution and performance; and
  - (iii) Calibre and personality.
- 4) Directors' Self Evaluation on Board Skills;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

- 5) Evaluation of Group Managing Director and Chief Financial Officer on their contributions and performance as well as their calibre and personality;
- 6) Evaluation of Audit Committee ("AC") on Quality and Composition, Skills and Competencies, Meeting Administration and Conduct; and
- 7) Audit Committee Members' self and peer evaluation.

The assessment process of the evaluations on the Board, Board Committees, Individual Director and Senior Management are as follows:

- i) The Evaluation Forms of the Board, Individual Director, Group Managing Director and Chief Financial Officer are sent to all members of NC for their evaluation.
- ii) Completed Self-Evaluation Forms of Directors and AC are sent to NC for their perusal.
- iii) Members of NC reviewed all the Evaluation Forms and thereafter returned to the Company Secretary.

The results will be discussed at the NC meeting, and the NC will make its recommendations for Board approval at the Board of Directors' Meeting.

### Overall Board effectiveness

#### Objective annual evaluation

A detailed self-assessment is undertaken every year to review the effectiveness of the Board, Committees and individual Directors. The questionnaires are reviewed by the NC and noted by the Board. This annual assessment provides the opportunity for the Directors to examine the effectiveness in discharging their roles and responsibilities, identify areas for improvement and to assess the overall effectiveness of the Board and Committees.

The Board meets on a quarterly basis and additional meetings are convened when necessary. The Board met for a total of five (5) times during the financial year ended 31 December 2025 and their attendance details are as follows:

Directors	Attendance	Percentage of attendance
Chua Seng Huat	5/5	100%
Chua Seng Guan	5/5	100%
Dato' John Chua Seng Chai	3/5	60%
Pauline Getrude Chua Hui Lin	5/5	100%
Chua Yew Lin	4/5	80%
Dato Sim Kheng Boon	5/5	100%
Kho Soon Kheng	5/5	100%
Aw Tai Hui	5/5	100%

The Board is satisfied with the time commitment given by the Directors to the affairs of the Company. A director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

#### Directors' training

The Board is mindful of the importance for its members to undergo continuous training through its Nomination Committee, and continues to evaluate and determine the training needs of its members. This is to ensure continuing education is made available to the Directors in order for them to be acquired with the necessary skills and knowledge to meet the challenges of the Board.

The directors attended the trainings entitled "Elevating Your Company's Bursa ESG Rating" in January 2026.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### Remuneration of Directors and Senior Management

#### Remuneration Policy

The objective of the Company's remuneration policy on directors' remuneration is to attract, retain and motivate the directors with the relevant experience and expertise to manage the Group successfully. Their remuneration reflects the level of experience and expertise they bring with them and the level of responsibility undertaken by them.

The Compensation Policy for the Board was approved by the Board on 25 February 2016, with the latest revision made on 27 November 2023.

The Board acknowledges the importance of formalisation of Compensation Policy and procedures in order to attract and retain Directors and Senior Management with the right talents and competencies.

#### Remuneration Committee

The Board has established the Remuneration Committee comprises of two Independent Non-Executive Directors.

The members of the Remuneration Committee are listed as follows:

- 1) Dato Sim Kheng Boon (Chairman of the Remuneration Committee); and
- 2) Mr. Aw Tai Hui (Member of the Remuneration Committee).

The Remuneration Committee's responsibilities include the establishment of compensation strategy, Compensation Policy and programs, and management development plans.

#### Details of Directors' remuneration

The detailed disclosure for the remuneration (on a group basis) and directors' fee paid to the directors of the Company for the financial year ended 31 December 2025 are available in the Corporate Governance Report for the financial year ended 2025.

#### Remuneration of the top five Senior Management

The ranges of remuneration for the top five Senior Management of the Group are as follows:

Range of remuneration (RM)	Top Five Senior Management
RM150,001 to RM200,000	2
RM200,001 to RM250,000	-
RM250,001 to RM300,000	1
RM300,001 to RM350,000	2
<b>Total</b>	<b>5</b>

## 2) EFFECTIVE AUDIT AND RISK MANAGEMENT

### Effective and independent Audit Committee

#### Chairman of the Audit Committee

The Board has established an Audit Committee which is chaired by the Independent Non-Executive Director, Mr. Kho Soon Kheng.

Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.

- **Policy on appointment of former key audit partner**

In an effort to preserve the integrity and credibility of the audit process, the Audit Committee has incorporated a policy in its Terms of Reference which requires a former key audit partner to observe a cooling-off period of at least three years before appointment as a member of the Audit Committee.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

- Policies and procedures on external auditor**  
 The Board has established Policies and Procedures in assessing the suitability, objectivity and independence of the external auditor.
- Membership of the Audit Committee**  
 The members of the Audit Committee of the Company are all Independent Non-Executive Directors, they are:
  - 1) Mr. Kho Soon Kheng (Chairman of the Audit Committee);
  - 2) Dato Sim Kheng Boon (Member of the Audit Committee); and
  - 3) Mr. Aw Tai Hui (Member of the Audit Committee).
- Skills of Audit Committee members**  
 The members of the Audit Committee have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and regulatory requirements.

### Risk Management and Internal Control Framework

- Effective Risk Management and Internal Control Framework**  
 The Board acknowledges its overall responsibility and the importance of sound risk management and internal control, and for reviewing the adequacy and integrity of the system. The system of risk management and internal control is designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve business objectives of the Group. It can therefore only provide reasonable and not absolute assurance of effectiveness against material misstatement of management and financial information or against financial loss and fraud.

The Enterprise Risk Assessment helped management in methodically identifying and assessing any emerging new risks, updating the business risks profiles that were previously identified, and following up with the implementation of the control plans.

- Effective governance, risk management and internal control framework**  
 The Audit Committee is responsible for reviewing the adequacy of the internal audit scopes, competency and resources of the internal audit function and ensures that it has the necessary authority to carry out its work.
- The Board affirms that the internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

### Risk Committee

The Risk Committee ("RC") is responsible for understanding and managing risk exposures and reporting to the Board of Directors on the effectiveness of risk management programs. The Company adopt a common approach to the identification, assessment and management of risk across all business lines and corporate functions.

#### The membership of Risk Committee

The members of the Risk Committee of the Company consist of one Executive Director and two Independent Non-Executive Directors, they are:

- 1) Dato' John Chua Seng Chai (Chairman of the Risk Committee);
- 2) Mr. Kho Soon Kheng (Member of the Risk Committee); and
- 3) Mr. Aw Tai Hui (Member of the Risk Committee).

#### The Risk Committee working through the Risk Manager, shall:

- Review and analyse the report received from the Sustainability Committee;
- Establish an Risk Committee framework and execute an annual risk assessment. The framework should provide a consistent approach to risk and facilitate an accurate perception of acceptable risk by all employees. The risk assessment will characterise the range of corporate risk exposures, including risk impacts to stakeholders, environmental, and damage to corporate reputation;
- Review the Anti-bribery and Anti-Corruption policy;
- Review the Information Technology policy;
- Report to the Board of Directors on risk assessment results, risk management activities and the effectiveness of the risk management framework; and
- Perform its duties and responsibilities as prescribed in the Risk Committee's Terms of Reference.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### 3) INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Communication with Stakeholders

- **Continuous communication between the Company and stakeholders**

The Board endeavours to ensure that communication with stakeholders is conducted in a timely and effective manner.

The Company utilises the Annual Reports, announcements to Bursa Malaysia Securities Berhad, Annual General Meetings, and the Company's Corporate website to disseminate information to stakeholders.

Through the Company's Corporate website at [www.kimhin.com.my](http://www.kimhin.com.my), stakeholders are able to access information on the Group's background, products etc and it also acts as an avenue for them to raise any query by email or phone. Primary contact details are also set out in the website.

#### Conduct of Annual General Meeting

- **Shareholder participation at general meetings**

The Board recognises the importance of being accountable to and communicating with its investors, and the need for shareholders to be informed of all material business matters affecting the Company.

The Company's Annual General Meeting presents opportunities for the Board to meet individual shareholders, and provide a forum to discuss and debate key issues. All shareholders are encouraged to attend the Annual General Meetings and participate in the proceedings. The shareholders were given the opportunity to raise questions and seek clarification from the members of the Board, Management and the Auditors of the Company about the resolutions being proposed and the Group's performance and activities.

Pursuant to Paragraph 8.29A of the MMLR, all resolutions set out in the notice of general meetings shall be voted by poll and an independent scrutineer shall be appointed for validation of the votes cast.

### CORPORATE GOVERNANCE KEY FOCUS AREAS AND FUTURE PRIORITIES

#### Key focus areas

The key focus areas of the governance practices of the Group for 2026 are ensuring the strategic plans, enhancing sustainability governance, strengthening risk management frameworks and internal control of the Group. The Board continues to review the Company's strategies on corporate governance, economic, environmental and social considerations underpinning sustainability, and succession planning for the Directors and Senior Management.

## *Audit Committee* REPORT

The Board of Directors of Kim Hin Industry Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 December 2025.

### **Composition of the Audit Committee**

The members of the Audit Committee during the financial year under review comprised of the following Directors:

Mr. Kho Soon Kheng (Chairman of the Audit Committee)  
*(Independent Non-Executive Director)*

Dato Sim Kheng Boon (Member of the Audit Committee)  
*(Independent Non-Executive Director)*

Mr. Aw Tai Hui (Member of the Audit Committee)  
*(Independent Non-Executive Director)*

The Audit Committee met five (5) times during the year as follows:

- 1) 24 February 2025
- 2) 15 April 2025
- 3) 27 May 2025
- 4) 26 August 2025
- 5) 25 November 2025

Details of attendance at the Audit Committee Meetings are as follows:

Name of Audit Committee member	Attendance	Percentage of attendance
Kho Soon Kheng	5/5	100%
Dato Sim Kheng Boon	5/5	100%
Aw Tai Hui	5/5	100%

The meetings of the Audit Committee were attended by all committee members and invitees. The invitees include the internal auditors, external auditors and the Chief Financial Officer. The Company Secretary acted as secretary at the meetings to record minutes of the proceedings of the meeting.

### **Terms of Reference**

In performing its duties and discharging its responsibilities, the Audit Committee is guided by its Terms of Reference.

### **Membership**

The Audit Committee shall comprise of at least three non-executive directors, the majority of whom are independent directors. At least one member shall be a professional or qualified accountant. Any vacancy resulting in the non-compliance of the above, shall be filled within three months.

### **SUMMARY OF WORK**

During the financial year ended 31 December 2025, the Audit Committee's work carried out in accordance with its terms of reference.

## AUDIT COMMITTEE REPORT (CONT'D)

### Financial Reporting

- Reviewed the quarterly and year-to-date unaudited financial results of the Company and the Group, before recommending them for approval by the Board of Directors.
- Reviewed the annual audited financial statements of the Company and the Group with the External Auditors prior to submission to the Board of Directors for approval.

The review was to ensure that the financial reporting and disclosures are in compliance with:

- the provisions of the Companies Act 2016;
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- applicable financial reporting standards in Malaysia; and
- other relevant legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with the management and the External Auditors the accounting principles and standards that were applied and their judgment of the items that may affect the financial statements.

### Internal Audit

The Internal Audit Plan was drawn up in accordance with high risk areas identified as a result of the risk assessment carried out.

The audit scope of the Internal Auditors during the financial year covered the following processes:

#### Scope of review

Operational reviews of the Group's major subsidiaries in Malaysia:

- Recurrent related party transactions
- Compliance with Anti-Bribery and Anti-Corruption
- Human resource management
- Mechanical maintenance
- Procurement

The overall review of the internal control system for the above areas covered, reveals that controls and policies are generally adequate and functioning satisfactorily. On-going reviews are being carried out continuously to ensure the effectiveness of the system. Although the Group's internal control system has been evaluated as satisfactory, it can only provide reasonable but not absolute assurance in the event of material error or loss.

The Audit Committee reviewed the following:

- the adequacy of the scope, competency and resources of the internal audit function to carry out its work.
- the internal audit plan and internal audit reports for the Group on the effectiveness and adequacy of governance, risk management, operational and compliance processes.
- the adequacy and monitority of the status of implementation of action plans agreed by the management on the outstanding issues to ensure that all the key risks and control lapses have been addressed.

## AUDIT COMMITTEE REPORT (CONT'D)

### External Audit

- a. Reviewed with the External Auditors:
  - their Audit Plan and scope of work for the year 2025;
  - the results of the annual audit and their audit report and evaluate their findings and recommendations for actions to be taken.
- b. The Audit Committee had two (2) independent meetings with the External Auditors on 24 February 2025 and 25 November 2025, without the presence of the Executive Directors, the Management and Internal Auditors. The Audit Committee enquired about the management's cooperation with the External Auditors, their sharing of information and the proficiency and adequacy of resources in financial reporting functions.
- c. On 26 February 2026 the Audit Committee undertook an annual evaluation of the quality of audit which encompassed the following areas:
  - (i) The caliber of external audit firm;
  - (ii) The quality of processes or performance;
  - (iii) The audit team;
  - (iv) The independence and objectivity;
  - (v) The audit scope and planning;
  - (vi) Audit Fee; and
  - (vii) Audit Communications.

The Audit Committee received written confirmation from the External Auditors regarding their independence to the Group.

The Audit Committee also obtained input from the Company's personnel who has substantial contact with the External Auditors, in relation to the external auditors' performance. The Company's personnel were given a set of the questionnaire to assess the quality of services provided, the independence and professional skepticism demonstrated by the External Auditors' team and the firm.

The Audit Committee was satisfied with the suitability of the External Auditors based on the quality of services, technical competency and sufficiency of resources they provided to the Group.

The Board at its meeting held on 27 February 2026 approved the Audit Committee's recommendation to re-appoint Ernst & Young PLT as the External Auditors of the Group for the financial year ending 31 December 2026, subject to the shareholders' approval to be sought at the forthcoming annual general meeting.

### Related Party Transactions

- Reviewed the updates on the recurrent related party transactions entered into by the Group.
- Reviewed the Circular to Shareholders relating to Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature prior to recommending it for the Boards' approval.

# STATEMENT ON *Risk Management & Internal Control*

(PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

## Overview

The Board of Directors of Kim Hin Industry Berhad (“the Board”) presents this Statement on Risk Management and Internal Control (“SORMIC”) for the financial year ended 31 December 2025.

This Statement is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) and Practice Note 9 of Bursa Malaysia Securities Berhad, and is guided by the Statement on Risk Management and Internal Control (SORMIC): Guidelines for Directors of Listed Companies (“the Guidelines”).

The Board recognises that a sound system of risk management and internal control is integral to the achievement of the Group’s strategic objectives, protection of shareholders’ interests, and long-term value creation.

## Board Responsibility and Risk Governance

The Board affirms its overall responsibility for the governance of risk and the adequacy and effectiveness of the Group’s system of risk management and internal control.

This includes:

- establishing the risk governance framework, including oversight structures and accountability;
- determining the Group’s risk appetite and tolerance levels, aligned with its strategic objectives;
- ensuring that principal risks, including financial, operational, compliance, and emerging ESG-related risks (such as climate, cyber security and supply chain risks), are systematically identified, assessed, and managed; and
- reviewing the adequacy and integrity of internal control systems on an ongoing basis, including the updating of internal controls when there are changes to the business environment or regulatory guidelines.

The Board acknowledges that the system of risk management and internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, it provides reasonable, but not absolute, assurance against material misstatement, financial loss, or fraud.

## Risk Management Framework and Process

The Group maintains an established Enterprise Risk Management (“ERM”) framework to provide a structured approach in managing risks, which is embedded into business and decision-making processes.

The **ERM** process encompasses the systematic identification of key risks (including emerging and forward-looking risks), evaluation of such risks based on defined likelihood and impact criteria, implementation of appropriate risk responses/mitigation strategies and control measures, and assignment of clear accountability to **risk owners** for managing risks.

The effectiveness of risk management activities is monitored continuously through Key Risk Indicators (“KRIs”) and periodic reporting to the Risk Committee (“RC”) and the Board.

The ERM framework is reviewed periodically, including with the support of external consultants, to ensure continued relevance in light of changes in the business environment and regulatory expectations.

## Risk Governance Structure (Three Lines Model)

The Group’s Risk Governance Structure is based on the Three Lines Model to strengthen accountability and assurance:

- **First Line (Management):** Responsible for day-to-day risk management and implementation of internal controls within respective business operations;
- **Second Line (Risk Management and Compliance Functions):** Provides oversight, guidance, and monitoring of risk management practices and regulatory compliance;
- **Third Line (Internal Audit):** Provides independent assurance on the adequacy and effectiveness of risk management and internal controls.

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

(PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

The Risk Committee (“RC”), which met twice during the financial year, assists the Board in overseeing the implementation of the ERM framework, reviewing risk profiles, and ensuring that risks are managed within the approved risk appetite.

### Key Risk Areas and Monitoring

During the financial year, the Group identified and monitored several principal risks, including revenue sustainability, inventory management, trade receivables and credit risk, production and operational efficiency, and foreign exchange exposure.

These risks are tracked through established KRIs, which are monitored regularly and reported to Management and the RC. Where necessary, mitigation plans and control enhancements are implemented.

The Group also assessed emerging risks, including supply chain disruptions, regulatory changes, cybersecurity and data protection risks, environmental and sustainability-related considerations.

### Control Environment and Key Control Activities

The Board is satisfied that the Group maintains an appropriate control environment, supported by:

- Clearly defined organisational structure, roles, and responsibilities as specified in the job terms of reference;
- Formalised policies, including Board Charter, Code of Conduct and Ethics for Directors and management staff, Whistleblowing Policy, Anti-Bribery and Anti-Corruption Policy and Corporate Disclosure Policy;
- Documented Standard Operating Procedures (“SOPs”);
- Certified management systems, including ISO 9001:2015 Quality Management System for the Group's manufacturing operations in Malaysia (Kuching and Seremban), which adds further assurance of the Group's risk management for its operations as the ISO adopts a risk based approaches;
- Compulsory governance under product certification by China Quality Certification Centre for the Group's operations in People's Republic of China (Shanghai);
- Regular Management and operational meetings to review performance and risks; and
- Ongoing monitoring of Key Performance Indicators (“KPIs”) and financial performance.

The Group's use of Enterprise Resource Planning (“ERP”) systems supports financial control, reporting accuracy, and operational efficiency.

In addition, the Group's Seremban manufacturing facility is certified to use Eco-Label Marks on its products which aid the Group in addressing its ESG related risks.

### Internal Audit Function

The Group's internal audit (“IA”) function is outsourced to an independent professional firm, providing objective and independent assurance to the Audit Committee and the Board.

The IA function conducts risk-based audits in accordance with an annual audit plan approved by the Audit Committee. It evaluates the adequacy and effectiveness of internal controls and risk management processes. Audit findings, recommendations, and management action plans were reported to the Audit Committee. Internal auditors perform follow-up reviews to assess the implementation status of corrective actions.

Areas reviewed during the financial year included key operational, financial, and compliance processes, such as procurement, maintenance, human resource management, related party transactions and anti-bribery compliance.

Total IA cost incurred for the financial year under review was approximately RM39,000.

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

(PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

### Board Assurance and Review

The Board has undertaken a review of the effectiveness of the Group's risk management and internal control system for the financial year under review.

In making its assessment, the Board has considered:

- Reports from the Risk Committee and Audit Committee;
- Internal audit findings and status of remedial actions;
- Management's ongoing risk monitoring and reporting; and
- Written assurance from the Group Managing Director and Chief Financial Officer confirming that the system of risk management and internal control is operating adequately and effectively, in all material respects.

The Board is of the view that the Group's system of risk management and internal control is adequate and effective to safeguard shareholders' interests and the Group's assets. No material weaknesses that would result in significant loss or require disclosure were identified during the financial year and up to the date of this Statement.

### Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2025, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by Section 7 of the Guidelines, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

### Conclusion

The Board remains committed to continuously enhancing the Group's risk management and internal control framework, taking into account evolving regulatory expectations, business complexities, and emerging risks to support sustainable growth.

**This Statement is made in accordance with a resolution of the Board of Directors dated 29 April 2026.**

# Sustainability STATEMENT

## OUR SUSTAINABILITY COMMITMENT

Kim Hin Industry Berhad (“Kim Hin Group”) recognises that sustainability is integral to the Group’s long-term success and resilience. We continue our sustainability journey with a steadfast commitment to integrating responsible practices into every aspect of our operations, ensuring long-term value creation for our stakeholders.

The Group’s sustainability framework is guided by established policies and focuses on managing material Environmental, Sustainability and Governance (“ESG”) risks and opportunities arising from our manufacturing operations, particularly in the areas of environmental impact, workplace safety, and operational efficiency.

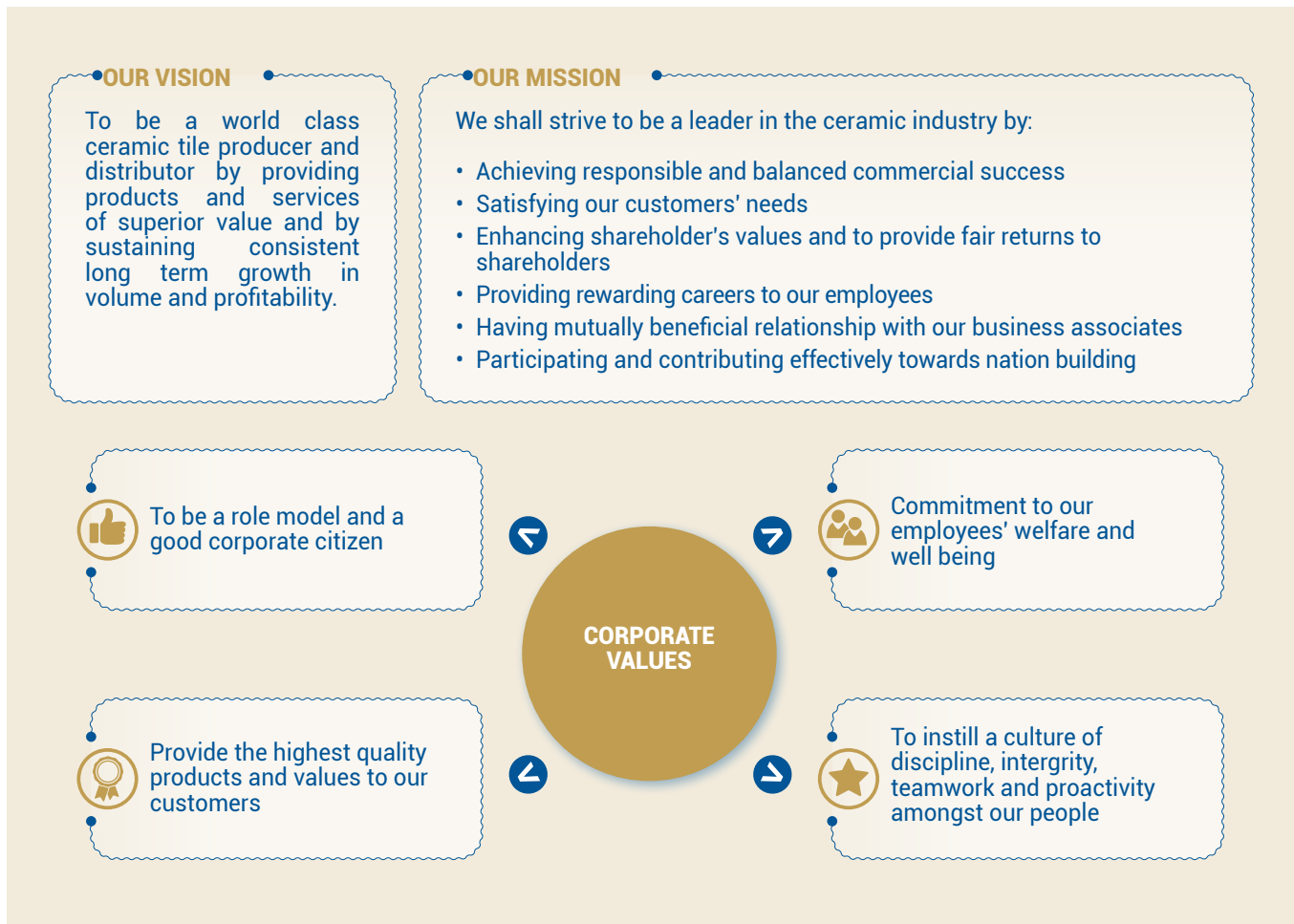
Oversight of sustainability matters resides with the Board of Directors, which ensures that ESG considerations are embedded into the Group’s strategic direction and risk management framework. The Board is supported by Management, who are responsible for implementing sustainability initiatives cross operations, monitoring key performance indicators and driving continuous improvements in operational efficiency and environmental performance.

## SUSTAINABILITY DEVELOPMENT

As part of our ongoing journey, we are committed to integrating sustainability considerations into our corporate strategy, decision-making framework.

Our approach to sustainability development is guided by a balance focus on environmental stewardship, social responsibility, and strong governance practices. We continuously assess the impact of our operations on the environment and strive to minimise our ecological footprint through efficient resource management, waste reduction initiatives, and the adoption of environmentally responsible practices.

## OVERVIEW OF KIM HIN INDUSTRY BERHAD



## SUSTAINABILITY STATEMENT (CONT'D)

### WHO WE ARE

Kim Hin specializes in producing high-quality glazed ceramic and porcelain tiles and was listed on Bursa Malaysia since 1992. Kim Hin is renowned for its innovation, sustainability, and export excellence. With a strong focus on global expansion, Kim Hin serves markets across ASEAN, Australia, New Zealand, the Middle East, Taiwan, Hong Kong, India, Pakistan, and beyond.

### OUR BRANDS



Our founding brand introduced to the market in 1979 for our very first ceramic product - mosaic. It remains as our flagship/classic brand.



This brand was introduced in 1994 for products manufactured under Kim Hin Ceramic (Seremban) Sdn. Bhd.



Acquired in 2014 with head office in Wantirna South, Victoria and multiple showrooms and distribution centres across Australia, New Zealand and Malaysia.

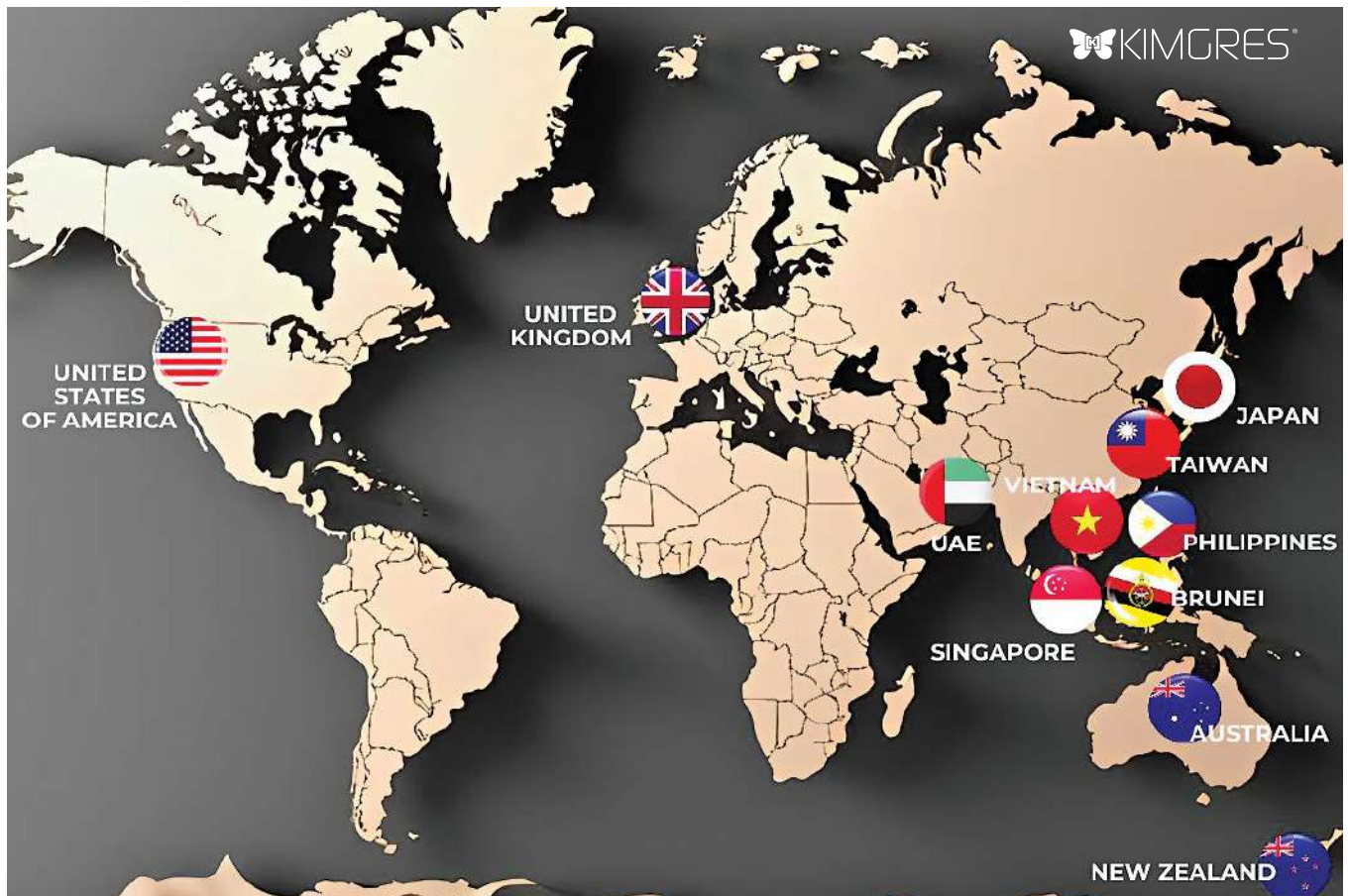


Acquired in 2016 and has a strong distribution channel through its franchise store network within New South Wales, Australian Capital Territory and Queensland.



As a long-standing legacy brand within Kim Hin's portfolio that represents our commitment to reliable, high-specification tiling solutions.

### INNOVATIVE PRODUCT SUSTAINABILITY



## SUSTAINABILITY STATEMENT (CONT'D)

### OUR INSPIRATION PROJECTS



BBC TV Centre,  
London, United Kingdom



Arab Monetary Fund,  
Abu Dhabi, United Arab Emirates



Hyundai Premium Outlet,  
Seoul, South Korea



Tangalooma Resort, Moreton Island,  
Queensland, Australia



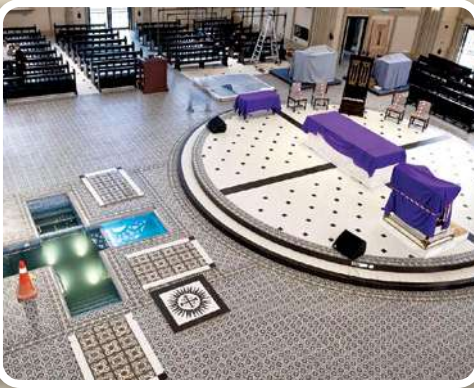
Olympic Park,  
Victoria, Australia



Battersea Power Station,  
London, United Kingdom



St. Peter Church Kuching,  
Sarawak, Malaysia



Duo Residence Ophir Mixed Development,  
Singapore



Kompleks Islam,  
Kuching, Sarawak, Malaysia



Jazz Suites, VivaCity,  
Kuching, Sarawak, Malaysia



GalaCity,  
Kuching, Sarawak, Malaysia

## SUSTAINABILITY STATEMENT (CONT'D)

### OUR PRODUCTS

Integrating aesthetics, technology, and innovative design, we create ceramic tiles that meet aesthetic preferences while advancing sustainability.



#### CERTIFICATION

Our products are certified to have low chemical emissions, thus improving the quality of air in which the products are used. Our products are certified under the Gold Category of Greenguard. This gives peace of mind to homeowners, schools, public health organisations, offices etc. We are conscious that being environmentally friendly will contribute to the preservation and protection of the environment. Our products are granted the Eco-Label as complying to SIRIM criteria 022: 2010. These achievements inspire us to craft tiles that combine aesthetic brilliance, robust performance, and eco-friendly innovation.



MS ISO 9001: 2015



SIRIM QAS ECO-LABEL



GREEN GUARD & GREEN GUARD GOLD CERTIFICATIONS

## SUSTAINABILITY STATEMENT (CONT'D)

### SUSTAINABILITY GOVERNANCE

Sustainability Governance is a key factor that allows the business to create long-term value for stakeholders. The Board continues to pursue a business strategy with an emphasis on the ethical, environmental, social and economic dimensions of business.

We uphold high standards of integrity, transparency, and accountability. The Board and Management play an active role in overseeing sustainability matters, ensuring that risks and opportunities related to sustainability are effectively managed. Kim Hin strives to implement the practices set out in the Malaysian Code on Corporate Governance 2021 to ensure the effectiveness of the Board's leadership and control. The Board ensures the continuous development of the corporate governance culture within the Group.



### Sustainability Management Team

Board of Directors	<ul style="list-style-type: none"> <li>• Supervises and monitors the viability of the Group.</li> <li>• Establishes strategic sustainability plans and targets.</li> <li>• Establishes policies and standards such as Directors' Fit and Proper Policy, Anti-Bribery and Anti-Corruption Policy, Code of Conduct and Ethics, Safety and Health and Environmental Policy.</li> <li>• Leads the Sustainability Management Team according to business plans.</li> <li>• Drive the performance of the Kim Hin Group business, identify key business risks and establishes a solid internal control and risk management framework.</li> </ul>
Sustainability Working Committee	<ul style="list-style-type: none"> <li>• Includes Group Managing Directors, Executive Directors, Chief Financial Officer, Company Secretary, Senior Management and Heads of Departments.</li> <li>• Perform assessment on risk and control of the key risk areas.</li> <li>• Implement sustainability issues in accordance with Board business strategic plans.</li> <li>• Consolidates the Group's overall sustainability performance against targets and goals.</li> </ul>
Business Units	<ul style="list-style-type: none"> <li>• Lead by Executive Directors and Senior Management.</li> <li>• Abide by corporate policies.</li> <li>• Address, communicate and coordinate the sustainability related matters across the business units.</li> <li>• Maneuvering and monitoring of production performance, plant maintenance and technical inspection.</li> <li>• Developing products' design and innovation.</li> <li>• Operating business in accordance with the Board's strategic business plans.</li> <li>• Performing Risk Assessment Analysis to identify the potential risk and opportunities.</li> <li>• Prepare price analysis for the products.</li> <li>• Internal Control execution.</li> <li>• Performing production planning, logistics handling and inventory control.</li> <li>• Provide good services to the distributors and customers.</li> <li>• Handling customers' complaints.</li> <li>• Report to business performance to top management.</li> <li>• Provide necessary support and data to Enterprise Risk Management and Sustainability Unit for sustainability reporting purposes.</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D)

### RISK ASSESSMENT

The risk and opportunity assessment are performed annually by the management. The scope of risk assessment conducted in 2025 was as follows:

<ul style="list-style-type: none"> <li>1) Compliance with Section 17A Malaysia Anti-Corruption Commission Act 2009 (Amendment 2018);</li> <li>2) Fluctuations in foreign currencies exchange rate;</li> <li>3) Product pricing;</li> <li>4) Market and trade circle;</li> <li>5) Economic growth and high inflation;</li> <li>6) Production efficiency;</li> <li>7) Staff turnover;</li> <li>8) Inventory management;</li> <li>9) Business processes that are environmental consciousness and friendly;</li> <li>10) Climate Change;</li> <li>11) Health and safety;</li> <li>12) Product size, surface and faces;</li> </ul>	<ul style="list-style-type: none"> <li>13) Timely delivery to customers;</li> <li>14) New product development;</li> <li>15) Good sales services to customers and distributors (e.g. prompt reply to enquiries, effective monitoring of purchase orders)</li> <li>16) Good business image;</li> <li>17) Customers satisfaction;</li> <li>18) Credit limit management;</li> <li>19) Products' quality and designs;</li> <li>20) Logistic costing;</li> <li>21) Quality of incoming raw material;</li> <li>22) Suppliers' lead time on supply of goods; and</li> <li>23) Overseas suppliers' delivery management during festive seasons.</li> </ul>
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We focus on reducing risks and seizing opportunities on the above issues centered on sustainable practices.

### STAKEHOLDERS ENGAGEMENT

We are committed to effective engagement with our stakeholders, and gather feedback from them through a variety of approaches, as applicable.

Customers	Employees	Investors	Government	Business Partners/Suppliers	Local Community
<ul style="list-style-type: none"> <li>• Customer feedback and surveys</li> <li>• Customers' complaints</li> <li>• Corporate website</li> <li>• Notices and announcements</li> </ul>	<ul style="list-style-type: none"> <li>• Departmental meeting</li> <li>• Performance evaluations</li> <li>• Staff Newsletter</li> <li>• Training and developments</li> <li>• Rewards and recognitions</li> <li>• Sport club activities</li> </ul>	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Corporate website</li> <li>• Annual General Meeting</li> <li>• Company announcements</li> </ul>	<ul style="list-style-type: none"> <li>• Facility visits</li> <li>• Audits and inspections</li> <li>• Industry-related initiatives, dialogues and events</li> </ul>	<ul style="list-style-type: none"> <li>• Written communications</li> <li>• Supplier's evaluations and registrations</li> <li>• Meetings and presentations</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate website</li> <li>• Community engagement programmes</li> <li>• Donation and sponsorship</li> <li>• Charity events</li> </ul>

### SUPPLY CHAIN MANAGEMENT

The Group recognises the importance of maintaining a resilient, ethical, and sustainable supply chain to support long-term business continuity and value creation. We are committed to working closely with our suppliers to ensure adherence to our standards on quality, environmental responsibility, and ethical business conduct.

To manage supply chain risks, the Group conducts supplier evaluations and due diligence processes, focusing on key areas such as regulatory compliance, labour practices, health and safety standards, and anti-corruption measures. We prioritise sourcing from reliable and responsible suppliers to minimise disruptions and safeguard operational efficiency. The Group also seeks to strengthen supplier relationships through ongoing engagement, performance monitoring, and continuous improvement initiatives.

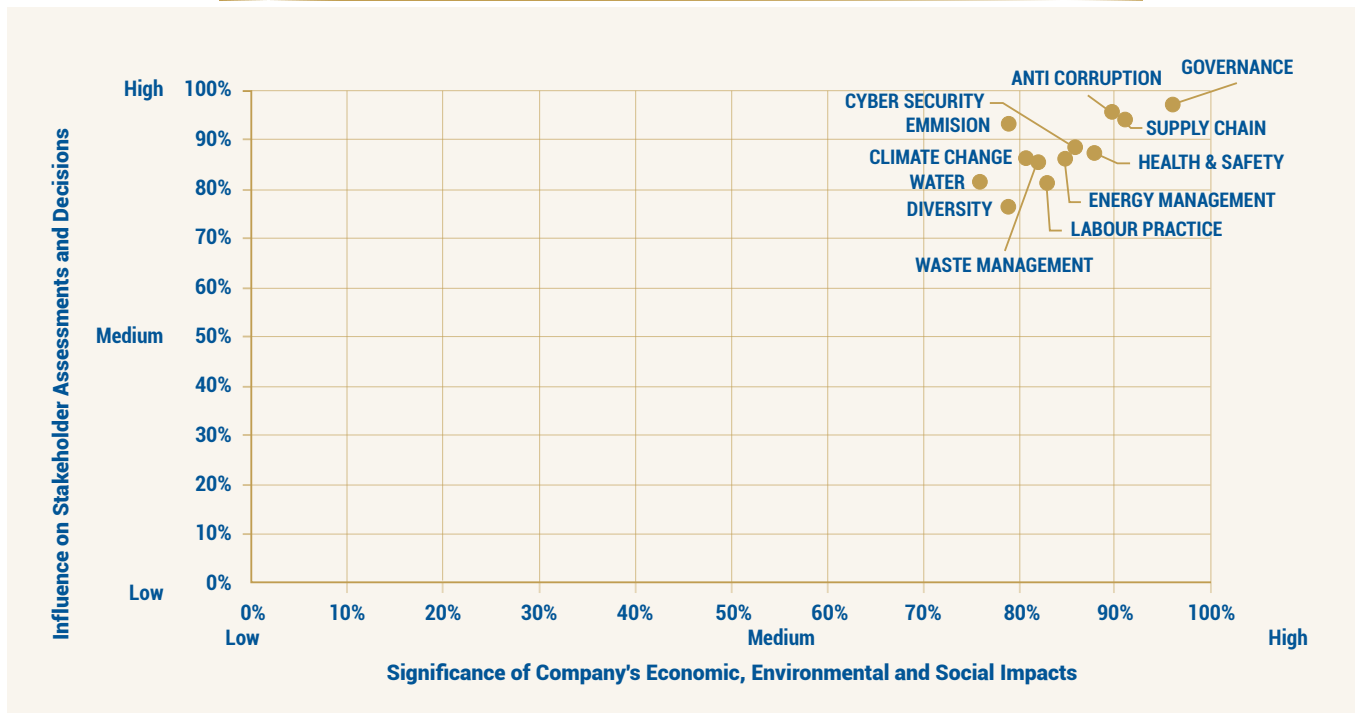
Moving forward, we aim to further enhance supply chain transparency and resilience by integrating sustainability considerations into procurement decisions and expanding our supplier assessment framework.

## SUSTAINABILITY STATEMENT (CONT'D)

### Materiality

Materiality assessment is an important plank in our sustainability process which enables us to assess and determine issues that may have significant financial and non-financial impact on our organisation. These include matters that may directly affect our value creation activities or matters that may have indirect and knock-on impact.

### MATERIALITY MATRIX



### ENVIRONMENTAL COMMITMENT

We are committed to the conservation of the environment as well as reducing the carbon footprint to the environment and to maintain a clean, safe and healthy environment.

### OUR ENVIRONMENTAL POLICY

As a responsible ceramic tile manufacturer, we are well aware of the environmental impacts that our operations have on the environment; and we are committed to minimising the negative impacts and improve environmental conservation performance.

The top management and employees are committed to:-

- complying with the legal requirements;
- conserving energy, water and other natural resources;
- optimising the use of raw materials;
- practicing reduce/reuse/recycle approach throughout our operations;
- reducing waste through better waste management;
- preventing air pollution, and reducing carbon emission;
- providing staff with environmental awareness training; and
- improving environmental performance continually.

We have adopted environmentally friendly practices to lessen the damage to the environment that support communities. We ensure that our people and manufacturing practices support this objective through personal awareness and the adoption of green technology and best practices by European or Asian innovations that maximize energy efficiency improvements. The main environment factors associated with the production of ceramic tiles are gaseous emission production of heat, dust and waste.

## SUSTAINABILITY STATEMENT (CONT'D)

### Climate Change

The Company recognises that climate change is a key environmental concern that may impact our manufacturing operations, supply chain, and overall business continuity. We are committed to managing climate-related risks and opportunities by integrating environmental considerations into our operational and strategic decision-making processes.

In the course of our manufacturing activities, we are mindful of our energy consumption, emissions, and use of natural resources. The Company continues to implement initiatives to improve energy efficiency, optimise production processes, and reduce greenhouse gas emissions where practicable. This includes the adoption of efficient machinery, preventive maintenance practices, and monitoring of energy usage across our facilities.

We are also aware of potential physical risks such as flooding, rising temperatures, and supply chain disruptions, as well as transition risks arising from evolving environmental regulations and stakeholder expectations. To address these, we continuously review our risk management framework and enhance operational resilience.

The Company promotes responsible environmental practices, including waste reduction, recycling initiatives, and proper management of industrial by-products. We also engage with suppliers and business partners to encourage sustainable practices across the value chain. The Board and Management remain committed to strengthening our climate-related disclosures progressively.

### ENERGY MANAGEMENT

Our rapid cycle roller kilns have installed highly efficient burners and a heat recovery system installed as part of our energy-saving efforts. Translucent panels are installed on the roofs of our manufacturing facilities to minimise our daytime energy usage and to foster company-wide utility-saving habits. Offices and industrial buildings use LED lightings widely, which are energy-saving, environmentally friendly.

Installing solar panels, which take in sun rays and transform them into electricity or heat, is one of the options to promote green technology. In year 2023, Kim Hin Ceramic (Seremban) Sdn. Bhd. ("KHCS"), a wholly owned subsidiary of Kim Hin Group embarked on sustainable energy programmes at its manufacturing plant situated in Seremban, Negeri Sembilan with the signing of a 20-year Corporate Solar Purchase Agreement. The main objective of this initiative is to reduce its Scope 2 GHG Emission via displacement of up to 20% of its annual electricity taken from the grid with renewable energy generated from the rooftop solar photovoltaic (PV) systems.

The installed capacities of the solar PV systems being built and operated on the roofs of KHCS Plant 1 is 1.15 MWp. The solar PV systems are registered under the Net Energy Metering (NEM) 3.0 program of Net Offset Virtual Aggregation (NOVA) category.

The installed rooftop solar PV systems at Plant 1 is expected to generate on average 1,440 MWhr of renewable energy every year, avoiding approximately 843 tonnes of carbon emissions per year.

Through this program, KHCS is expected to enjoy cost savings on electricity for the next 25 years from both rooftop solar PV systems without incurring any capital investment and operation cost, which both will be borne by the solar suppliers. KHCS will be charged only for the solar energy generated as recorded by the energy meters on monthly basis by the solar supplier at a fixed tariff, which currently is lower than the prevailing effective TNB peak tariff.

The rooftop solar PV systems were successfully awarded with public generating license from the Suruhanjaya Tenaga (ST) for energisation and exporting the excess power to the grid. The rooftop solar PV system at KHCS Plant 1 was energised on 5 January 2023 and commissioned on 22 February 2023.

The rooftop solar PV systems now are in operation phase. Upon expiry of the SPPAs, the assets will be transferred to KHCS and all the savings will be fully enjoyed by the Company.

*Based on 2017 Baseline CO2 for Peninsular Malaysia's grid carbon emission factor (source: MGTC)*



Figure 1: Rooftop solar PV system at Plant 1



Figure 2: Meter and Breaker Panel, Inverter Station and Fault Current Limiting Reactor (FCLR) at KHCS Plant 1

## SUSTAINABILITY STATEMENT (CONT'D)

The carbon emission avoidance as tabulated below:

	Solar		Carbon emission	
	MWhr/mth	MWhr/Year	tonnes/mth	tonnes/year
Plant 1	120.0	1,440	70.2	843

Note: Factor used for Malaysia is 0.585/kgCO<sub>2</sub>/kWh

### AIR QUALITY

Air quality in our manufacturing facilities is very important in order to have a clean environment for our employees and community:

- Dust suction exhaust system are installed for dust dispersion.
- Whole production complex has cement or tarmac surfaces to minimise dust when raw materials are transferred from one area to the next.

To ensure minimum particulate matter and gaseous emissions - the pollutants of concern from the firing process, our products are fired using either liquified natural gas (LNG) or liquified petroleum gas (LPG), both of which are clean burning fuel with very little particulate matter. On top of that, the carefully selected materials help control and reduce the fluorine compound emission associated with the firing of clayey materials.

### WATER CONSERVATION

With Mother Nature granting us with abundant rain, we harvest it to be used in our manufacturing processes. 100% of the water used in the cutting process is from harvested water.

Glazing and printing operations require frequent washing which in turn generates waste water. This is directed to a waste water treatment plant and water is recycled back to the production process. This in turn reduces our consumption of treated piped water.

### WASTE MANAGEMENT

In the production of our tiles, we recycle a certain percentage of the raw materials. Crushing process is in place to enable reuse of reject tiles. Green tiles and powder of reject products manufactured are gathered and recycled in the manufacturing process.

We wrap our products in the thinnest plastic we can possibly find as packing materials. With our return policy, we are able to use lesser wooden crates.

In order to achieve sustainable manufacturing, Kim Hin Group does everything in its capability to conserve energy and natural resources, to be commercially viable, and to give our employees a secure and healthy work environment. Our effort includes the following actions:

1. Ensure our firing operations use the cleanest fuel possible.
2. Recycle all the green and fired product we have discarded.
3. Constant development to cut down on waste.
4. Protect the environment by honing technological abilities in making thinner tiles with faster firing cycles.
5. Repurpose thermal energy.
6. Harvest rain water for production use, and maximise the recycling of the water used in the production process.
7. Strict raw material selection to guarantee no toxic substances is used in our manufacturing environment and no pollutants are released over the life cycle of our finished products.

## SUSTAINABILITY STATEMENT (CONT'D)

### ANTI-CORRUPTION COMMITMENT

Kim Hin Group maintains a zero-tolerance stance toward corruption, bribery and unethical conduct. In 2025, we continued to reinforce our culture of integrity and ethical behaviour across the organisation.



*Courtesy Call to the Malaysian Anti-Corruption Commission (MACC) Office*



*Officers from the Malaysian Anti-Corruption Commission (MACC) delivering an Anti-Bribery and Corruption (ABC) Awareness Program*



### CYBERSECURITY, DATA PROTECTION AND DIGITAL RESPONSIBILITY

The Group recognises that effective cybersecurity and data protection are fundamental to sustainable business practices, operational resilience, and the protection of stakeholder interests, including customers, employees, business partners, and regulators. As part of its commitment to responsible digital practices, Kim Hin Organisation has implemented a multi-layered network security framework to safeguard the confidentiality, integrity, and availability of its information assets.

The Group's security architecture includes a demilitarised zone (DMZ) to segregate internal systems from external networks, traffic management controls such as load balancing to regulate access and mitigate denial-of-service (DDoS) risks, firewall protections to prevent unauthorised access, and endpoint security solutions to detect and mitigate malware, viruses, and ransomware. These controls are subject to periodic review and enhancement to address the evolving cybersecurity threat landscape.

Technology and Cybersecurity risk management is embedded within the Group's enterprise risk management framework and is subject to ongoing oversight by Management, with escalation to the Board where appropriate. The IT function continuously monitors global cybersecurity developments, data privacy regulations, and emerging digital risks. Insights derived from such monitoring are assessed and translated into appropriate preventive and corrective measures to strengthen internal controls and enhance overall resilience.

The Group also recognises the importance of human capital in maintaining cybersecurity. Accordingly, periodic awareness initiatives and training programmes are conducted to promote good cybersecurity practices among employees.

To support long-term sustainability, the Group remains committed to continuously improving its cybersecurity posture, aligning its practices with industry standards and regulatory expectations, and fostering a culture of accountability in the responsible use and protection of data.

## SUSTAINABILITY STATEMENT (CONT'D)



### SOCIAL

The Group values the commitments, capabilities and hard work of the employees and is committed to the welfare and well-being of its employees, by giving incentive awards to the children of our employees who excel in national public examinations, annual 'back-to-school' tokens for employees' children and birthday tokens to employees. Training is given to the employees to develop and enhance the employee's capability and competency development. In addition, our company welcomes institutional students' study tour visits and offers student internship programmes. It is our hope that with these activities, they would assist towards sustaining the workforce in particular, and the company as a whole.

#### Human Rights and Practices

Respect for human rights remains a core component of Kim Hin Group's sustainability framework. We are committed to upholding ethical labour practices and ensuring that the rights and dignity of all employees are protected.

#### Human Rights Risk Management

We continue to assess potential human rights risks within our operations and implement measures to prevent forced labour, child labour, human trafficking and any form of exploitation. All employees are employed on a voluntary basis, in accordance with applicable laws and regulations.

#### Grievance Mechanisms

Formal grievance mechanisms remain in place to allow employees and relevant stakeholders to raise concerns confidentially and without fear of retaliation. These mechanisms support transparency, accountability and timely resolution of issues.

#### Policy Communication and Awareness

The Group's Anti-Bribery and Anti-Corruption (ABAC) policies, aligned with Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018), were continuously communicated to employees. The ABAC Handbook remains accessible to all employees as a reference for ethical conduct.

#### Training and Employee Commitment

Regular briefings and awareness sessions were conducted to enhance employees' understanding of corruption risks and ethical responsibilities. Employees are required to uphold the Employee Code of Conduct & Ethics and the ABAC Integrity Pledge, reinforcing personal accountability and ethical decision-making.

#### Labour Standards and Employment Practices

Kim Hin Group is committed to maintaining fair and responsible labour standards throughout our operations.

#### Equal Pay and Non-Discrimination

We continue to comply with applicable labour laws to ensure fair remuneration for equal work, regardless of gender or background. The Group remains committed to reviewing and strengthening its employment practices in line with evolving labour standards.

#### Commitment to a Living Wage

In line with the prevailing minimum wage requirements in Malaysia, Kim Hin Group ensures that all employees receive at least the prescribed minimum wage to support their basic living needs.

#### Engagement with Labour Authorities

The Group continues to engage with relevant government agencies, including the Sarawak Labour Department and the Industrial Relations Department, through briefings, workshops and compliance-related initiatives to enhance labour standards and best practices.

## SUSTAINABILITY STATEMENT (CONT'D)



*Participation in the Sarawak State Level 2025 Labour Day Celebration event.*

### HUMAN CAPITAL DEVELOPMENT

#### Employee Training and Development

In 2025, Kim Hin Group continued to recognise human capital development as a critical driver of organisational performance and sustainability. We are committed to providing continuous learning opportunities that enhance employees' technical competencies, leadership capabilities and professional growth.

Training and development initiatives were conducted through a combination of internal programmes and external learning platforms, including skills enhancement workshops, on-the-job training, safety and compliance training and professional development courses. These initiatives are designed to ensure our workforce remains adaptable in a dynamic business environment while supporting individual career progression.

By fostering a culture of continuous learning, we aim to strengthen employee engagement, improve productivity and support succession planning across the Group, while reinforcing our core values of collaboration, accountability and excellence.

Kim Hin Group is dedicated to develop a competent and skilled workforce through various ongoing strategic human capital development programmes. This initiative is undertaken to attract, develop and retain personnel to be suited for the company and future career development.

By fostering a culture of continuous learning and development, we not only strengthen our human capital but also contribute to creating a collaborative and inclusive workplace where employees are motivated to perform at their best, aligned with our company values.

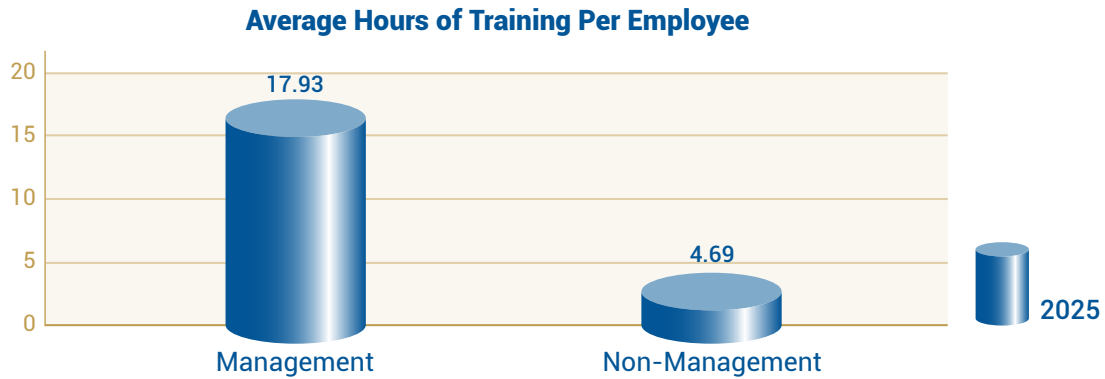


*Press Machine Technical Training*



*Job Competency Training and Assessment Programme*

## SUSTAINABILITY STATEMENT (CONT'D)



### Average hours of training per employee for Supervisory and above category and Operatives Category

#### Fair Employment Practices

Kim Hin Group remains committed to fair, transparent and non-discriminatory employment practices. We uphold the principles of equal opportunity and merit-based recruitment, ensuring that employment decisions are made without discrimination based on race, gender, religion, age or other personal characteristics.

In 2025, we continued to comply with all applicable labour laws and regulations in Malaysia, including those related to wages, benefits, working hours and employment conditions. Beyond compliance, we strive to foster a respectful and supportive work environment that promotes open communication, employee well-being, and work-life balance.

Our commitment to fair employment practices supports workforce stability, diversity, and employee trust across the Group.

#### HEALTH AND SAFETY

##### Environmental, Health & Safety (EHS)

Kim Hin Group is committed to maintaining a safe, healthy and environmentally responsible workplace. In 2025, we continued to strengthen our Environmental, Health and Safety practices by promoting workplace safety awareness, improving risk identification processes and encouraging responsible environmental behaviour among employees.

Our efforts focus on minimising workplace hazards, ensuring compliance with safety standards, and reducing the environmental impact of our operations through resource efficiency, waste management and environmentally conscious practices. Regular safety briefings and awareness programmes were conducted to reinforce a strong safety culture across all levels of the organisation.

We believe that protecting employee health and safety is fundamental to operational sustainability and remains a key priority for the Group.



Health Awareness Talk



Safety awareness training 2025

## SUSTAINABILITY STATEMENT (CONT'D)

### Health Surveillance

Medical surveillance is necessary for the protection of our employees who are exposed or likely to be exposed to chemicals which are hazardous to health. We carry out the medical surveillance programme annually, so as to identify the changes in health status of the relevant employees due to occupational exposure. The medical surveillance is carried out by an occupational health doctor.

#### The details of safety and health trainings in 2025 for Kuching Headquarters.

Date	Types of trainings/courses	No. of participants
24-25.04.2025	Sarawak Seminar 2025	2
13.05-19.06 2025	Safety Awareness Training-	76
30.07.2025	Roadshow Psychosocial Risk Assessment and Management At the Workplace (Prisma)	2
03.09.2025	MEF-Perkeso Seminar-Understanding The Implementation Of The Amendment Of Occupation Safety & Health Act 1994 and It's Regulation Amendment Of Occupation Safety & Health Act 1994	1
24.10.2025	Fire drill	201
09.09.2025	Catalysing a Safer And Sustainable Future Through Strategies ESC And Standards Integration	2
04.11.2025	Seminar Revolusi KKP 2025 Architecting Self-Regulating Systems	2
<b>TOTAL</b>		<b>286</b>

#### The details of safety and health trainings in 2024 for Kuching Headquarters.

Date	Types of trainings/courses	No. of participants
14.06.2024	Medical Surveillance	32
01.10.2024	ESG Training	25
23-24.10.2024	Seminar Keselamatan Dan Kesihatan Pekerjaan Kebangsaan 2024	2
07-08.11.2024	Risk & Opportunities Assessment Workshop	38
02.12.2024	Seminar Organisasi Keselamatan Kebakaran (BOMBA)	2
03.12.2024	Audiometric Testing	26
05-06.12.2024	Ergonomic Risk Assessment Initial	52
<b>TOTAL</b>		<b>177</b>

The details of accident incidents and lost days:

Types	2025	2024
Fatalities	0 incident	0 incident
Injuries	1 incident	0 incidents
Lost time injuries	15 days	0 days

## SUSTAINABILITY STATEMENT (CONT'D)

### DIVERSITY

The Board has formalised the Boardroom and Workforce Diversity Policy on 15 April 2015.

#### Principles of the Boardroom Diversity Policy

The Group recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, age, race, gender and other qualities of Directorship. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective.

#### Principles of Workforce Diversity Policy

The Group is committed to providing an inclusive workplace that embraces and promotes diversity.

- (i) The Group values, respects and leverages the unique contributions of people with diverse backgrounds, experiences and perspectives to provide exceptional service to an equally diverse community; and
- (ii) The Group recognises the benefits arising from employee and board diversity, including a broader pool of good quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

#### Workforce diversity of Kim Hin Group of Companies in Malaysia for 2025

Ethnicity	Management	Non-Management	Total Number of Employee	Ethnicity Percentage (%)
	2025	2025	2025	2025
Bumiputera	69	556	625	65.79%
Chinese	87	134	221	23.26%
Indian	4	33	37	3.89%
Non- Malaysian	7	60	67	7.06%
<b>Total</b>	<b>167</b>	<b>783</b>	<b>950</b>	<b>100%</b>

Gender	Management	Non-Management	Total Number of Employee	Gender Percentage (%)
	2025	2025	2025	2025
Male	93	557	650	68.42%
Female	73	227	300	31.58%
<b>Total</b>	<b>166</b>	<b>784</b>	<b>950</b>	<b>100%</b>

## SUSTAINABILITY STATEMENT (CONT'D)

### Workforce diversity of Kim Hin Group of Companies in Malaysia for 2024

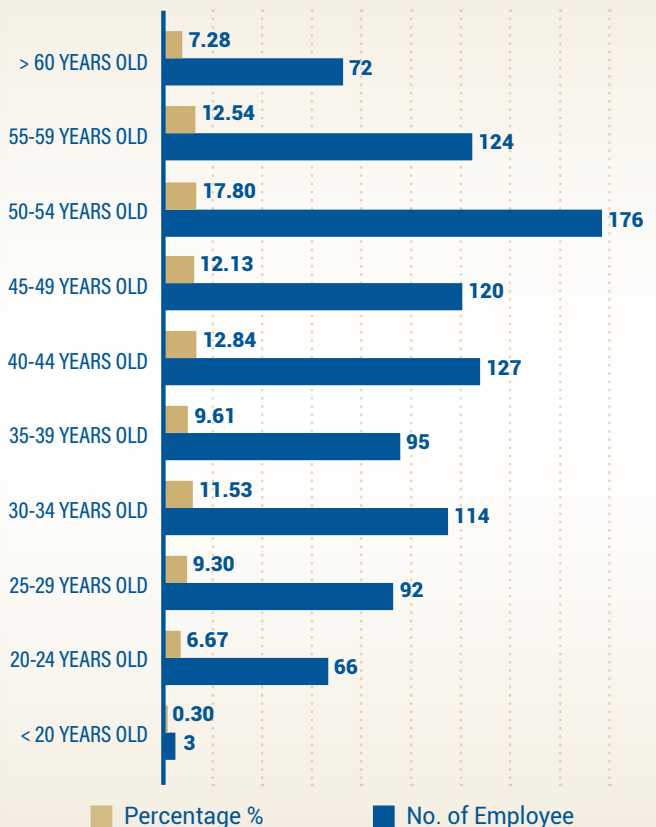
Ethnicity	Management	Non-Management	Total Number of Employee	Ethnicity Percentage (%)
	2024	2024	2024	2024
Bumiputera	66	607	673	68.05%
Chinese	71	140	211	21.33%
Indian	5	30	35	3.54%
Non- Malaysian	8	62	70	7.08%
<b>Total</b>	<b>150</b>	<b>839</b>	<b>989</b>	<b>100%</b>

Gender	Management	Non-Management	Total Number of Employee	Gender Percentage (%)
	2024	2024	2024	2024
Male	81	597	678	68.55%
Female	69	242	311	31.45%
<b>Total</b>	<b>150</b>	<b>839</b>	<b>989</b>	<b>100%</b>

### WORKFORCE DIVERSITY FOR 2024



### WORKFORCE DIVERSITY FOR 2025



## SUSTAINABILITY STATEMENT (CONT'D)

### Community Contributions and Development

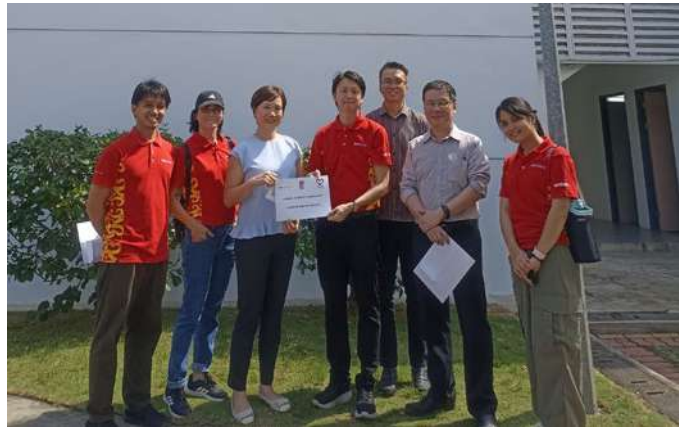
Kim Hin Group recognises the importance of contributing positively to the communities in which we operate. In 2025, we continued our commitment to community development through Corporate Social Responsibility (CSR) initiatives focused on education, social welfare and community engagement.

Our CSR efforts included collaboration with educational institutions, participation in career and training initiatives and support for community organisations. Through these activities, we aim to promote education, support youth development and contribute to social well-being, while strengthening relationships with local stakeholders.

We believe that sustainable business growth should be inclusive and our community engagement initiatives reflect our commitment to share progress and long-term societal impact.



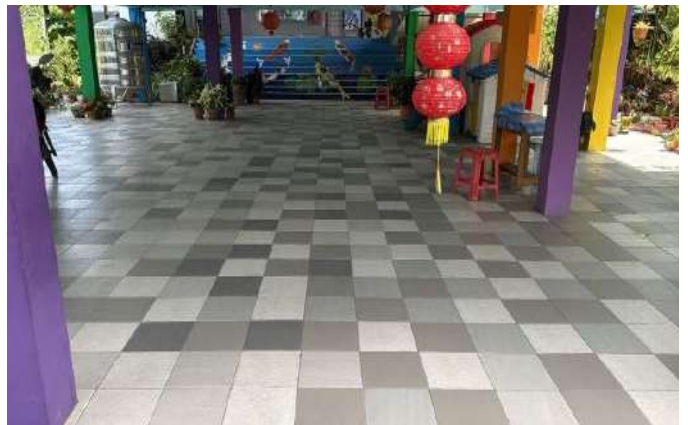
Outstanding Performance Award 2025 presented to a graduate from the Bachelor of Engineering (Honours) (Chemical) programme at Swinburne University of Technology Sarawak.



Kim Hin Social, Welfare and Recreation Club (Kimgres Club) cheque donation to Sarawak Children's Cancer Society



Appreciation Ceremony for Excellence at Sekolah Kebangsaan Jalan Arang 2025 For Tiles Donation



Tiles donation to Sekolah Kebangsaan Jalan Arang in 2025.

## SUSTAINABILITY STATEMENT (CONT'D)

### GROUP SUSTAINABILITY PERFORMANCE DATA

Indicator	Measurement Unit	2023	2024	2025
<b>ECONOMIC</b>				
<b>Anti-Corruption</b>				
<b>Percentage of employees who have received training on anti-corruption by employee category</b>				
-Management	Percentage	38	40	33
-Executive	Percentage	64	45	18
-Non-Executive	Percentage	24	21	2
<b>Percentage of operation assessed for corruption-related risks</b>	Percentage	40	90	90
<b>Confirmed incidents of corruption and action taken</b>	Number	0	0	0
<b>Supply chain management</b>				
<b>Proportion of spending on local suppliers</b>	Percentage	88.24	89.03	92.83
<b>ENVIRONMENTAL</b>				
<b>Energy management</b>				
<b>Total energy consumption</b>	Megawatt	279,621	260,399	232,395
<b>Water</b>				
<b>Total volume of water used</b>	Megalitres	203	268	263
<b>Waste management</b>				
<b>Total waste generated</b>	Metric tonnes	*	1,075	1,112
<b>Total waste diverted from disposal</b>	Metric tonnes	*	432	522
<b>Total waste directed to disposal</b>	Metric tonnes	*	30	12
<b>Emissions management</b>				
<b>Scope 1 emissions in tonnes of CO<sub>2</sub>e</b>	Metric tonnes	*	52,154	56,301
<b>Scope 2 emissions in tonnes of CO<sub>2</sub>e</b>	Metric tonnes	*	16,815	23,386
<b>Scope 3 emissions in tonnes of CO<sub>2</sub>e (at least for the categories of business travel and employee commuting)</b>	Metric tonnes	*	1,686	1,748
<b>SOCIAL</b>				
<b>Community/Society</b>				
<b>Total amount invested in the community where the target beneficiaries are external to the listed issuer</b>	MYR	36,310	55,589	48,630
<b>Total number of beneficiaries of the investment in communities</b>	Number	120	15	58

## SUSTAINABILITY STATEMENT (CONT'D)

Indicator	Measurement Unit	2023	2024	2025
<b>SOCIAL</b>				
<b>Diversity</b>				
<b>Percentage of employees by gender and age group, for each employee category</b>				
<b>Age Group by Employee Category</b>				
<b>Management</b>				
Under 30	Percentage	-	1.47	2.67
between 30-50	Percentage	34.43	36.76	36.00
above 50	Percentage	65.57	61.77	61.33
<b>Executive</b>				
Under 30	Percentage	11.66	12.57	15.03
between 30-50	Percentage	49.08	50.90	50.29
above 50	Percentage	39.26	36.53	34.68
<b>Non-Executive</b>				
Under 30	Percentage	15.84	17.83	16.77
between 30-50	Percentage	53.41	48.52	46.41
above 50	Percentage	30.75	33.65	36.82
<b>Gender Group by Employee Category</b>				
<b>Management</b>				
Male	Percentage	54.10	50.00	52.00
Female	Percentage	45.90	50.00	48.00
<b>Executive</b>				
Male	Percentage	54.60	52.10	52.02
Female	Percentage	45.40	47.90	47.98
<b>Non-Executive</b>				
Male	Percentage	70.72	72.37	72.13
Female	Percentage	29.28	27.63	27.87
<b>Percentage of directors by gender and age group</b>				
Male	Percentage	75.00	75.00	75.00
Female	Percentage	25.00	25.00	25.00
Under 30	Percentage	-	-	-
between 30-50	Percentage	-	-	-
above 50	Percentage	100.00	100.00	100.00

## SUSTAINABILITY STATEMENT (CONT'D)

Indicator	Measurement Unit	2023	2024	2025
<b>SOCIAL</b>				
<b>Health and safety</b>				
<b>Number of work-related fatalities</b>	Number	0	0	0
<b>Lost time incident rate ("LTIR")</b>	Rate	9	272	187
<b>Number of employees trained on health and safety standards</b>	Number	1,012	455	495
<b>Labour practices and standards</b>				
<b>Total hours of training by employee category</b>				
Management	Hours	652	1,250	1,511
Executive	Hours	2,475	2,693	2,984
Non-Executive	Hours	5,198	5,129	3,723
<b>Percentage of employees that are contractors or temporary staff</b>	Percentage	7	7	4
<b>Total number of employee turnover by employee category</b>				
Management	Number	3	13	7
Executive	Number	27	33	39
Non-Executive	Number	114	249	127
<b>Number of substantiated complaints concerning human rights violations</b>	Number	0	0	0
<b>Data privacy and security</b>				
<b>Number of substantiated complaints concerning breaches of customer privacy and losses of customer data</b>	Number	0	0	0

Note: \* denotes no comparative figures available.

### Economic Performance

During the reporting period, the Group continued to strengthen its governance practices, particularly in anti-corruption efforts. Training participation showed a declining trend from 2023 to 2025, as the training was conducted in phases over a two-year cycle with less coverage on the non-executives who have less exposures to this risk. The Group strives to further enhance the awareness and training coverage across all employee levels. The percentage of operations assessed for corruption-related risks increase from 40% in 2023 to 90% in 2024 and 2025, reflecting a more focused risk assessment approach. Notably, there were no confirmed incidents of corruption throughout the three-year period, demonstrating strong internal controls and ethical business conduct.

Under Supply Chain management, the Group maintained a strong commitment in supporting local suppliers, with spending increasing from 88.24% in 2023 to 92.83% in 2025, reflecting a positive trend towards local economic contribution.

### Environmental Performance

The Group demonstrated improvement in energy efficiency, with total energy consumption decreasing steadily from 279,621 megawatts in 2023 to 232,395 megawatts in 2025. This reflects ongoing initiatives to optimise energy usage.

Water consumption has slightly declined in 2025, indicating the need for continuing water management efforts.

Waste management data was reported from 2024 onwards. Total waste generated increased from 1,075 metric tonnes in 2024 to 1,112 metric tonnes in 2025, suggesting further opportunities to strengthen waste reduction initiatives. Correspondingly, waste diverted from disposal rose from 432 metric tonnes to 522 metric tonnes.

In terms of emissions, the Group began tracking Scope 1, Scope 2, and Scope 3 emissions in 2024. Emissions increased in 2025 across all scopes, with Scope 1 emissions and Scope 2 emissions rising to 56,301 tonnes of CO<sub>2</sub>e and 23,386 tonnes of CO<sub>2</sub>e respectively. This trend indicates the need for targeted carbon reduction strategies moving forward.

## SUSTAINABILITY STATEMENT (CONT'D)

### Social Performance

#### Community Investment

The Group remains committed to community development, with total investment increased from RM36,310 in 2023 to RM55,589 in 2024, before declined to RM48,630 in 2025. The fluctuation in the number of beneficiaries reflects variations in scale and outreach of charitable programmes.

#### Diversity

The Group continues to promote workforce diversity across all employee categories. There is a gradual increase in representation within certain age groups, particularly among younger employees in management and executive roles. Gender diversity also shows a balanced participation, although there remains room for improvement in the non-executive category.

#### Health and Safety

The Group maintained a strong safety record with zero work-related fatalities throughout the reporting period. However, the Lost Time Injury Rate (LTIR) increased significantly from 9 in 2023 to 187 in 2025, indicating a need for enhanced safety measures and preventive actions.

In 2025, a total of 495 employees attended training on health and safety standards as compared to 1,012 employees in 2023. This may have contributed to the rise in incident rates and shall be addressed moving forward.

#### Labour Practices

Total training hours increased for management and executives, indicating investment in leadership and skill development. However, training hours for non-executive employees declined in 2025, indicating a need for more balanced training allocation. Total number of employee turnover reduced in 2025 as the higher turnover rate in 2024 was due to the cessation of the Group's Shanghai manufacturing activity. The percentage of contractors and temporary staff remained relatively low and stable, indicating consistency in workforce structure. Importantly, there were no substantiated complaints regarding human rights violations, reflecting the Group's commitment to ethical labour practices.

#### Data Privacy and Security

The Group recorded zero incidents of data breaches or customer privacy complaints throughout the reporting period, demonstrating strong data protection and cybersecurity practices.

Overall, the Group has demonstrated strong governance practices, particularly in anti-corruption and data privacy, while making progress in energy efficiency and local sourcing. However, the management continues to enhance the areas requiring improvement, including emissions management, workplace safety, and broader employee training coverage. Moving forward, the Group will continue to strengthen its sustainability initiatives to enhance long-term value creation.

### STATEMENT OF ASSURANCE

Pursuant to Section 9 of the Capital Markets and Service Act 2007 (CMSA), Bursa Malaysia Securities Berhad has amended the Main Market Listing Requirements to enhance the Sustainability reporting framework. This Statement has been prepared to meet the Enhanced Sustainability Disclosure requirements and to provide transparency to our shareholders.

This report has not been subjected to independent assurance in accordance with recognised standards and may contain opinions, external referenced information, and unaudited non-financial data.

The contents of this Sustainability Statement have been reviewed by the Board, and Audit Committee, for consistencies, reasonableness, and compliance. Their review, however, does not constitute as an assurance for investors or investment decisions. Whilst efforts were made to ensure these are reasonable at the time extracted, the actual or future outcomes may differ.

## SUSTAINABILITY STATEMENT (CONT'D)

Date & Time: 2026-05-04\_14:24:19  
FYE 31/12/2025

Kim Hin Industry Berhad  
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
ECONOMIC-Supply Chain	Proportion of spending on local suppliers	Percentage	92.83	—	No assurance
ECONOMIC-Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category -Management	Percentage	33	—	No assurance
ECONOMIC-Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category -Executive	Percentage	18	—	No assurance
ECONOMIC-Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category -Non-Executive	Percentage	2	—	No assurance
ECONOMIC-Anti-corruption	Percentage of operation assessed for corruption-related risks	Percentage	90	—	No assurance
ECONOMIC-Anti-corruption	Confirmed incidents of corruption and action taken	Number	0	—	No assurance
ENVIRONMENTAL-Energy Management	Total energy consumption	Megawatt	232,395	—	No assurance
ENVIRONMENTAL-Waste Management	Total waste diverted from disposal as at the end of the reporting period	Metric tonnes	522	—	No assurance
ENVIRONMENTAL-Waste Management	Total waste directed to disposal as at the end of the reporting period	Metric tonnes	12	—	No assurance
ENVIRONMENTAL-Emissions management	Scope 1 emissions in tonnes of CO2e	Metric tonnes	56,301	—	No assurance
ENVIRONMENTAL-Emissions management	Scope 2 emissions in tonnes of CO2e	Metric tonnes	23,386	—	No assurance
SOCIAL-Health & Safety	Number of work-related fatalities	Number	0	—	No assurance
SOCIAL-Health & Safety	Lost time incident rate ("LTIR")	Rate	* 187	—	No assurance

## SUSTAINABILITY STATEMENT (CONT'D)

Date & Time: 2026-05-04\_14:24:19  
FYE 31/12/2025

Kim Hin Industry Berhad  
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote 2025	Amendment to rectify the incorrect computation.				
SOCIAL-Health & Safety	Number of employees trained on health and safety standards	Number	495	—	No assurance
SOCIAL-Labour Practice and Standards	Total hours of training by employee category -Management	Hours	1511	—	No assurance
SOCIAL-Labour Practice and Standards	Total hours of training by employee category -Executive	Hours	2984	—	No assurance
SOCIAL-Labour Practice and Standards	Total hours of training by employee category -Non-Executive	Hours	3723	—	No assurance
SOCIAL-Labour Practice and Standards	Percentage of employees that are contractors or temporary staff	Percentage	4	—	No assurance
SOCIAL-Labour Practice and Standards	Total number of employee turnover by employee category -Management	Number	7	—	No assurance
SOCIAL-Labour Practice and Standards	Total number of employee turnover by employee category -Executive	Number	39	—	No assurance
SOCIAL-Labour Practice and Standards	Total number of employee turnover by employee category -Non-Executive	Number	127	—	No assurance
SOCIAL-Labour Practice and Standards	Number of substantiated complaints concerning human rights violations	Number	0	—	No assurance

## Profile of DIRECTOR

### CHUA SENG HUAT

*Executive Chairman*



Male



65 years of age



Malaysian

**Mr. Chua Seng Huat** holds a Bachelor of Business Administration degree from the University of Hawaii, Honolulu, USA. He was first appointed to the Board of Kim Hin Industry Berhad on 2 October 1981 and was actively engaged in the operations of the Company and in the strategic business planning and was promoted to the post of Executive Chairman in 1998. He resigned as a Director in June 2001 and later was re-appointed to the Board and resumed the post of the Executive Chairman on 28 August 2006.

He attended all of the five (5) Board Meetings held during the financial year ended 31 December 2025.

Mr. Chua Seng Huat is the brother of Dato' John Chua Seng Chai, Mr. Chua Seng Guan, Madam Pauline Getrude Chua Hui Lin and Madam Chua Yew Lin who are also the Directors of the Company.

### DATO' JOHN CHUA SENG CHAI

*Group Managing Director*



Male



68 years of age



Malaysian

**Dato' John Chua Seng Chai** holds a Bachelor of Arts (Economics) Honours degree from the University of Warwick, United Kingdom. He was appointed to the Board as the Production Director on 2 October 1981.

He attended three (3) out of the five (5) Board Meetings held during the financial year ended 31 December 2025.

Dato' John Chua Seng Chai is the brother of Mr. Chua Seng Huat, Mr. Chua Seng Guan, Madam. Pauline Getrude Chua Hui Lin and Madam Chua Yew Lin who are also Directors of the Company.

### CHUA SENG GUAN

*Group Executive Director*



Male



68 years of age



Malaysian

**Mr. Chua Seng Guan** graduated with a Bachelor of Arts, Honours degree in Business Law from the City of London Polytechnic, United Kingdom and was called to the Bar at Gray's Inn at the end of 1983. After he had chambered and worked at Gray's Inn and Inner Temple, he returned to Malaysia and joined the Company as the Marketing Director on 22 October 1985.




He attended all of the five (5) Board Meetings held during the financial year ended 31 December 2025.

Mr. Chua Seng Guan is the brother of Mr. Chua Seng Huat, Dato' John Chua Seng Chai, Madam Pauline Getrude Chua Hui Lin and Madam Chua Yew Lin who are also Directors of the Company.

## PROFILE OF DIRECTORS (CONT'D)

### PAULINE GETRUDE CHUA HUI LIN

*Executive Director*

 Female  64 years of age  Malaysian




**Madam Pauline Getrude Chua Hui Lin** has completed her secondary education in Kuching and she joined the Company in 1980, initially serving in the Accounts Department and was appointed to the Board of Directors of Kim Hin Industry Berhad in 1981 and later as an Alternate Director to Mr. Chua Seng Guan in 1985. Madam Pauline Getrude Chua Hui Lin was later re-appointed as Director of Kim Hin Industry Berhad on 1 January 1992. She is primarily in-charge of the administration and operating procedures of the Group.

She attended all of the five (5) Board Meetings held during the financial year ended 31 December 2025.

Madam Pauline Getrude Chua Hui Lin is the sister of Mr. Chua Seng Huat, Mr. Chua Seng Guan, Dato' John Chua Seng Chai and Madam Chua Yew Lin who are also Directors of the Company.

### CHUA YEW LIN

*Executive Director*

 Female  63 years of age  Malaysian

**Madam Chua Yew Lin** has completed her secondary education in Kuching. She joined the Company in 1980 as Office Manager and was later promoted as a Director on 2 October 1981. She oversees the overall financial and treasury operations of the Group.

She attended four (4) out of the five (5) Board Meetings held during the financial year ended 31 December 2025.

Madam Chua Yew Lin is the sister of Mr. Chua Seng Huat, Mr. Chua Seng Guan, Dato' John Chua Seng Chai and Madam Pauline Getrude Chua Hui Lin who are also Directors of the Company.

### DATO SIM KHENG BOON

*Independent Non-Executive Director*

 Male  71 years of age  Malaysian

**Dato Sim Kheng Boon** holds a Bachelor of Commerce (Honours) majoring in accounting from University of Windsor, Canada. He has more than 30 years of investment banking experience involved in public listing of companies, fund raising exercises, merger & acquisition activities.

He was appointed as the first CEO of Development Bank of Sarawak from 2017 to 2022 during its formative years.

He joined Kim Hin Industry Bhd as an Independent Non-Executive Director on 25 May 2023 and appointed as the Chairman of both Remuneration Committee and Nomination Committee. He is also a member of the Audit Committee of the Company.

Dato Sim attended all the five (5) Board Meetings held during the financial year ending 31 December 2025.

At present, Dato Sim serves as the Independent Non-Executive Director of Zecon Berhad and CCK Consolidated Holdings Berhad.

## PROFILE OF DIRECTORS (CONT'D)

### KHO SOON KHENG

*Independent Non-Executive Director*



Male



65 years of age



Malaysian

**Mr. Kho Soon Kheng** started his career with Ernst & Young, an international accounting firm and has over 15 years of professional experience in audit, tax, corporate assurance and recovery, mergers & acquisitions, initial public offerings, receivers and managers, corporate restructuring for both local and international, private and public listed corporations across diversified industries.

Mr. Kho joined Malaysian International Merchant Bankers Berhad in 1996 as Corporate Finance Manager and actively involved in banking, corporate finance and Malaysian capital markets.

In 1998, he was employed as the Group Financial Controller and Company Secretary for a local and foreign owned group of companies involved in the manufacturing of metal-based products.

In 2003, he joined OMG Electronic Chemicals (M) Sdn. Bhd., a wholly owned subsidiary of OM Group Inc, USA, a public corporation listed on the NYSE. The principal activities include research and development, manufacturing of high technology specialty chemicals for the electrical and electronic industries. As Chief Financial Officer, he was responsible for strategy and planning, business development, corporate governance, information technology, risk management, human resources, internal controls and compliance. Trained in USA as an SAP project manager and administrator.

He completed the compliance requirement training on Sarbanes Oxley Act of the United States of America re-financial reporting and corporate governance and also code of conducts with regards to anti-bribery and anti-corruption laws and regulations.

He has also completed the International Standards for Organization (ISO) training and has successfully established various policies & procedures for compliance with Standards particularly in areas of quality management and environmental management.

Mr. Kho acted as Group's resources in providing financial and business management services, particularly in areas of business acquisitions and mergers, international taxation, supply chain management, business continuity, change management, risk and contingency and disaster recovery management as well as information technology support to various global operations.

He also possessed over 25 years' experience with active involvements in non-profit charitable organizations works and activities.

Mr. Kho Soon Kheng was appointed as an Independent Non-Executive Director on 25 May 2023. Mr. Kho is the Chairman of the Audit Committee. He is also a member of the Nomination Committee and the Risk Committee.

Mr. Kho attended all the five (5) Board Meetings held during the financial year ending 31 December 2025.

### AW TAI HUI

*Independent Non-Executive Director*



Male



67 years of age



Malaysian

**Mr. Aw Tai Hui** holds a Master in Business Administration from Aston University, UK, and a Bachelor of Economics Degree (Honours) from Birmingham City University, UK. He has 40 years of work experience in his working career with East Asiatic Company (Malaysia) Berhad (a Danish multinational company), as a Group General Manager with Cahya Mata Sarawak Berhad, and various consulting positions in the development of a shopping mall, a township development, and the aviation industry. Since 1991, he has served as the Honorary Danish Consul to Kuching and presently serves as a committee member of the Plaza Merdeka Complex.

Mr. Aw Tai Hui was appointed as an Independent Non-Executive Director on 1 August 2024. Mr. Aw is a member of the Audit Committee, Remuneration Committee and Risk Committee of the Company.

Mr. Aw attended all the five (5) Board Meetings held during the financial year ending 31 December 2025.

Save as disclosed, none of the Directors has

- (i) any family relationship with any Director and/or major shareholder of the Company;
- (ii) any conflict of interest with the Company; and
- (iii) any conviction of offences within the past 5 years other than traffic offences.

## Particulars of KEY SENIOR MANAGEMENT

### Ang Pek Lay

General Manager  
Kimgres Marketing Sdn Bhd

-  62 years of age
-  Female
-  Malaysian
-  Date of Appointment 1 October 2015

Academic / professional qualification(s):  
Master in International Business

Present Directorship:  
Listed entity: Nil  
Other public companies: Nil

Working experience:  

- Worked in H&R Johnson for 3 years (1989-1992)
- Joined Kimgres Marketing Sdn Bhd since 1993

### Peter Chiam Tau Mien

Chief Financial Officer  
Kim Hin Industry Berhad

-  54 years of age
-  Male
-  Malaysian
-  Date of Appointment 1 January 2014

Academic / professional qualification(s):  

- Chartered Accountant (Malaysia)
- Fellow of Association of Chartered Certified Accountants ("ACCA"), UK

Present Directorship:  
Listed entity: Nil  
Other public companies: Nil

Working experience:  

- He started his career with Ernst & Young, Kuching in 1995 and has about 10 years of professional experience in accounting, assurance and advisory business services, taxation and corporate advisory services.
- Joined Kim Hin Industry Berhad as Group Finance Manager on 1 August 2005.

### Chua Ban Choon @ Chua Chui Kim

Director & General Manager  
Kim Hin Ceramics (Shanghai) Co. Ltd.

-  72 years of age
-  Male
-  Malaysian
-  Date of Appointment 1995

Family relationship with any director and/or major shareholder:  

- He is the uncle of the Executive Directors\*

Present Directorship:  
Listed entity: Nil  
Other public companies: Nil

Working experience:  

- Has wide experience in the ceramic tiles industry and received his training with several large ceramic manufacturing companies in Taiwan.
- Joined Kim Hin Industry Berhad in 1974.

### Winnie Ho

Personal Assistant to Group  
Managing Director,  
Kim Hin Industry Berhad

-  59 years of age
-  Female
-  Malaysian
-  Date of Appointment 1 October 2006

Academic / professional qualification(s):  

- Master of Business Administration

Present Directorship:  
Listed entity: Nil  
Other public companies: Nil



Working experience:  

- Started as a legal clerk in an advocate firm in 1986. Moved on to a management consultancy firm in 1992 as a secretary.
- Joined Kim Hin Industry Berhad in April 2000.

## PARTICULARS OF KEY SENIOR MANAGEMENT (CONT'D)

**Cai Chun Hui**

Vice General Manager  
Kim Hin Ceramics (Shanghai) Co. Ltd.

-  57 years of age
-  Female
-  Chinese
-  Date of Appointment 1995

**Academic / professional qualification(s):**

- University graduate

**Family relationship with any director and/or major shareholder:**

- She is the cousin of the Executive Directors\*

**Present Directorship:**

Listed entity: Nil


Other public companies: Nil

**Working experience:**

- Has more than 30 years of experience in the ceramic tiles industry

**Charline Pan Ling Hwen**

Director and Chief Executive Officer  
Johnson Tiles Pty Ltd

-  36 years of age
-  Female
-  Malaysian
-  Date of Appointment 2016

**Academic / professional qualification(s):**

- Bachelor of Commerce (Accounting & Finance)
- Certified Public Accountants (Australia)

**Family relationship with any director and/or major shareholder:**

- She is the daughter of Madam Pauline Getrude Chua Hui Lin

**Present Directorship:**

Listed entity: Nil

Other public companies: Nil

**Working experience:**

- Joined Kingres Australia Pty Ltd ("KA") since 2012
- Appointed as CEO/General Manager of KA in 2013
- Appointed as CEO of Johnson Tiles Pty Ltd in 2016

**Cr Stephen Ang Teck Chai** PBK, ABS,

Head of Corporate Affairs  
Kim Hin Industry Berhad

-  53 years of age
-  Male
-  Malaysian
-  Date of Appointment 2014

**Academic / professional qualification(s):**

- Diploma in Business Industrial Administration
- Councillor, Padawan Municipal Council (2016 - 31 March 2025)
- Secretary General, Sarawak Manufacturers Association (2022 - present)
- Committee Member, Industry Driven and Consultancy Services Committee
- Director (Malaysia), Association of JCI Senators in South East Asian Nation (ASSEAN) (1 January 2026 - present)
- Division Chairman, PDP Batu Lintang Division (2016 - present)

**Present Directorship:**

Listed entity: Nil

Other public companies: Nil

**Working experience:**

- Joined Ceramica Indah Sdn. Bhd. in 1993.

1. Save for Chua Ban Choon @ Chua Chui Kim, Cai Chun Hui and Charline Pan Ling Hwen, none of the other key senior management personnels has any family relationship with any Director and/or major shareholder of Kim Hin Industry Berhad.
2. None of the Key Senior Management personnel has:
  - any conflict of interest with Kim Hin Industry Berhad;
  - any conviction for offences within the past 5 years other than traffic offences; and
  - any imposition of penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

**Note**

- \* Executive Directors are Mr. Chua Seng Huat, Dato' John Chua Seng Chai, Mr. Chua Seng Guan, Madam Pauline Getrude Chua Hui Lin and Madam Chua Yew Lin.

*Statement of  
Directors' Responsibility in Preparing*  
**ANNUAL AUDITED  
FINANCIAL STATEMENTS**



In preparing the financial statements of the Group and of the Company, the Directors are collectively responsible:

- 1) for ensuring that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016, applicable Financial Reporting Standards in Malaysia and the Listing Requirements of Bursa Malaysia Securities Berhad.
- 2) for ensuring that the financial statements for each financial year, gives a true and fair view of the financial position of the Group and of the Company at the end of the financial year.
- 3) for ensuring the adoption of suitable and relevant accounting policies on a consistent basis supported by judgements and estimates that are prudent and reasonable.
- 4) for ensuring the Group and the Company maintain accounting records which disclose with reasonable accuracy of the financial position of the Group and of the Company.
- 5) for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

## *Additional Compliance* INFORMATION

The following information is presented in compliance with the Bursa Malaysia Securities Berhad Listing Requirements:

### AUDIT AND NON-AUDIT FEES

The fees paid/payable to the external auditors for the financial year ended 31 December 2025 are set out below:

	Company RM'000	Group RM'000
Fees paid/payable to Messrs Ernst & Young PLT & its affiliates		
• Statutory Audit	169	374
• Non-audit services including tax services	12	66
Fees paid/payable to other auditors		
• Statutory Audit	-	514
• Non-audit services including tax services	-	11
<b>Total</b>	<b>181</b>	<b>965</b>

### MATERIAL CONTRACTS

There was no material contract entered into by the Company and its subsidiary companies involving the directors and major shareholders' interest during the financial year.

### RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Please refer to Note 34 of the Audited Financial Statement on pages 147 and 148 for the breakdown of the aggregate value of Recurrent Related Party Transactions conducted during the financial year ended 31 December 2025 pursuant to the Shareholders' mandate.

### DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

#### (a) Group Total Income and Total Assets

Total Income	Remarks	Group	
		2025 RM'000	2024 RM'000
Revenue		258,909	311,250
Other operating income		18,079	8,074
Non-operating income		175	32
Interest/Finance income		834	530
<b>Total</b>		<b>277,997</b>	<b>319,886</b>
<b>Total Assets</b>		<b>372,307</b>	<b>379,895</b>

#### (b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 RM'000	2024 RM'000
Dividend income received from conventional instruments		47	117
Gain on disposal of other investments		71	32
Interest income		834	530
Other activities deemed non-compliant according to Shariah principles	Fair value gain from other investments	104	-
<b>Total</b>		<b>1,056</b>	<b>679</b>

## *Additional Compliance* INFORMATION

The following information is presented in compliance with the Bursa Malaysia Securities Berhad Listing Requirements: (cont'd.)

### DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONT'D.)

#### c) Component of Financial Position

##### (i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025 RM'000	2024 RM'000
Invesment in unit trusts		-	-
Deposits with financial institutions		-	-
Cash and bank balances		-	-
Bank overdraft		-	-
<b>Total Cash</b>		<b>-</b>	<b>-</b>

Conventional Account/Instruments	Remarks	Group	
		2025 RM'000	2024 RM'000
Invesment in unit trusts		1,658	13,027
Deposits with financial institutions		31,675	7,832
Cash and bank balances		31,415	35,625
Bank overdraft		(390)	(123)
<b>Total Cash</b>		<b>64,358</b>	<b>56,361</b>

##### (ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 RM'000	2024 RM'000
Current		-	-
Non-Current		-	-
<b>Total Financing</b>		<b>-</b>	<b>-</b>

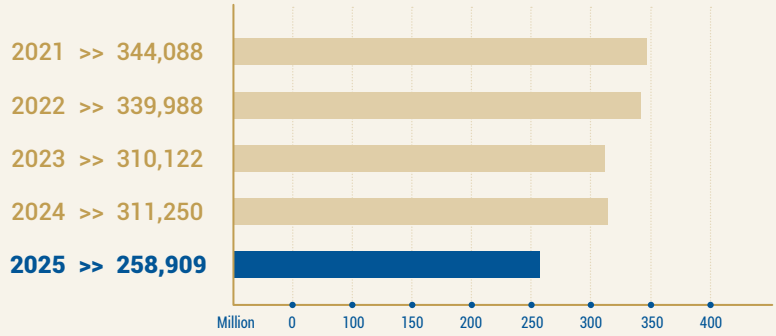
Conventional Borrowing	Remarks	Group	
		2025 RM'000	2024 RM'000
Current		11,306	8,869
Non-Current		79	2,436
<b>Total Debt</b>		<b>11,385</b>	<b>11,305</b>

# FINANCIAL Highlights



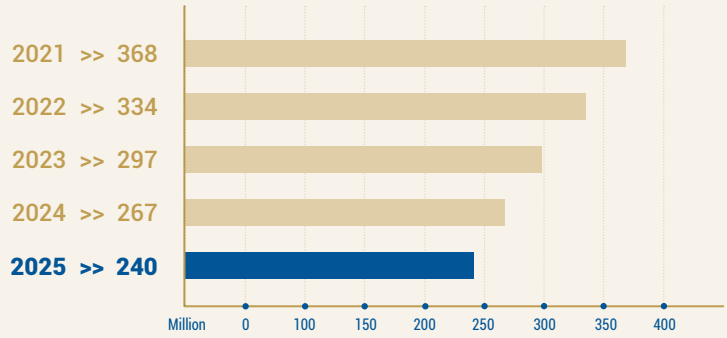
## REVENUE (RM'000)

258,909



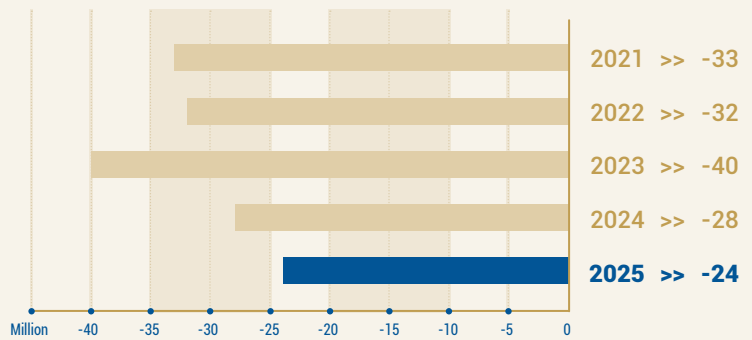
## EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (RM Million)

240



## Loss NET OF TAX (RM Million)

-24



## LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (SEN)

-18

