



WHITE HORSE
B E R H A D
(Reg No. 199701039630 (455130-X))

ANNUAL REPORT

2 0 2 2



VISION

宏願

**TO BECOME A WORLD CLASS
CERAMIC TILES MANUFACTURER**

成為國際頂尖磁磚製造商

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Liao Shen Hua
(Chairman/ Managing Director)
(Redesignated from Non-Independent Non-Executive Director to Chairman/ Managing Director with effect from 11 February 2022)

Teo Swee Teng
(Deputy Managing Director)

Cheng Soon Mong
(Deputy Managing Director)

Teo Kim Lap
(Non-Independent Non-Executive Director)

Teo Kim Tay
(Non-Independent Non-Executive Director)

Liao Shen Yao
(Non-Independent Non-Executive Director)

Liao, Hung-Chang
(Non-Independent Non-Executive Director)
(Appointed with effect from 11 February 2022)

Rosita Yeo Swat Geok
(Senior Independent Non-Executive Director)

Lau Lee Jan
(Independent Non-Executive Director)

Tai Lam Shin
(Independent Non-Executive Director)

Liao Yuan Shun
(Chairman/Managing Director)
(Retired with effect from 10 February 2022)

AUDIT COMMITTEE

Tai Lam Shin
(Chairman, Independent Non-Executive Director)

Rosita Yeo Swat Geok
(Member, Senior Independent Non-Executive Director)

Liao, Hung-Chang
(Member, Non-Independent Non-Executive Director)
(Appointed as a member with effect from 27 December 2022)

Liao Shen Yao
(Appointed as a member with effect from 18 April 2022 and ceased to be a member with effect from 27 December 2022)

Liao Shen Hua
(Ceased to be a member with effect from 18 April 2022)

NOMINATION COMMITTEE

Rosita Yeo Swat Geok
(Chairperson, Senior Independent Non-Executive Director)

Lau Lee Jan
(Member, Independent Non-Executive Director)

Liao, Hung-Chang
(Member, Non-Independent Non-Executive Director)
(Appointed as a member with effect from 18 April 2022)

Liao Shen Hua
(Ceased to be a member with effect from 18 April 2022)

REMUNERATION COMMITTEE

Rosita Yeo Swat Geok
(Chairperson, Senior Independent Non-Executive Director)
(Redesignated from a member to Chairperson with effect from 11 February 2022)

Lau Lee Jan
(Member, Independent Non-Executive Director)

Cheng Soon Mong
(Member, Deputy Managing Director)
(Appointed as a member with effect from 11 February 2022)

Liao Yuan Shun
(Ceased to be the Chairman with effect from 10 February 2022)

Corporate Information (cont'd)

SECRETARY

Chua Siew Chuan
(SSM PC No. 201908002648) (MAICSA 0777689)

REGISTERED OFFICE

PLO 464, Jalan Gangsa
Pasir Gudang Industrial Estate
81700 Pasir Gudang
Johor Darul Takzim
Tel : (60)7 -251 1111
Fax : (60)7 -251 1011

REGISTRAR

Securities Services (Holdings) Sdn Bhd
[Reg No. 199701005827 (36869-T)]
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel : 603 – 2084 9000
Fax : 603 – 2094 9940

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
No. 52, Jalan Kota Laksamana 2/15
Taman Kota Laksamana, Seksyen 2
75200 Melaka
Tel : 606 – 2825 995
Fax : 606 – 2836 449

PRINCIPAL BANKERS

Malayan Banking Berhad
[Reg No. 196001000142 (3813-K)]
69-75, Jalan Meranti Merah
Taman Kebun Teh
80250 Johor Bahru
Johor Darul Takzim

Malayan Banking Berhad
[Reg No. 196001000142 (3813-K)]
14 Pusat Perdagangan
Jalan Bandar
81700 Pasir Gudang
Johor Darul Takzim

AmBank (M) Berhad
[Reg No. 196901000166 (8515-D)]
Level 31, Selesa Tower
Jalan Dato' Abdullah Tahir
80300 Johor Bahru
Johor Darul Takzim

United Overseas Bank (Malaysia) Berhad
[Reg No. 199301017069 (271809-K)]
8, Jalan Ponderosa 2/1
Taman Ponderosa
81100 Johor Bahru
Johor Darul Takzim

RHB Bank Berhad
[Reg No. 196501000373 (6171-M)]
10 Pusat Perdagangan
Jalan Bandar
81700 Pasir Gudang
Johor Darul Takzim

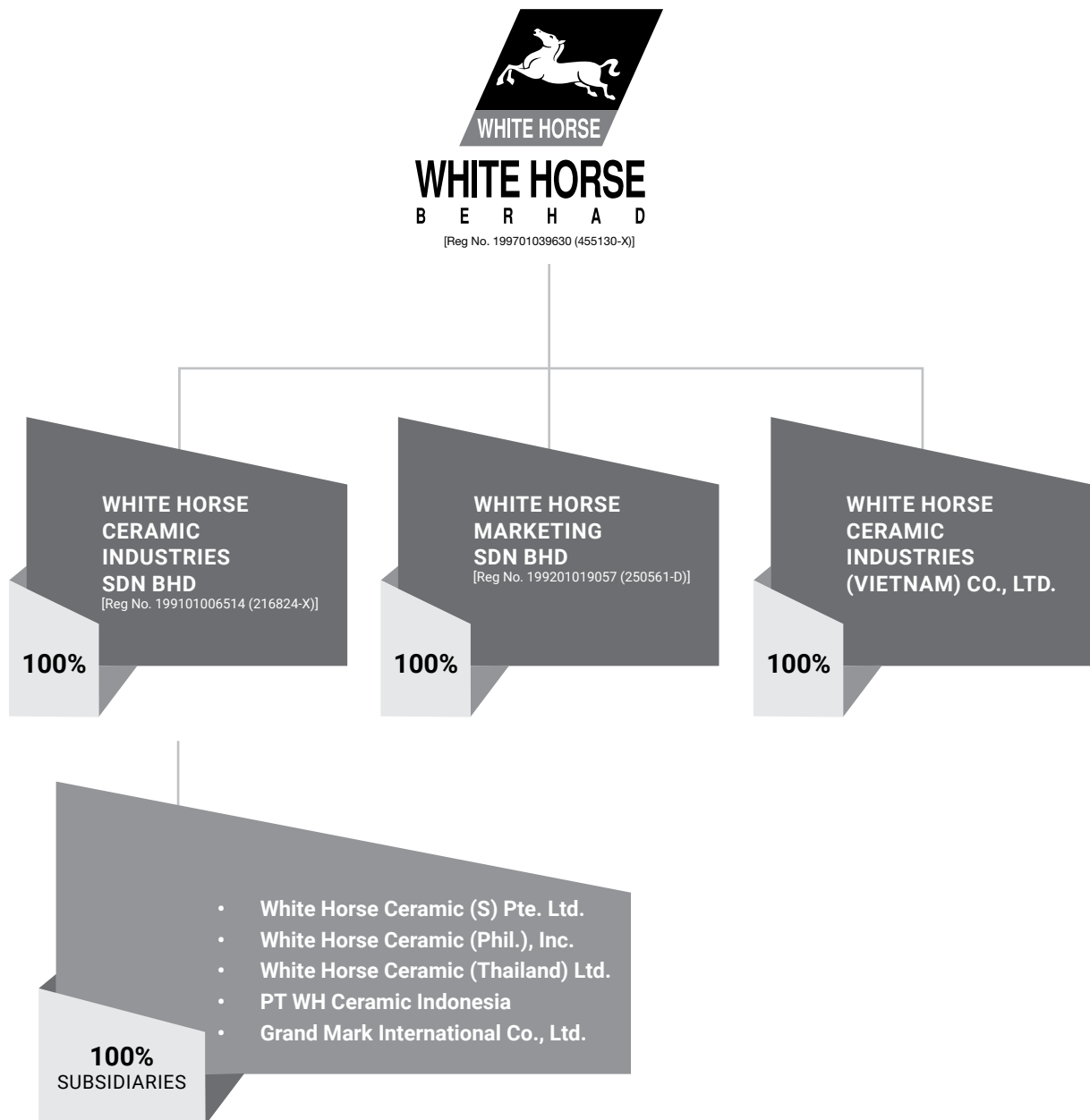
STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

WEBSITE

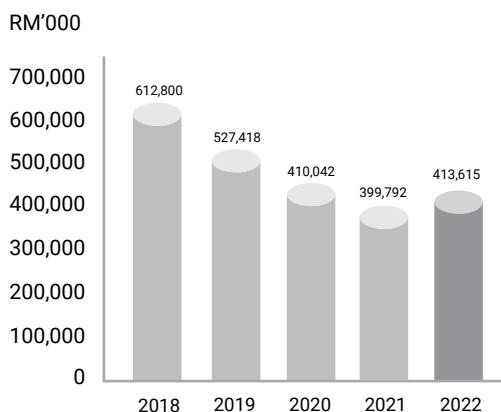
www.whitehorse.my

CORPORATE STRUCTURE

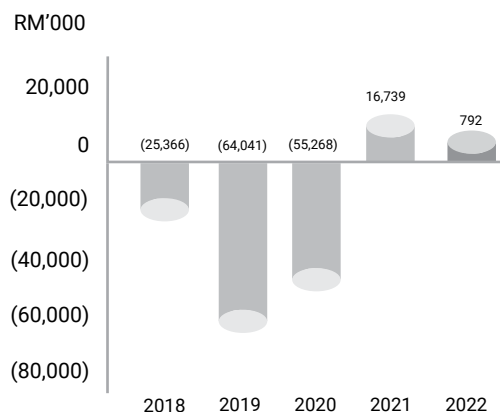


FINANCIAL HIGHLIGHTS

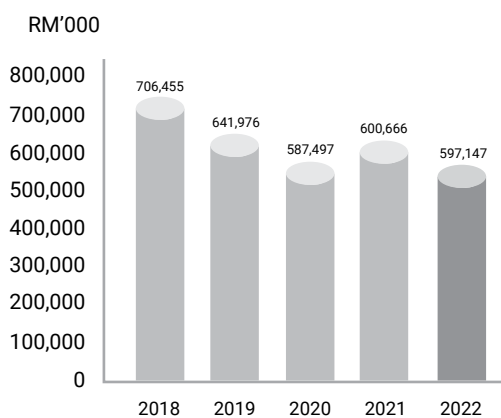
Revenue (RM'000)



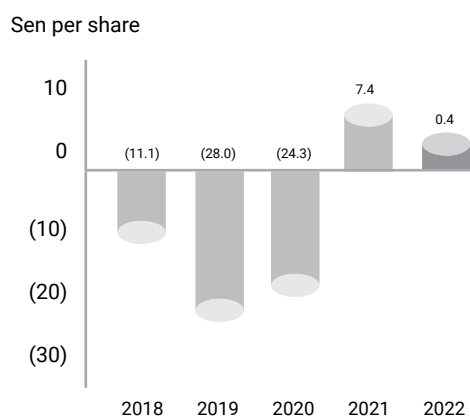
Profit after Tax (RM'000)



Shareholder's Funds (RM'000)



Earnings per share * (Sen per share)



* earnings/(loss) per share is calculated by dividing profit/(loss) after taxation with weighted average number of ordinary shares in issue.

BOARD OF DIRECTORS' PROFILE

LIAO SHEN HUA

Chairman/Managing Director

Taiwanese

Male

Aged 60

Mr. Liao Shen Hua ("**Mr. Liao SH**") was appointed to the Board on 6 August 1999. He was re-designated from Non-Independent Non-Executive Director to Chairman/Managing Director on 11 February 2022.

Mr. Liao SH was subsequently ceased to be a member of Audit Committee and Nomination Committee on 18 April 2022.

Mr. Liao SH holds a Diploma in electrical engineering from Ta Hua College of Technology, Taiwan. He was introduced to the ceramic tiles industry soon after his graduation in 1987. Mr. Liao SH joined White Horse Ceramic Industries Sdn. Bhd. since 1991 as the Executive Director in charge of manufacturing and was responsible for the overall manufacturing operation of White Horse Ceramic Industries Sdn. Bhd. He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2022. He is the brother of Mr. Liao Shen Yao and cousin of Mr. Liao, Hung-Chang, who are the Directors and major shareholders of White Horse Berhad.

TEO SWEE TENG

Deputy Managing Director

Malaysian

Male

Aged 66

Mr. Teo Swee Teng ("**Mr. Teo ST**") was appointed to the Board on 6 August 1999.

His first involvement in the ceramic tiles industry began in 1983 upon completing his secondary education when he started a business in marketing and distributing of ceramic tiles.

Mr. Teo ST presently sits on the board of several private limited companies in Malaysia. He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2022. He is the brother of Mr. Teo Kim Lap and Mr. Teo Kim Tay, who are the Directors and major shareholders of White Horse Berhad.

CHENG SOON MONG

Deputy Managing Director

Member of the Remuneration Committee

Singaporean

Male

Aged 80

Mr. Cheng Soon Mong ("**Mr. Cheng**") was appointed to the Board on 6 August 1999. Mr. Cheng was appointed as a member of the Remuneration Committee on 11 February 2022.

He graduated from high school and has over 46 years of experience in the ceramic tiles business. Mr. Cheng has been an Executive Director of White Horse Ceramic Industries Sdn. Bhd. since its incorporation in 1991.

Mr. Cheng also sits on the board of several private limited companies in Malaysia. He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2022. He is not related to any other Directors on the Board nor major shareholders of the Company.

Board of Directors' Profile (cont'd)

TEO KIM LAP

Non-Independent Non-Executive Director

Malaysian

Male

Aged 64

Mr. Teo Kim Lap ("**Mr. Teo KL**") was appointed to the Board on 6 August 1999.

Together with his brothers, he ventured into the ceramic tiles business upon completion of his secondary education.

Mr. Teo KL presently sits on the board of several private limited companies in Malaysia. He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2022. He is the brother of Mr. Teo Swee Teng and Mr. Teo Kim Tay, who are the Directors and major shareholders of White Horse Berhad.

TEO KIM TAY

Non-Independent Non-Executive Director

Malaysian

Male

Aged 59

Mr. Teo Kim Tay ("**Mr. Teo KT**") was appointed to the Board on 6 August 1999.

He ventured into the ceramic tiles industry upon completion of his secondary education.

Mr. Teo KT presently sits on the board of several private limited companies in Malaysia. He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2022. He is the brother of Mr. Teo Kim Lap and Mr. Teo Swee Teng, who are the Directors and major shareholders of White Horse Berhad.

LIAO SHEN YAO

Non-Independent Non-Executive Director

Taiwanese

Male

Aged 58

Mr. Liao Shen Yao ("**Mr. Liao SY**") was appointed to the Board on 22 June 2021.

He was appointed as a member of the Audit Committee on 18 April 2022 and ceased to be a member of the Audit Committee on 27 December 2022.

Mr. Liao SY completed his education at Cheng Kung Senior High School in Taiwan. After Mr. Liao SY served his national service, Mr. Liao SY joined White Horse Ceramic Taiwan in 1982. He has more than 31 years of experience in managing various departments such as research and development, manufacturing, purchasing, human resources etc. In year 2000, he was appointed as the Manufacturing Director of Vietnam plant in charge of the manufacturing, purchasing and human resources departments. Over the years, he has gained vast knowledge and expertise in ceramic tiles manufacturing, raw materials management and machinery handling.

He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2022. He is the brother of Mr. Liao Shen Hua and cousin of Mr. Liao, Hung-Chang, who are the Directors and major shareholders of White Horse Berhad.

Board of Directors' Profile (cont'd)

LIAO, HUNG-CHANG

Non-Independent Non-Executive Director

Members of the Audit Committee and Nomination Committee

Taiwanese

Male

Aged 38

Mr. Liao, Hung-Chang ("**Mr. Liao HC**") was appointed as an Alternate Director to Mr. Liao Yuan Shun on 22 November 2021. Upon the retirement of Mr. Liao Yuan Shun as Chairman cum Managing Director of the Company on 10 February 2022, Mr. Liao HC ceased to be the Alternate Director to Mr. Liao Yuan Shun on the same day. Subsequently, Mr. Liao HC was appointed to the Board as a Non-Independent Non-Executive Director on 11 February 2022.

Mr. Liao HC was appointed as a member of the Nomination Committee and Audit Committee on 18 April 2022 and 27 December 2022 respectively.

Mr. Liao HC holds a Bachelor Degree of International Relations from Tunghai University, Taichung, Taiwan. Subsequently he obtained his Masters Degree of International Marketing in 2015 from Hult International Business School, Boston, United States of America. Mr. Liao HC has working experience in aviation, consulting and luxury retailing industries. He has over ten (10) years of work experience in areas encompassing operations, marketing and communications and project management. In 2016 to 2020, he joined White Horse Ceramic Industries Sdn. Bhd. assuming the role of SAP Project Manager and Marketing Manager. Prior to joining White Horse Board of Directors, he was employed in the marketing and communications department of a luxury goods company in Taiwan.

He does not have any directorships in other public companies and public listed companies.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2022. He is the cousin of Mr. Liao Shen Hua and Mr. Liao Shen Yao, who are the Directors and major shareholders of White Horse Berhad.

TAI LAM SHIN

Independent Non-Executive Director

Chairman of the Audit Committee

Malaysian

Male

Aged 65

Mr. Tai Lam Shin ("**Mr. Tai**") was appointed to the Board and Chairman of the Audit Committee on 1 July 2019.

Mr. Tai's qualifications include member of the Malaysian Institute of Accountant (MIA) and Fellow of the Chartered Certified Accountants (FCCA), United Kingdom.

He is exposed and experienced in areas of audit assurance, financial and corporate advisory, due diligence review and reporting accountants to public listed corporations, multinationals and private companies.

He sits as an Independent Non-Executive Director on the Board of Keck Seng (Malaysia) Berhad and Non-Independent Non-Executive Director of MCE Holdings Berhad, both public companies listed on Bursa Malaysia Securities Berhad.

He has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2022. He is not related to any other Directors on the Board nor major shareholders of the Company.

Board of Directors' Profile (cont'd)

LAU LEE JAN

Independent Non-Executive Director

*Members of the Remuneration
Committee and Nomination
Committee*

Singaporean

Female

Aged 66

Ms. Lau Lee Jan ("**Ms. Lau**") was appointed to the Board on 22 August 2018.

Ms. Lau graduated with a Bachelor of Law LLB (Honours) in 1981 from the National University of Singapore. She was admitted as an advocate and solicitor to the High Court of Malaya on 5 June 1982 and commenced her private legal practice in Johor Bahru. In 1986, she obtained admission as an advocate and solicitor to the Supreme Court of Singapore. She joined Tay & Partners in 1990 and managed the Johor Bahru branch office until her retirement on 31 December 2016.

Ms. Lau does not have any directorships in other public companies and public listed companies.

She has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2022. She is not related to any other Directors on the Board nor major shareholders of the Company.

ROSITA YEO SWAT GEOK

*Senior Independent Non-Executive
Director*

*Chairperson of the Nomination
Committee and Remuneration
Committee
Member of the Audit Committee*

Malaysian

Female

Aged 70

Ms. Rosita Yeo Swat Geok ("**Ms. Yeo**") was appointed to the Board on 19 April 2013. Ms. Yeo had re-designated from a member to Chairperson of the Remuneration Committee on 11 February 2022.

Ms. Yeo graduated with a Bachelor Degree of Law LBB (Honours) in 1978 from University of Singapore and has been actively practicing law since then. She has been managing her own law firm, Messrs. Yeo & Co Advocates & Solicitors from June 1989 to June 2016. With effect from 1 July 2016, she is practicing as a consultant at a law firm namely Messrs. Chua & Partners.

Ms. Yeo does not have any directorships in other public companies and public listed companies.

She has attended all four (4) Board of Directors' Meetings held in the financial year ended 31 December 2022. She is not related to any other Directors on the Board nor major shareholders of the Company.

Conflict of Interest

Apart from Mr. Tai Lam Shin, Mr. Cheng Soon Mong, Ms. Lau Lee Jan and Ms. Rosita Yeo Swat Geok, the rest of the Directors are deemed interested in the recurrent related party transactions, of which a shareholders' mandate has been obtained in the Annual General Meeting held on 24 May 2022. Details pertaining to these transactions are disclosed in the Audited Financial Statements for the financial year ended 31 December 2022 and Part A of the Circular/ Statement to Shareholders which are downloadable from the Company's corporate website at www.whitehorse.my.

Conviction of Offence

None of the Directors have been convicted of any offence within the past five (5) years, other than the traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies, during the financial year ended 31 December 2022.

KEY SENIOR MANAGEMENT PROFILE

Kwan Kim Fook

Regional Financial Controller

Malaysian

Male

Aged 64

Mr. Kwan Kim Fook joined White Horse Ceramic Industries Sdn. Bhd. ("WHCI") on 16 June 1997 as the Financial Controller. He holds a Bachelor Degree in Accounting from the University of Malaya and is a member of the Malaysian Institute of Accountants. He had worked with Bank Negara Malaysia for several years and multi-national companies before joining WHCI. He was appointed as Regional Financial Controller on 1 March 2014.

RAYMOND LOO KIM HUAT

General Manager, Marketing

Malaysian

Male

Aged 55

Mr. Raymond Loo Kim Huat joined White Horse Marketing Sdn. Bhd. on 15 May 2000 as the Regional Manager for domestic sales. He graduated from University of Malaya with a Degree in Arts majoring in Economics. Before joining the Company, he worked in Public Bank Berhad for three (3) years and a building materials company for five (5) years. He was appointed as General Manager of domestic sales division on 1 January 2013.

LUO TSU-TE

*Assistant General Manager,
Manufacturing*

Taiwanese

Male

Aged 53

Mr. Luo Tsu-Te joined WHCI on 28 April 2006 as the Assistant General Manager of manufacturing division. He holds a Diploma in Ceramic Engineering from National United University, Taiwan. He served in the Republic of China Armed Forces as a Lieutenant for four (4) years before joining White Horse Ceramic Co., Ltd., Taiwan's Research and Development Department. He is responsible for overseeing the daily operations in both manufacturing facilities in Malaysia.

TAN CHIN GOAN

Senior Manager, Human Resources

Malaysian

Male

Aged 62

Mr. Tan Chin Goan joined WHCI on 18 July 1997. He completed his Degree in Commerce at the University of Windsor, Canada. Prior to joining WHCI, he has eleven (11) years of experience in the field of administration and human resources functions in various companies. He is responsible for the human resources function in the Group. He was appointed as Senior Manager on 1 January 2003.

None of the above Key Senior Management has any:

- directorships in public companies and public listed companies;
- family relationship with any Directors and/or major shareholders of the Company;
- personal interest or conflict of interest in any business arrangement involving the Group;
- conviction for offences within the past five (5) years other than traffic offences (if any); and
- public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board of Directors of White Horse Berhad, it is our pleasure to present the Management Discussion and Analysis (MD&A) for the financial year ended 31 December 2022 ("FYE 2022").

Overview of Group's Business and Operations

White Horse Berhad ("**White Horse**" or "**the Company**") strives to be a reputable manufacturer of premium quality tiles. The vision of White Horse is "**to become a world class ceramic tiles manufacturer.**"

The Group is involved in the manufacturing of ceramic and porcelain tiles. With a sole vision to pursue, the Group remains steadfast in its sole business objective of offering ceramic tiles of par excellence to the market.

We strongly believe in building our forte and expertise in ceramic tiles manufacturing and has never wavered from our sole business segment by diversifying into other non-related businesses.

White Horse entered the industry as a humble player in 1992. Currently, the Group has two (2) manufacturing facilities in Johor, Malaysia.

At present, our products are sold both domestically and internationally to more than thirty (30) countries in the world. Domestically, we have a strong marketing network of eleven (11) marketing offices, ten (10) distribution centres and five (5) major showrooms, "**Ceramic World**", to provide a prompt service to our dealers and end consumers.

Apart from the five (5) overseas subsidiaries in Singapore, Philippines, Thailand, Indonesia and China, we have an international sales team to service our overseas customers in other countries.

The following table highlights the financial information of our group for the past five (5) financial years.

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	612,800	527,418	410,042	399,792	413,615
Earnings / (Loss) before interest, taxes, depreciation and amortisation	15,493	(14,893)	(14,562)	68,818	35,533
Profit / (Loss) before tax	(26,017)	(61,736)	(61,855)	25,538	6,998
Interest expense	6,666	9,447	7,089	11,648	3,221
Profit / (Loss) after tax	(25,366)	(64,041)	(55,268)	16,739	792
Shareholders' equity	706,455	641,976	587,497	600,666	597,147
Total assets	1,050,493	946,849	851,273	756,527	763,502
Loans and borrowings	185,048	188,026	145,477	70,938	97,882
Earnings / (Loss) per share (sen)	(11.1)	(28.0)	(24.3)	7.4	0.4
Net assets per share (RM)	3.09	2.81	2.58	2.66	2.71

Management Discussion And Analysis (cont'd)

Financial Performance Overview

Review of Financial Results for the financial year ended 31 December 2022 ("FYE 2022") and Financial Condition

For the FYE 2022, the Group recorded a turnover of RM 413.6 million, an increase of 3.5% as compared to the previous financial year. The increase in revenue was mainly due to the re-open of economic, post-pandemic, in the second quarter of the year as compare to last year, where business operation was shut down for 101 days from 01 June 2021 to 09 September 2021 in compliance with the National Recovery Plan imposed by the Government arising from the continuing outbreak of Covid-19 pandemic.

The Group achieved a profit before tax of RM 7.0 million for the FYE 2022, a decrease of 72.6% as compared to the previous financial year, which in the FYE 2021 accounted a gain of RM 73.5 million from the disposal of assets held by its wholly-owned subsidiary, White Horse Ceramic Industries (Vietnam) Co., Ltd.



Interest expense (excluding imputed interest) amounted to RM 3.2 million, an increase of 7.9% as compared to the previous financial year mainly due to the higher trade-related borrowings for the current year. The interest income has been increased by 71.7% from RM 2.2 million to RM 3.8 million.

The gearing ratio stood at 16.4% as compared to 11.8% of previous financial year, increment of which was mainly due to the higher trade-related borrowings amounting to RM 37.9 million.

Cash and bank balances amounted to RM 138.4 million, a decrease of 22.1% as compared to previous financial year of RM 177.6 million, mainly due to an increase in additional working capital funding for finished goods inventory resulting from the deferment of goods delivery to the construction industry caused by the labour shortage.

The trade receivables (excluding related parties) stood at RM 63.7 million, a decrease of RM 19.0 million or 23.0% as compared to previous financial year due to the effect of stringent credit control policy.

Other than a lower non-operating income, the revenue and gross profit were higher by 3.5% and 52.5% respectively, while the operating expense was lower by 15.6% as compared with the previous financial year due to the cost reduction measures.

Review of Financial Condition

The market condition in the construction and renovation industries is the only factor that determining our capital expenditure to be taking place in the forthcoming years.

In order to continuing to improve our bottom line and cash flow, our Group has continuously implemented the followings:-

- (1) Stringent credit control to improve the Group's cash inflow and to reduce the risk of non-performance trade receivables.
- (2) Rationalisation of inventories management together with the changes in production mix resulted in the positive contribution to the inventories control and improvement of productivity and efficiency.
- (3) Continuing to develop and launch new products with higher margin and launching it into the market regularly.

The Group has sufficient cash flows and banking facilities for its operations.

Management Discussion And Analysis (cont'd)

Review of Operating Activities

During the financial year ended 31 December 2022, Malaysia reopened the economy progressively, leading to our gradual resuming of operations. However, the property industry was hampered by the shortage of foreign labour nationwide. Hence, deliveries to project sites were postponed. Moreover, operation costs were seriously impacted by hikes in energy prices and weakening ringgit raised imported material costs. This led to the decrease in profit before tax. Stiff price competition due to influx of imported tiles also affected our margins.

Known and Anticipated Risks

The Group is exposed to a variety of market and financial risks, including foreign currency exchange rate, borrowings interest rate hike and credit risks.

For market risk, the Group's business operates in a stiff competitive environment with local manufacturers and importers. To remain competitive, our Group focus on the wide product range and high-quality products as to uphold our premium pricing over the competitors. This is supported by our continuous research and development efforts and also product innovation.



As regards to the borrowing interest rate hike risk, we conduct cost-savings measures across the board and to enforce stringent credit control procedure, so as to generate positive cash flow and to minimise our borrowings. Another prevailing risk under the existing unstable economic conditions will be non-collection from customers. As a precaution measure, the Group has tightened our credit control policy across the subsidiaries to minimise credit risk.

Dividend

For the financial year ended 31 December 2022, the Company did not declare dividend. Dividend payout is dependent taking into account factors including Company's profitability, liquidity, business investments enhancement and operational requirements for the year and subsequent years.

Looking Forward

Malaysia's economy is expected to grow moderately between 4.0-5.0% in 2023 as compared to 6.5-7.0% in 2022. The nationwide labour shortage issue has been resolved gradually so we are resuming supply to property projects. We are always trying to improve our logistics and after-sales services to better cater to our customers' needs. This is our strength of being a local manufacturer.

On a global note, fears of a possible global recession that will eventually lead to decrease in trade activities.

Going forward, we are still optimistic that market sentiments will improve eventually. Bearing the challenges ahead in mind, we will continue to focus on efforts in the execution of customers' orders, improve operational and cost efficiencies in order to maximize value to all stakeholders.



Management Discussion And Analysis (cont'd)

Recognition and Appreciation

On behalf of the Board of Directors, I would like to thank the management and staff of the Group for their commitment, efforts and dedication to the Group for the past year.

I would also like to express our heartfelt gratitude to our valued customers, business associates, suppliers, shareholders, financial institutions and various government and regulatory authorities. We look forward to their continued support in the years to come.

LIAO SHEN HUA
GROUP CHAIRMAN



SUSTAINABILITY STATEMENT

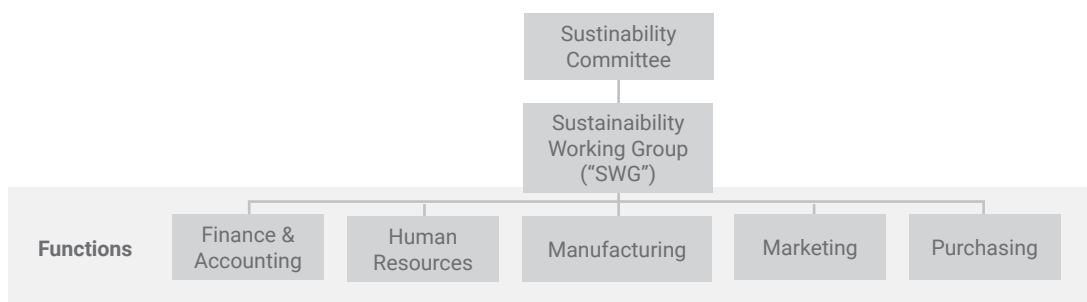
Introduction

White Horse’s Sustainability Statement (“**the Statement**”) was prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) and guided by the Sustainability Reporting Guide – Second Edition and Toolkits issued by Bursa Malaysia Securities. The Statement communicates our initiatives in addressing sustainability related matters to our shareholders and stakeholders.

Scope

The Statement will cover the business operations of two (2) key subsidiaries, namely White Horse Ceramic Industries Sdn. Bhd. (“**WHC**”) and White Horse Marketing Sdn. Bhd. (“**WHM**”). Both wholly-owned subsidiaries conduct business activities related to manufacturing and marketing and sales of ceramic and porcelain tiles and accessories in Malaysia. The statement reports on sustainability initiatives and activities for the financial year ended 31 December 2022 unless otherwise stated.

Sustainability Governance Structure



The sustainability efforts of the Group are managed by the Sustainability Working Group (“**SWG**”). The SWG consists of department representatives from various functions within the Group such as Finance and Accounting, Human Resources, Manufacturing, Marketing and Purchasing. The SWG reports to the Sustainability Committee which consists of the Executive Directors and the Group Managing Director as the Chairman of the Committee.

Stakeholders’ Engagement

White Horse Berhad (“**White Horse**”) recognises that sustainability is pertinent for creating long term value for our business as well as our commitment as a responsible corporate citizen. As such, the Group engages with internal and external stakeholders through various channels to develop a better understanding of their needs and expectations. Through such engagements we can also disseminate information effectively to them. This is pertinent to the materiality assessment process as it assists in determining key sustainability matters that are material to the organisation and our stakeholders. The Group conducts such engagements with transparency and integrity to sustain a mutual supportive relationship with the stakeholders.

Sustainability Statement (cont'd)

Stakeholders' Engagement (Cont'd)

Stakeholder	Type of Engagement	Frequency
Government/ Regulatory Agencies	<ul style="list-style-type: none"> Meetings On site visits Seminars 	As required As required Adhoc
Shareholders and Investors	<ul style="list-style-type: none"> Annual General Meeting Corporate website Bursa Malaysia Securities' announcements Financial Results 	Annual Ongoing As required Quarterly
Customers	<ul style="list-style-type: none"> Showroom, promotion materials, samples Visits to customers Social media Emails/ Tele-conversations 	Ongoing Periodic Adhoc Adhoc
Employees	<ul style="list-style-type: none"> Meetings Training and development Annual performance appraisal 	As required Ongoing Annual
Suppliers and Business Partners	<ul style="list-style-type: none"> Meetings/Emails/Teleconversations Supplier visits Supplier appraisals 	As required Adhoc Annual
Local communities	<ul style="list-style-type: none"> Company website Sponsorship Community activities Internship arrangements 	Ongoing Adhoc Adhoc Adhoc

Materiality Assessment

During the financial year ended 31 December 2022, the committee performed a review of sustainability matters based on the importance of such issues to the stakeholders and to the business operations. We present an overview of the material sustainability issues of the Group and how they are managed according to the three (3) main pillars of sustainability in the economic, social and environmental aspects. The following issues are identified as material sustainability matters highly significant to us and our stakeholders.

Our material matters

- **Economic Sustainability**
 - Corporate governance and ethical behaviour
 - Customer engagement
 - Product and quality management
- **Social Sustainability**
 - Employees management
 - Occupational safety and health
 - Community involvement
- **Environmental Sustainability**
 - Compliance
 - Waste and water management
 - Energy management

Sustainability Statement (cont'd)

Economic Sustainability

White Horse is one of the leading market player in the ceramic and porcelain tiles manufacturing sector in Malaysia. As a humble entrant in 1992, the core competency has always been focused on product quality and innovation, prompt service and wide marketing network.

Corporate Governance and Ethical Behaviour

The Group is committed to comply with the best practices of good governance guided by the Malaysian Code on Corporate Governance. We believe good corporate governance is essential to business sustainability and pivotal to protect the interests of our stakeholders.

The Group has put in place various policies but not limited to the following:-

1) Code of Ethics and Conduct

The Company has a Code of Ethics and Conduct for Directors, Management and employees of the Company and its subsidiaries to adhere to the general principles and standards of business conduct and ethical behaviour in the performance and exercise of their responsibilities as Board, Management and employees of the Company in order to uphold good corporate integrity.

2) Grievances Procedure

The procedure provides a channel for employees to bring matters up the immediate superior's attention so as to resolve any conflicts in the shortest time possible.

3) Whistleblowing Policy and Procedure

The policy facilitates the reporting of genuine concerns of violations or wrongdoings observed without fear of retaliation. The Board had on 26 February 2020 adopted a revised Whistleblowing Policy and Procedure to be in compliance with the corporate liability provisions pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) effective from 1 June 2020. The Policy has been amended further in February 2022.

Customer Engagement

White Horse highly values customer engagement in today's highly competitive market. We emphasize highly on communication with customers by holding regular visitations to them in order to receive timely information on customers' needs and expectation. This serves as a driving force for measures to improve our product and service quality in the interest of our customers. In addition, customer's satisfaction is measured on yearly basis with the aim of improving any concerns addressed by customers.

Product and Quality Management

We strive hard to offer our customers products with reliable premium quality and produce our products in environmentally conscious manufacturing facilities. As a commitment of our quality, the quality management systems of our manufacturing facilities are in compliance with ISO 9001:2015. Our products conform to MS ISO 13006: 2014 standards and a selected range of products are also awarded the certification for SIRIM Eco-Labeling certification. In addition, an extensive range of our porcelain tiles series are certified with the Singapore Green Label.

Sustainability Statement (cont'd)

Social Sustainability

Employees Management – The White Horse Family

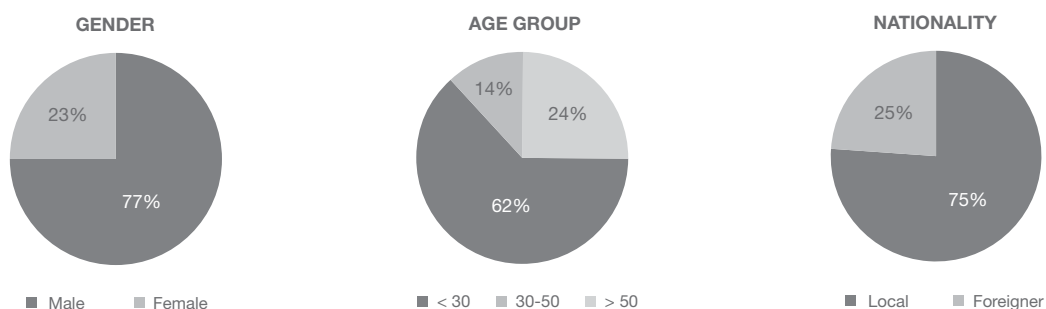
Our employees are our assets. They play a vital role in sustaining the business operations. Henceforth, the Group is committed in fostering a safe, conducive and nurturing environment for the employees for their safety, health and well-being, career development and personal growth.

Workforce Diversity

The Group embraces diversity at the workplace and does not allow room for any form of discrimination practices against employees of different gender, age, ethnicity, nationality or marital status. The Group also adheres to minimum wage requirements and exercises the prohibition of harassment.

Employees profile (as at 31 March 2023)

Total Employees : 1385



Employee Development

Both internal and external training are provided for our employees to enhance their skills and knowledge as well as to remain competitive in the market. On a yearly basis, department heads will evaluate employees and identify new training needs for the next year.

Occupational Safety and Health (“OHS”)

A Safety and Environmental Committee has been put in place to initiate related programmes to enhance employee’s awareness in the workplace and at the same time, manages and evaluates such programs to assess OHS risks and ensure continuous improvement measures are in place. The committee is also responsible for the review of the status of compliance with relevant legislations and regulations.

Occupational Safety and Health practices does not only include our employees, but also applies for external contractors who work at our premises. Safety briefings are conducted for contractors before they are allowed to enter into the premises.

Safety trainings include the use of personal protection equipment, firefighting, first aid and even road safety awareness are held on a regular basis. Emergency fire drills and chemical spillage drills are also held to raise awareness for crisis management.

In December 2022, the manufacturing arm was awarded the ISO 45001:2018 certification in Occupational Safety and Health Management System.

The Group has also put in place a series of policies and procedures to safeguard the interest of our White Horse Family. These include :

- Policy & procedure on Elimination of Violence at Workplace
- Policy & procedure on Elimination of Harrassment at Workplace
- Policy & procedure on Prevention and Elimination of Sexual Harrassment at Workplace
- Policy on Prevention & Elimination of Drug, Alcohol and Substance Abuse at Workplace

Sustainability Statement (cont'd)

Social Sustainability (Cont'd)

Community Involvement

Not forgetting the society at large, our community outreach program for the financial year ended 31 December 2022 included providing industrial training opportunities to existing students of tertiary institutions.

Our CSR activities that took place in FYE2022 included visits to two non-profit charitable organisations.

Environmental Sustainability

It is part of our sustainability efforts to conserve energy and preserve the environment. With this value in mind, the operations are conducted with procedures to deploy resources and monitor matters relating to legal and regulatory compliance. In line with this, our manufacturing facilities are certified with ISO 14001:2015 Environmental Management System Standard.

The Group also inculcates environment focused values to the employees through briefings, trainings and daily activities. Recycle bins are located within the premises for waste recycling purposes.

Compliance

One of the objectives of our environmental management system is to be 100% compliant to legal requirements. We are always vigilant in monitoring effluents and emissions. In the financial year ended 2022, there were no penalty imposed by the authorities for non-compliance with environmental laws and regulations for our manufacturing operations in Malaysia.

Waste and Water Management

In our industry, waste generation is inevitable. Henceforth, we need to cultivate a commitment towards managing waste responsibly.

We have in place waste management procedures to ensure stringent measures are taken in the manufacturing facilities to minimise any adverse environmental impacts arising from waste disposal and discharge. All scheduled waste generated are properly labelled and stored and transported by licensed contractors registered with Department of Environment (DOE) for treatment or recovery.

Waste in manufacturing operations is categorised into scheduled waste and non-scheduled waste. Scheduled waste is managed according to regulatory requirements and collected by licensed contractors approved by Department of Environment. Non-scheduled waste is collected by selected contractors for recycling purposes or disposed at authorised landfills. By-product waste are recycled back into manufacturing process.

There are industrial effluent treatment systems in the manufacturing facilities to treat used water to be recycled for production use.

Energy Management

Gas Consumption

At White Horse, natural gas is the primary energy source used in tiles manufacturing process. Energy consumption is monitored closely and machinery which operates using natural gas such as firing kilns and spray dryers are maintained regularly to ensure efficient energy usage. We invested in a heat recycling project which spanned over a few years to recycle heat from firing stage to earlier stages of production to reduce gas usage.

Sustainability Statement (cont'd)

Environmental Sustainability (Cont'd)

Energy Management (Cont'd)

Electricity Consumption

Several stages of the manufacturing process use electricity heavily, including spray drying and polishing. With the objective to reduce energy consumption in order to reduce costs, we monitor and generate plans to improve the efficiency of the equipment. These include the use of inverters on certain equipment at various stages in production, adjusting the timing of certain production to off peak hours and the use of crusher to reduce ball milling time so as to increase output efficiency.

Conclusion

We will continue to integrate sustainability efforts and practices into our daily operations so as to mitigate the risks and challenges we face in the economy, society and environment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company and its subsidiaries (“**Group**”) is fully committed to business integrity, transparency and professionalism whilst pursuing its corporate objectives to enhance shareholders’ value and its overall competitive positioning. As part of this commitment, the Board of Directors (“**Board**”) of the Company recognises the importance of governance and plays an active role in administering and reviewing the Group’s governance practices and framework to ensure its relevance and ability to meet future challenges.

The Board takes note of the updates on the Malaysian Code on Corporate Governance (“**MCCG**”) issued by the Securities Commission Malaysia with effect on 28 April 2021 (“**MCCG 2021**”). MCCG 2021 introduces new practices and additional guidance to strengthen the corporate governance culture of public listed companies.

The Board is pleased to present this Corporate Governance Overview Statement (“**Statement**”) to provide investors with an overview of the extent of compliance with three (3) Principles as set out in the MCCG 2021 under the stewardship of the Board throughout the financial year ended 31 December 2022 (“**FYE 2022**”) and up to the latest practicable date of 31 March 2023 (“**LPD**”).

This Statement also serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements (“**Main LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”). In addition, the Corporate Governance Report which sets out the application of each practice in the MCCG 2021 is available for viewing in the Group’s corporate website at www.whitehorse.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(1) Board Responsibilities

Intended Outcome 1.0

Every company is headed by a board, which assumes responsibility for the Company’s leadership and is collectively responsible for meeting the objectives and goals of the Company.

(i) Roles and Responsibilities of the Board

The Board is responsible for oversight of the Company and noted that the vision of the Group is “**to become a world class ceramic tiles manufacturer**”. By utilising high end, imported machinery and technologies – the Board further noted that the Group is the only tile manufacturer in Malaysia capable of producing a range encompassing a broad spectrum of porcelain and ceramic tiles and tile accessories.

The Board members, in carrying out their duties and responsibilities, are firmly committed to ensuring that set vision be “realised”, that the highest standards of corporate governance and corporate conduct are adhered to, in order that the Company achieves strong financial performance for each financial year, and more importantly delivers long-term and sustainable value to stakeholders.

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board’s authorities and discretion on the Executive Directors, representing the Management, as well as to properly constituted Board Committees.

The Board Committees are entrusted with specific responsibilities to oversee the Company’s affairs, in accordance with their respective Terms of Reference. At each Board Meeting, minutes of the Board Committee meetings are presented to the Board.

The respective Chairman of the Board Committees will also report to the Board on key issues deliberated by the Board Committees.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(1) Board Responsibilities (Cont'd)

(i) Roles and Responsibilities of the Board (Cont'd)

The Board provides stewardship to the Group's strategic direction and operations, and ultimately the enhancement of long-term shareholders' value. The Board is primarily responsible for:-

- (a) Reviewing and adopting a strategic plan for the Company;
- (b) Overseeing the conduct of the Company's business;
- (c) Considering management recommendations on key issues including acquisitions and divestments, restructuring, funding and significant capital expenditure;
- (d) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; and
- (e) Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

(ii) Key Responsibilities of the Chairman

The Board is led by Mr. Liao Shen Hua, who is the Chairman and Managing Director ("MD") of the Company. He is assisted by two (2) Deputy MDs. Although the positions of Chairman and MD are held by the same individual, the roles of the Chairman and MD are clearly demarcated and each has a clear accepted division of responsibilities.

As outlined in the Board Charter, the Chairman is primarily responsible for matters pertaining to the Board and the overall conduct of the Company. The MD together with the Deputy MDs oversee the running of the Group and the implementation of the Board's decisions, business strategies and policies. There is also a clear demarcation of responsibilities between the roles of the MD and Deputy MDs to ensure a balance of authority and power, such that no one individual has unfettered powers of decision-making.

(iii) Separation of the positions of the Chairman and MD

The Board noted the combination of the positions of the Chairman and the MD is essential for the commercial environment that the Group is currently operating. Such combination of roles renders creditability and confidence to third party(ies) on the authority of the Chairman and MD for successful conclusion of commercial deals/ transactions.

As the alternate practice, the Board undertakes the following effort to ensure there is a balance of power and authority on the Board:-

- (a) The composition of the Board consists of 30% of Independent Non-Executive Directors, whom, collectively, have the weightage in terms of Board's decision making and are free to exercise their independent judgement or act in the best interests of the Company, and to safeguard the interest of the minority shareholders.
- (b) The decision of the Board shall always be agreed upon by at least majority of the Directors present at the Meeting, therefore, no individual Director can dominate the decision-making of the Board.
- (c) A clear division of responsibilities for the role of Chairman of the Board has been outlined in the Board Charter, which are distinct and separate from his roles and responsibilities as MD, through the separate employment contract.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(1) Board Responsibilities (Cont'd)

(iv) Chairman of the Board should not be a member of the Audit Committee, Nomination Committee and Remuneration Committee

The Board took note on the recommendation Practice 1.4 of the MCCG 2021 whereby the Chairman of the Board should not be a member of the Board Committee. Mr. Liao Shen Hua has been re-designated from a Non-Independent Non-Executive Director to Chairman cum MD on 11 February 2022. Mr. Liao Shen Hua has ceased to be a member of Audit Committee and Nomination Committee on 18 April 2022.

(v) Company Secretary

In compliance with Practice 1.5 of the MCCG 2021, the Board is supported by a suitably qualified and competent Company Secretary, i.e. Ms. Chua Siew Chuan, FCIS ("**Ms. Chua**").

Ms. Chua is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. Details of the qualifications and experience of the Company Secretary are set out in Practice 1.5 of the Corporate Governance Report, available for viewing in the Group's corporate website at www.whitehorse.my.

(vi) Circulation of meeting materials

As a standing practice, the notice of the Board Meetings is served at least five (5) days before each Board Meeting. In compliance with Guidance 1.6 of the MCCG 2021, meeting papers and agenda items are to be circulated at least five (5) days prior to the Meetings to allow ample time for Directors to consider the relevant information.

A comprehensive meeting papers comprising background, matters arising, research, analysis, findings/updates, results, presentations, recommendations and any other relevant information is prepared and circulated in advance to enable the Board to make considerations, deliberations and decisions.

Minutes of the Board/Board Committees Meetings have been accurately recorded by the Company Secretary to reflect the deliberations, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities. The Minutes was then tabled at the next following Board/Board Committees Meetings for perusal and confirmation. Upon Committee/Directors' confirmation, the Chairman of the Board/Board Committee Meetings signs the minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book at the registered office of the Company to be made available for inspection under the Companies Act 2016.

Intended Outcome 2.0
There is demarcation of responsibilities between the Board, Board Committees and Management.
There is clarity in the authority of the Board, its Committees and individual Directors.

(vii) Board Charter

The Board had on 20 November 2013 approved and adopted the Board Charter and the same was uploaded to the Company's website. The Board recognises the importance to set out the key values, principles and ethos of the Company, as policies and strategy development are based on these considerations. The Board Charter had included the division of responsibilities and powers between the Board and Management as well as the different committees established by the Board.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(1) Board Responsibilities (Cont'd)

(vii) Board Charter (Cont'd)

The Board had on 6 April 2022 reviewed and approved the revised Board Charter of the Company. The Board will review the Board Charter periodically and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

A full copy of the Board Charter is available for viewing on the Group's corporate website at www.whitehorse.my.

Intended Outcome 3.0

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.
--

(viii) Code of Ethics and Conduct

(a) Business Conduct and Corporate Culture

The Board has on 26 February 2020 adopted a revised Code of Ethics and Conduct for Directors, Management and employees of the Company and its subsidiaries to adhere to the general principles and standards of business conduct and ethical behaviour in the performance and exercise of their responsibilities as Board, Management and employee of the Company in order to uphold good corporate integrity.

The Code of Ethics and Conduct will be reviewed periodically to ensure the information remains relevant and appropriate.

A copy of the Code of Ethics and Conduct is available for viewing on the Group's corporate website at www.whitehorse.my.

(b) Whistleblowing Policy and Procedures

The Board had on 26 February 2020 adopted a revised Whistleblowing Policy and Procedure to facilitate the whistle blower to report or disclose through established channels about any violations or wrongdoings they may observe in the Group without fear of retaliation and should they act in good faith when reporting such concerns.

The Board had subsequently on 23 February 2022 reviewed and approved the revised Whistleblowing Policy and Procedure of the Company.

A copy of the Whistleblowing Policy and Procedure is available for viewing on the Company's corporate website at www.whitehorse.my.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(1) Board Responsibilities (Cont'd)

Intended Outcome 4.0
The Company address sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

(ix) Sustainability strategies, priorities and target

The sustainability efforts of the Group are managed by the Sustainability Working Group (“**SWG**”). The SWG consists of department representatives from various functions within the Group such as Finance and Accounting, Human Resources, Manufacturing, Marketing and Purchasing. The SWG reports to the Sustainability Committee which consists of the Executive Directors and the Group Managing Director as the Chairman of the Committee.

The Company recognises that sustainability is pertinent for creating long term value for its business as well as its commitment as a responsible corporate citizen. As such, the Group engages with internal and external stakeholders through various channels to develop a better understanding of their needs and expectations.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives, throughout the year. The Boards are appraised, and they provide their views and opinions on any of the Group's sustainability issues during the Board meetings.

(2) BOARD COMPOSITION

Intended Outcome 5.0
Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

(i) Composition of the Board

The Board comprises members experienced in ceramic tiles manufacturing and marketing and is supported by other professionals in the legal, operational, marketing, research and development, administration and financial sectors. The effective combination of existing technical skills and working experience is vital for the continual success of the Group. The profile of the Directors is presented in another section of the Annual Report.

The Board has ten (10) members. Seven (7) of the ten (10) members are Non-Executive members, three (3) of whom are Independent Non-Executive Directors. The composition of the Board complied with paragraph 15.02 of the Main LR of Bursa Malaysia Securities. The Independent Non-Executive Directors provide an unbiased and independent view and judgement to the pertinent issues of the Company and the interest of the stakeholders and the Group. The number of Directors reflects fairly the investment of the shareholders in particular the minority shareholders.

As the Chairman/MD of the Company is an Executive Director, the Company acknowledges the importance of increasing the number of Independent Directors pursuant to Practice 5.2 of the MCCG 2021 and is currently seeking for potential candidates to ensure the balance of power and authority on the Board.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(2) BOARD COMPOSITION (Cont'd)

(i) Composition of the Board (Cont'd)

The Board has put in place the following Board Committees to assist in carrying out its fiduciary duties:-

- Audit Committee;
- Nomination Committee; and
- Remuneration Committee.

All of these Committees have written Terms of Reference clearly outlining their objectives, duties and powers. The final decisions on all matters are determined by the Board as a whole.

(ii) Tenure of Independent Directors

The Board subscribes to an open policy on the tenure of Independent Director whereby there should not be an arbitrary tenure be imposed on the Independent Directors. The Board believes that the length of tenure of Independent Directors on the Board does not interfere with their objective and independent judgement or their ability to act in the best interest of the Company.

(iii) Appointment of the Board and Senior Management

In relation to appointment of Board member, the Board, vide the Nomination Committee, would undergo the three-staged nomination process as follows:-

- Stage 1: Review of the potential candidates based on the criteria set
- Stage 2: Board gaps review
- Stage 3: Recommendation to the Board

The new appointment of senior management would be reviewed by the Nomination Committee based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

(iv) Board Diversity Policy

The Board affirms its commitment to boardroom diversity as a truly diversified Board to enhance the Board's effectiveness, creativity and capacity to thrive in good times and weather tough times.

Bearing in mind that an appointment to the Board is a long-term commitment to the Company, the Board has not set any short term target or measure for boardroom diversity, but nevertheless works to ensure that there is no discrimination on the basis of, but not limited to, ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region, during the recruitment of new Board members.

The Board has indicated its commitment to boardroom diversity by the following appointments:-

Gender Diversity

Ms. Rosita Yeo Swat Geok and Ms. Lau Lee Jan have been appointed as the Independent Non-Executive Directors to the Board on 19 April 2013 and 22 August 2018 respectively.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(2) BOARD COMPOSITION (Cont'd)

(iv) Board Diversity Policy (Cont'd)

Age Diversity

The Board believes that the Directors with diverse age profile will be able to provide a different perspective and bring vibrancy to the Group's strategy making process.

The age profile of the Directors were ranging from 38 to 80 years of age, which underlies the Board's commitment to age diversity at the Board level appointment.

Diversity in Nationality and Geographic Region

Mindful of global mobility of talents, the Board does not restrict its composition to just Malaysians. The Board endeavours to source and appoint Directors of diverse nationality and of transnational background and experiences.

As at the date of this Annual Report, the diversity in the race/ethnicity of the existing Directors is as follows:-

	Race/Ethnicity					Gender		
	Malay	Chinese	Indian	Other	Total	Male	Female	Total
Number of Directors	0	7	0	3	10	8	2	10

The existing Directors' age distribution falling within the respective age group is as follows:

Age Group (Years)	38-45	46 - 60	61 - 80	Total
Number of Directors	1	3	6	10

Workforce Diversity

The Group is committed to a diverse and inclusive culture which is essential to the Group's future growth. The Group's gender and race/ethnicity diversity are made up of the following:-

Gender	Race/Ethnicity			
	Malay	Chinese	Indian	Other
Male	594	111	20	336
Female	169	129	13	14

(as at 31 March 2023)

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(2) BOARD COMPOSITION (Cont'd)

(iv) Board Diversity Policy (Cont'd)

Workforce Diversity (Cont'd)

The Group's workforce diversity in terms of age is made up of the following:-

Gender	Age Group (Years)				
	Below 20	20-29	30-39	40-49	Above 50
Male	13	249	311	334	154
Female	3	66	117	98	40

(as at 31 March 2023)

(v) Nomination Committee

During the financial year under review, the Nomination Committee met once and the meeting attendance is as follows:-

Members	Membership/Designation	No. of meetings attended/ held during the financial year under review	%
Rosita Yeo Swat Geok	Chairperson/Senior Independent Non-Executive Director	1/1	100
Lau Lee Jan	Member/Independent Non- Executive Director	1/1	100
Liao Shen Hua (Ceased to be a member on 18 April 2022)	Member/Chairman/Managing Director	1/1	100
Liao, Hung-Chang (Appointed as a member on 18 April 2022)	Member/Non-Independent Non- Executive Director	N/A	N/A

The Nomination Committee has undertaken the following activities during the financial year:-

- Examined the size of the Board, mix of skills, independence and time commitment based on the commercial needs of the Company;
- Conducted the effectiveness of the Board evaluation to assess the effectiveness of the Board as a whole and Board Committees in accordance with the three (3) key principles of the MCCG 2021;
- Evaluated the contribution and performance of each individual Director;
- Evaluated the contribution and performance of the Audit Committee and each individual Audit Committee member;

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(2) BOARD COMPOSITION (Cont'd)

(v) Nomination Committee (Cont'd)

The Nomination Committee has undertaken the following activities during the financial year (Cont'd):-

- (e) Reviewed and recommended to the Board, the adoption of "Declaration by Independent Directors" to confirm the "independence" of the Independent Directors on an annual basis;
- (f) Reviewed and recommended to the Board, the re-election of the Directors who will be retiring at the forthcoming Annual General Meeting ("**AGM**") of the Company;
- (g) Reviewed and recommended to the Board, the retention of Independent Non-Executive Director pursuant to Practice 5.3 of the MCCG 2021; and
- (h) Reviewed the composition of the Board Committee.

The Board had on 6 April 2022 reviewed and approved the revised Terms of Reference of the Nomination Committee. The Terms of Reference of the Nomination Committee is available for reviewing at the Group's corporate website at www.whitehorse.my.

Directors' Training

In order for the enlarged White Horse Berhad Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges of the Board.

The Board has cultivated the following best practices:-

- All newly appointed Directors are to attend the Mandatory Accreditation Programme as prescribed by the Main LR of Bursa Malaysia Securities within the stipulated timeframe;
- All Directors are encouraged to attend talks, training programmes and seminars to update their knowledge on the latest regulatory and business environment;
- The Directors may be requested to attend additional training courses according to their individual needs as a Director or member of Board Committees on which they serve;
- The Directors are briefed by the Company Secretary on the letters issued by Bursa Malaysia Securities at every Board meeting.

All members of the Board have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities.

During the financial year ended 31 December 2022, the Board members had participated in the following continuing education programmes:-

Name of Directors	Dates	Description of Training Programmes
Liao Shen Hua	28 Sept 2022	Macroeconomics and Investment Strategies for Business Sustainability
Teo Swee Teng	28 Sept 2022	Macroeconomics and Investment Strategies for Business Sustainability
Cheng Soon Mong	28 Sept 2022	Macroeconomics and Investment Strategies for Business Sustainability

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(2) BOARD COMPOSITION (Cont'd)

(v) Nomination Committee (Cont'd)

Directors' Training (Cont'd)

During the financial year ended 31 December 2022, the Board members had participated in the following continuing education programmes (Cont'd):-

Name of Directors	Dates	Description of Training Programmes
Teo Kim Lap	28 Sept 2022	Macroeconomics and Investment Strategies for Business Sustainability
Teo Kim Tay	28 Sept 2022	Macroeconomics and Investment Strategies for Business Sustainability
Liao Shen Yao	28 Sept 2022	Macroeconomics and Investment Strategies for Business Sustainability
Liao, Hung-Chang	28 Sept 2022	Macroeconomics and Investment Strategies for Business Sustainability
Rosita Yeo Swat Geok	29 Nov 2022	Raising Defences, Section 17A of The Malaysian Anti-Corruption Commission Act
Lau Lee Jan	28 Sept 2022	Macroeconomics and Investment Strategies for Business Sustainability
Tai Lam Shin	15 Feb 2022	Service Tax, Sales Tax, GST and Customs Duties : Special Tax incentives in 2022
	24 Mar 2022	Seminar on "Dividends"
	31 May 2022	Corporate Governance Code update
	12-13 July 2022	BDO Independent Non-Executive Director virtual forum
	23 Aug 2022	TCFD 101 : Getting started with climate- related financial reporting
	31 Aug 2022	TCFD 102 : Building experience in climate- related financial reporting
	8 Sept 2022	Seminar on "Transfer or transmission of shares"
	28 Sept 2022	Macroeconomics and Investment Strategies for Business Sustainability
	4 Nov 2022	Anti Bribery and corruption – Application of Fit and Proper Policy and winning the sustainability game through risk management
19 Nov 2022	Compliance & Implementation Awareness	

In addition, the Company Secretary and the External Auditors update the Board on a regular basis the respective changes and amendments to regulatory requirements and laws and accounting standards to help Directors keep abreast of such developments.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(2) BOARD COMPOSITION (Cont'd)

(v) Nomination Committee (Cont'd)

2023 Training Needs

Upon review of the training needs of the Directors for the financial year ending 31 December 2023 and recognising the need to keep abreast with the fast-changing business and regulatory environment, the Board has encouraged its members to attend at least one (1) continuing education programme.

Intended Outcome 6.0
Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

(vi) Annual Assessment of the Board

In compliance with Practice 6.1 of the MCCG 2021, on behalf of the Board, the Nomination Committee conducted the following assessments annually and subsequently reported the respective results to the Board for notation:-

- (a) Directors' self-assessment;
- (b) Evaluation on the effectiveness of the Board of Directors and the Committees of the Board; and
- (c) Annual Assessment of Independence.

(3) Remuneration

Intended Outcome 7.0
The level and composition of remuneration of Directors and senior management take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the Company's long-term objectives.
Remuneration policies and decisions are made through a transparent and independent process.

(i) Remuneration Committee

During the financial year under review, the Remuneration Committee met once and the meeting attendance is as follows:-

Members	Membership/Designation	No. of meetings attended/ held during the financial year under review	%
Rosita Yeo Swat Geok	Chairperson/Senior Independent Non-Executive Director <i>(Re-designated from a member to the Chairperson on 11 February 2022)</i>	1/1	100
Lau Lee Jan	Member/Independent Non-Executive Director	1/1	100
Cheng Soon Mong	Member/Deputy Managing Director <i>(Appointed as a member on 11 February 2022)</i>	1/1	100
Liao Yuan Shun	Chairman/Managing Director <i>(Ceased to be the Chairman on 10 February 2022)</i>	N/A	N/A

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(3) Remuneration (Cont'd)

(i) Remuneration Committee (Cont'd)

The Remuneration Committee has undertaken the following activities during the financial year:-

- (a) Reviewed and recommended the remuneration packages for the Executive Directors and Non-Independent Non-Executive Directors for the FYE 2022;
- (b) Reviewed and recommended the Directors' fees for the FYE 2022; and
- (c) Reviewed and recommended the benefits payable to the Non-Executive Directors pursuant to Section 230(1)(b) of the Companies Act 2016.

The Terms of Reference of the Remuneration Committee is available for viewing at the Group's corporate website at www.whitehorse.my.

(ii) Directors' Remuneration Policy

The Board had on 6 April 2022 adopted the revised policies and procedures to determine the remuneration of Directors and senior management.

This policy will be reviewed biennially by the Remuneration Committee or as and when it is required to ensure the information remains current and updated.

Intended Outcome 8.0

Stakeholders are able to assess whether the remuneration of Directors and senior management is commensurate with their individual performance, taking into consideration the Company's performance.
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(iii) Details of each individual Director's remuneration for the FYE 2022

In compliance with Practice 8.1 of the MCCG, there is detailed disclosure on named basis for the remuneration of individual Directors and it is disclosed in the Corporate Governance Report, which can be downloaded from the Group's corporate website at www.whitehorse.my.

(iv) Details of top five (5) senior management's remuneration for the FYE 2022

The Board is of the view that it is inappropriate to disclose the names and detailed remuneration of senior management staff other than the Executive Directors given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.

The disclosure of the remuneration received by the senior management in the bands of RM50,000/- was disclosed in the Corporate Governance Report, which can be downloaded from the Group's corporate website at www.whitehorse.my.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(1) Audit Committee

Intended Outcome 9.0
There is an effective and independent Audit Committee.
The Board is able to objectively review the Audit Committee's findings and recommendations.
The Company's financial statement is a reliable source of information.

The membership, a summary of the activities of the Audit Committee and internal audit function and activities are stated in the Audit Committee Report of this Annual Report.

The Chairman of the Audit Committee is Mr. Tai Lam Shin, an Independent Non-Executive Director while Mr. Liao Shen Hua is the Chairman of the Board.

No appointment of former key audit partners as Audit Committee/ Board Member

Practice 9.2 of the MCCG 2021 requires the Audit Committee to have a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. The Terms of Reference of the Audit Committee has been revised on 6 April 2022 to incorporate the above requirement.

Assessment of Suitability and Independence of External Auditors

The Audit Committee has adopted policies and procedures to assess the suitability, objectivity and independence of external auditors and that such assessment has been carried out annually.

The outcome of the assessment would form a basis for the Audit Committee in making recommendation to the Board on the re-appointment of the external auditors for the ensuing year at the Annual General Meeting.

(2) Risk Management and Internal Control Framework

Intended Outcome 10.0
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.
The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.

Framework to Manage Risks

The Risk Management Committee was set up in November 2004, comprising members from the Executive Directors and Management representing the key departments.

The Risk Management Committee has established Risk Management Procedures to manage the Company's level of risk tolerance and actively identify, assess and monitor key business to safeguard shareholders' investments.

The Statement on Risk Management and Internal Control of the Group as set out in this Annual Report provides an overview of the state and features of risk management and internal controls within the Group, in compliance with Practice 10.2 of the MCCG 2021.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CON'D)

(2) Risk Management and Internal Control Framework (Cont'd)

Intended Outcome 11.0
Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Internal Audit Function

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system. An Internal Audit Planning Memorandum, setting out the internal audit work expected to be carried out for a period of 1 year, is tabled to the Audit Committee at the beginning of the year.

The Company has its own internal audit function to identify and assess the principal risks and to review the adequacy and effectiveness of the internal controls of the Group. Areas for improvement were highlighted and the implementation of recommendations was monitored. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

The in-house Internal Auditors communicate regularly with and report directly to the Audit Committee. For the FYE 2022, the in-house Internal Auditors met up twice with the Audit Committee.

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

(1) Engagement with Stakeholders

Intended Outcome 12.0
There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.
Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

In compliance with Practice 12.1 of the MCCG 2021, the Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follows:-

(a) Shareholders' Communication and Investor Relations

The Company is committed to on-going communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports and the AGM and timely dissemination of information on significant company developments and price sensitive information in accordance with the Main LR of Bursa Malaysia Securities. All the Directors were present physically and remotely at the Twenty-Fourth AGM of the Company held on 24 May 2022 to engage with the shareholders personally and proactively.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

(1) Engagement with Stakeholders (Cont'd)

(b) Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company, summary of key matters discussed at the AGM, Annual Reports as well as the financial information of the Company.

The announcement of the quarterly financial results is also made via Bursa LINK immediately after the Board's approval. The Board discloses to the public all material information necessary for informed investment and takes reasonable steps to ensure that all shareholders enjoy equal access to such information.

(c) Downloadable "Tiles Handbook"

The Board noted the Group has developed a unique "Tiles Handbook", which is downloadable from the Company's website at <http://www.whitehorse.my/>. The said Handbook focuses on the various aspects of ceramic tiles such as characteristics of the tiles, tips for choosing appropriate tiles prior to purchase, types of checks to be made before laying the tiles, methods of laying the tiles as well as care and maintenance of the tiles.

(2) Conduct of General Meetings

Intended Outcome 13.0
Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at General Meetings.

(i) **Notice of Annual General Meeting**

The Notice of the Twenty-Fourth AGM together with the Annual Report are despatched to shareholders at least twenty-eight (28) days prior to the meeting date as a good corporate governance practice, and the same will continue to apply for forthcoming Twenty-Fifth AGM.

(ii) **Attendance of Directors at General Meetings**

All the members of the Board will be present to provide better opportunity for the shareholders to effectively engage with each Board member.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Looking ahead to financial year ending 2023, the Board and its respective committees will:-

- Focus on major strategic issues to ensure sustainability and growth;
- Continue to monitor succession planning for the senior leadership team, to ensure a healthy pipeline of talent is emerging for future senior executive management;
- Consider other variety of approaches and independent sources to identify suitable candidate for appointment of Directors, should the need arise; and
- Continue to review the balance, experience and skills of the Board.

CONCLUSION

The Board is satisfied that, it complies substantially with the practices of the MCCG 2021 during the FYE 2022 and up to the LPD.

This Statement and the Corporate Governance Report are made in accordance with the resolution passed by the Board on 5 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

The Company did not raise any funds through any corporate proposal during the financial year ended 31 December 2022.

2. Audit and Non-Audit Services

During the financial year, Messrs. Crowe Malaysia PLT and Ernst & Young Tax Consultants Sdn. Bhd., the external auditors and tax agent of the Company respectively, have rendered certain audit and non-audit services to the Company and Group, a breakdown of which is listed below for information:-

	Company (RM)	Group (RM)
<u>Audit services rendered</u>		
Statutory audit	60,000	190,000
Subtotal	60,000	190,000
<u>Non-audit services rendered</u>		
Messrs. Crowe Malaysia PLT Review of Statement on Risk Management and Internal Control	6,000	6,000
Ernst & Young Tax Consultants Sdn. Bhd. Preparation and submission of Forms C	5,000	41,000
Subtotal	11,000	47,000
Total	71,000	237,000

3. Material Contracts involving the Interests of the Directors, Chief Executive or Major Shareholders

There were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors, Chief Executive who is not a Director and/or major shareholders, either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year.

Additional Compliance Information (cont'd)

4. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

At the Twenty-Fourth Annual General Meeting of the Company held on 24 May 2022, the Company had obtained a general mandate from its shareholders ("**Shareholders' Mandate**") for recurrent related party transactions of revenue and trading nature ("**RRPT**").

The breakdown of the aggregate value of the RRPT conducted during the financial year ended 31 December 2022 pursuant to the Shareholders' Mandate, is set out below:-

Related Party	Transacting Party	Nature of Transaction	Aggregate value of transaction from 1 January 2022 to 31 December 2022 (RM)
Teobros Ceramica Sdn. Bhd. (" TCSB ")	Teo Kim Lap Teo Kim Tay Teo Swee Teng <i>(They are also directors and major shareholders in TCSB)</i>	(a) Sales of ceramic tiles including glazed and homogeneous tiles by White Horse Ceramic Industries Sdn. Bhd. (" WHC ") to TCSB	18,030,602
	Teo Boon Hoo <i>(He is a major shareholder in TCSB and is a brother to Teo Kim Lap, Teo Kim Tay and Teo Swee Teng)</i>	(b) Sales of ceramic tiles including glazed and homogeneous tiles by White Horse Marketing Sdn. Bhd. (" WHM ") to TCSB	141,584
	<i>(via the transaction in TCSB)</i>	(c) Sales of ceramic tiles including glazed and homogeneous tiles by TCSB to WHM	91,632

Additional Compliance Information (cont'd)

4. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") (Cont'd)

Related Party	Transacting Party	Nature of Transaction	Aggregate value of transaction from 1 January 2022 to 31 December 2022 (RM)
White Horse Ceramic Co., Ltd ("WHCL")	Liao Shen Hua <i>(He is also a director and a major shareholder of WHCL) (via transaction in WHCL)</i>	(a) Sales of raw materials, machines, consumable supplies, ceramic tiles including glazed and homogeneous tiles and other related products by White Horse Berhad ("WHB") Group to WHCL	10,086,447
	Liao Shen Yao Liao Shen Chun Liao, Hung-Chang Liao Chen Mei Hsiu Liao Chia Feng Liao Chia Ning Liao Chung Yi	(b) Payment of user licensing, hardware and software maintenance and miscellaneous fee for Enterprise Resource Planning System	1,742,544
	<i>(Liao Shen Hua, Liao Shen Yao and Liao Shen Chun are siblings and cousin of Mr. Liao, Hung-Chang.</i>	(c) Sales of ceramic tiles including glazed and homogeneous tiles and other related products by WHCL to WHB Group	52,920
	<i>Liao Chen Mei Hsiu is the mother of Liao, Hung-Chang.</i> <i>Liao Chia Feng, Liao Chia Ning, Liao Chung Yi are siblings of Mr. Liao, Hung-Chang)</i>	(d) Trademark Licence fee payable by WHC to WHCL	124,107
Yap Chai Eng	Teo Kim Tay <i>(spouse of Madam Yap Chai Eng)</i>	Rental payable by WHM to Madam Yap Chai Eng	23,598

AUDIT COMMITTEE REPORT

The Board of Directors of White Horse Berhad (“**White Horse**” or “**the Company**”) is pleased to present the Audit Committee (“**AC**”) Report which provides insights as to the manner the Audit Committee discharged its functions for the Group for the financial year ended 31 December 2022 (“**FYE 2022**”), in compliance with Paragraph 15.15(1) of the Main Market Listing Requirements (“**Main LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) and Malaysian Code on Corporate Governance (“**MCCG**”) 2021.

Composition

The AC comprises three (3) members, which consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This complies with Paragraphs 15.09(1)(a) and (b) and 15.09(2) of the Main LR of Bursa Malaysia Securities.

The current composition of the Audit Committee is as follows:

Name	Designation	Directorship
Tai Lam Shin	Chairman	Independent Non-Executive Director
Rosita Yeo Swat Geok	Member	Senior Independent Non-Executive Director
Liao, Hung-Chang <i>(appointed on 27 December 2022)</i>	Member	Non-Independent Non-Executive Director <i>(appointed on 11 February 2022)</i>
Liao Shen Yao <i>(appointed on 18 April 2022 and ceased on 27 December 2022)</i>	Member	Non-Independent Non-Executive Director
Liao Shen Hua <i>(ceased on 18 April 2022)</i>	Member	Non-Independent Non-Executive Director <i>Re-designated from Non-Independent Non-Executive Director to Group Chairman/Managing Director with effect from 11 February 2022</i>

AC Chairman

Mr. Tai Lam Shin is a Fellow of the Chartered Association of Certified Accountants (FCCA) in United Kingdom and is a member of the Chartered Accountant of Malaysian Institute of Accountants (MIA). This complies with Paragraph 15.09(1)(c) of the Main LR of Bursa Malaysia Securities. In addition, Mr. Tai Lam Shin is an Independent Non-Executive Director which complies with Paragraph 15.10 of the Main LR of Bursa Malaysia Securities.

In compliance with Practice 9.1 of the MCCG 2021, the Chairman of the AC is not the Chairman of the Board.

Review of Term of Office and Performance

For the FYE 2022, the Nomination Committee (“**NC**”) has reviewed the term of office and performance of the AC and each of its members annually. Upon review, the NC noted the AC and its members have carried out their duties in accordance with the Terms of Reference of AC, thereby complying with Paragraph 15.20 of the Main LR of Bursa Malaysia Securities.

Formal assessment on the External Auditors

In compliance with Practice 9.3 of the MCCG 2021, the AC has established policies and procedures to assess the suitability, objectivity and independence of the External Auditors on annual basis to safeguard the quality and reliability of Audited Financial Statements, prior to making their recommendation to the Board whether to seek shareholders’ approval at next Annual General Meeting (“**AGM**”) for the re-appointment of External Auditors for the ensuing year.

Upon completion of its assessment, the AC was satisfied with Messrs. Crowe Malaysia PLT’s technical competency i.e. effectiveness, suitability and independence during the financial year under review and recommended to the Board the re-appointment of Messrs. Crowe Malaysia PLT as external auditors for the financial year ending 31 December 2023. The Board has in turn, recommended the same for shareholders’ approval at the forthcoming AGM of the Company.

Audit Committee Report (cont'd)

Terms of Reference ("TOR")

The latest TOR of the AC was revised on 6 April 2022.

The updated TOR of the AC is available on the Company's website at www.whitehorse.my.

Meetings

The AC held a total of four (4) meetings during the FYE 2022. The details of attendance of the AC Meetings during the financial year were as below:-

Name	No. of Meetings attended	Percentage of Attendance (%)
Tai Lam Shin	4/4	100
Rosita Yeo Swat Geok	4/4	100
Liao, Hung-Chang	N/A	N/A
Liao Shen Yao	2/2	100
Liao Shen Hua	2/2	100

For the FYE 2022, the AC Meetings were held as follows:-

No.	AC Meeting Date	Private session with the External Auditors without Executive Directors and Management
(1)	23 February 2022	–
(2)	24 May 2022	–
(3)	23 August 2022	✓
(4)	18 November 2022	✓

Private Sessions

The AC shall be able to convene meetings with the External Auditors without the presence of the Executive Directors and Management ("**Private Session**"). For the FYE 2022, two (2) private sessions were held. At the Private Session, the External Auditors were encouraged to raise with the AC any matters they considered important to bring to the AC's attention. The lead audit engagement partner of the External Auditors responsible for the Group has attended the Private Session for the FYE 2022.

At the Private Sessions, the AC Chairman sought information on the communication flow between the External Auditors and the Management which was necessary to allow unrestricted access to information for the External Auditors to effectively perform their duties. For the FYE 2022, the External Auditors confirmed to the AC that there were neither restrictive nor non-co-operative behaviour exhibited by the Management during the course of their audit.

Audit Committee Report (cont'd)

AC Meeting Proceedings

Notices of AC Meetings and meeting papers were distributed to the AC at least one (1) week in advance prior to the meeting to enable the AC members to peruse and provide their feedbacks/comments at the meeting.

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

The AC Chairman presented the AC's recommendations together with the respective rationale to the Board for approval of the annual audited financial statements and the unaudited quarterly financial results. As and when necessary, the AC Chairman would convey to the Board matters of significant concern raised by the Internal and/or External Auditors.

Mr. Kwan Kim Fook, the Regional Financial Controller normally attends AC Meetings. Other Board Members and/or employees would attend the AC Meetings upon the invitation of the AC.

Summary of Works Undertaken by the AC

The AC has undertaken the following works during the FYE 2022:-

(a) Oversight of Financial Reporting

- (i) Reviewed the unaudited quarterly financial results for the quarters ended 31 December 2021, 31 March 2022, 30 June 2022, 30 September 2022 and 31 December 2022, respectively and recommended the same for the Board's approval.
- (ii) Reviewed the draft audited financial statements for the FYE 2022 and recommended the same for the Board's approval.
- (iii) Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.

(b) Oversight of External Auditors

- (i) Reviewed the suitability and independence of the External Auditors vide a formalised "Assessment on External Auditors" and upon reviewed and being satisfied with the results of the said Assessment, the same has been recommended to the Board for approval.
- (ii) Reviewed the External Auditors' Audit Plan for FYE 2022 and Management's response.

(c) Oversight of Internal Audit Department ("IAD") and Function

- (i) Reviewed and adopted an Internal Audit Plan for FYE 2022.
- (ii) Reviewed and approved the internal audit reports for FYE 2022.
- (iii) Reviewed the effectiveness of internal audit processes as well as adequacy of scope, functions, competency and resources of the firm of internal auditors and that it has the necessary authority to carry out its work.
- (iv) Reviewed the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.
- (v) Reviewed the major findings of the internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations/suggestions of the internal audit function.
- (vi) Reviewed the effectiveness of the internal audit function vide a formalised "Assessment on Internal Auditors".

Audit Committee Report (cont'd)

Summary of Works Undertaken by the AC (Cont'd)

The AC has undertaken the following works during the FYE 2022 (Cont'd):-

(d) Review of Related Party Transactions ("RPT")

- (i) Reviewed the quarterly recurrent RPT Report, prepared by the IAD on the disclosures relating to RPT or conflict of interest situations that arose within the Group, if any and ensured compliance with provisions of the Main LR of Bursa Malaysia Securities.
- (ii) Issuance of Statement of AC for inclusion in the draft Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for entering into Recurrent RPTs to confirm the review of the terms of the Proposed Shareholders' Mandate and its satisfaction with the review procedures set out for recurrent RPTs.
- (iii) Reviewed the draft Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for entering into recurrent RPTs.

(e) Oversight of Risk Management Matters

- (i) Reviewed the principal risks identified by the Management and IAD and ensuring the implementation of appropriate internal controls and mitigation measures.
- (ii) Reviewed the AC Report and Statement on Risk Management and Internal Control to be included in the Annual Report 2022.

Conclusion made on Review of Recurrent RPTs for FYE 2022

From its review of RPTs entered into by the Company and its group of companies for the FYE 2022, the AC has concluded that the RPTs were conducted at arm's length basis and on normal commercial terms consistent with the Company's usual business practices and policies.

For FYE 2022, the AC was of the opinion that the Group has in place adequate procedures and processes to monitor, track and identify recurrent RPT in a timely and orderly manner.

Internal Audit Function

(1) In-house IAD

The Company has an in-house IAD which report directly to the AC and assists the AC in discharging its functions and duties and is independent of the activities and operations that it audits. The IAD is mainly responsible for undertaking a regular and systematic review of the internal control system of the Group and to ensure its operations are carried out effectively and efficiently.

The scope of internal audit covers the periodic audits of key departments, branches and overseas subsidiaries within the Group to test on the appropriateness of control design and implementation as well as compliance with existing policies and procedures.

The IAD performs periodic audits of the Company and subsidiaries within the Group based on a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The audit focuses on areas with high risk and potential inadequate controls to ensure that an adequate action plan is in place to improve the controls. For those areas with high risk and inadequate controls, the audit ascertains that the risks are effectively mitigated by the controls.

Audit Committee Report (cont'd)

Internal Audit Function (Cont'd)

(1) In-house IAD (Cont'd)

Other works undertaken by the IAD during the financial year include:-

- Ascertained the extend of compliance of established policies, procedures and statutory requirements;
- Reviewed the operation flow within the Group;
- Recommended improvement on existing systems;
- Presented audit findings and discussed corrective actions to be taken in closing meeting with Management and in the quarterly AC Meetings; and
- Presented the audit plan for the FYE 2022 to the AC.

Profile of the Head of IAD is set out as follows:-

Year of Appointment	: 2001
Principal Engagement Lead	: Chiang Hsieh Tsui-Ju
Qualifications	: Degree in Accountancy
Experiences	: 22 years of experience in finance and accounting and internal audit functions
Number of resources	: There are a total of five (5) staffs in IAD.

(2) IAD Audit Assignments for FYE 2022

Given the diverse nature of the Group's subsidiaries, the IAD has segregated their audit activities into three (3) main categories:-

- (a) Departmental Audit Assignments;
- (b) Malaysian Branches Audit Assignments; and
- (c) Overseas Subsidiaries Audit Assignments.

During the FYE 2022, the key activities carried out by Group Internal Audit included performed periodic audits of Group's subsidiaries, regional branches and head office department operations within the Group to test appropriateness of control design and implementation as well as compliance with existing policies and procedures. This included the conduct of the following audits:-

- Sales and marketing activities covering order processing management, pricing management, distributor management, sales returns management, customer rebate management, customer master file management, credit control management, debts collections management, budget planning and marketing spend;
- Production operations covering raw, packaging, work-in-progress materials, spare parts and finished goods management, quality assurance control management, repair and maintenance of plant facilities as well as plant safety and security;
- Human resources administration, payroll processing, training and staff development as well as building facilities and security;
- Procurement activities covering pre-qualification, sourcing, appointment, performance appraisal of suppliers, monitoring of purchase orders, contract management and vendor master file management;
- Information technology covering access management, IT operations (backup, disaster recovery and incident management) and network security;
- Regional branches operations covering implementation of policies on approving authority for its operating expenditure, finished goods management, logistic as well as warehouse security and safety; and
- Governance practices covering implementation of Group Policies and risk management process.

Audit Committee Report (cont'd)

Internal Audit Function (Cont'd)

(2) IAD Audit Assignments for FYE 2022 (Cont'd)

Category of Audit Activities	Audit area/ entity	Audit Period
Departmental Audit Assignments	• Finance and accounting	January 2021 to December 2021
	• International sales	December 2020 to May 2022
	• Customer service	November 2020 to August 2022
Malaysian Branches Audit Assignments	• Batu Pahat	November 2021 to November 2022
	• Klang	July 2020 to April 2022
	• Kuching	January 2020 to July 2022
	• Kuantan	August 2020 to March 2022
	• Kuala Lumpur	December 2021 to September 2022
	• Kota Bharu	June 2020 to November 2022
	• Kota Kinabalu	June 2020 to July 2022
Overseas Subsidiaries Audit Assignments	• Thailand	October 2019 to June 2022
	• Singapore	September 2019 to June 2022
	• Philippines	August 2019 to August 2022

For FYE 2022, representatives from the IAD attended two (2) AC Meetings to table their findings and reports.

Internal Audit Review and Assurance

For the FYE 2022, following the full withdrawal of movement restriction from the Malaysian Government, IAD has completed 38.5% of planned schedule (FYE 2021 : 17.2%) in accordance with their risk-based Internal Audit Schedule for FYE 2022.

The internal audits performed met the objective of highlighting to the AC the audit findings which required follow-up action by the Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system. It ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management.

For the FYE 2022, the IAD engagement team personnel, including the Principal Engagement Team Leader, have affirmed to the AC that in relation to the Company/Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independency.

Audit Committee Report (cont'd)

Internal Audit Function (Cont'd)

(3) Internal Audit Charter

The AC has adopted an Internal Audit Charter in order to formalise the remit of the IAD and the Internal Audit function as well as to regulate the process to review the adequacy of scope, functions, competency and resources of the internal audit function.

The Internal Audit Charter comprises the following items:-

- (i) In-House Internal Audit Charter;
- (ii) Terms of Reference for in-house internal audit function;
- (iii) Authority;
- (iv) Reporting;
- (v) Objectivity and independence;
- (vi) Objectives and scope of work;
- (vii) Internal audit function administration;
- (viii) Oversight functions of the AC in relation to internal audit functions; and
- (ix) Review of Internal Audit Charter.

The Internal Audit Charter was adopted by the Board on 26 February 2016 and subsequently reviewed by the Board on 20 November 2018.

(4) Internal Audit Function Review

On a yearly basis, the AC would conduct an internal audit function review in order to review the adequacy and performance of the internal audit function and its comprehensive coverage of the Group's activities ("the IA Review").

For the FYE 2022, the IA Review has been conducted by the AC on 18 November 2022. The AC has conducted the IA Review based on the following criteria:-

- Understanding;
- Charter and structure;
- Skills and experiences;
- Communication; and
- Performance.

Upon review, the AC was satisfied with the performance and the conduct of IAD for the FYE 2022.

(5) Operational costs incurred by IAD for the FYE 2022

The operational cost incurred by the IAD for FYE 2022 amounted to RM500,108.20. (2021: RM482,210.01).

This AC Report is made in accordance with the Resolution passed by the Directors at the Board of Directors' Meeting held on 23 February 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26 (b) of Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”)’s Main Market Listing Requirements (“**MMLR**”), the Board of Directors (“**the Board**”) of White Horse Berhad is pleased to provide its Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2022 (“**the Statement**”), which has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies issued by the Task Force on Internal Control with the support and endorsement of the Bursa Malaysia Securities and Part II of Principle B, Intended Outcome 10.0, Practices 10.1 and 10.2 read together with Guidance 10.1 and 10.2 as set out in the Malaysian Code on Corporate Governance 2021 which relate to risk management and internal control framework.

RESPONSIBILITY OF THE BOARD

The Board acknowledges its overall responsibilities to maintain a sound system of internal control and effective risk management to safeguard shareholders’ investment and the Group assets, and for reviewing its adequacy and integrity.

The Board has a current internal control system which identifies, evaluates and manages significant risks encountered by the Group.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system could provide only reasonable but not absolute assurance against any material misstatement, operational failures, fraud or loss.

The Board is assisted by the Audit Committee (“**AC**”) and Risk Management Committee to review the adequacy and effectiveness of the system of internal controls and to ensure that a mix of techniques is used to obtain the level of assurance required by the Board.

The Board has received assurance from the Group Managing Director and the Deputy Group Managing Director that, to the best of their knowledge, the Group’s risk management and internal control system will operate adequately and effectively, in all material aspects, based on the risk management and internal control system.

RISK MANAGEMENT FRAMEWORK

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives, throughout the year under review. This process is reviewed by the Board via the AC; while Management and Heads of Divisions are delegated the responsibility to manage risks related to their respective division units. The process requires the Management and Head of Division to comprehensively identify and assess the relevant types of risks in terms of likelihood and magnitude of impact, as well as to identify and evaluate the adequacy and effectiveness of applying the mechanisms to manage and mitigate these risks. Key risks relating to the Group’s operations are deliberated at the business units’ and Company’s monthly meetings attended by key management personnel and significant risks are communicated to the Board at their scheduled meetings.

The Board and management practice proactive significant risks identification on a yearly basis or earlier as appropriate, particularly for any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

Statement on Risk Management and Internal Control (cont'd)

INDEPENDENCE OF AUDIT COMMITTEE

The Audit Committee comprises mainly of Independent Non-Executive Directors who each has the relevant experience and qualification to perform their duties effectively. The Audit Committee has full access to both the Internal as well as External Auditors.

The Audit Committee, on behalf of the Board, considers the effectiveness of the operation of internal control procedures in the Group during the financial year. The Audit Committee reviews internal control issues identified by the internal auditors, the external auditors and the management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control system. It also conducts a review of the internal audit functions with emphasis on the scope of audits, quality and independence of the Internal Audit Department.

INTERNAL AUDIT DEPARTMENT

The Board acknowledges the importance of internal audit. The Group Internal Auditors perform periodic audits of the Company and subsidiaries within the Group based on a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The audit focuses on areas with high risk and potential inadequate controls to ensure that an adequate action plan is in place to improve the controls. For those areas with high risk and inadequate controls, the audit ascertains that the risks are effectively mitigated by the controls.

All audit findings, recommendations and Management's actions are rigorously deliberated at the AC meetings before being reported to the Board. Quarterly reports to the AC track the progress towards completion of all corrective actions taken on issues highlighted by the Group Internal Auditors.

Based on the internal audit reviews conducted, none of the audit issues noted have resulted in any material control deficiencies. Details of the activities of the internal audit function are provided in the AC Report of this Annual Report.

OTHER KEY FEATURES OF THE INTERNAL CONTROLS

The monitoring, review and reporting arrangements in place give reasonable assurance that the structure of controls and their implementation are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error or deliberate circumvention of control procedures by employees and others.

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the annual report is sound and sufficient to safeguard the shareholders' investment, the interest of customers, regulators, employees and the Group's assets.

The other key elements of the Group's internal control system are described below:-

- i. The organisation structure is clearly defined by means of organisation charts and main job function and responsibilities are communicated to all levels.
- ii. Clearly documented internal policies and procedures are set out in a series of standard operating procedures, which are constantly reviewed for improvement to reflect changes in business structures and processes.
- iii. The Board and the AC meet every quarter to discuss matters raised by Management and Internal Auditors on business and operational matters including potential risks and control issues. The Group Managing Director also reports to the Board on significant changes in business and external environment. Monthly financial reports which include key financial information of major subsidiaries are submitted to the Board by the Regional Financial Controller.
- iv. Regular internal audit visits, which provide independent assurance on the effectiveness of the Group's system of internal control and advise Management on areas for further improvement.
- v. The Group has a policy on approving authority for its operating and capital expenditure.

Statement on Risk Management and Internal Control (cont'd)

OTHER KEY FEATURES OF THE INTERNAL CONTROLS (CONT'D)

The other key elements of the Group's internal control system are described below (cont'd):-

- vi. Budgetary control is applied to every department and division in the Group and actual performance is closely monitored against budgets to identify significant variances. Discussions are held regularly between the Management and the Head of Division to ensure the budgets are attainable and realistic.
- vii. Monthly management meetings are held to provide a forum where management undertakes overall responsibility for periodic reviews to identify, discuss and resolve key operational issues, to further improve its effectiveness.
- viii. Emphasis is placed on enhancing the quality and ability of employees through a wide variety of training programs and workshops to enhance their knowledge and expand the employees' competency level in executing daily functions. Relevant training and courses have been provided to employees across all functions to maintain a high level of competency.
- ix. A Code of Ethics for all employees which defines the ethical standards and conduct at work is communicated to all employees upon their employment.
- x. The Group emphasises continuous effort in maintaining the quality of its products. The Directors ensure that safety and health regulations, environment controls and all others legislations in connection with the industry have been considered and complied with.
- xi. Sufficient insurance coverage on major assets is in place to ensure the Group's assets are adequately covered against risks that can result in material losses, and it is reviewed regularly to ensure adequate insurance coverage to protect the Group from potential claims and loss.
- xii. A whistle-blowing policy and procedures is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate way.
- xiii. The Group operates on an Enterprise Resource Planning ("ERP") system which integrates various aspects of the Group's operations except overseas subsidiaries. The ERP system provides management with data, analysis, variations, exceptions and others input relevant to the Group's performance. Employees within the Group are guided by the Management Information System policy, Access Management Security Policy and End User policy.
- xiv. The Group has adopted an Anti-Bribery and Anti-Corruption Policy in line with the enforcement of the new provision, Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business in order to prevent acts of bribery and corruption. In adherence to this Policy, the Group has adopted a zero-tolerance approach to all forms of corruption and bribery. The Group is committed to conduct its business with the highest level of integrity and ethics and to comply with applicable laws, rules and regulations on anti-bribery and anti-corruption. The Anti-Bribery and Corruption Policy is available at the Group's website www.whitehorse.my.
- xv. The Group's Management proactively monitors and manages the impact to business and operations arising from COVID-19 pandemic. In this respect, the Group actively engages with customers, suppliers and transporters to minimise movement disruptions. Various safety and health measures were implemented, such as split team arrangements; frequent communication on health awareness & travel advisory guides; and instituting daily precautions, inclusive of sanitisation and **practicing safe distancing, distributing face mask and self-test kit to employees, putting in place procedures for testing of Covid-19**. The Group has in place business continuity plans to provide adequate support for its business and employees, and instituted new working arrangements for business continuity. The Group will continue to monitor the situation closely and will do its best to protect its employees, customers and supply chain.

Statement on Risk Management and Internal Control (cont'd)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Malaysia Securities MMLR, the external auditors have reviewed the Statement for inclusion in the Annual Report for the financial year ended 31 December 2022. Their review is performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3: Guidance for auditors on engagements to report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants. The external auditors' procedures have been conducted to assess whether the Statement is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the risk management and internal control system of the Group.

AAPG 3 does not require the external auditors to consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosure required by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

CONCLUSION

The Board is committed towards operating and maintaining a sound system of internal control and recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control. There were no material losses incurred during the financial year as a result of weaknesses in internal control.

For the financial year under review and up to the date of approval of the statement, based on inquiry, information and assurances provided by the Group Managing Director and Deputy Group Managing Director, the Board is satisfied that the Group's risk management and internal control system is operating adequately and effectively in all materials aspects. Measures are in place and continually being taken to ensure the ongoing adequacy and effectiveness of risk management and internal control to safeguard the Group's assets and enhance shareholders' investment.

The statement is made in accordance with a resolution passed by the Directors at the Board of Directors' Meeting held on 23 February 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual financial statements of the Group and of the Company are drawn up in accordance with the applicable approved Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and Company so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and their financial performance and cash flows for the financial year ended.

In the preparation of the annual financial statements, the Directors have also:-

- Adopted the appropriate and relevant accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Assessed the Group's and the Company's ability to continue as going concern, and confirmed that the annual financial statements are prepared using the going concern basis of accounting.

The Directors are also responsible for:-

- Ensuring that the Group and the Company keep proper accounting and other records to enable the explanation of transactions and preparation of financial statements; and
- Taking the necessary steps to ensure appropriate systems and internal controls are in place to safeguard the assets of the Group and of the Company, as well as to prevent and detect fraud and any other irregularities.

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the financial year ended 31 December 2022.

This statement of Directors' responsibility for preparing the financial statements is made in accordance with a resolution passed by the Directors on 5 April 2023.

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	792	2,634

DIVIDENDS

Dividends paid or declared by the Company since 31 December 2021 are as follows:-

The Company paid a tax-exempt final dividend of 3 sen per ordinary share amounting to RM6,615,768 for the financial year ended 31 December 2021 on 20 May 2022.

The directors do not recommend the payment of any further dividends for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

TREASURY SHARES

As at 31 December 2022, the Company held as treasury shares a total of 19,474,400 of its 240,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM24,314,843. The details of the treasury shares are disclosed in Note 16 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

Directors' Report (cont'd)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

Directors' Report (cont'd)

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Teo Swee Teng
Cheng Soon Mong
Lau Lee Jan
Liao Hung Chang (Ceased as alternate director on 10.2.2022; appointed as director on 11.2.2022)
Liao Shen Hua
Liao Shen Yao
Liao Yuan Shun (Retired on 10.2.2022)
Rosita Yeo Swat Geok
Tai Lam Shin
Teo Kim Lap
Teo Kim Tay

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

Chang Huai Wei
Chen Hen Jui

Directors' Report (cont'd)

DIRECTORS' INTERESTS

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

	<----- Number of Ordinary Shares ----->			
	At 1.1.2022/ Date of Appointment	Bought	Sold	At 31.12.2022
The Company				
<i>Direct Interests</i>				
Cheng Soon Mong	4,877,735	-	-	4,877,735
Liao Hung Chang	7,838,000	1,295,000	(959,570)	8,173,430
Liao Shen Hua	2,966,797	471,027	-	3,437,824
Liao Shen Yao	3,166,897	51,000	-	3,217,897
Teo Kim Lap	11,083,027	-	-	11,083,027
Teo Kim Tay	12,409,015	-	-	12,409,015
Teo Swee Teng	11,073,593	-	-	11,073,593
<i>Indirect Interests</i>				
Cheng Soon Mong ^	750,680	-	-	750,680
Liao Shen Hua ^	8,500,000	-	-	8,500,000
Liao Shen Yao ^	8,000,000	-	-	8,000,000
Liao Hung Chang *	-	4,020,000	-	4,020,000
Teo Kim Lap ^	1,300,000	-	-	1,300,000
Teo Swee Teng ^	1,843,000	-	-	1,843,000

* Deemed interested by virtue of his direct substantial shareholdings in Ding Qiao Investment Co., Ltd. and Ding Ya Investment Co., Ltd.

^ Deemed interested through his family members' shareholdings in the Company.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 31 to the financial statements.

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

Directors' Report (cont'd)

DIRECTORS' REMUNERATION

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

	The Group RM'000	The Company RM'000
Fees	790	150
Salaries, bonuses and other benefits	1,332	8
Defined contribution benefits	111	-
	2,233	158

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was RM53,047.

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Company were RM10,000,000 and RM19,850 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

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

AUDITORS

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

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM'000	The Company RM'000
Audit fees	296	60
Non-audit fees	6	6
	302	66

Signed in accordance with a resolution of the directors dated 5 April 2023

Teo Swee Teng

Cheng Soon Mong

STATEMENT BY DIRECTORS

Pursuant To Section 251(2) Of The Companies Act 2016

We, Teo Swee Teng and Cheng Soon Mong, being two of the directors of White Horse Berhad, state that, in the opinion of the directors, the financial statements set out on pages 64 to 125 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 5 April 2023

Teo Swee Teng

Cheng Soon Mong

STATUTORY DECLARATION

Pursuant To Section 251(1)(B) Of The Companies Act 2016

I, Cheng Soon Mong, being the director primarily responsible for the financial management of White Horse Berhad, do solemnly and sincerely declare that the financial statements set out on pages 64 to 125 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Cheng Soon Mong
at Melaka
in the State of Melaka
on this 5 April 2023

Cheng Soon Mong

Before me
M084
Shahrizah Binti Yahya
BC/S/1135
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of White Horse Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of White Horse Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 125.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Independent Auditors' Report to the members of White Horse Berhad (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

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

Adequacy of inventory written down Refer to Notes 4.9 and 11 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 31 December 2022, the carrying amount of inventories were RM227.3 million, representing 29.8% of total assets of the Group and is also the largest component in current assets. Included in inventories were RM79.9 million of various categories of inventories stated at net realisable value ("NRV");</p> <p>The Group constantly develops new products/designs to cater for consumers' changing preference for tile designs. The demand for a particular tile design will naturally slow down after a certain period and that may affect the NRV of the finished goods;</p> <p>The abovementioned is also disclosed in Note 4.1(c) to the financial statements as one of the key assumptions used by management under the section of <i>Key Sources of Estimation Uncertainty</i>; and</p> <p>For the current financial year ended 31 December 2022, there is RM2.7 million of reversal of inventories written down. The accumulated write-down of inventories as at 31 December 2022 of the Group is RM45.8 million.</p>	<p>We focused on this area because the inventories balance is significant to the statements of financial position and the inventory written down requires a high level of judgement based on management's experience.</p> <p>We have performed the following audit procedures in relation to adequacy of inventory written down:</p> <ul style="list-style-type: none"> • Performed tests on inventories aging report by selecting samples and checked to the date of stock-in (purchase date) to the appropriate age band; • Assessed the adequacy of inventories written down and whether the write-down policy is adhered to; and • Performed net realisable value test on the inventories. We also assessed the basis used by management in estimating the selling price, less estimated costs necessary to make the sale of these inventories by comparing to recently transacted prices.

Independent Auditors' Report

to the members of White Horse Berhad
(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Impairment Assessment of Property, Plant and Equipment ("PPE") and Right-of-Use Assets ("ROU") of the Group's Malaysia Operations ("Malaysia CGU") Refer to Notes 4.7, 6 and 7 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 31 December 2022, the Group has PPE and ROU related to its Malaysia CGU with carrying amounts of RM214.4 million and RM68.1 million respectively representing approximately 37.0% of the Group's total assets;</p> <p>The Malaysia CGU has been incurring losses since financial year 2018. These resulted in indications that the carrying amounts of PPE and ROU may be impaired. Accordingly, the estimated recoverable amounts of the PPE and ROU are determined based on the higher of its fair value less costs of disposal ("FV") and its value-in-use ("VIU");</p> <p>VIU is calculated using cash flows projections and discounting them at an appropriate rate. The FV on the PPE and ROU were based on valuation by independent professional valuers;</p> <p>The abovementioned is also disclosed in Note 4.1(b) to the financial statements as one of the key assumptions used by management under the section of <i>Key Sources of Estimation Uncertainty</i>;</p> <p>As of the end of the reporting period, no impairment loss has been recognised in profit or loss of the Group. The accumulated impairment losses on PPE and ROU as at 31 December 2022 of the Group are RM13.5 million and RM5.4 million respectively; and</p> <p>The recoverable amount of the Group's PPE and ROU is highly sensitive to key assumptions applied in respect of future revenue growth rate and gross margin used in the cash flows projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.</p>	<p>We identified the impairment review of PPE and ROU as a key audit matter as these two items collectively represent the largest component in the Group's statements of financial position and the use of significant judgement in determining the recoverable amounts.</p> <p>We have performed the following audit procedures to address this area of audit focus:</p> <ul style="list-style-type: none"> • Obtained the future cash flow projections and the assumptions used by the management for the purpose of these projections together with calculations for deriving the VIU of the relevant CGU and the residual values of the PPE and ROU; • Evaluated the key assumptions applied such as revenue growth and compared to those in the previous financial years; • Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculation and assessed the impact of the recoverable amounts of the PPE and ROU; • Assessed whether the discount rate (weighted average cost of capital) used to determine the present value of the future cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile comparable to those that the entity expects to derive; and • Evaluated the objectivity and competency of the independent professional valuers and the methodology and key assumptions used by the valuers in the valuation based on our knowledge of the industry and checked the comparability of the input data used to current industry data.

Independent Auditors' Report to the members of White Horse Berhad (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditors' Report to the members of White Horse Berhad (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

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

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

Independent Auditors' Report to the members of White Horse Berhad (cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

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

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

Melaka

5 April 2023

Piong Yew Peng
03070/06/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	212,333	212,333
Property, plant and equipment	6	222,410	243,038	–	–
Right-of-use assets	7	71,124	56,982	–	–
Trade and other receivables	8	214	5,900	–	–
Goodwill	9	677	677	–	–
Deferred tax assets	10	88	–	–	–
		294,513	306,597	212,333	212,333
CURRENT ASSETS					
Inventories	11	227,342	157,330	–	–
Right of return assets		660	1,057	–	–
Trade and other receivables	8	83,866	99,848	2,491	1,463
Other current assets	12	17,908	13,955	76	79
Current tax assets		830	127	77	56
Fixed deposits with licensed banks	13	86,240	44,900	–	–
Cash and bank balances	14	52,143	132,713	7,844	29,534
		468,989	449,930	10,488	31,132
TOTAL ASSETS		763,502	756,527	222,821	243,465
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	246,936	246,936	246,936	246,936
Treasury shares	16	(24,315)	(24,315)	(24,315)	(24,315)
Retained profits		351,251	357,075	64	4,046
Foreign currency translation reserve	17	23,275	20,970	–	–
TOTAL EQUITY		597,147	600,666	222,685	226,667

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

Statements of Financial Position

As At 31 December 2022

(cont'd)

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
NON-CURRENT LIABILITIES					
Other payables	19	245	353	-	-
Long-term borrowing	20	1,616	270	-	-
Deferred tax liabilities	10	824	217	-	-
		2,685	840	-	-
CURRENT LIABILITIES					
Trade and other payables	19	65,497	81,690	136	16,798
Refund liabilities		1,152	1,590	-	-
Short-term borrowings	21	96,266	70,668	-	-
Current tax liabilities		755	1,073	-	-
		163,670	155,021	136	16,798
TOTAL LIABILITIES		166,355	155,861	136	16,798
TOTAL EQUITY AND LIABILITIES		763,502	756,527	222,821	243,465

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
REVENUE	22	413,615	399,792	2,500	7,858
COST OF SALES		(334,668)	(348,019)	-	-
GROSS PROFIT		78,947	51,773	-	7,858
OTHER INCOME		18,750	85,817	556	2,871
		97,697	137,590	3,056	10,729
ADMINISTRATIVE EXPENSES		(62,295)	(74,774)	(422)	(22,223)
SELLING AND DISTRIBUTION EXPENSES		(26,693)	(22,795)	-	-
FINANCE COSTS		(3,221)	(11,648)	-	-
REVERSAL OF NET IMPAIRMENT LOSSES/(NET IMPAIRMENT LOSSES) ON FINANCIAL ASSETS	23	1,510	(2,835)	-	13,131
PROFIT BEFORE TAXATION	24	6,998	25,538	2,634	1,637
INCOME TAX EXPENSE	26	(6,206)	(8,799)	-	-
PROFIT AFTER TAXATION		792	16,739	2,634	1,637
OTHER COMPREHENSIVE INCOME					
<u>Item that Will be Reclassified Subsequently to Profit or Loss</u>					
Foreign currency translation differences		2,305	1,840	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		3,097	18,579	2,634	1,637
EARNINGS PER SHARE (SEN)					
Basic/Diluted	27	0.4	7.4		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2022

The Group	Note	Share Capital RM'000	Treasury Share RM'000	Non-Distributable	Distributable	Total Equity RM'000
				Foreign Currency Translation Reserve RM'000	Retained Profits RM'000	
Balance at 1.1.2022		246,936	(24,315)	20,970	357,075	600,666
Profit after taxation for the financial year		-	-	-	792	792
Other comprehensive income for the financial year:						
- Foreign currency translation differences		-	-	2,305	-	2,305
Total comprehensive income for the financial year		-	-	2,305	792	3,097
Contributions by and distributions to owners of the Company:						
- Dividend	28	-	-	-	(6,616)	(6,616)
Total transactions with owners		-	-	-	(6,616)	(6,616)
Balance at 31.12.2022		246,936	(24,315)	23,275	351,251	597,147
Balance at 1.1.2021		246,936	(18,905)	19,130	340,336	587,497
Profit after taxation for the financial year		-	-	-	16,739	16,739
Other comprehensive income for the financial year:						
- Foreign currency translation differences		-	-	1,840	-	1,840
Total comprehensive income for the financial year		-	-	1,840	16,739	18,579
Contributions by and distributions to owners of the Company:						
- Purchase of treasury shares	16	-	(5,410)	-	-	(5,410)
Total transactions with owners		-	(5,410)	-	-	(5,410)
Balance at 31.12.2021		246,936	(24,315)	20,970	357,075	600,666

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

Statements of Changes In Equity

For The Financial Year Ended 31 December 2022
(cont'd)

The Company	Note	Share Capital RM'000	Treasury Share RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Balance at 1.1.2021		246,936	(18,905)	2,409	230,440
Profit after taxation/Total comprehensive income for the financial year		–	–	1,637	1,637
Contributions by and distributions to owners of the Company:					
– Purchase of treasury shares	16	–	(5,410)	–	(5,410)
Total transactions with owners		–	(5,410)	–	(5,410)
Balance at 31.12.2021/1.1.2022		246,936	(24,315)	4,046	226,667
Profit after taxation/Total comprehensive income for the financial year		–	–	2,634	2,634
Contributions by and distributions to owners of the Company:					
– Dividend	28	–	–	(6,616)	(6,616)
Total transactions with owners		–	–	(6,616)	(6,616)
Balance at 31.12.2022		246,936	(24,315)	64	222,685

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2022

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Profit before taxation	6,998	25,538	2,634	1,637
Adjustments for:-				
Bad debts written off	12	-	-	-
Depreciation of property, plant and equipment	23,974	26,293	-	-
Depreciation of right-of-use assets	5,103	5,339	-	-
Effect of changes in lease termination	(4)	(8)	-	-
Fair value gain on financial assets	-	-	-	(2,871)
Gain on disposal of property, plant and equipment	(546)	(73,791)	-	-
Gain on disposal of right-of-use assets	(11,354)	(872)	-	-
Impairment loss on property, plant and equipment	-	6,100	-	-
Reversal of impairment loss on other receivables	-	-	-	(13,131)
Impairment loss on investment in a subsidiary	-	-	-	19,538
Interest expense on lease liabilities	179	144	-	-
Effects of rent concessions	-	(4)	-	-
Interest income	(3,763)	(2,192)	(95)	-
Reversal of inventories written down	(2,702)	(11,426)	-	-
Finance costs	3,042	11,504	-	-
Property, plant and equipment written off	60	217	-	-
(Reversal of impairment loss)/ Allowance of impairment loss on trade receivables	(1,510)	2,835	-	-
Unrealised (gain)/loss on foreign exchange	(1,184)	(5,328)	-	592
Operating profit/(loss) before working capital changes	18,305	(15,651)	2,539	5,765
Decrease/(Increase) in receivables	17,914	(4,214)	14	29,648
(Increase)/Decrease in other current assets	(3,926)	2,362	3	(3)
(Increase)/Decrease in inventories and right of return assets	(66,913)	81,812	-	-
Decrease in payables and refund liabilities	(363)	(41,517)	(2)	(552)
CASH (FOR)/FROM OPERATIONS	(34,983)	22,792	2,554	34,858
Income tax paid	(6,756)	(8,700)	(21)	(23)
Income tax refunded	-	263	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(41,739)	14,355	2,533	34,835

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

Statements of Cash Flows

For The Financial Year Ended 31 December 2022

(cont'd)

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest income received		3,763	2,192	95	-
Net advances to a subsidiary		-	-	(1,042)	-
Purchase of property, plant and equipment	29(a)	(3,084)	(3,799)	-	-
Purchase of right-of-use assets	29(a)	(15,400)	(5,098)	-	-
Proceeds from disposal of property, plant and equipment		559	114,155	-	-
Proceeds from disposal of right-of-use assets (Placement)/Withdrawal of fixed deposits with tenure more than 3 months		17,542	-	-	-
		(61,440)	529	-	-
<hr/>					
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(58,060)	107,979	(947)	-
<hr/>					
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividend paid	28	(6,616)	-	(6,616)	-
Interest paid	29(b)	(3,221)	(2,984)	-	-
Repayment of lease liabilities	29(b)	(2,754)	(4,217)	-	-
Repayment of term loan	29(b)	-	(2,000)	-	-
Net drawdown/(repayment) of bankers' acceptances	29(b)	39,008	(8,715)	-	-
Net repayment of revolving credits	29(b)	(14,035)	(29,206)	-	-
Purchase of treasury shares	16	-	(5,410)	-	(5,410)
Net repayment to related parties	29(b)	(16,402)	-	(16,660)	-
<hr/>					
NET CASH FOR FINANCING ACTIVITIES		(4,020)	(52,532)	(23,276)	(5,410)
<hr/>					
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(103,819)	69,802	(21,690)	29,425
<hr/>					
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		3,149	(597)	-	-
<hr/>					
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		177,613	108,408	29,534	109
<hr/>					
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29(d)	76,943	177,613	7,844	29,534

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : PLO 464, Jalan Gangsa
Pasir Gudang Industrial Estate
81700 Pasir Gudang
Johor

Principal place of business : PLO 464, Jalan Gangsa
Pasir Gudang Industrial Estate
81700 Pasir Gudang
Johor

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 5 April 2023.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

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

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

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

The Group determines whether an item of its property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 to the financial statements respectively.

(c) Write-down of Inventories

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

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 8 to the financial statements.

(e) Impairment of Cost of Investment in a Subsidiary of the Company

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

(f) Estimating Variable Consideration for Returns, Rebates and Discounts

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return, rebates and discounts.

The Group developed a statistical model for forecasting sales returns, rebates and discounts. The model used the historical data of each product to come up with expected percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical pattern will impact the expected percentages estimated by the Group.

The Group updates its assessment of expected returns, rebates and discounts annually and the refund liabilities are adjusted accordingly. Estimates of expected returns, rebates and discounts are sensitive to changes in circumstances and the Group's past experience may not be representative of customers' actual returns, rebates and discounts in the future.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(g) Income Taxes

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

Critical Judgements Made in Applying Accounting Policies

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

(a) Lease Terms

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

4.2 Basis of Consolidation

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

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

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

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of Consolidation (Cont'd)

(a) Business Combinations

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

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

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

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

(c) Loss of Control

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

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

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Goodwill

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

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

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

4.4 Functional and Foreign Currencies

(a) Functional and Presentation Currency

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

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

(b) Foreign Currency Transactions and Balances

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

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Functional and Foreign Currencies (Cont'd)

(c) Foreign Operations (Cont'd)

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 Financial Instruments

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

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

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

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

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

(a) Financial Assets

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

Debt Instruments

(i) Amortised Cost

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

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

(ii) Fair Value through Other Comprehensive Income

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

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

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

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

(c) Equity Instruments

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

(i) Ordinary Shares

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

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

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(d) Derecognition

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

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

(e) Financial Guarantee Contracts

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

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

4.6 Investments in Subsidiaries

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

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

4.7 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Property, Plant and Equipment (Cont'd)

Freehold land is stated at cost less any impairment losses.

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

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

Buildings	11 to 50 years
Other assets	3 to 10 years
Plant and machinery	5 to 12 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.8 Leases

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Leases (Cont'd)

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

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

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

4.9 Inventories

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

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

4.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.11 Impairment

(a) Impairment of Financial Assets

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

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

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment (Cont'd)

(a) Impairment of Financial Assets (Cont'd)

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

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

(b) Impairment of Non-financial Assets

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

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

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

4.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Employee Benefits

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

4.14 Income Taxes

(a) Current Tax

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

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

(b) Deferred Tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

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

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.16 Operating Segments

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

4.17 Earnings per Ordinary Share

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

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

4.18 Borrowing Costs

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

4.19 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Fair Value Measurements (Cont'd)

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

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

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.20 Revenue from Contracts with Customers

The Company is in the business of investment holding and provision of management services, while the Group is in the business of manufacturing and distributing of ceramic and homogeneous tiles. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expects to be entitled in exchange for those goods or services. The Group and the Company has generally concluded that it is the principal in its revenue arrangements.

(a) Sale of Goods

Revenue from sale of tiles is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 180 days upon delivery. Other credit terms are assessed and approved on a case-by-case basis.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable Consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Right of Return

The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Revenue from Contracts with Customers (Cont'd)

(a) Sale of Goods (Cont'd)

(i) Variable Consideration (Cont'd)

Rebates and Discounts

The Group provides retrospective volume rebates, early payment rebates and other discounts to customers. Rebates and discounts are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates and discounts, the Group applies the expected value method.

(b) Assets and Liabilities Arising from Rights of Return

(i) Right of Return Assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

(ii) Refund Liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of the financial year.

4.21 Revenue from Other Sources and Other Operating Income

(a) Interest Income

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

(b) Management Fees

Management fees is recognised when services are rendered.

(c) Rental Income

Rental income is accounted for on a straight-line basis over the lease terms.

(d) Dividend Income

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	244,076	244,076
Accumulated impairment losses	(31,743)	(31,743)
	212,333	212,333

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022	2021	
		%	%	
Subsidiaries of the Company				
White Horse Ceramic Industries Sdn. Bhd.	Malaysia	100	100	Manufacture and distribution of ceramic and homogeneous tiles
White Horse Marketing Sdn. Bhd.	Malaysia	100	100	Distribution of ceramic and homogeneous tiles
White Horse Ceramic Industries (Vietnam) Co., Ltd. *	Vietnam	100	100	Distribution of ceramic and homogeneous tiles@
Subsidiaries of White Horse Ceramic Industries Sdn. Bhd.				
White Horse Ceramic (S) Pte. Ltd. ^	Singapore	100	100	Distribution of ceramic and homogeneous tiles
White Horse Ceramic (Phil.) Inc. ^	Philippines	100	100	Distribution of ceramic and homogeneous tiles
White Horse Ceramic (Thailand) Ltd. ^	Thailand	100	100	Distribution of ceramic and homogeneous tiles
PT. WH Ceramic Indonesia #	Indonesia	100	100	Distribution of ceramic and homogeneous tiles
Grand Mark International Co., Ltd. *	People's Republic of China	100	100	Distribution of ceramic, building materials and hardware

* These subsidiaries were audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member. @ Previously, this subsidiary was principally engaged in the business of manufacturing and distribution of ceramic and homogeneous tiles. From June 2021, this subsidiary involved in distribution of ceramic and homogeneous tiles.

^ These subsidiaries were audited by other firms of chartered accountants.

The subsidiary is under Members' Voluntary Liquidation in year 2020 and not required to be audited under the laws of the country of incorporation.

Notes to The Financial Statements
For The Financial Year Ended 31 December 2022
(cont'd)

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2022 RM'000	Additions (Note 29(a)) RM'000	Reclassification RM'000	Disposal RM'000	Write Off (Note 24) RM'000	Depreciation Charges (Note 24) RM'000	Exchange Differences RM'000	At 31.12.2022 RM'000
<i>Carrying Amount</i>								
Freehold land	26,265	-	-	-	-	-	-	26,265
Buildings	165,820	-	-	(4)	(1)	(6,281)	265	159,799
Other assets	6,855	1,955	-	(8)	(6)	(3,766)	70	5,100
Plant and machinery	42,375	1,129	1,666	(1)	(53)	(13,927)	-	31,189
Capital work-in-progress	1,723	-	(1,666)	-	-	-	-	57
The Group	243,038	3,084	-	(13)	(60)	(23,974)	335	222,410
<i>2021</i>								
<i>Carrying Amount</i>								
Freehold land	26,265	-	-	-	-	-	-	26,265
Buildings	173,716	577	(1,749)	(2)	(6,788)	-	66	165,820
Other assets	10,649	165	(10)	(3)	(4,523)	-	28	6,855
Plant and machinery	64,024	1,585	(1,915)	(212)	(14,982)	(6,100)	717	42,375
Capital work-in-progress	58	1,665	-	-	-	-	-	1,723
The Group	274,712	3,799	-	(217)	(26,293)	(6,100)	811	243,038

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

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

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Losses RM'000	Carrying Amount RM'000
2022				
Freehold land	26,265	–	–	26,265
Buildings	277,753	(117,954)	–	159,799
Other assets	46,863	(41,763)	–	5,100
Plant and machinery	596,060	(551,371)	(13,500)	31,189
Capital work-in-progress	57	–	–	57
	946,998	(711,088)	(13,500)	222,410
2021				
Freehold land	26,265	–	–	26,265
Buildings	277,213	(111,393)	–	165,820
Other assets	47,109	(40,254)	–	6,855
Plant and machinery	597,367	(541,492)	(13,500)	42,375
Capital work-in-progress	1,723	–	–	1,723
	949,677	(693,139)	(13,500)	243,038

- (a) Other assets comprise office equipment, furniture, fixtures, computers, renovation and motor vehicles.
- (b) Certain freehold land and buildings of the Group amounted to RM34,562,000 (2021 – RM34,978,000) have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 21(a) to the financial statements.
- (c) Property, plant and equipment are subject to negative pledge in relation to the banking facilities granted to the Group as disclosed to in Note 21(b) to the financial statements.

Notes to The Financial Statements
For The Financial Year Ended 31 December 2022
(cont'd)

7. RIGHT-OF-USE ASSETS

The Group	At 1.1.2022 RM'000	Additions (Note 29(a)) RM'000	Disposal RM'000	Derecognition Due to Lease Termination RM'000	Reassessment/ Modification of Lease Liabilities RM'000	Depreciation Charges (Note 24) RM'000	Exchange Differences RM'000	At 31.12.2022 RM'000
2022								
<i>Carrying Amount</i>								
Leasehold land	55,313	21,086	(6,188)	-	-	(2,826)	26	67,411
Hostel	84	-	-	-	-	(54)	(2)	28
Office	40	-	-	-	-	(27)	-	13
Showroom	274	1,377	-	-	304	(648)	9	1,316
Warehouse	850	882	-	(138)	349	(800)	(14)	1,129
Equipment	421	33	-	-	1,522	(748)	(1)	1,227
	56,982	23,378	(6,188)	(138)	2,175	(5,103)	18	71,124
2021								
<i>Carrying Amount</i>								
Leasehold land	58,349	-	-	-	-	(2,949)	(87)	55,313
Hostel	11	111	-	-	-	(39)	1	84
Office	-	53	-	-	-	(13)	-	40
Showroom	938	-	-	-	(36)	(635)	7	274
Warehouse	879	664	(142)	417	417	(972)	4	850
Equipment	1,169	36	(54)	-	-	(731)	1	421
	61,346	864	(196)	381	381	(5,339)	(74)	56,982

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

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

	The Group	
	2022 RM'000	2021 RM'000
Analysed by:-		
Cost	132,198	107,069
Accumulated depreciation	(55,674)	(44,687)
Accumulated impairment losses	(5,400)	(5,400)
	<hr/>	<hr/>
	71,124	56,982

(a) The Group leases various leasehold land, hostel, office, showroom, warehouse and equipment of which the leasing activities are summarised below:-

- (i) Leasehold land The Group has entered into non-cancellable operating lease agreements for the use of land. The leases are for a period from 2 to 908 years.
- (ii) Hostel, office, showroom and warehouse The Group leased a number of hostel, office, showroom and warehouse that run between 2 and 3 (2021 – 2 and 5) years with an option to renew the lease after that date.
- (iii) Equipment The Group leased a number of equipment for a period from 1 to 2 (2021 – 1.5 to 2) years with no option to renew the lease after that date.

(b) Leasehold land is subject to negative pledge in relation to the banking facilities granted to the Group as disclosed to in Note 21(b) to the financial statements.

8. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Other receivables				
Sundry receivables	25	609	–	–
Deposits	189	193	–	–
Deposits paid for land extension (Note 29(a))	–	5,098	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-current other receivables, net	214	5,900	–	–

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

8. TRADE AND OTHER RECEIVABLES (CONT'D)

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Trade receivables				
Third parties	63,687	82,735	-	-
Due from companies in which certain directors have financial interests:				
- Teobros Ceramica Sdn. Bhd.	15,908	15,780	-	-
- White Horse Ceramic Co., Ltd.	3,979	3,990	-	-
	83,574	102,505	-	-
Less: Allowance for impairment losses	(3,689)	(5,318)	-	-
Trade receivables, net	79,885	97,187	-	-
Other receivables				
Due from a subsidiary	-	-	2,486	1,444
Sundry receivables	2,436	1,494	-	14
Deposits	1,545	1,167	5	5
	3,981	2,661	2,491	1,463
Total current trade and other receivables	83,866	99,848	2,491	1,463
Allowance for impairment losses:-				
At 1 January	5,318	2,492	-	13,131
Addition during the financial year (Note 23)	-	2,835	-	-
Reversal during the financial year (Note 23)	(1,510)	-	-	(13,131)
Write off during the financial year	(135)	(15)	-	-
Exchange differences	16	6	-	-
	3,689	5,318	-	-

- (a) The Group's trade credit terms range from 30 to 180 (2021 – 30 to 180) days. Other credit terms are assessed and approved on a case-by-case basis.
- (b) The non-trade balance of amount due from a subsidiary is non-interest bearing, unsecured and repayable on demand.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

9. GOODWILL

	The Group	
	2022 RM'000	2021 RM'000
Cost:-		
At 1 January/31 December	677	677

The carrying amount of goodwill is allocated to the cash generating unit of White Horse Ceramic (S) Pte. Ltd.

10. DEFERRED TAX (ASSETS)/LIABILITIES

The Group	At 1.1.2022 RM'000	Recognised In Profit or Loss (Note 26) RM'000	Exchange Differences RM'000	At 31.12.2022 RM'000
2022				
<i>Deferred Tax Liability</i>				
Property, plant and equipment	3,448	42	9	3,499
<i>Deferred Tax Assets</i>				
Provisions and others	(3,231)	429	39	(2,763)
	217	471	48	736

The Group	At 1.1.2021 RM'000	Recognised In Profit or Loss (Note 26) RM'000	Exchange Differences RM'000	At 31.12.2021 RM'000
2021				
<i>Deferred Tax Liability</i>				
Property, plant and equipment	7,016	(3,569)	1	3,448
<i>Deferred Tax Assets</i>				
Provisions and others	(5,347)	2,143	(27)	(3,231)
	1,669	(1,426)	(26)	217

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

10. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset in the table above. The following is the analysis of the deferred tax balances for financial reporting purposes:-

	The Group	
	2022 RM'000	2021 RM'000
Deferred tax assets	(88)	–
Deferred tax liabilities	824	217
	736	217

11. INVENTORIES

	The Group	
	2022 RM'000	2021 RM'000
At cost:-		
Raw materials	46,026	34,971
Work-in-progress	6,180	5,495
Finished goods	74,355	44,930
Consumable supplies	11,135	10,651
Goods-in-transit	9,793	8,156
	147,489	104,203
At net realisable value:-		
Raw materials	3,033	2,051
Work-in-progress	221	263
Finished goods	71,532	45,408
Consumable supplies	5,067	5,405
	79,853	53,127
	227,342	157,330
Recognised in profit or loss:-		
Inventories recognised as cost of sales	337,370	359,445
Reversal of inventories written down (Note 24)	(2,702)	(11,426)

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

12. OTHER CURRENT ASSETS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Prepaid operating expenses	12,729	9,335	76	79
Advances to suppliers of raw materials	5,179	4,620	–	–
	17,908	13,955	76	79

13. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.44% to 6.50% (2021 – 1.65%) per annum. The fixed deposits have maturity periods ranging from 15 to 180 (2021 – 28 to 56) days.

14. CASH AND BANK BALANCES

Bank balances of the Group amounting to RM217,000 (2021 – RM244,000) are held under trust by certain managerial staffs of the Group.

15. SHARE CAPITAL

	The Group/The Company			
	2022 ('000)	2021 ('000)	2022 RM'000	2021 RM'000
Issued and Fully Paid-Up	Number of Shares			
Ordinary Shares	240,000	240,000	246,936	246,936

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

16. TREASURY SHARES

In the previous financial year, the Company has purchased 7,185,200 of its issued ordinary shares from the open market at the average price of RM0.75 per share. The total consideration paid for the purchase was RM5,409,694 including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

Of the total 240,000,000 (2021 – 240,000,000) issued and fully paid-up ordinary shares at the end of the reporting period, 19,474,400 (2021 – 19,474,400) ordinary shares are held as treasury shares by the Company. None (2021 – None) of the treasury shares were resold or cancelled during the financial year.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

17. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

18. LEASE LIABILITIES

	The Group	
	2022 RM'000	2021 RM'000
At 1 January	1,930	3,720
Additions (Note 29(a))	2,880	864
Interest expense recognised in profit or loss	179	144
Effects of rent concession received during the financial year	-	(4)
Reassessment/Modification of lease	2,175	381
Derecognition due to lease termination	(142)	(204)
Repayment of principal	(2,754)	(2,847)
Repayment of interest expense	(179)	(144)
Exchange differences	12	20
At 31 December	4,101	1,930
Analysed by:-		
Current liabilities (Note 21)	2,485	1,660
Non-current liabilities (Note 20)	1,616	270
	4,101	1,930

19. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Other payables				
Accruals and sundry payables	245	353	-	-
Total non-current other payables	245	353	-	-
Current				
Trade payables				
Third parties	37,754	34,997	-	-
Due to companies in which certain directors have financial interests:				
- Teobros Ceramica Sdn. Bhd.	81	47	-	-
- White Horse Ceramic Co., Ltd.	2	-	-	-
	37,837	35,044	-	-

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

19. TRADE AND OTHER PAYABLES (CONT'D)

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables				
Due to companies in which certain directors have financial interests:				
- White Horse Ceramic Co., Ltd.	249	–	–	–
- White Horse Investment (S) Pte. Ltd.	–	16,660	–	16,660
Accruals and sundry payables	23,320	24,385	136	138
Goods and services tax payable	195	130	–	–
Sales tax payable	3,896	5,471	–	–
	27,660	46,646	136	16,798
Total current trade and other payables	65,497	81,690	136	16,798

- (a) The normal trade credit terms granted to the Group range from 30 to 90 (2021 – 30 to 90) days.
- (b) The non-trade balance of amount due to companies in which certain directors have financial interests is non-interest bearing, unsecured and repayable on demand.

20. LONG-TERM BORROWING

	The Group	
	2022 RM'000	2021 RM'000
Lease liabilities (Note 18)	1,616	270

21. SHORT-TERM BORROWINGS

	Effective Interest Rate per annum	The Group	
		2022 RM'000	2021 RM'000
Bankers' acceptances	5.17% (2021 – 1.88%)	48,607	10,673
Lease liabilities (Note 18)	5.66% (2021 – 5.48%)	2,485	1,660
Revolving credits	6.04% (2021 – 3.15%)	45,174	58,335
		96,266	70,668

- (a) Certain revolving credits totalling RM40,174,000 (2021 – RM45,335,000) are secured by a first party legal charge over the Group's freehold land and buildings as disclosed in Note 6 to the financial statements.
- (b) The bankers' acceptances are secured against corporate guarantee by the Company and negative pledge of all assets of the Group.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

22. REVENUE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Revenue from Contracts with Customers</u>				
Sales of goods	413,615	399,792	-	-
<u>Revenue from Other Source</u>				
Dividend income	-	-	2,500	7,858
	413,615	399,792	2,500	7,858

	The Group	
	2022 RM'000	2021 RM'000
<u>Type of goods</u>		
Sales of ceramic tiles	156,520	137,006
Sales of homogeneous tiles	236,408	241,070
Others	20,687	21,716
	413,615	399,792

<u>Represented by geographical markets</u>		
Malaysia	361,618	309,120
Vietnam	4,110	37,953
Others	47,887	52,719
	413,615	399,792

The other information on the disaggregation of revenue is disclosed in Note 32 to the financial statements.

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Impairment losses:				
- Trade receivables (Note 8)	-	2,835	-	-
Reversal of impairment losses:				
- Trade receivables (Note 8)	(1,510)	-	-	-
- Other receivables (Note 8)	-	-	-	(13,131)
	(1,510)	2,835	-	(13,131)

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

24. PROFIT BEFORE TAXATION

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees				
- current financial year	296	300	60	58
- over provision in the previous financial year	-	(2)	-	-
- non-audit fees	-	-	-	-
- auditor of the Company	6	6	6	6
- member firm of the auditor of the Company	28	13	-	-
Bad debts written off	12	-	-	-
Depreciation:				
- property, plant and equipment (Note 6)	23,974	26,293	-	-
- right-of-use assets (Note 7)	5,103	5,339	-	-
Employees benefits expense (Note 25)	80,574	75,554	162	161
Impairment loss on investment in a subsidiary	-	-	-	19,538
Impairment loss on property, plant and equipment (Note 6)	-	6,100	-	-
Reversal of inventories written down (Note 11)	(2,702)	(11,426)	-	-
Short-term leases	950	1,182	-	-
Property, plant and equipment written off (Note 6)	60	217	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- Bankers' acceptance	1,012	435	-	-
- Revolving credits	2,030	2,388	-	-
- Term loan	-	17	-	-
- Lease liabilities	179	144	-	-
- Imputed interest	-	8,664	-	-
Gain on disposal of property, plant and equipment	(546)	(73,791)	-	-
Gain on disposal of right-of-use assets	(11,354)	(872)	-	-
Loss/(Gain) on foreign exchange:				
- realised	778	5,557	(461)	1,677
- unrealised	(1,184)	(5,328)	-	592
Effects of changes in lease termination	(4)	(8)	-	-
Effects of rent concessions	-	(4)	-	-
Fair value gain on financial assets	-	-	-	(2,871)
Total interest income on financial assets measured at amortised cost	(3,763)	(2,192)	(95)	-
Lease income:				
- property, plant and equipment	(650)	(642)	-	-
Wages subsidy	-	(1,649)	-	-

Notes to The Financial Statements
For The Financial Year Ended 31 December 2022
(cont'd)

25. EMPLOYEES BENEFITS EXPENSE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors' non-fee emoluments (Note 30)	1,443	1,307	8	8
Directors' fees (Note 30)	910	670	150	150
EIS contributions	77	68	-	-
EPF contributions	6,250	5,707	-	-
Other staff related expenses	3,540	3,761	4	3
Salaries, wages and bonus	67,329	62,710	-	-
SOCSSO	1,025	1,331	-	-
	80,574	75,554	162	161

26. INCOME TAX EXPENSE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense:				
- current financial year	1,699	9,402	-	-
- under provision in the previous financial year	3,043	823	-	-
	4,742	10,225	-	-
- real property gains tax	993	-	-	-
	5,735	10,225	-	-
Deferred tax expense (Note 10):				
- origination and reversal of temporary differences	471	(1,426)	-	-
	6,206	8,799	-	-

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

26. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation	6,998	25,538	2,634	1,637
Tax at the Malaysian statutory tax rate of 24% (2021 – 24%)	1,680	6,129	632	393
Tax effects of:-				
Non-taxable income	(3,768)	(106)	(733)	(5,727)
Non-deductible expenses	6,318	7,507	101	5,334
Deferred tax assets not recognised during the financial year	–	3,619	–	–
Effects of differential in tax rates of foreign subsidiaries	(192)	(4,820)	–	–
Real property gains tax	993	–	–	–
Utilisation of previously unrecognised tax losses	(761)	(4,347)	–	–
Utilisation of deferred tax assets previously not recognised	(1,051)	–	–	–
Under provision of current tax expenses in the previous financial year	3,043	823	–	–
Others	(56)	(6)	–	–
Income tax expense for the financial year	6,206	8,799	–	–

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

26. INCOME TAX EXPENSE (CONT'D)

Subject to agreement with the tax authorities, at the end of the reporting period, unabsorbed business losses, unutilised capital allowances and unutilised reinvestment allowances of the Group are as follows:-

	The Group	
	2022 RM'000	2021 RM'000
Unabsorbed business losses		
- expires year of assessment 2022	-	488
- expires year of assessment 2023	11,512	14,611
- expires year of assessment 2024	15,810	15,623
- expires year of assessment 2025	10,172	9,943
- expires year of assessment 2028	5,602	5,602
- expires year of assessment 2029	14,269	14,269
- expires year of assessment 2030	10,646	10,646
- expires year of assessment 2031	7,477	7,477
- expires year of assessment 2032	6,022	-
	81,510	78,659
Unutilised capital allowances	32,822	33,625
Unutilised reinvestment allowances		
- expires year of assessment 2025	4,042	4,042
	118,374	116,326

No deferred tax assets are recognised in respect of the following items:-

	The Group	
	2022 RM'000	2021 RM'000
Unabsorbed business losses	81,510	78,659
Unutilised capital allowances	2,377	1,873
Other temporary differences	31,967	42,788
	115,854	123,320

For the Malaysia entities, the unabsorbed business losses are allowed to be utilised for 10 consecutive years of assessment, unutilised reinvestment allowances are allowed to be utilised for 7 consecutive years of assessment while unutilised capital allowances are allowed to be carried forward indefinitely.

The use of unabsorbed business losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

27. EARNINGS PER SHARE

	The Group	
	2022 RM'000	2021 RM'000
Profit attributable to owners of the Company	792	16,739
Weighted average number of ordinary shares in issue ('000)	220,526	225,617
Basic earnings per share (sen)	0.4	7.4

- (a) The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.
- (b) The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to basic earnings per share.

28. DIVIDEND

	The Group/The Company	
	2022 RM'000	2021 RM'000
Tax-exempt final dividend of 3 sen per ordinary share	6,616	-

29. CASH FLOW INFORMATION

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

	The Group	
	2022 RM'000	2021 RM'000
Property, plant and equipment		
Cost of property, plant and equipment (Note 6)	3,084	3,799
Right-of-use assets		
Cost of right-of-use assets acquired (Note 7)	23,378	864
Less: Addition of new lease liabilities (Notes 18 and 29(b))	(2,880)	(864)
Add: Deposit paid for land extension (Note 8)	-	5,098
Less: Deposit paid in previous financial year (Note 8)	(5,098)	-
	15,400	5,098

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

29. CASH FLOW INFORMATION (CONT'D)

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

The Group	Bankers' Acceptance RM'000	Revolving Credits RM'000	Lease Liabilities RM'000	Due to related parties RM'000	Total RM'000
2022					
At 1 January	10,673	58,335	1,930	16,660	87,598
<u>Changes in Financing Cash Flows</u>					
Net repayment to related parties	-	-	-	(16,402)	(16,402)
Net proceeds from drawdown	39,008	-	-	-	39,008
Net repayment of borrowing principal	-	(14,035)	(2,754)	-	(16,789)
Repayment of borrowing interests	(1,012)	(2,030)	(179)	-	(3,221)
	37,996	(16,065)	(2,933)	(16,402)	2,596
<u>Non-cash Changes</u>					
Acquisition of new lease (Note 29(a))	-	-	2,880	-	2,880
Derecognition due to lease termination	-	-	(142)	-	(142)
Interest expense recognised in profit or loss (Note 24)	1,012	2,030	179	-	3,221
Reassessment/Modification of lease	-	-	2,175	-	2,175
Unrealised foreign exchange (gain)/loss	(1,074)	874	-	(9)	(209)
Exchange differences	-	-	12	-	12
	(62)	2,904	5,104	(9)	7,937
At 31 December	48,607	45,174	4,101	249	98,131

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

29. CASH FLOW INFORMATION (CONT'D)

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

The Group	Bankers' Acceptance RM'000	Revolving Credits RM'000	Term Loan RM'000	Lease Liabilities RM'000	Lease Liabilities Held for Sale RM'000	Due to a related party RM'000	Total RM'000
2021							
At 1 January	19,401	92,026	2,000	3,720	28,330	16,068	161,545
<u>Changes in Financing Cash Flows</u>							
Net repayment of borrowing principal	(8,715)	(29,206)	(2,000)	(2,847)	(1,370)	-	(44,138)
Repayment of borrowing interests	(435)	(2,388)	(17)	(144)	-	-	(2,984)
<u>Non-cash Changes</u>	(9,150)	(31,594)	(2,017)	(2,991)	(1,370)	-	(47,122)
Acquisition of new lease (Note 29(a))	-	-	-	864	-	-	864
Derecognition due to lease termination	-	-	-	(204)	(26,960)	-	(27,164)
Effects of rent concession received during the financial year	-	-	-	(4)	-	-	(4)
Interest expense recognised in profit or loss (Note 24)	435	2,388	17	144	-	-	2,984
Reassessment/Modification of lease	-	-	-	381	-	-	381
Unrealised foreign exchange (gain)/loss	(13)	(4,485)	-	-	-	592	(3,906)
Exchange differences	-	-	-	20	-	-	20
	422	(2,097)	17	1,201	(26,960)	592	(26,825)
At 31 December	10,673	58,335	-	1,930	-	16,660	87,598

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

29. CASH FLOW INFORMATION (CONT'D)

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

	Due to a related party	
	2022 RM'000	2021 RM'000
The Company		
At 1 January	16,660	16,068
<u>Changes in Financing Cash Flows</u>		
Net repayment to a related party	(16,660)	-
<u>Non-cash Changes</u>		
Unrealised foreign exchange loss	-	592
At 31 December	-	16,660

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

	The Group	
	2022 RM'000	2021 RM'000
Payment of short-term leases	950	1,182
Interest paid on lease liabilities	179	144
Payment of lease liabilities	2,754	4,217
	3,883	5,543

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	52,143	132,713	7,844	29,534
Fixed deposits with licensed banks	86,240	44,900	-	-
	138,383	177,613	7,844	29,534
Less: Fixed deposits with tenure of more than 3 months	(61,440)	-	-	-
	76,943	177,613	7,844	29,534

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

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30. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company comprise of executive directors and non-executive directors who are the executive directors of the subsidiaries.

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company:				
<u>Executive:</u>				
Salaries, bonus and other emoluments	699	629	-	-
Fees	280	220	-	-
Defined contribution benefits	53	35	-	-
<hr/>				
Total executive directors' remuneration excluding benefits-in-kind	1,032	884	-	-
Benefits-in-kind	39	34	-	-
<hr/>				
	1,071	918	-	-
<hr/>				
<u>Non-executive:</u>				
Salaries, bonus and other emoluments	633	590	8	8
Fees	510	450	150	150
Defined contribution benefits	58	53	-	-
<hr/>				
Total non-executive directors' remuneration excluding benefits-in-kind #	1,201	1,093	158	158
Benefits-in-kind	14	20	-	-
<hr/>				
	1,215	1,113	158	158
<hr/>				
Director of the Subsidiary:				
Fees	120	-	-	-
<hr/>				
Total directors' remuneration excluding benefits-in-kind (Note 25)	2,353	1,977	158	158

This includes remuneration of RM1,201,000 (2021 – RM1,093,000) paid to non-executive directors of the Company, who are executive directors of the subsidiaries.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

30. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The number of directors of the Group whose total remuneration during the year fall within the following bands are analysed below:

	2022			2021	
	Number of Directors		Director of the Subsidiary	Number of Directors	
The Group	Executive	Non- executive		Executive	Non- executive
Below RM50,000	1	1	–	–	–
RM50,001 – RM100,000	–	3	–	–	4
RM100,001 – RM150,000	–	–	1	–	–
RM150,001 – RM200,000	–	–	–	1	1
RM200,001 – RM250,000	–	1	–	–	3
RM250,001 – RM300,000	1	3	–	–	–
RM350,001 – RM400,000	2	–	–	2	–
	4	8	1	3	8

31. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

31. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Subsidiaries				
Dividend received	–	–	2,500	7,858
Companies in which certain directors have financial interests				
Sales of goods to:				
- Teobros Ceramica Sdn. Bhd.	18,172	18,679	–	–
- White Horse Ceramic Co., Ltd.	9,078	10,093	–	–
Sales of raw materials, consumable supplies and products to White Horse Ceramic Co., Ltd.				
	1,008	1,021	–	–
Purchases of goods from:				
- Teobros Ceramica Sdn. Bhd.	91	49	–	–
- White Horse Ceramic Co., Ltd.	53	49	–	–

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

32. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as its chief operating decision makers in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their geographical areas, and has three reportable operating segments as below:

Malaysia: The Malaysia segment includes manufacturing and distribution of ceramic and homogeneous tiles in Malaysia.

Vietnam: The Vietnam segment includes distribution of ceramic and homogeneous tiles in Vietnam.

Others: The other segments include distribution of ceramic and homogeneous tiles in Indonesia, Philippines, Singapore, Thailand and China.

- (a) The Executive Directors assess the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

32. OPERATING SEGMENTS (CONT'D)

- (b) Each reportable segment assets are measured based on all assets (including goodwill) of the segment other than tax-related assets.
- (c) Each reportable segment liabilities are measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

32.1 GEOGRAPHICAL SEGMENTS

2022	Malaysia RM'000	Vietnam RM'000	Others RM'000	The Group RM'000
Revenue				
External revenue	361,618	4,110	47,887	413,615
Inter-segment revenue	9,070	1,148	2,828	13,046
	370,688	5,258	50,715	426,661
Consolidation adjustments				(13,046)
Consolidated revenue				413,615
Represented by:-				
<u>Revenue from contracts with customers</u>				
Sales of goods	370,688	5,258	50,715	426,661
Consolidation adjustments				(13,046)
				413,615
Results				
Segment profit/(loss)	9,383	1,278	(442)	10,219
Finance costs				(3,221)
Consolidated profit before taxation				6,998

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

32. OPERATING SEGMENTS (CONT'D)

32.1 GEOGRAPHICAL SEGMENTS (CONT'D)

2022	Malaysia RM'000	Vietnam RM'000	Others RM'000	The Group RM'000
Segment profit/(loss) includes the followings:-				
Interest income	(1,176)	(2,519)	(68)	(3,763)
Interest expenses	3,126	3	92	3,221
Depreciation	25,292	186	3,599	29,077
Inventories written down/ (Reversal of inventories written down)	411	(2,690)	(423)	(2,702)
(Reversal of net impairment losses)/Net impairment losses on financial assets	(2,318)	-	808	(1,510)
Unrealised foreign exchange (gain)/loss	(1,469)	305	(20)	(1,184)
Assets				
Segment assets	633,485	72,987	56,112	762,584
Unallocated assets:				
- current tax assets				830
- deferred tax assets				88
Consolidated total assets				763,502
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment	3,069	-	15	3,084
Right-of-use assets	20,494	-	2,884	23,378
Liabilities				
Segment liabilities	(156,219)	(1,855)	(6,702)	(164,776)
Unallocated liabilities:				
- deferred tax liabilities				(824)
- current tax liabilities				(755)
Consolidated total liabilities				(166,355)

Notes to The Financial Statements
For The Financial Year Ended 31 December 2022
(cont'd)

32. OPERATING SEGMENTS (CONT'D)**32.1 GEOGRAPHICAL SEGMENTS (CONT'D)**

2021	Malaysia RM'000	Vietnam RM'000	Others RM'000	The Group RM'000
Revenue				
External revenue	307,578	37,953	54,261	399,792
Inter-segment revenue	6,936	6,198	–	13,134
	314,514	44,151	54,261	412,926
Consolidation adjustments				(13,134)
Consolidated revenue				399,792
Represented by:-				
<u>Revenue from contracts with customers</u>				
Sales of goods	314,514	44,151	54,261	412,926
Consolidation adjustments				(13,134)
				399,792
Results				
Segment (loss)/profit	(27,339)	63,460	1,065	37,186
Finance costs				(11,648)
Consolidated profit before taxation				25,538

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

32. OPERATING SEGMENTS (CONT'D)

32.1 GEOGRAPHICAL SEGMENTS (CONT'D)

2021	Malaysia RM'000	Vietnam RM'000	Others RM'000	The Group RM'000
Segment (loss)/profit includes the followings:-				
Interest income	(938)	(33)	(1,221)	(2,192)
Interest expenses	2,920	8,671	57	11,648
Depreciation	27,213	289	4,130	31,632
Inventories written down/ (Reversal of inventories written down)	513	(11,870)	(69)	(11,426)
Net impairment losses/ (Reversal of net impairment losses) on financial assets	2,935	(68)	(32)	2,835
Impairment loss on property, plant and equipment	6,100	-	-	6,100
Unrealised foreign exchange (gain)/loss	(5,950)	622	-	(5,328)
Assets				
Segment assets	629,981	70,908	55,511	756,400
Unallocated assets: - current tax assets				127
Consolidated total assets				756,527
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment	3,690	-	109	3,799
Right-of-use assets	310	53	501	864
Liabilities				
Segment liabilities	(146,723)	(2,845)	(5,003)	(154,571)
Unallocated liabilities: - deferred tax liabilities				(217)
- current tax liabilities				(1,073)
Consolidated total liabilities				(155,861)

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

32. OPERATING SEGMENTS (CONT'D)

32.2 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

33. FINANCIAL INSTRUMENTS

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

33.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Euro. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purpose.

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

<i>Foreign Currency Exposure</i>	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies		
	United States Dollar RM'000	Euro RM'000	Total RM'000
The Group			
2022			
Functional Currencies			
Ringgit Malaysia ("RM")	(31,897)	(5,027)	(36,924)
Vietnamese Dong ("VND")	6,462	-	6,462
Currency exposure	(25,435)	(5,027)	(30,462)
2021			
Functional Currencies			
Ringgit Malaysia ("RM")	(26,930)	(2,578)	(29,508)
Vietnamese Dong ("VND")	871	-	871
Currency exposure	(26,059)	(2,578)	(28,637)

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

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

Effects on Profit After Taxation	The Group	
	2022 RM'000	2021 RM'000
USD/RM – strengthened by 10% (2021 – 10%)	(2,424)	(2,047)
– weakened by 10% (2021 – 10%)	2,424	2,047
Euro/RM – strengthened by 10% (2021 – 10%)	(382)	(196)
– weakened by 10% (2021 – 10%)	382	196
USD/VND – strengthened by 10% (2021 – 10%)	491	66
– weakened by 10% (2021 – 10%)	(491)	(66)

(ii) Interest Rate Risk

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

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

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 18 and 21 to the financial statements.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

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

Effects on Profit After Taxation	The Group	
	2022 RM'000	2021 RM'000
Increase of 50 basis points (2021 – 50 basis point)	(202)	(376)
Decrease of 50 basis points (2021 – 50 basis point)	202	376

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

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

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (2021 – 1) customer which constituted approximately 19% (2021 – 15%) of its trade receivables (including related parties) at the end of the reporting period.

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

	The Group	
	2022 RM'000	2021 RM'000
Malaysia	64,534	72,780
Singapore	3,440	4,867
Vietnam	1	9,407
Taiwan	3,974	3,949
Philippines	5,539	4,151
Others	2,397	2,033
	79,885	97,187

(ii) Maximum Exposure to Credit Risk

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

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM117,865,000 (2021 – RM89,014,000), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

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

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

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

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

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full.

Trade Receivables

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

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

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

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

The expected loss rates are based on the payment profiles of sales over 36 months (2021 – 36 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the unemployment rate and inflation rate as the key macroeconomic factors of the forward-looking information.

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables (Cont'd)

Allowance for Impairment Losses

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2022				
Current (not past due)	41,570	–	(214)	41,356
1 to 30 days past due	19,815	–	(219)	19,596
31 to 60 days past due	11,914	–	(221)	11,693
61 to 90 days past due	3,797	–	(188)	3,609
91 to 120 days past due	3,138	–	(167)	2,971
More than 121 days past due	2,301	–	(1,641)	660
Credit impaired	1,039	(1,039)	–	–
	83,574	(1,039)	(2,650)	79,885
2021				
Current (not past due)	55,210	–	(613)	54,597
1 to 30 days past due	20,956	–	(414)	20,542
31 to 60 days past due	14,730	–	(456)	14,274
61 to 90 days past due	2,817	–	(273)	2,544
91 to 120 days past due	2,536	–	(290)	2,246
More than 121 days past due	5,183	–	(2,199)	2,984
Credit impaired	1,073	(1,073)	–	–
	102,505	(1,073)	(4,245)	97,187

The movements in the loss allowances in respect of trade receivables are disclosed in Note 8 to the financial statements.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial in the Group level and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Amount Owing by Related Companies (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. The Company considers loans and advances to related companies have low credit risks. The Company assumes that there is a significant increase in credit risk when a related company's financial position deteriorates significantly.

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

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

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

Allowance for Impairment Losses

At the end of the reporting period, there was no indication that the amount owing is not recoverable other than those which had already impaired in the previous financial year.

Financial Guarantee Contracts

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

(c) Liquidity Risk

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
2022					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Lease liabilities	5.66	4,101	4,223	2,517	1,706
Bankers' acceptances	5.17	48,607	48,607	48,607	–
Revolving credits	6.04	45,174	45,174	45,174	–
Trade and other payables	–	61,651	61,651	61,651	–
		159,533	159,655	157,949	1,706
2021					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Lease liabilities	5.48	1,930	1,972	1,491	481
Bankers' acceptances	1.88	10,673	10,673	10,673	–
Revolving credits	3.15	58,335	58,335	58,335	–
Trade and other payables	–	76,442	76,442	76,442	–
		147,380	147,422	146,941	481

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2022				
<u>Non-derivative Financial Liabilities</u>				
Trade and other payables	-	136	136	136
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	117,865	117,865
		136	118,001	118,001
2021				
<u>Non-derivative Financial Liabilities</u>				
Trade and other payables	-	16,798	16,798	16,798
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	89,014	89,014
		16,798	105,812	105,812

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

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

33.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial Assets				
<i>Amortised Cost</i>				
Trade and other receivables (Note 8)	82,346	99,290	2,486	1,458
Fixed deposits with licensed banks (Note 13)	86,240	44,900	–	–
Cash and bank balances (Note 14)	52,143	132,713	7,844	29,534
	220,729	276,903	10,330	30,992
Financial Liabilities				
<i>Amortised Cost</i>				
Lease liabilities (Note 18)	4,101	1,930	–	–
Bankers' acceptances (Note 21)	48,607	10,673	–	–
Revolving credits (Note 21)	45,174	58,335	–	–
Trade and other payables (Note 19)	61,651	76,442	136	16,798
	159,533	147,380	136	16,798

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022
(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial Assets				
<u>Amortised Cost</u>				
Net gains/(losses) recognised in profit or loss	6,023	(6,214)	556	11,454
Financial Liabilities				
<u>Amortised Cost</u>				
Net (losses)/gains recognised in profit or loss	(3,577)	(6,306)	-	2,279

33.5 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments carried at fair values in the statements of financial position.

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

34. CAPITAL COMMITMENTS

	The Group	
	2022 RM'000	2021 RM'000
Purchase of property, plant and equipment	151	12,051

LIST OF LANDED PROPERTIES

As At 31 December, 2022

Location	Address	Description	Existing Use	Tenure	Approximate Age of Building (years)	Land & Built-up Area (sq meter)	Date of Acquisition/ (Extension)	2022 Carrying Amount (RM)
Lot PTD 156654, HS(D) 309464 Mukim of Plentong, District of Johor Bahru, Johor	PLO 464, Jalan Gangsa, Pasir Gudang Industrial Estate, 81700 Pasir Gudang Johor	Industrial building and a block of 5 Storey corporate office with basement	Owner occupied	An additional 30 years lease from 4th July, 2022 to 3rd July, 2052 from the landowner - Johor Corporation	26	83,079 & 64,425	01-Oct-91 (09-Sep-22)	43,998,655
Lot PTD 2860, HS(D) 367647 Mukim of Sungai Tiram, District of Johor Bahru, Johor	PLO 29, Tanjung Langsat Industrial Complex, 81700 Pasir Gudang, Johor	Industrial building	Owner occupied	Leasehold 60 years expiring on 08/02/2064	21	129,624 & 92,047	01-Sep-00	56,751,449
Lot PTD 4068, HS(D) 491784 Mukim of Sungai Tiram, District of Johor Bahru, Johor	PLO 132, Tanjung Langsat Industrial Complex, 81700 Pasir Gudang, Johor	Industrial building	Owner occupied	Leasehold 60 years expiring on 10/01/2071	12	117,055 & 27,090	24-Nov-09	28,665,756
Lot PTD 119781, HS(D) 247731, Mukim of Plentong, District of Johor Bahru, Johor	PLO 453, Jalan Keluli 3, Pasir Gudang Industrial Estate, 81700 Pasir Gudang Johor	Single storey warehouse and annexed with double storey office	Owner occupied	Lease from Johor Corporation 30 years expiring on 30/12/2026 with option for further extension of 30 years	25	24,280 & 14,295	01-May-95	6,377,641
Lot PTD 163211, HS(D) 334414, Mukim of Plentong, District of Johor Bahru, Johor	PLO 496, Jalan Keluli 3, Pasir Gudang Industrial Estate, 81700 Pasir Gudang Johor	Single storey warehouse	Owner occupied	Leasehold 30 years expiring on 21/06/2030 with option for further extension of 30 years	22	25,490 & 14,605	01-Sep-00	7,143,992
Lot PTD 194277, HS(D) 442429, Mukim of Plentong, District of Johor Bahru, Johor	PLO 728, Jalan Keluli 3, Pasir Gudang Industrial Estate, 81700 Pasir Gudang Johor	Single storey warehouse and annexed with double storey office	Owner occupied	Leasehold 60 years expiring on 19/03/2067	17	20,488 & 13,413	30-Sep-07	8,043,084

List of Landed Properties

As At 31 December, 2022
(cont'd)

Location	Address	Description	Existing Use	Tenure	Approximate Age of Building (years)	Land & Built-up Area (sq meter)	Date of Acquisition/ (Extension)	2022 Carrying Amount (RM)
Lot PTD 110338, HS(D) 216827, Mukim of Plentong, District of Johor Bahru, Johor	Block 7, Jalan Cendana 2, Taman Cendana, 81700 Pasir Gudang, Johor	A block of 5 storey medium cost flat with 38 units apartments	Owner occupied	Leasehold 99 years expiring on 28/04/2093	26	3,600 & 2,531	31-Mar-97	1,538,676
HS(D) 135082 & 135083 PTD 71022 & 71023 Mukim Plentong District of Johor Bahru, Johor	Block 69 & 68 Jalan Tembusu, Taman Air Biru, 81700 Pasir Gudang, Johor	A block of 5 storey medium cost flat with 35 units apartments	Owner occupied	Leasehold 99 years expiring on 02/11/2085	36	2,678 & 2,230	31-Jan-07	2,198,704
Lot PTD 3613, HS(D) 375496 Mukim of Sungai Tiram, District of Johor Bahru, Johor	PLO 39, Tanjung Langsat Industrial Complex, 81700 Pasir Gudang, Johor	Industrial land	Owner occupied	Leasehold 60 years expiring on 09/09/2064	21	4,468 & 0	01-Jul-02	441,842
Lot PTD 3612, HS(D) 375495 Mukim of Sungai Tiram, District of Johor Bahru, Johor	PLO 33, Tanjung Langsat Industrial Complex, 81700 Pasir Gudang, Johor	Natural gas service station	Owner occupied	Leasehold 60 years expiring on 09/09/2064	21	400 & 0	01-Sep-01	50,289
GRN 459987 LOT 90523 Mukim of Plentong District of Johor Bahru	No. 2, Jalan Mutiara 2, Taman Perindustrian Plentong, 81750 Plentong, Johor	2 storey warehouse and showroom with 3-storey office	Owner occupied	Freehold	9	9,528 & 14,501	30-Sep-14	34,561,865
Lot P.T.No:17306, HS(M) 10066, Mukim of Batu, District of Gombak, Selangor	No. 1, Jalan Persiaran Satu, Bandar Baru Selayang, 68100 Batu Caves, Selangor	Single storey warehouse and annexed with three storey office	Owner occupied	Leasehold 99 years expiring on 22/12/2085	25	12,550 & 7,884	01-Jul-95	11,207,083
GM 975 Lot 2737 Mukim Klang, Daerah Klang	Lot 2737, Jalan Nong / KS2, Taman Perindustrian Sg, Jati 41200 Klang, Selangor	Single storey warehouse and annexed with double storey office	Owner occupied	Freehold	15	12,014 & 8,628	24-Mar-05	12,082,033

List of Landed Properties

As At 31 December, 2022

(cont'd)

Location	Address	Description	Existing Use	Tenure	Approximate Age of Building (years)	Land & Built-up Area (sq meter)	Date of Acquisition/ (Extension)	2022 Carrying Amount (RM)
No. Hakmilik 308892 (Lot No:67890, HS(D) KA 1257/76) Mukim Ulu Kinta, District of Kinta, Perak	Plot 76, Persiaran Portland, Kawasan Perindustrian Tasek, 31400 Ipoh, Perak	Single storey warehouse and annexed with double storey office	Owner occupied	Leasehold 99 years expiring on 31/10/2075	21	4,065 & 2,717	28-Feb-02	1,886,071
PN 2918, Lot 68293, Mukim Ulu Kinta, District of Kinta, Perak	Plot 81, Persiaran Portland, Kawasan Perindustrian Tasek, 31400 Ipoh, Perak	Vacant Land for Industrial Building	Owner occupied	Leasehold 99 years expiring on 01/09/2075	47	4,065	31-Jan-11	920,877
Mukim 63 Lot 1214 Mukim Mergung, Daerah Kota Setar	No 202 Kaw Perusahaan Mergong II, Lorong Perak 8 05150 Alor Setar, Kedah	7 units of 2 storey and 2 units of warehouse	Owner occupied	Leasehold 60 years expiring on 29/12/2037	45	5,727	31-Jul-07	2,378,933
HS(M) 460 PT 4526, Mukim 01, Seberang Perai Tengah Pulau Pinang	No 3088 Jalan Kelisa Emas 1, Seberang Jaya, 13700 Perai, Pulau Pinang	Single storey warehouse and annexed with double storey office	Owner occupied	Freehold	17	7,778 & 8,894	01-Mar-06	15,708,909
Lot 55, HS(D) 1456, PTD 8754, Mukim of Kuala Kuantan, Pahang	Lot 55, Semambu Industrial Estate, 25350 Kuantan, Pahang	Single storey warehouse and annexed with double storey office	Owner occupied	Leasehold 66 years expiring on 02/03/2043	43	4,480 & 1,583	30-Sep-98	971,839
HS(D) 3087, PTD 2404, Mukim Simpang Kanan, Batu Pahat, Johor	104, Jalan Jelawat, Taman Banang, 83000 Batu Pahat, Johor	Single Storey Shophouse	Owner occupied	Freehold	51	164	14-Feb-11	280,302
No Hakmilik: 5897 Lot 53339 Seksyen 14, (HS(M) 11473, LOT 5644), Mukim Kajang, Daerah Hulu Langat, Selangor	No Hakmilik: 5897 Lot 53339 Seksyen 14, (HS(M) 11473, LOT 5644), Mukim Kajang, Daerah Hulu Langat, Selangor	Vacant Land	Owner occupied	Leasehold 60 years expiring on 23/07/2029 (Extension of 99 years expiring on 23 July 2121)	53	15,517	30-Sep-14 (14-Jul-22)	3,272,140

List of Landed Properties

As At 31 December, 2022
(cont'd)

Location	Address	Description	Existing Use	Tenure	Approximate Age of Building (years)	Land & Built-up Area (sq meter)	Date of Acquisition/ (Extension)	2022 Carrying Amount (RM)
Country Lease No. 015364646 Mile 10, Tuaran Road, District of Kota Kinabalu, Sabah	Mile 10, Tuaran Road, in the District of Kota Kinabalu, Sabah	Vacant Land	Owner occupied	Leasehold 999 years expiring on 09/01/2923	99	9,834	31-Jul-15	8,442,906
No 7525 Tambol, Bang Pleeyai, Amphur, Bangplee, Samutprakam, Bangkok, Thailand	Bangna Tart Road KM 11, Bangplee, Samutprakam, Bangkok, Thailand	Single storey warehouse and annexed with double storey office	Owner occupied	Leasehold 22 years expiring on 24/01/2027	18	9,600 & 8,242	13-Jan-05	1,716,178
A 12502 (now known as Lot 1342m) MK 11, Singapore	No. 1, Sungai Kadut Way, Singapore 728770	Single storey warehouse and annexed with double storey office	Owner occupied	Leasehold 30 years expiring on 15/06/2022 (Extension until 31/08/2023)	30	4,374 & 2,916	25-Jul-03	177,229
48, Street 4, Da Nang Industrial Park, An Don, Son Tra District, Da Nang City, Vietnam	48, Street 4, Da Nang Industrial Park, An Don, Son Tra District, Da Nang City, Vietnam	Single storey warehouse and annexed with double storey office	Owner occupied	Leasehold 39 years expiring on 21/09/2043	18	6,253 & 4,527	01-May-05	676,894
Unit LD-7.8 Lexington Building No 6, An Phu Town, An Phu Ward, District 2, Ho Chi Minh City, Vietnam	Unit LD-7.8 Lexington Building, No 6, An Phu Town, An Phu Ward, District 2, Ho Chi Minh City Vietnam	Residential apartment	Owner occupied	Leasehold 50 years expiring on 29/03/2067	6	82	29-Mar-17	438,451
Total :								249,931,798

ANALYSIS OF SHAREHOLDINGS

As At 31 March 2023

Total number of issued shares (inclusive of treasury shares)	:	240,000,000 ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Treasury shares held as at 31 March 2023	:	19,474,400 ordinary shares

1. DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	12	0.59	188	0.00
100 - 1,000	247	12.12	180,500	0.08
1,001 - 10,000	1,362	66.83	4,983,012	2.26
10,001 - 100,000	316	15.50	9,499,200	4.31
100,001 - 11,026,279 (less than 5% of issued shares)	97	4.76	160,272,730	72.68
11,026,280 and above (5% and above of issued shares)	4	0.20	45,589,970	20.67
	2,038	100.00	220,525,600	100.00

2. DIRECTORS' SHAREHOLDINGS

The Directors' shareholdings of White Horse Berhad based on the Register of Directors' Shareholdings are as follows:-

Total number of issued shares (exclusive of treasury shares) = 220,525,600

No.		Direct	%	No. of Ordinary Shares Held Indirect	%
1.	Liao Shen Hua	3,737,824	1.69	8,500,000 ⁽¹⁾	3.85
2.	Liao Shen Yao	3,306,897	1.50	8,340,000 ⁽²⁾	3.78
3.	Teo Swee Teng	11,073,593	5.02	1,843,000 ⁽³⁾	0.84
4.	Teo Kim Lap	11,083,027	5.03	1,300,000 ⁽⁴⁾	0.59
5.	Teo Kim Tay	12,409,015	5.63	–	–
6.	Cheng Soon Mong	4,877,735	2.21	1,193,004 ⁽⁵⁾	0.54
7.	Rosita Yeo Swat Geok	–	–	–	–
8.	Lau Lee Jan	–	–	–	–
9.	Tai Lam Shin	–	–	–	–
10.	Liao, Hung-Chang	8,391,430	3.81	4,534,896 ⁽⁶⁾	2.06

Analysis of Shareholdings

As At 31 March 2023

(cont'd)

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The substantial shareholders' shareholdings of White Horse Berhad based on the Register of Substantial Shareholders of the Company are as follows:-

No.		Direct	No. of Ordinary Shares Held		%
			%	Indirect	
1.	Liao Shen Hua	3,737,824	1.69	8,500,000 ⁽¹⁾	3.85
2.	Teo Kim Tay	12,409,015	5.63	–	–
3.	Liao Shen Yao	3,306,897	1.50	8,340,000 ⁽²⁾	3.78
4.	Teo Swee Teng	11,073,593	5.02	1,843,000 ⁽³⁾	0.84
5.	Teo Boon Hoo	11,663,335	5.29	–	–
6.	Teo Kim Lap	11,083,027	5.03	1,300,000 ⁽⁴⁾	0.59
7.	Liao, Hung-Chang	8,391,430	3.81	4,534,896 ⁽⁶⁾	2.06

Notes:

- (1) Deemed interested through his son, Liao Kuan Yung and his daughters, Liao Wan Yu and Liao Tzu Chi.
- (2) Deemed interested through his sons, Liao Chun Hao and Liao Chih Hao.
- (3) Deemed interested through his wife, Ku Kuan and his sons, Teo Wei Kee and Teo Wei Siong and his daughter, Teo Wei Chin.
- (4) Deemed interested through his wife, Ong Yock Hong and his son, Teo Rhen Gie and his daughters, Teo Sin Rhu, Teo Sin Yee and Teo Hui Yee.
- (5) Deemed interested through his wife, Tan Pak Lan and his son, Cheng Hang Huat and his daughter, Cheng Swee Chin.
- (6) Deemed interested by virtue of his direct interest in Ding Qiao Investment Co., Ltd. and Ding Ya Investment Co., Ltd..

4. LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	Number of Ordinary Shares held	Percentage %
1.	TEO KIM TAY	12,409,015	5.63
2.	TEO SWEE TENG	11,073,593	5.02
3.	TEO BOON HOO	11,058,835	5.01
4.	TEO KIM LAP	11,048,527	5.01
5.	LIM PEI TIAM @ LIAM AHAT KIAT	9,997,200	4.53
6.	LIAO HUNG CHANG	8,391,430	3.81
7.	LIAO CHIA FENG	8,173,431	3.71
8.	CHEN, YU-CHING	5,515,000	2.50

Analysis of Shareholdings

As At 31 March 2023

(cont'd)

4. LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

No.	Name	Number of Ordinary Shares held	Percentage %
9.	LIAO CHUNG YI	5,448,954	2.47
10.	LIAO CHIA NING	5,448,953	2.47
11.	CHENG SOON MONG	4,877,735	2.21
12.	LIAO, SHEN-CHUN	4,790,609	2.17
13.	CHEN, TSUI-LING	4,558,000	2.07
14.	CHEN, YU-JU	4,558,000	2.07
15.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	4,390,870	1.99
16.	LIAO, CHIH-HAO	4,170,000	1.89
17.	LIAO, CHUN-HAO	4,170,000	1.89
18.	BAO SHUN INVESTMENT CO., LTD.	4,157,710	1.89
19.	YUNG SHENG INVESTMENT CO., LTD.	3,998,732	1.81
20.	LIAO, SHEN-HUA	3,737,824	1.69
21.	ZHI DING INVESTMENT CO., LTD.	3,473,732	1.58
22.	LIAO, SHEN-YAO	3,306,897	1.50
23.	CHEN, HEN-JUI	3,279,637	1.49
24.	LIAO, CHIEH-TING	3,140,000	1.42
25.	LIAO, YEN-JEN	3,140,000	1.42
26.	LIAO KUAN YUNG	3,000,000	1.36
27.	LIAO WAN YU	3,000,000	1.36
28.	SHIH, CHI-FONG	2,890,000	1.31
29.	MING CHEN INVESTMENT CO., LTD.	2,881,375	1.31
30.	SHIH, CHIH-CHE	2,833,000	1.28
		162,919,059	73.87

Note:

The analysis of shareholdings is based on the total number issue share of the company as at 31 March 2023 after deducting 19,474,400 ordinary shares bought back by the Company and held as Treasury Shares as at 31 March 2023.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of WHITE HORSE BERHAD will be held on a virtual basis via Remote Participation and Voting at the broadcast venue at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Thursday, 25 May 2023 at 3:00 p.m. for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon. *(Please refer to Explanatory Note 1)*
2. To approve the payment of Directors' fees amounting to RM150,000/- for the financial year ended 31 December 2022. *(Ordinary Resolution 1)*
3. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM180,000/- for the period from 26 May 2023 to the Twenty-Sixth Annual General Meeting of the Company in year 2024 pursuant to Section 230(1) (b) of the Companies Act 2016. *(Ordinary Resolution 2)*
4. To re-elect the following Directors who are retiring pursuant to Clause 123 of the Company's Constitution and being eligible, have offered themselves for re-election:-
 - (i) Mr. Cheng Soon Mong; *(Ordinary Resolution 3)*
 - (ii) Ms. Rosita Yeo Swat Geok; and *(Ordinary Resolution 4)*
 - (iii) Mr. Tai Lam Shin. *(Ordinary Resolution 5)*
5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 6)*

Special Business

To consider and if thought fit, with or without any modification, to pass the following as Ordinary and Special Resolutions:-

6. **ORDINARY RESOLUTION NO. 1** *(Ordinary Resolution 7)*
 - **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016**

"THAT subject always to the Companies Act 2016, the Constitution of the Company and the approvals from the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised and empowered pursuant to the Companies Act 2016, to issue and allot shares of the Company, at any time, at such price, 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 issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company (excluding Treasury Shares) for the time being as stipulated under Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

Notice of Annual General Meeting (cont'd)

THAT in connection with the above, pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 58 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate;

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company;

AND THAT the Directors of the Company, whether solely or jointly, be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad; **AND** be hereby authorised to do all such acts and things including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the abovesaid mandate."

7. ORDINARY RESOLUTION NO. 2

- PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

(Ordinary Resolution 8)

"**THAT**, subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("**Related Parties**") as described in the Circular/Statement to Shareholders dated 26 April 2023 ("**Recurrent RPTs**") provided that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders,

("RRPT Mandate").

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

- (a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by shareholders in a general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

Notice of Annual General Meeting (cont'd)

8. ORDINARY RESOLUTION NO. 3

(Ordinary Resolution 9)

- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

"THAT, subject always to the Companies Act 2016 (**"the Act"**), the provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**"Bursa Malaysia Securities"**) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities, upon such terms and conditions as the Directors in their discretion deem fit and expedient in the best interest of the Company, provided that:-

- (i) the aggregate number of ordinary shares to be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company as at the point of purchase(s); and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and

That upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares so purchased in their absolute discretion in the following manner:-

- (i) cancel all the shares so purchased; and /or
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Malaysia Securities; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder; and/or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Malaysia Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this Resolution shall commence immediately upon the passing of this Resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (**"AGM"**) of the Company following this AGM at which such resolution was passed, at which time the authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

Notice of Annual General Meeting (cont'd)

whichever occurs first.

AND FURTHER THAT the Directors of the Company be authorised to do all acts, deeds and things and to take all such steps as they may deem fit, appropriate, expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the interest of the Company.”

9. ORDINARY RESOLUTION NO. 4

- RETENTION OF MADAM ROSITA YEO SWAT GEOK AS SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

(Ordinary Resolution 10)

“**THAT** Madam Rosita Yeo Swat Geok, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 19 April 2013, be and is hereby retained as Senior Independent Non-Executive Director of the Company.”

10. SPECIAL RESOLUTION

- PROPOSED AMENDMENTS TO THE COMPANY’S CONSTITUTION

(Special Resolution)

“**THAT** approval be and is hereby given to the Company to adopt the following proposed amendments to the Company’s Constitution:-

	Existing Clause	Proposed Clause
Clause 5	<p>Definitions and Interpretation. In this Constitution unless there be something in the subject or context inconsistent therewith:-</p> <p>“Company” means White Horse Berhad (Company No. 455130-X) and by whatever name from time to time called.</p>	<p>Definitions and Interpretation. In this Constitution unless there be something in the subject or context inconsistent therewith:-</p> <p>“Company” means White Horse Berhad (Company Registration No. 199701039630 (455130-X)) and by whatever name from time to time called.</p>

Notice of Annual General Meeting (cont'd)

	Existing Clause	Proposed Clause
Clause 124	<p>Tenure of independent Directors. The tenure of service of independent Directors shall not exceed a cumulative term of nine (9) years. An independent Director who has served the Company for a cumulative term of nine (9) years may continue to serve on the Board as independent Director, subject to the Nomination Committee and the Board's recommendation and shareholders' approval annually. In the event the Board intends to retain an independent Director after the twelfth (12) year, shareholders' approval shall be sought and obtained through a two-tier voting process as described in the Malaysian Code on Corporate Governance, subject to the Nomination Committee and the Board's recommendation.</p>	<p>Tenure of independent Directors. The tenure of service of independent Directors shall be in compliance with the Listing Requirements. not exceed a cumulative term of nine (9) years. An independent Director who has served the Company for a cumulative term of nine (9) years may continue to serve on the Board as independent Director, subject to the Nomination Committee and the Board's recommendation and shareholders' approval annually. In the event the Board intends to retain an independent Director after the twelfth (12) year, shareholders' approval shall be sought and obtained through a two-tier voting process as described in the Malaysian Code on Corporate Governance, subject to the Nomination Committee and the Board's recommendation.</p>

AND THAT the Directors and Secretaries of the Company be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the proposed amendments to the Company's Constitution."

11. To transact any other ordinary business for which due notice has been given.

By Order of the Board

CHUA SIEW CHUAN
(SSM PC NO. 201908002648) (MAICSA 0777689)
Company Secretary

Dated: 26 April 2023

Notice of Annual General Meeting (cont'd)

Explanatory Notes:

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2022

This Agenda item is meant for discussion only, as the provision of Section 340 (1) (a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 3 of the Agenda – Benefits Payables to the Non-Executive Directors (“NEDs”)

The proposed Ordinary Resolution 2, if approved, will authorise the payment of Directors’ benefits to the NEDs by the Company. The benefits payable to the NED for the period from 26 May 2023 to the Twenty-Sixth Annual General Meeting (“AGM”) of the Company in year 2024 are derived from the estimated meeting allowance of RM500/- per meeting day based on the number of scheduled meetings and unscheduled meetings (when necessary) for the Board and Board Committees, and number of NEDs involved in the meetings. In addition, the proposed benefits comprise of travelling allowance, car allowance and sports club membership subscription.

3. Item 4 of the Agenda – Re-election of Directors

The Nomination Committee has considered the performance and contribution of each of the retiring Directors and has also assessed the independence of the Independent Non-Executive Director seeking re-election.

Based on the results of the Board Evaluation conducted for the financial year ended 31 December 2022, the performance of each of the retiring Directors was found to be satisfactory. The retiring Directors have completed the Directors’ Declarations of Fit and Proper and they are found to be fit and proper for re-election as Directors. The retiring Independent Non-Executive Directors have also fulfilled the independence criteria as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board has endorsed the Nomination Committee’s recommendation to seek shareholders’ approval for the re-election of the retiring Directors. The retiring Directors had abstained from deliberations and decisions on their respective re-election at the Nomination Committee and Board meetings.

The details and profiles of the Directors who are standing for re-election at the Twenty-Fifth AGM are provided in the Company’s Annual Report 2022.

4. Item 5 of the Agenda – Re-appointment of Auditors

The Audit Committee and the Board had, on 23 February 2023, considered the re-appointment of Messrs. Crowe Malaysia PLT as Auditors of the Company. The Audit Committee and the Board collectively agreed and are satisfied that Messrs. Crowe Malaysia PLT meets the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

5. Item 6 of the Agenda - Authority to Issue Shares Pursuant to the Companies Act 2016

The Company wishes to renew the mandate on the authority to issue and allot shares pursuant to the Companies Act 2016 at the Twenty-Fifth AGM of the Company (hereinafter referred to as the “General Mandate”).

The Company had been granted a general mandate by its shareholders at the Twenty-Fourth AGM of the Company held on 24 May 2022 (hereinafter referred to as the “Previous Mandate”). As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate.

Notice of Annual General Meeting (cont'd)

5. Item 6 of the Agenda - Authority to Issue Shares Pursuant to the Companies Act 2016 (Cont'd)

The proposed resolution, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding Company's future investment projects, working capital, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of the shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company (excluding Treasury Shares). This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

Pursuant to Section 85(1) of the Companies Act 2016 be read together with Clause 58 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

The proposed Ordinary Resolution 7, if passed, will exclude your pre-emptive rights to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Ordinary Resolution.

6. Item 7 of the Agenda – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 8, if passed, will provide a renewal mandate for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for White Horse Berhad Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. This mandate shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Please refer to the Circular/Statement to Shareholders dated 26 April 2023 for further information.

7. Item 8 of the Agenda - Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 9, if passed, would empower the Directors of the Company to purchase the Company's ordinary shares up to ten per centum (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the Company's retained profits based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

Please refer to the Circular/Statement to Shareholders dated 26 April 2023 for further information.

8. Item 9 of the Agenda - Retention of Madam Rosita Yeo Swat Geok as Independent Non-Executive Director

Madam Rosita Yeo Swat Geok was appointed as an Independent Non-Executive Director of the Company on 19 April 2013 and therefore, has served the Board in that capacity for a cumulative term of more than nine (9) years.

The Board via the Nomination Committee, after having assessed of the independence of Madam Rosita Yeo Swat Geok, regards her to be independent, based amongst others, the following justifications and recommends that Madam Rosita Yeo Swat Geok be retained as an Independent Non-Executive Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process as described in Practice 5.3 of the Malaysian Code on Corporate Governance:-

- she has met the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- she is able to exercise independent judgement and act in the best interests of the Company;

Notice of Annual General Meeting (cont'd)

8. Item 9 of the Agenda - Retention of Madam Rosita Yeo Swat Geok as Independent Non-Executive Director (Cont'd)

- there is no potential conflict of interest that she could have with the Company and/or its subsidiaries;
- she has consistently demonstrated her independence and professionalism and effectively contributed and added value to the Company through the Board Committee that she serves as well as the Board; and
- there are significant advantages to be gained from a long-serving Independent Director who has many years of experience with incumbent knowledge of the Company and the Group's activities and corporate history, and has provide invaluable contributions to the Board in her role as an Independent Non-Executive Director.

9. Item 10 of the Agenda - Proposed Amendments to the Company's Constitution

The proposed Special Resolution is intended to streamline the existing Constitution of the Company with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 May 2023 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting shall not be entitled to appoint more than two (2) proxies to attend and vote at the same general meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy and a proxy appointed to attend and vote at a general meeting shall have the same rights as the member to speak at the meeting.
4. As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members/ shareholders and proxies shall communicate with the main/ broadcast venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members/shareholders and proxies may email their questions to eservices@sshhsb.com.my during the Meeting. The questions and/or remarks submitted by the members/shareholders and/or proxies will be broadcasted and responded by the Chairman/ Board/relevant adviser during the Meeting.

The broadcast venue, which is the main venue of the Meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 70 of the Company's Constitution, which require the Chairman to be present at the main venue of the Meeting. Members and proxies will not be allowed to be physically present at the broadcast venue on the day of the Meeting.

5. Where a member is an Authorised Nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds to which shares in the Company standing to the credit of the said account.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

Notice of Annual General Meeting (cont'd)

Notes:- (Cont'd)

7. 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.
8. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
9. Appointment of proxy and registration for remote participation and voting

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power of authority, shall be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at +603 2094 9940 and/or +603 2095 0292 or emailed to eservices@sshshb.com.my not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof. Alternatively, the Form of Proxy may be submitted electronically via Securities Services e-Portal at <https://sshshb.net.my/> before the proxy form submission cut-off time. The lodging of the Form of Proxy will not preclude any member/shareholder from participating and voting remotely at the Meeting should any member/shareholder subsequently wishes to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the Meeting or any adjournment thereof. Please contact the poll administrator, SS E Solutions Sdn. Bhd., at +603-2084 9000 for further assistance.

Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshshb.net.my/> by registration cut-off time and date.

Please refer to the Administrative Guide for the Twenty-Fifth AGM for further details.

ADMINISTRATIVE GUIDE



SECURITIES SERVICES e-PORTAL

ADMINISTRATIVE GUIDE

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

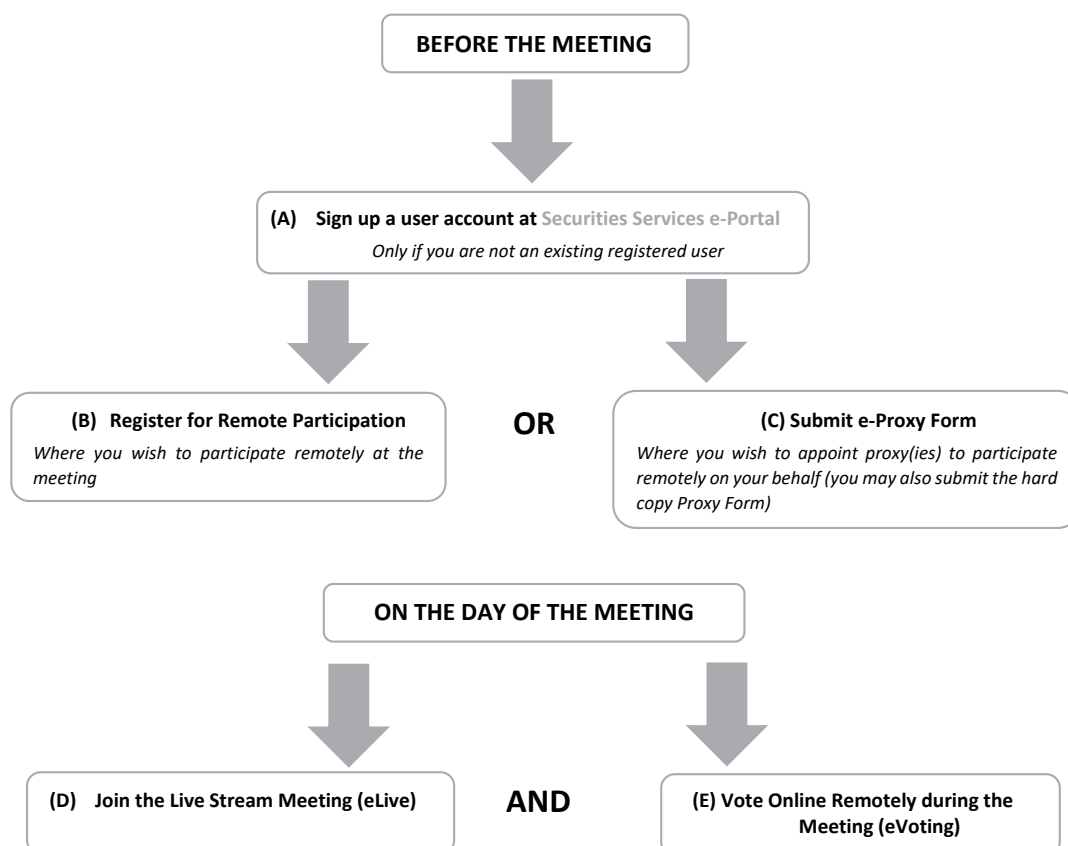
- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings (referred to as “e-Services”)

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by White Horse Berhad and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms. Lee Pei Yeng (DID: +603 2084 9169) or Ms. Rachel Ou (DID: +603 2084 9161) or En. Afiq Aiman (DID: +603 2084 9211) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. Alternatively, you may email us at eservices@sshshb.com.my.



Administrative Guide (cont'd)

BEFORE THE MEETING

(A) Sign up for a user account at Securities Services e-Portal

Step 1	Visit https://sshbs.net.my/	<ul style="list-style-type: none"> • This is a ONE-TIME registration. If you already have a user account, you need not register again. • Your email address is your User ID. • Please proceed to either (B) or (C) below once you are a registered user. either (B) or (C) below once you are a registered user.
Step 2	Sign up for a user account	
Step 3	Wait for our notification email that will be sent within one (1) working day	
Step 4	Verify your user account within seven (7) days of the notification email and log in	

ALL SHAREHOLDERS MUST SIGN UP AS USER BY 21 MAY 2023

(B) Register for Remote Participation

Meeting Date and Time	Registration for Remote Participation Closing Date and Time
Thursday, 25 May 2023 at 3:00 p.m.	Tuesday, 23 May 2023 at 3:00 p.m.
<ul style="list-style-type: none"> ➤ Log in to https://sshbs.net.my/ with your registered email and password. ➤ Look for White Horse Berhad under Company Name and 25th AGM on 25 May 2023 at 3:00 p.m. – Registration for Remote Participation under Corporate Exercise / Event and click ">" to register for remote participation at the meeting. 	
Step 1	Check if you are attending as – <ul style="list-style-type: none"> ▪ Individual shareholder ▪ Corporate or authorised representative of a body corporate <i>For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.</i>
Step 2	Submit your registration. <ul style="list-style-type: none"> • A copy of your e-Registration for remote participation can be accessed via My Records (refer to the left navigation panel). • Your registration will apply to all the CDS account(s) of each individual shareholder / body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate. • As the meeting will be conducted on a virtual basis and only the Chairman and other essential individuals will be present at the broadcast venue, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.
(C) Submit e-Proxy Form	
Meeting Date and Time	Proxy Form Submission Closing Date and Time
Thursday, 25 May 2023 at 3:00 p.m.	Tuesday, 23 May 2023 at 3:00 p.m.
<ul style="list-style-type: none"> ➤ Log in to https://sshbs.net.my/ with your registered email and password. ➤ Look for White Horse Berhad under Company Name and 25th AGM on 25 May 2023 at 3:00 p.m. – Submission of Proxy Form under Corporate Exercise / Event and click ">" to submit your proxy forms online for the meeting by the submission closing date and time above. 	

Administrative Guide (cont'd)

- Step 1 Check if you are submitting the proxy form as –
- Individual shareholder
 - Corporate or authorised representative of a body corporate
- For body corporates, the appointed corporate/authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to the Share Registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.*
- Step 2 Enter your CDS account number or the body corporate’s CDS account number and corresponding number of securities. Then enter the information of your proxy(ies) and the securities to be represented by your proxy(ies).
You may appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.
- Step 3 Proceed to indicate how your votes are to be casted against each resolution.
- Step 4 Review and confirm your proxy form details before submission.

- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
- You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

PROXIES

All appointed proxies need not register for remote participation under (B) above but if they are not registered Users of the e-Portal, they will need to register as Users of the e-Portal under (A) above by 21 May 2023. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a virtual basis.

ON THE DAY OF THE MEETING

Log in to <https://sshb.net.my/> with your registered email and password

(D) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Thursday, 25 May 2023 at 3:00 p.m.	Thursday, 25 May 2023 at 2:30 p.m.
<p>➤ Look for White Horse Berhad under Company Name and 25th AGM on 25 May 2023 at 3:00 p.m. - Live Stream Meeting under Corporate Exercise / Event and click ">" to join the meeting.</p> <ul style="list-style-type: none"> • The access to the live stream meeting will open on the abovementioned date and time. • If you have any questions to raise, you may use the text box to transmit your question. The Chairman/Board/ Management/ relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user. 	

Administrative Guide (cont'd)

(E) Vote Online Remotely during the Meeting (eVoting)	
Meeting Date and Time	eVoting Access Date and Time
Thursday, 25 May 2023 at 3:00 p.m.	Thursday, 25 May 2023 at 3:00 p.m.
<p>➤ If you are already accessing the Live Stream Meeting, click Proceed to Vote under the live stream player.</p> <p>OR</p> <p>➤ If you are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for White Horse Berhad under Company Name and 25th AGM on 25 May 2023 at 3:00 p.m. - Remote Voting under Corporate Exercise / Event and click ">" to remotely cast and submit the votes online for the resolutions tabled at the meeting.</p>	
Step 1	Cast your votes by clicking on the radio buttons against each resolution.
Step 2	Review your casted votes and confirm and submit the votes.
<ul style="list-style-type: none"> • The access to eVoting will open on the abovementioned date and time. • Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form. • The access to eVoting will close as directed by the Chairman of the meeting. • A copy of your submitted e-Voting can be accessed via My Records (refer to the left navigation panel). 	

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WHITE HORSE BERHAD

[Registration No. 199701039630 (455130-X)]
(Incorporated in Malaysia)

FORM OF PROXY

CDS account no.

Number of ordinary shares held

Mobile phone no.

*I/We (full name), _____

bearing *NRIC No./Passport No./Registration No. _____

of (full address) _____

being a *member/members of WHITE HORSE BERHAD ("the Company"), hereby appoint _____

_____ NRIC/Passport No. _____

(FULL NAME IN BLOCK CAPITALS)

of (full address) _____

or failing *him/her, _____ NRIC/Passport No. _____

(FULL NAME IN BLOCK CAPITALS)

of (full address) _____

or failing *him/her, the *Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held on a virtual basis via Remote Participation and Voting at the broadcast venue at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Thursday, 25 May 2023 at 3:00 p.m. or at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

Ordinary Business		For	Against
Ordinary Resolution 1	Payment of Directors' fees		
Ordinary Resolution 2	Payment of benefits payable to the Non-Executive Directors		
Ordinary Resolution 3	Re-election of Mr. Cheng Soon Mong		
Ordinary Resolution 4	Re-election of Ms. Rosita Yeo Swat Geok		
Ordinary Resolution 5	Re-election of Mr. Tai Lam Shin		
Ordinary Resolution 6	Re-appointment of Messrs. Crowe Malaysia PLT		
Special Business			
Ordinary Resolution 7	Authority to issue shares		
Ordinary Resolution 8	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
Ordinary Resolution 9	Proposed renewal of authority for the Company to purchase its own shares		
Ordinary Resolution 10	Retention of Madam Rosita Yeo Swat Geok as Senior Independent Non-Executive Director		
Special Resolution	Proposed Amendments to the Company's Constitution		

Signed this _____ day of _____, 2023

* Signature(s)/Common Seal of Member(s)

* Strike out whichever not applicable

Notes:-

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 May 2023 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
- A member entitled to attend and vote at the Meeting shall not be entitled to appoint more than two (2) proxies to attend and vote at the same general meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy and a proxy appointed to attend and vote at a general meeting shall have the same rights as the member to speak at the meeting.
- As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members/ shareholders and proxies shall communicate with the main/broadcast venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members/shareholders and proxies may email their questions to eservices@sshsb.com.my during the Meeting. The questions and/or remarks submitted by the members/shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/relevant adviser during the Meeting.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%



The broadcast venue, which is the main venue of the Meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 70 of the Company's Constitution, which require the Chairman to be present at the main venue of the Meeting. Members and proxies will not be allowed to be physically present at the broadcast venue on the day of the Meeting.

5. Where a member is an Authorised Nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds to which shares in the Company standing to the credit of the said account.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
7. 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.
8. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
9. **Appointment of proxy and registration for remote participation and voting**

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power of authority, shall be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at +603 2094 9940 and/or +603 2095 0292 or emailed to eservices@sshb.com.my not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof. Alternatively, the Form of Proxy may be submitted electronically via Securities Services e-Portal at <https://sshb.net.my/> before the proxy form submission cut-off time. The lodging of the Form of Proxy will not preclude any member/shareholder from participating and voting remotely at the Meeting should any member/shareholder subsequently wishes to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the Meeting or any adjournment thereof. Please contact the poll administrator, SS E Solutions Sdn. Bhd., at +603-2084 9000 for further assistance.

Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshb.net.my/> by registration cut-off time and date.

Please refer to the Administrative Guide for the Twenty-Fifth AGM for further details.

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AFFIX
STAMP

White Horse Berhad
c/o Securities Services (Holdings) Sdn. Bhd.
[Registration No. 199701039630 (455130-X)]
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

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MARKETING NETWORK

CERAMIC WORLD SHOWROOMS

CERAMIC WORLD KUALA LUMPUR

No. 1, Jalan Persiaran 1, Bandar Baru Selayang,
68100 Batu Caves, Selangor, Malaysia
☎ +603-6136 1188 ☎ +603-6135 1188 / 6138 2366 ✉ whjkl@whitehorse.com.my

CERAMIC WORLD JOHOR BAHRU

No. 2, Jalan Mutiara 2, Taman Perindustrian Plentong,
81750 Plentong, Johor, Malaysia
☎ +607-353 1616 ☎ +607-357 1919 ✉ whjbshow@whitehorse.com.my

CERAMIC WORLD BUTTERWORTH

No. 3088, Jalan Kelisa Emas 1, Seberang Jaya, 3700 Perai,
Penang, Malaysia
☎ +604-397 7888 / 6999 ☎ +604-397 7999
✉ whbw_showroom@whitehorse.com.my

CERAMIC WORLD KLANG

Lot 2737, Jalan Raja Nong/KS2, Taman Perindustrian Sg. jati,
41200 Klang, Selangor, Malaysia
☎ +603-5161 3888 ☎ +603-5161 3111 ✉ whkg@whitehorse.com.my

CERAMIC ALOR SETAR

No. 202, Lorong Perak 8, Kawasan Perusahaan Mergong 2,
05150 Alor Setar, Kedah, Malaysia
☎ +604-732 7226 ☎ +604-732 7282 ✉ whas@whitehorse.com.my

CONCEPT GALLERY BY WH CERAMIC

No.97, Lorong Kinta 10400 Georgetown, Penang, Malaysia
☎ +604-210 9999 ☎ +604-210 9998 ✉ whcpg@whitehorse.com.my

OVERSEAS MARKETING OFFICES

WHITE HORSE SINGAPORE

White Horse Ceramic (S) Pte Ltd
No.1, Sungei Kadut Way, Singapore 728770
☎ +65-6269 0555 ☎ +65-6269 0055 ✉ enquiry@whitehorse.com.sg

WHITE HORSE PHILIPPINES

White Horse Ceramic (Philippines) Inc.
346 Sta. Clara Street, Corner Syquia Street Santa Ana Manila,
1009 Metro Manila, Philippines
☎ +63-2268 1928 / 1929 ✉ enquiry@whitehorse.com.ph

VIETNAM MARKETING NETWORK

MARKETING OFFICES & SHOWROOMS

HQ - Phuoc Lap Quarter, My Xuan Ward, Phu My Town,
Ba Ria-Vung Tau Province, Vietnam
☎ +84 254 3932333

HCMC Branch - No. 3, 34A Street, An Phu Ward,
District 2, Ho Chi Minh City.
☎ +84 28 62801626

Ha Noi Branch - Office 7, 4 th Floor, Helios Tower,
75 Tam Tinh, Mai Dong Ward, Hoang Mai District, Ha Noi.
☎ +84 243 6446555

OTHER BRANCHES

BATU PAHAT BRANCH

No. 102, Jalan Jelawat, Taman Banang,
83000 Batu Pahat, Johor, Malaysia
☎ +607-433 2855 ☎ +607-433 4855 ✉ whbp@whitehorse.com.my

KUANTAN BRANCH

Lot 55, Semambu Industrial Estate,
25350 Kuantan, Pahang, Malaysia
☎ +609-568 5333 ☎ +609-568 5666 ✉ whkt@whitehorse.com.my

IPOH BRANCH

Plot 76, Persiaran Portland, Kawasan Perindustrian Tasek,
31400 Ipoh, Perak, Malaysia
☎ +605-291 2288 ☎ +605-291 8822 ✉ whlp@whitehorse.com.my

KOTA BHARU BRANCH

No. 1, Lot PT 4089, Jalan 9/44, Kawasan Perindustrian
Pengkalan Chepa, 16100 Kota Bharu, Kelantan, Malaysia
☎ +609-774 4333 ☎ +609-774 4166 ✉ whkb@whitehorse.com.my

KOTA KINABALU BRANCH

Lot 48A, Jalan Kilang, Sedco Industrial Estate, Kolombong,
88450 Kota Kinabalu, Sabah, Malaysia
☎ +6088-434 008 / 007 / 008 ☎ +6088-433 171
✉ whkk@whitehorse.com.my

KUCHING BRANCH

Lot 1035, Jalan Utama, Pending Industrial Estate,
93450 Kuching, Sarawak, Malaysia
☎ +6082-341 577 ☎ +6082-341 578 ✉ whkh@whitehorse.com.my

WHITE HORSE THAILAND

White Horse Ceramic (Thailand) Ltd
34/9 Moo 13, Debaratana rd., Bangpleeyai Sub-District,
Bangplee District, Samutprakarn 10540 Bangkok, Thailand
☎ +662-316 3788 / 89 / 90 / 91 / 92 / 93 ☎ +662-316 3794 / 95 / 96
✉ info@whitehorse.co.th

WHITE HORSE CHINA

Grand Mark International Co. Ltd
Room B-E, 33 Floor, Developing Building, No. 13 Huayuan East Road,
Chancheng District, Foshan City, Guangdong Province, 528000 China
☎ +86-7578 278 5282 ☎ +86-7578 277 5377
✉ whitehorse@whitehorseceramic.com.cn



PLO 464, JALAN GANGSA, PASIR GUDANG INDUSTRIAL ESTATE
81700 PASIR GUDANG,
JOHOR DARUL TAKZIM, MALAYSIA.
TEL : 607-253 5300 FAX : 607-251 8855

www.whitehorse.my