HIL

HIL INDUSTRIES BERHAD

Registration No: 196901000472 (8812-M)

Contents

Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock
Executive Chairman

Dato' Milton Norman Ng Kwee Leong
Managing Director

Steven Junior Ng Kwee Leng
Executive Director

Malcolm Jeremy Ng Kwee Seng
Executive Director

Tan Sri Dato' Dr. Sak Cheng Lum
Independent Non-Executive Director

Mat Ripen Bin Mat Elah
Independent Non-Executive Director

Ooi Hock Guan
Independent Non-Executive Director

Ooi Hun Yong
Independent Non-Executive Director

COMPANY SECRETARY

Cheam Tau Chern
(MIA 18593)
SSM PC No.: 201908000002

REGISTERED OFFICE

Lot 3, Jalan Lada Sulah 16/11, Section 16
40000 Shah Alam, Selangor D.E.
Tel: 03-5510 0501
Fax: 03-5510 0493

SHARE REGISTRARS

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Tel: 03-2783 9299
Fax: 03-2783 9222

Tricor's Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

AUDITORS

HLB Ler Lum Chew PLT (201906002362 & AF0276),
Chartered Accountant,
A Member of HLB International

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Public Bank Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (M) Bhd.
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Transferred from Second Board to Main Board
on 21st September 2006
Stock Name: HIL
Stock Code: 8443

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Hil Industries Berhad ("HIL" or "the Group") for the financial year ended 31st December 2021.

The Company & its Performance Highlights

Although faced with tough challenges during the financial year as a result of the full lockdown MCO from 1 June 2021 to 15 August 2021, the recent floods that besieged most of Peninsular Malaysia, as well as the shortages of semi-conductors, the Group managed to turn in a respectable set of results.

During the financial year under review, the Group recorded revenue of RM169.249 million and profit before tax of RM36.870 million, representing an increase of approximately RM 6.240 million or 3.83% and an increase of approximately RM5.717 million or 18.35% respectively as compared to revenue of RM163.010 million and profit before tax of RM31.153 million in the preceding financial year. The increase in revenue and results was mainly due to the higher profit recognition from our projects in the property development segment as well as improvement of our Malaysian and overseas subsidiary operations for manufacturing segment.

For the year under review, the Group registered a basic earnings per share attributable to the shareholders of 9.14 sen, an increase of 1.74 sen from the corresponding year, whilst net asset per share for the Group is RM1.20, an increase of RM0.09 compared to preceding financial year.

Our financial position remains strong with a net cash position of RM110.255 million. This will enable us to proceed with our expansion plans for our property division, to finance our ongoing projects as well as look for opportunites to add more land bank for development.

Dividends

The Board of Directors has approved a first and final single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31st December 2021.

2022, Looking Ahead

On 20th April 2021, the Group entered into 4 joint ventures with landowners to undertake property development projects which were subsequently approved by the shareholders on 12th January 2022. The joint ventures will enable the Group to replenish its existing property development projects without the need for upfront capital outlay.

I am in particular very excited on our upcoming independent living eco-village project Carey Circles which will be the first of its kind in Malaysia to offer a safe living environment for its residents with a wide range of health and livestyle amenities especially in this endemic era.

Also, our existing projects in Amverton Links, landed homes is expected to continue to do well with the upcoming launch of 100 units of townhouses, and 84 units of super link homes following the completion of our already sold out Phase 1 and 2 of our double storey link homes.

On the manufacturing side, with our main customers enjoying brisks sales due to the pent up demand and the introduction of several new models, we anticipate that our manufacturing division will continue to perform well in 2022, and we indeed look forward to continue our strong growth in this segment.

On our healthcare segment, our surgical grade face masks has seen some breakthrough and with a wide range of masks ranging from 3-ply, 4-ply, KF 99, KN 95 and Copper Oxide masks, we are expecting better contribution from this division especially since we have started supplying to some major pharmacies and retail outlets. We will continue to expand in this healthcare and personal protective equipment (PPE) segment and will look at various new technologies and materials that are available in the market.

Appreciation

On behalf of the Board, I would like to express my sincere appreciation to all valued and loyal shareholders, customers, suppliers, business partners and bankers for their support and confidence in the Group.

My appreciation also goes to the Board of Directors of the Company and the management and staff of the Group for their dedication and continued commitment to improve the overall performance of the Group.

All and all, let us stay vigilant and mitigate the spread of the COVID-19 outbreak.

Thank you for your continued support and interest in the Group. Please stay safe and stay healthy.

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock
April 2022

Profile of Directors and Key Senior Management

TAN SRI DATO' IR. NG BOON THONG @ NG THIAN HOCK
Executive Chairman
(Key Senior Management)

Malaysian, male, aged 74, was appointed to the Board on 7th February 2003 as an Executive Director and has been Executive Chairman since 4th July 2003. Tan Sri Dato' Ir. Ng graduated with an Honours Degree in Civil Engineering from the University of Malaya. He began his career in 1970 as an engineer in Perbadanan Urus Air Selangor Berhad before being appointed as a Municipal Councilor for the Selangor Government, State Assemblyman for the Barisan Nasional Party for the Selat Klang and Pandamaran constituencies and a Senator for the Government.

Tan Sri Dato' Ir. Ng is a substantial shareholder of HIL. He is also the father of Dato' Milton Norman Ng Kwee Leong, the Managing Director, Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng, the Executive Director of HIL. Tan Sri Dato' Ir. Ng does not have any conflict of interest with the Company.

DATO' MILTON NORMAN NG KWEE LEONG
Managing Director
(Key Senior Management)

Malaysian, male, aged 51, was appointed to the Board on 3rd July 1999 as Managing Director. He is a member of the Nominating and Remuneration Committee and Sustainability Committee.

Dato' Milton graduated with an Honours Degree in Law from the University of Western Australia in 1994. After graduating, he spent 9 months doing his pupilage in the legal office of Shearn Delamore and was admitted to the Malaysian Bar as an Advocate and Solicitor in May 1995. He spent a further 6 months in Shearn Delamore before joining HIL in December 1995 as general manager where he was responsible for the day-to-day operations of the Company.

Dato' Milton is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is the son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, the Chairman of HIL and the brother to Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng both Executive Director of the Company. Dato' Milton does not have any conflict of interest in the Company.

STEVEN JUNIOR NG KWEE LENG
Executive Director
(Key Senior Management)

Malaysian, male, aged 41, was appointed to the Board on 1st June 2020 as an Executive Director.

Mr. Steven holds a Bachelor of Commerce Degree majoring in Finance and Marketing with a minor in Business Law, from University of Western Australia.

Mr. Steven is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is the son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, the Chairman of HIL and the brother to Dato' Milton Norman Ng Kwee Leong, Managing Director of the Company and Malcolm Jeremy Ng Kwee Seng. Mr. Steven does not have any conflict of interest in the Company.

Profile of Directors and Key Senior Management
(continued)

MALCOLM JEREMY NG KWEE SENG
Executive Director
(Key Senior Management)

Malaysian, male, aged 36, was appointed to the Board on 8th September 2008 as an Executive Director.

Mr. Malcolm graduated with double Degrees majoring in Accounting and Law from Murdoch University, Western Australia in 2008. After graduating he had spent a brief period in MIMB Investment Bank Bhd before joining HIL. He is currently in charge of the finance and accounting operations of the Group.

Mr. Malcolm is a substantial shareholder of the Company by virtue of his parents' shareholdings. He is the youngest son of Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, the Chairman of HIL and the youngest brother to Dato' Milton Norman Ng Kwee Leong, Managing Director of the Company and Steven Junior Ng Kwee Leng. Mr. Malcolm does not have any conflict of interest in the Company.

TAN SRI DATO' DR. SAK CHENG LUM
Independent and Non-Executive Director

Malaysian, male, aged 78, was appointed to the Board on 16th February 2007 as an Independent Director. He is a member of the Audit Committee and Sustainability Committee.

Tan Sri Dato' Dr. Sak Cheng Lum graduated with a Degree in Medicine from the University of Singapore in 1968 and served as a medical officer in the government service before going into private practice. His commitments to the nation can be seen from his former appointments including his election as the State Assemblyman under Barisan Nasional party for the seat of Bagan Jermal in Penang, appointment as Penang State Executive Councilor, Senator and Parliamentary Secretary of Ministry of Domestic Trade and Consumer Affairs. On 30th May 2016, Tan Sri Dato' Dr. Sak was appointed as an Independent Non-Executive Chairman of Eversafe Rubber Berhad. He is a member of the Audit Committee and Chairman of both the Nominating and Remuneration Committee of Eversafe Rubber Berhad.

He does not have any interest in the securities of the Company and does not have any family relationship with any Director and/or major shareholder of the Company.

MAT RIPEN BIN MAT ELAH
Independent and Non-Executive Director

Malaysian, male, aged 82, was appointed to the Board on 20th February 2004 as an Independent Director. He is a member of the Audit Committee and the Nominating and Remuneration Committee.

Tuan Mat Ripen graduated from National Chengchi University Taiwan with a Bachelor of Law (Taiwan). He served in various capacities in UMNO and was formerly a political secretary to the Chief Minister in Selangor.

He does not have any interest in the securities of the Company and does not have any family relationship with any Director and/or major shareholder of the Company.

Profile of Directors and Key Senior Management
(continued)

OOI HOCK GUAN
Independent and Non Executive Director

Malaysian, male, aged 56, was appointed to the Board on 26th February 2009 as an Independent Director. He is a member of the Audit Committee and the Nominating and Remuneration Committee and Sustainability Committee.

Mr. Ooi graduated with a Degree in Economics from the University of Leicester, United Kingdom and is a Professional Member of the Institute of Internal Auditors Malaysia. After graduating he spent a total of 14 years with Royal Selangor Pewter and GCH Retail (Malaysia) Sdn Bhd (Giant Hypermarket) specialising in Internal Audit and Finance before joining HIL.

He does not have any interest in the securities of the Company and does not have any family relationship with any Director and/or major shareholder of the Company.

OOI HUN YONG
Independent and Non Executive Director

Malaysian, male, aged 42, was appointed to the Board on 1st June 2020 as an Independent Director.

Mr Ooi graduated with a Bachelor of Commerce (Accounting & Finance) from the University of Sydney, Australia. He is also a member of the Malaysian Institute of Accountants (MIA), the Institute of Internal Auditors Malaysia as well as CPA Australia. Mr Ooi has over 17 years of experience in the field of corporate planning and finance covering mergers and acquisitions, fund raising exercises and financial structuring. He was formerly I-Berhad independent non-executive director and the Chairman of the Audit, Nominating and Remuneration Committees of I-Berhad. He was formerly the Chief Financial Officer of Green Ocean Corporation Bhd., which he join in 2012. In 2014, he was appointed as Head of Commercial & Economics of DNEX Petroleum Sdn. Bhd., a subsidiary of Dagang Nexchange Berhad and left the Group in 2016. His notable achievements included structuring the acquisition and sale and leaseback of directional drilling tools with Baker Hughes as well as structuring the acquisition of Ping Petroleum during his tenure with DNEX Petroleum. He was also instrumental in completing the fund raising exercise for Green Ocean Corporation Bhd..

He does not have any interest in the securities of the Company and does not have any family relationship with any Director and/or major shareholder of the Company.

OTHER INFORMATION ON DIRECTORS AND KEY SENIOR MANAGEMENT

Saved as disclosed, none of the Directors and key senior management has any conflicts of interest with the Company and none has been convicted of any offences (other than traffic offences) in the past five years.

Management Discussion and Analysis

Introduction

With over 40 years' experience in the plastic injection industries, HIL enjoys the reputation of being a leading one-stop custom injection moulder of engineering plastics in South East Asia.

HIL began operations in Malaysia in 1969 as Hagemeyer Industries (M) Sdn. Bhd., a Dutch company involved in the manufacturing and trading of 'BIC' ball pens. In 1989, following a management buyout, the name of the Company was changed to Hil Industries Sdn. Bhd.. It was subsequently converted to a public listed company on the 10th June 1991 and listed on the KLSE on the 28th January 1992.

HIL obtained the ISO 9002 accreditation in 1991 and was in actual fact, the first plastic injection moulder to attain it in Malaysia. Other quality management and environmental control system compliances certifications obtained by HIL are QS9000 in 2003, TS16949 in 2004, ISO14001 in 2007 and OHSAS 18001 in 2009. HIL has also been an approved manufacturer with Underwriters Laboratories USA since 1979.

HIL's main factory is located on a 7 acre site in Jalan Lada Sulah 16/11, Section 16, Shah Alam and houses the injection moulding, mould making, robotic spray painting and metal stamping divisions. In 1998, HIL's operations commenced at its second factory in Jalan Bukit Kemuning, Shah Alam. This factory has a built-up area of over 10,000 square metres and consists of a large assembly plant together with facilities for a unique surface decoration or coating technology as well as blow injection-molding facilities.

HIL set up its third factory in Malaysia in 2007 with a built-up area of 3,000 square metres at the Prai Industrial Estate Free Trade Zone in Penang. This factory offers injection moulding, robotic spray painting and sub-assemblies services to provide better support to OEMs in the northern area.

HIL's first foray into the overseas market began in 2006 with the set up of its plant in Suzhou, China. With over 8,000 square metres of built up factory, this plant offers a one-stop plastic solution provider for the information technology industry offering mould making, injection molding, spray painting and various unique decoration technologies as well as sub-assemblies.

HIL's products can be found in various industries, ranging from the automotive, consumer electronics, IT related as well as industrial. Our customers consists of well recognized brand names Multi-Nationals where quality, cost and delivery are a must. As such, HIL continuously strives for total commitment and customer satisfaction, employing various manufacturing in our pursuit for manufacturing excellence. As a one-stop plastic solution provider, our dedicated team will ensure that all our customers' requirements are met and that our products are of the highest quality – right from product design, procurement of raw materials and child parts, mould design and manufacture right up to the final assembly and testing of the product.

In an effort to grow and diversify its earnings base, HIL, through its subsidiaries, ventured into property development. HIL launched property projects in Shah Alam namely Kemuning Hijauan 3, which is the final phase of its sold out double-storey terraced houses in Bukit Kemuning.

In 2017, HIL entered into two conditional share sales agreements for acquiring companies with land which was ready for development, namely Amverton Greens at Bukit Kemuning Golf and Country Resort and Amverton Links at Jalan Sungai Jati, Klang.

On 20th April 2021, Amverton Prop Sdn Bhd ("Developer") entered into 4 conditional joint venture agreements ("JVAs") with Landowners; Unik Sejati Sdn Bhd, Pembinaan Kesentosaan Sdn Bhd and Amverton Carey Golf & Island Resort Sdn Bhd to undertake property development projects subject to the terms and conditions set forth in the respective JVAs. Pursuant to the JVAs, the Landowners being the registered proprietors, legal and beneficial owners of the Parcels, shall grant Amverton Prop the rights to carry out the Developments on their respective parcels of lands in consideration of the Landowners' Entitlements. Amverton Prop shall manage and carry out including amongst others, the development and construction, legal and financial matters as well as sales and marketing of the Developments at its own costs and expenses. The JVAs involved interested major shareholders and interested directors of HIL.

An Extraordinary General Meeting (EGM) was held on 12th January 2022 in relation to the Proposed Joint Ventures and the aforementioned proposed joint ventures were duly passed by the non-interested shareholders.

HIL will continue to expand its property business especially focusing in the affordable range of housing. Its focus of development will be centered in the Klang valley and in particular Kota Kemuning area. HIL will continue to source and look out for opportunities to obtain more development land within the Klang valley to ensure the continuous growth for this business segment.

Management Discussion and Analysis
(continued)

Business Operation Review

Without doubt, 2021 had been a year of unprecedented disruptions from COVID-19 pandemic, the floods together with some major economic and political disruptions. Consequently, we experienced significant changes in the ways we work, the ways we communicate and the ways we live. Despite the announcement of the Movement Control Order (MCO) by the Government, we stepped up our measures to mitigate the impact. This can be shown in the performance of the respective operating segments are as follows:-

Property Division

In the current year, the Group received good responses with our on-going projects, namely Amverton Links Phase 2, sale of its completed 108 terraces house in Bukit Kemuning, completion of Amverton Greens at Bukit Kemuning Golf & Country Resort and Amverton Links Phase 1 a at Jalan Sungai Jati, Klang.

Manufacturing Division

Our manufacturing division registered a slight decrease in results due to the temporary closure of business during the Movement Control Order ("MCO") by the Malaysian government as well as the floods that hit most parts of Malaysia and the shortage of semi-conductor components.

Despite the above challenges, we managed to support the strong demand for our components from our customers as a result of the exemption of sales tax under the Penjana scheme by the Government and together with our cost efficiency management we manage to maintain our results for this financial year under review.

Additionally, our personal protective equipment (PPE) division producing face masks enjoyed good sales and a significant breakthrough by being accepted by major pharmacies and retail giants like AEON.

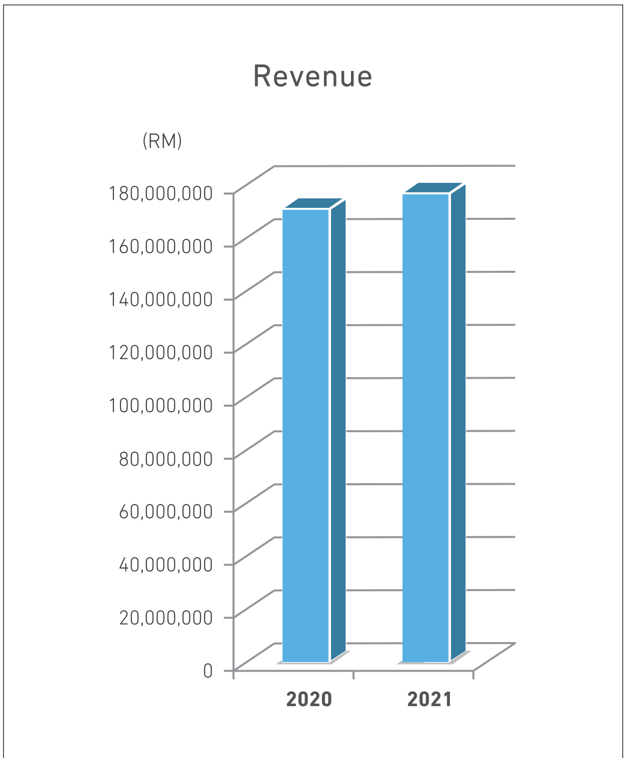
Management Discussion and Analysis
(continued)

Financial Review

Revenue

For financial year ended 31st December 2021, the Group recorded revenue of RM169.249 million compared to revenue of RM163.010 million in the previous financial year.

This represented an increase in revenue of RM6.240 million or 3.83%. The increase was mainly from property division. The increase were mainly due to the higher profit recognition subsequent to the completion of Amverton Greens in quarter 1, Amverton Links Phase 1 in quarter 3 and also the good take-up rate for our Amverton Links Phase 2 Project.



Profit Before Tax

The Group recorded a profit before tax of RM36.870 million for the financial year ended 31st December 2021. This represented an increase of RM5.717 million or 18.35% compared to 2020.

The manufacturing division manage to maintain its results due to the improvement of our Malaysian subsidiary operations and also due to the launch of several new models. Improved efficiency and better cost control management also led to the better results.

As for property division, the increase in results were mainly due to higher profit recognition from the completion of Amverton Greens and Amverton Links Phase 1 project.

Profit attributable to owners of the Company

The profit after tax attributable to owners of the Company increased by 23.50% from RM24.579 million in the previous financial year to RM30.354 million in the current financial year.

Liquidity

The Group remains in a strong cash position of RM110.255 million as at 31st December 2021. This cash reserve provides the Group with the capacity and flexibility to invest in any potential business venture that yield greater returns and provide sustainable growth in the future.

Gearing

The Group's borrowings consists of finance leases and overdrafts. Total borrowings decreased from RM0.225 million as at 31st December 2020 to RM0.148 million as at 31st December 2021.

Dividend

In respect of the financial year ended 31st December 2020 as reported in the Director's Report of that year, a first and final single tier dividend of 1.5 sen per ordinary share amounting to RM4,979,108 was paid on 18th August 2021.

Management Discussion and Analysis
(continued)

The Board of Directors has declared and approved a first and final single tier dividend in respect of the financial year ended 31st December 2021 of 2.0 sen per ordinary share on 331,940,812 ordinary shares amounting to a dividend payable of RM6,638,816.

Outlook

Malaysia's economy is set for a gradual recovery, with real gross domestic product growth at 3.1% in 2021 and projected to accelerate to about 5.75% in 2022. The Group will continue to maintain and improve product quality, reduced cost, and strive to be proactive in aligning its market strategies to capture opportunities in both manufacturing and property divisions.

For the manufacturing division, its performance would be dependent on orders from existing customers and the gradual recovery of the global economy as well as the performance of our overseas subsidiary. This division is expected to continue to improve domestically with the good response subsequent to the launch of the new Myvi, Ativa and several other new models. With our experience in the automotive industry, we are also exploring venturing into the supply of components to the Electric Vehicles (EV) manufacturers and are working with several new potential customers as well as our existing automotive customers. We are also continuously looking for new business opportunities and will intensify efforts to streamline our manufacturing process to achieve cost optimization through greater efficiency. At the same time the reopening of our Penang Plant is expected to allow more opportunities to tap into the growing Electrical and Electronics industries in the Northern Region.

As for the property division, revenue will be mainly from our on-going Amverton Links Phase 2 as well as our completed project, Amverton Greens in Bukit Kemuning. Our proposed joint venture was recently approved in the EGM on 12 January 2022, the Company intends to launch several projects such as 154 units' double-storey terraces houses in Sungai Buloh, 78 units of double-storey terrace houses in Klang, 141 unit's bungalows in Carey Island and Phase 1 of town houses in Carey Island in 2022. The Company also intends to launch 100 units of townhouses and Phase 3 of its double-storey terraces houses in Amverton Links. The management is optimistic that the property division will contribute satisfactorily to the group's performance in 2022.

Barring any unforeseen circumstances, the Group is expected to perform well in the coming financial year 2022.

Corporate Governance Overview Statement

This Corporate Governance Overview Statement sets out the principal features of the Group's corporate governance approach, summary of corporate governance practices during the financial year and future priorities in relation to corporate governance. The Corporate Governance Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and guidance was drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (4th edition) issued by Bursa Malaysia Securities Berhad (Bursa Malaysia).

This Corporate Governance Overview Statement should also be read in tandem with the other statements in the Annual Report, namely Statement of Risk Management and Internal Control, Audit Committee Report and Sustainability Statement.

The Board of Directors recognise the importance of good corporate governance and is committed to ensure that a high standard of corporate governance is practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Company and of the Group.

SUMMARY OF CORPORATE GOVERNANCE APPROACH

In manifesting the Group's commitment towards sound corporate governance, the Group has benchmarked its practices against the relevant promulgations as well as other better practices. The Group has applied all the Practices encapsulated in MCCG for the financial year ended 31 December 2021 except those that are not applicable to the Group. Further details on the application of each individual Practice of MCCG are available in the Corporate Governance Report.

The Board of Directors ("Board") is pleased to set out below the manner in which the Group has applied the three (3) main principles in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") known as Board Leadership and Effectiveness (Principle A), Effective Audit and Risk Management (Principle B) and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Principle C) throughout the financial year ended 31 December 2021.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I Board Roles and Responsibilities

a) Clear Functions of the Board and Management

The Group acknowledges the pivotal role played by the Board of Directors in the stewardship of its direction and operations. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for Management and monitoring the achievement of these goals.

The Board is responsible for oversight of the Company. Key matters reserved for the Board's approval include the following:-

- Approval of financial results
- Declaration of dividend
- Annual business plan
- Acquisition or disposal of material fixed assets

To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to four (4) sub-committees (Audit, Nominating, Remuneration and Sustainability Committees). The details of the Audit Committee are set out on page 22 to 23 while the details of the Nominating, Remuneration and Sustainability Committees are set out below. These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The daily operations have been delegated to management. Management has been given the authority to decide on operation matters within certain set limits where quick decisions are important to the growth and success of the Group. Management is however accountable to the Board and must refer to the Board for decision where the matters are material and involves strategic decisions.

Corporate Governance Overview Statement
(continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I Board Roles and Responsibilities (Continued)

b) Clear Roles and Responsibilities

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:

- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies;
- Overseeing the conduct of the Company's business to evaluate whether the business is properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing investor relations programme or shareholders communication policy for the Group; and
- 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.

c) Separation of Position of the Chairman and Managing Director

The positions of Chairman and Managing Director have always been held by different individuals. There is a clear division of responsibilities between the two roles to ensure that there is an appropriate balance of power and authority to facilitate efficiency and expedite decision making.

Currently, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, a Non-Independent Executive Director, chairs the Board while the position of Managing Director is held by Dato' Milton Norman Ng Kwee Leong. The Chairman is primarily responsible for ensuring the effective conduct of the Board whilst the Managing Director oversees the day to day management and running of the Group and the implementation of Board's decisions and policies.

The Company's Chairman, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, is an executive member of the Board and is not an Independent Director by virtue of his substantial interest in the Group.

As the Chairman has a significant relevant interest in the Company, he is well placed to act on behalf of shareholders and in their best interest. At least half of the Board comprises independent directors which is in line with Practice 5.2 of MCCG 2021.

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock does not sit on the Audit, Nominating or Remuneration Committees in line with Practice 1.4 of MCCG 2021. As such there is no risk of self review and it also ensures the objectivity of the aforementioned committees.

d) Qualified and Competent Company Secretary

The Company Secretary supports the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference and best practices, and in managing the corporate governance framework of the Group. The Company Secretary also advises the Directors on their fiduciary and statutory duties, as well as compliances with company law, the Main Market Listing Requirements ("MMLR"), the Company's Constitution, the Malaysian Code on Corporate Governance ("MCCG"), Board-adopted policies and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances.

The Company Secretary has a direct functional reporting line to the Chairman and has been accorded with appropriate standing and authority to enable him to discharge his duties in an impartial and effective manner. The appointment or removal of the Company Secretary is the prerogative of the Board.

Corporate Governance Overview Statement
(continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I Board Roles and Responsibilities (Continued)

d) Qualified and Competent Company Secretary (Continued)

The Company Secretary has and will continue to constantly keep himself abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters and with changes in the same regulatory environment, through continuous training and industry updates. He has also attended many relevant training and professional development programmes.

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its function and duties.

e) Formalised Ethical Standards through Code of Ethics

The Directors continue to adhere to the Company Directors' Code of Ethics established which is based on principles in relation to integrity, compliance with legal and regulatory requirements and company policies and accountability in order to enhance the high standards of corporate governance and behavior.

The Code of Conduct serves as a formal commitment by employees to conduct themselves professionally at all times and to do business in a transparent, appropriate and fair manner. The Code of Conduct is available on the Group's website, http://www.hil.com.my.

f) Strategies Promoting Sustainability

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. The Group established a Sustainability Committee ("SC") on 22nd November 2018 to assist the Board in fulfilling its oversight responsibilities in this area.

The Sustainability Committee comprises the following members:	
Tan Sri Dato' Dr. Sak Cheng Lum	(Independent/Non-Executive Director) - Chairman
Dato' Milton Norman Ng Kwee Leong	(Non-Independent/Managing Director)
Ooi Hock Guan	(Independent/Non-Executive Director)

This Committee reports to the Board of Directors and is responsible for the overall implementation and execution of sustainability matters such as to:

- Determine the materiality of various sustainability pillars
- Propose necessary action plans to mitigate issues of concern
- Formulate a strategy to improve key areas of sustainability

The Group also embraces sustainability in its operations. The Group's activities on corporate social responsibilities for the financial year under review are disclosed in the Sustainability Statement on pages 28 to 34.

Corporate Governance Overview Statement
(continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II Board Composition

a) Board Charter

The Board Charter is accessible for reference on the Company's website (http://www.hil.com.my) after the Board's approval for adoption. In the course of establishing a board charter, 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 is expected to include the division of responsibilities and powers between the Board and management as well as the different committees established by the Board.

b) Nominating Committee

The Board established a Nominating Committee on 29th March 2002 as it recognises the importance of the roles the Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance which the Committee can assist the Board to discharge its fiduciary and leadership functions.

The Nominating Committee comprises the following members:

Mat Ripen Bin Mat Elah	(Independent/Non-Executive Director) - Chairman
Dato' Milton Norman Ng Kwee Leong	(Non-Independent/Managing Director)
Ooi Hock Guan	(Independent/Non-Executive Director)

The terms of reference of the Nominating Committee include:

- Annually review the required mix of skills and experience and other qualities, including core competencies which Non-Executive and Executive Directors should have;
- Assess on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Managing Director;
- Assess on an annual basis, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. To be retained as an Independent Director, the Board must justify and seek shareholder's approval for a person who has served in that capacity for more than nine (9) years through a two-tier voting process;
- Recommends to the Board, candidates for all directorship to be filled by shareholders or the Board, including those proposed by the Managing Director or any senior executives of the Company;
- Recommends Directors to the Board to fill the seats on Board Committees; and
- Carry out its responsibilities with the assistance and services of a Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the MMLR of the Bursa Securities or other regulatory requirements.

In making its recommendations, the Nominating Committee should consider the candidates':

- Skills, knowledge, expertise and experience;
- Professionalism;
- Integrity; and
- In the case of candidates for the position of Independent Non-Executive Directors, the Nominating Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II Board Composition (Continued)

b) Nominating Committee (Continued)

During the year under review, the Nominating Committee carried out its duties in accordance with its Terms of Reference. These include:

- Review and assess the effectiveness of the Board as a whole and the Audit Committee;
- Review and assess the mix of skills, experience and competencies of each individual Director;
- Review and recommend to the Board, the re-election of the Directors who will be retiring at the forthcoming AGM of the Company; and
- Review and recommend to the Board, the retention of the Independent Non-Executive Directors in accordance with the MCCG 2021.

c) Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

MCCG endorses as good practice, a formal procedure for appointments to the Board, with a Nominating Committee making recommendation to the Board. MCCG, however, states that this procedure may be performed by the Board as a whole, although, as a matter of best practice, it recommends that this responsibility be delegated to a committee.

In previous years, the appointment of any additional Director was made as and when deemed necessary by the existing Board with due consideration given to the mix of expertise and experience required for an effective Board. Pursuant to its set up on 29th March 2002, the Nominating Committee is responsible for making recommendations for any appointment to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

In respect of the appointment of Directors, the Company practices a clear and transparent nomination process which involves the following five (5) stages:

Stage 1:	Identification of candidates
Stage 2:	Evaluation of suitability of candidates
Stage 3:	Meeting up with candidates
Stage 4:	Final deliberation by the Nominating Committee
Stage 5:	Recommendation to the Board

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to election by shareholders at the first Annual General Meeting after the appointment. In additions, one-third of the remaining Directors, are required to submit themselves for re-election by rotation at each Annual General Meeting.

The Board has no immediate plans to implement gender diversity policy. In considering Board appointment, the Board believes in and provides equal opportunity to candidates who have the necessary skills, experience, commitment (including time commitment), core competencies and other qualities regardless of gender, ethnicity and age. Nevertheless, the Board shall endeavor to support gender diversity in the boardroom as recommended by the Code as and when the opportunity arises.

d) Board Composition and Balance

The Board currently consists of four (4) Executive Directors and four (4) Independent Non-Executive Directors, which is in line with Practice 5.2 of MCCG 2021 where at least half of the Board comprises Independent Directors. The composition of the Board complies with paragraph 15.02 of the MMLR of Bursa Securities. A brief description of the background of each Director is disclosed in the Annual Report.

Corporate Governance Overview Statement
(continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II Board Composition (Continued)

d) Board Composition and Balance (Continued)

There is balance in the Board because of the presence of four (4) Independent Non-Executive Directors who are of the caliber necessary to carry sufficient weight on Board decisions thus enabling adequate Board representation of the interest of minority shareholders. Although all the Directors have an equal responsibility for the Group's operation, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take into account of the long term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business.

Tuan Mat Ripen Bin Mat Elah acts as the Senior Independent Non-Executive Director. Any concerns concerning the Group may be conveyed to him.

e) Annual Assessment of Independence

The Nominating Committee is responsible for the Board Effectiveness Evaluation (BEE) process, covering the Board, Board Committees and individual Directors including Independent Directors.

The Nominating Committee, upon conclusion of the BEE exercise, was satisfied that the Board and Board Committee composition had fulfilled the criteria required, possess a right blend of knowledge, experience and the appropriate mix of skills. In addition, there was mutual respect amongst individual Directors which contributed to a healthy environment for constructive deliberation and robust decision-making process. Independent Directors were assessed to be objective in exercising their judgment.

f) Tenure of Independent Directors

One of the recommendation of the MCCG 2021 states that the tenure of an Independent Director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the Board intends to retain an Independent Director beyond nine years, the Board should seek annual shareholders' approval through a two-tier voting process.

As at the date of this statement, Tan Sri Dato' Dr. Sak Cheng Lum, Mat Ripen Bin Mat Elah and Ooi Hock Guan have served tenure of nine (9) years and above. The Nominating and Remuneration Committees have assessed and are satisfied that the Directors:

- Are independent of the management and free from any business dealings or other relationship with the Group which may be perceived to materially interfere with their ability to exercise unfettered judgement and act in the best interest of the Group;
- Have committed sufficient time and exercised due care during their tenure, actively participating in board meetings and discussions;
- Are able to capitalize on their familiarity, insights and knowledge of the Group's operations and contribute positively towards deliberations and decision-makings of the Board;
- Have discharged their professional duties in good faith and in the best interest of the Group and shareholders; and
- Have vigilantly safeguarded the interest of minority shareholders, as well as stakeholders of the Group

The Board has recommended that approval of the shareholders be sought to retain Tan Sri Dato' Dr. Sak Cheng Lum, Tuan Mat Ripen Bin Mat Elah and Mr Ooi Hock Guan as Independent Non-Executive Directors of the Company. The Board will seek shareholders' approval through a two-tier voting process to retain Independent Directors who have served on the Board for a cumulative terms of more than nine (9) years.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II Board Composition (Continued)

g) Directors' Training

As an integral element of the process of appointing new Directors, the Nominating Committee ensures that new Board members are given every opportunity to familiarise themselves with the structure, operations and types of businesses of the Group.

All the Directors have attended the Mandatory Accreditation Programme conducted by Research Institute of Investment Analysts Malaysia and completed the Continuing Education Programmes ("CEP") within the timeframe. The Board is regularly updated by the Company Secretary on the latest update or amendments on the MMLR of Bursa Securities and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities. The external auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statement during the financial period under review. The Directors will also attend training endorsed by Bursa Securities to keep abreast with developments in the capital markets.

The training programme and seminars attended by Directors during the financial year ended 31st December 2021 includes:

Conference/Seminar/Workshop/Training	Organisor/Venue	Date
Master of Business Administration (MBA)	Unitar International University	Dec 2021

III Remuneration

a) Directors' Remuneration

The Company set up the Remuneration Committee on 29th March 2002 as recommended by the Code to determine the remuneration for a Director so as to ensure that the Company attracts and retain the Directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The members of the Remuneration Committee, comprising a majority of Non-Executive Directors, are as follows:

Mat Ripen Bin Mat Elah	(Independent/Non-Executive Director) - Chairman
Dato' Milton Norman Ng Kwee Leong	(Non-Independent/Managing Director)
Ooi Hock Guan	(Independent/Non-Executive Director)

The Remuneration Committee recommends to the Board the framework of the Executive Directors' remuneration and the remuneration package for each Executive Director in all its forms, drawing from outside advice if necessary. Executive Directors should play no part in decisions on their own remuneration. It is, nevertheless, the responsibility of the entire Board to approve the remuneration of these Directors.

The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole. The individuals concerned should abstain from discussions of their own remuneration. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors.

Corporate Governance Overview Statement
(continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III Remuneration (Continued)

a) Directors' Remuneration (Continued)

The appropriate Director's remuneration paid or payable or otherwise made available from the Company and its subsidiary companies for the financial year ended 31st December 2021 are presented in the table below:

(i) Aggregate remuneration of Directors categorised into appropriate components:

Received from Group and Company

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	-	50
Salary & Allowances	850	-
KWSP	113	-
Bonus	90	-
PERKESO & EIS	4	-

(ii) The remuneration paid to Directors of the Company for the financial year ended 31st December 2021, in bands of RM50,000 are tabulated as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	2
RM150,001 to RM200,000	2	-
RM700,001 to RM750,000	1	-

*None of the Director's remuneration falls within the RM50,001 to RM150,000 and RM200,001 to RM700,000.

(iii) The details for the remuneration of Directors for the financial year ended 31st December 2021 for the Group and the Company are as follows:-

	Fees RM	Salaries RM	Bonuses RM	KWSP (Employer) RM	EIS (Employer) RM	Perkeso (Employer) RM	Total RM
Executive Directors' Remuneration							
Dato' Milton Norman Ng Kwee Leong	-	566,400	60,000	75,168	94	829	702,491
Steven Junior Ng Kwee Leng	-	141,600	18,000	18,432	95	829	178,956
Malcolm Jeremy Ng Kwee Seng	-	141,600	12,000	18,904	188	1,643	174,335
Non-Executive Directors' Remuneration							
Mat Ripen bin Mat Elah	2,000	-	-	-	-	-	2,000
Ooi Hun Yong	48,000	-	-	-	-	-	48,000
Total	50,000	849,600	90,000	112,504	377	3,301	1,105,782

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

a) Effective and Independent Audit Committee

The Audit Committee comprises three (3) members as follows:

1) Mat Ripen Bin Mat Elah *(Chairman of the Audit Committee and Senior Independent Non-Executive Director)*
2) Tan Sri Dato' Dr. Sak Cheng Lum *(Independent Non-Executive Director)*
3) Ooi Hock Guan *(Independent Non-Executive Director)*

Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties. All members of the Audit Committee are financially literate, whilst one committee member is a Professional Member of the Institute of Internal Auditors Malaysia.

The members of the Audit Committee have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

During the Audit Committee Meetings, the members were briefed by the external auditor, HLB Ler Lum Chew PLT on the following key areas:

- Financial Reporting developments;
- Malaysian Financial Reporting Standards;
- Malaysian Code on Corporate Governance; and
- Other changes in regulatory environment.

The Audit Committee should review and provide advice on whether the financial statements taken as whole provide a true and fair view of the company's financial position and performance.

Further information is found at the Audit Committee Report at pages 22 to 23.

b) Compliance with Applicable Financial Reporting Standards

The Board is committed to presenting a fair, balanced and comprehensive financial performance and prospects in all disclosures made to the shareholders and the general public. In addition to providing financial statements and annual report on an annual basis to the shareholders, the Company also presents the Group's financial results on quarterly basis via public announcements. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness.

Prior to the presentation of the Company's financial statements to the Board for approval and issuance to stakeholders, Audit Committee meetings were held to review the Company's financial statements in the presence of external auditors and the Group's Financial Controller. A Statement of Directors' Responsibilities for preparing the financial statements is set out on page 35 of this Annual Report.

The Directors are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company and the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position, performance and cash flows of the Company and the Group as at 31st December 2021. With the assistance of Audit Committee, the Board will ensure that the preparation of fair presentation and disclosure in the financial statements are in accordance with the applicable accounting standards and other regulatory requirements.

Corporate Governance Overview Statement
(continued)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

I Audit Committee (Continued)

b) Compliance with Applicable Financial Reporting Standards (Continued)

The Board, through the Audit Committee, maintains a close and formal as well as transparent arrangement and relationship with the Company's external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The Audit Committee meets the external auditors without the presence of the management at least once during a year to further discuss on the Group's audit plans, audit findings and to exchange independent views on the matters which require their attention. Annually, prior to the commencement of the audit engagement, the external auditors confirm to the Audit Committee on their independence.

In addition to the above, the Board has overall responsibility for maintaining a sound system of internal controls, which encompasses financial, operational, and compliance controls and risk management necessary for the Group to achieve its corporate objectives within an acceptable risk profile.

These controls can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. The Board recognises that risk cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimizing and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Company's assets.

In assessing the adequacy and effectiveness of the system of internal control and accounting control procedures of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

II Risk Management and Internal Control Framework

a) Internal Control and Risk Management

The Board acknowledges their responsibilities for the internal control system of the Group, covering not only financial controls but also controls relating to operations, compliance and risk management. The Board, in fulfilling their responsibilities, had set-up Audit Committee and outsourced the internal audit function of the Group to an independent consulting firm to assist the Board on these matters. Information of the Group's internal control and risk management is presented in the Statement on Risk Management and Internal Control set out on pages 24 to 26 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I Communication with Stakeholders

a) Corporate Disclosure Policies and Procedures

The Board acknowledges the need to inform shareholders of all material business matters affecting the Company. The Company is committed to providing shareholders with timely and equal dissemination of material information in order to enhance the transparency and accountability.

The Board has not formalized a corporate disclosure policy but has referred to the MMLR of Bursa Securities to ensure comprehensive, timely and accurate disclosure on the Group to the regulators, shareholders and other stakeholders.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I Communication with Stakeholders (Continued)

b) Leverage on Information Technology for Effective Dissemination of Information

The Company has established a website – http://www.hil.com.my for shareholders and the public to access for information, including the announcements made by the Company. The Company's website incorporate 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, annual reports as well as the financial information of the Company.

The Company's website has a "Contact Us" section where shareholders and potential investors may direct their enquiries on the Company. The Company's customer services team will endeavour to reply to these queries in the shortest possible time.

The announcement of the quarterly financial result is also made via Bursa Securities website at www.bursamalaysia.com immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

c) Effective Communication and Proactive Engagements with Shareholders

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information is not just established to comply with requirements of the MMLR of Bursa Securities pertaining to continuing disclosures, it also adopts the best practices as recommended in MCCG 2021 with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.

II Conduct of General Meetings

a) Encourage Shareholder Participation at General Meetings

The Annual General Meeting ("AGM") of the Company represents the main venue for communication between the shareholders and the Company. Shareholders are encouraged to attend and participate at these meetings.

A notification to shareholders to view the Annual Report and the notice of the AGM from the Company's website is sent to all shareholders at least 28 days before the AGM to allow shareholders additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The notice of AGM is also published in a nationally circulated daily newspaper. The notice of AGM provides information to shareholders with regard to details of the agenda to be presented at the AGM. Each item of special business included in the notice of AGM will be accompanied by a full explanation on the effects of a proposed resolution.

During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors. Where appropriate, the Board will undertake to provide written answer to any questions that cannot be readily answered at the meeting.

b) Poll Voting

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, all resolutions set out in the notice of any general meeting held on or after 1st July 2016 shall be voted by poll. An independent scrutineer will be appointed to validate the votes cast at general meeting. The outcome of the resolutions will be announced to Bursa Securities on the same day of the meeting.

Audit Committee Report

Composition of the Audit Committee

The Audit Committee comprises the following members:

Mat Ripen bin Mat Elah	Chairman (Independent/Non-Executive Director)
Tan Sri Dato' Dr. Sak Cheng Lum	Member (Independent/Non-Executive Director)
Ooi Hock Guan	Member (Independent/Non-Executive Director)

Meetings

During the financial year ended 31st December 2021, the Audit Committee convened six (6) meetings. Attendance at all meetings met the requisite quorum in which the majority of the members present were Independent Non-Executive Directors. The Company Secretary is responsible for ensuring the meetings are held accordingly and duly minuted. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

The attendance of each member of the Audit Committee during the financial year ended 31st December 2021 is as follows:

Name of Audit Committee	Number of Meetings Attended
Mat Ripen Bin Mat Elah	5/6
Tan Sri Dato' Dr. Sak Cheng Lum	6/6
Ooi Hock Guan	6/6

The Chairman of the Audit Committee verbally briefs the Board on the proceedings of the Audit Committee meeting at the Board meetings held subsequent to the Audit Committee meetings.

Other members of senior management are invited to attend Audit Committee meetings. The internal and external auditors are also invited to attend Audit Committee meetings to present their audit plan and audit findings.

Activities

The Audit Committee has undertaken the following activities during the financial year ended 31st December 2021:

1. Ensured sufficient audit coverage for all the Group's business and activities;

2. Discussed and reviewed the scope of work and audit plan for the financial year ended 31st December 2021 including any significant issues and concerns arising from audit;

3. Reviewed the unaudited quarterly financial reports and year-end financial statements before they were presented to the Board for approval;

4. Discussed and reviewed with the external auditors the applicability and the impact of new accounting standards issued by the Malaysian Accounting Standards Board;

5. Reviewed the audited Group financial statements and recommend to the Board for approval before release to Bursa Securities and its shareholders;

6. Reviewed the internal audit plan to ensure adequate scope and coverage of the Group's activities based on identified and assessed key risk areas; and

7. Reviewed audit reports issued by internal auditors and took note of their observations, recommendations and Management's responses thereto.

Internal Audit Function

The internal audit functions have been outsourced to a professional firm reporting directly to the Audit Committee.

The primary role of the internal auditors is to, inter-alia, assist the Audit Committee on an ongoing basis to:

1. Undertake the internal audit of the Group's operating units; ascertain the extent of the units compliance with the established internal control procedures, policies and statutory requirements; highlight the weaknesses and recommend improvements to the existing systems of control;

2. Assist in reviewing the adequacy and effectiveness of the Group's processes for controlling its activities;

3. Provide independent, systematic and objective evaluation on the state of internal control within the Group; and

4. Perform such other functions as requested by the Audit Committee.

The cost incurred for the internal audit function in respect of the financial year ended 31st December 2021 amounted to RM15,000.

Statement on Risk Management and Internal Control

The Board of Directors is pleased to present herewith the Statement on Risk Management and Internal Control which outlines the nature and scope of internal controls and risk management of the Group during the financial year ended 31st December 2021 This statement is prepared pursuant to paragraph 15.26(b) of the MMLR of Bursa Securities.

Responsibility of the Board of Directors

The Board of Directors recognises the importance of good risk management framework and sound internal control systems, in order to safeguard shareholders' investment and the Groups' assets. The Board of Directors maintains full control over all internal controls within the Group, covering aspects of operational, compliance as well as financial in nature. In view of inherent risks, the Groups' internal control system are designed to reduce rather than eliminate possible risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Risk Management Framework

The Board of Directors has established an organisational structure with clearly defined guidelines of authorities and job responsibilities to enhance accountability.

An informal risk management process is carried out throughout the year, for identifying, evaluating and managing significant risks faced by the Group. The Board of Directors has empowered the Managing Director, who formed various task forces/project committees comprising Executive Directors and key senior management personnel to assist him, in reviewing and managing the significant risks faced by the various operating units to achieve their respective business objectives of the Group. The Managing Director will inform the Board of Directors of any pertinent matters, which require decision-making at Board level.

The Managing Director and his senior management team, through their day-to-day involvement in the operations of the Group, ensure that ongoing maintenance, monitoring, reviewing and reporting arrangement have been put in place to provide reasonable assurance that the structure of controls and operations is appropriate to the Group.

Key Features of Internal Control System

The key features of the internal control systems are:

- Written policies and procedures for the Group are set out in accordance to Certified Quality Management System. The UK/US National Quality Assurance Limited (NQA) has awarded the IATF16949:2016, ISO 9001:2015 for the Quality Management System and ISO 14001:2015 for the Environmental Management Systems certification and ISO 13485:2016 Medical Devices Quality Management System certified by SIRIM to the Group to mark the Group's quality achievement and accreditation.

- Established organisational structure.

- Clear lines of authorities and well defined responsibilities for all personnel of the Group. Strict authorisation and approval procedures have been established within top management.

- Procedure has been established for hiring and termination of employees and an annual performance appraisal are in place to ensure employees are competent to carry out their respective duty. Training and development programs is exist to enhance employee knowledge, skills and abilities required for effective job performance.

- Regular and open communication between management, internal auditor and the Board of Directors on matters relating to risk and control.

- The Board is supported by a qualified Company Secretary. The Company Secretary plays an advisory role to the Board, particularly on issues relating to compliance with the Main Market Listing Requirements ("MMLR"), the Companies Act 2016 and other relevant laws and regulations.

Statement on Risk Management and Internal Control
(continued)

Key Features of Internal Control System (continued)

- Group quarterly financial reports are reviewed by Audit Committee to ensure the financial statements are properly drawn up in accordance with the applicable accounting standards and other regulatory requirements in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at the end of financial year. The Group financial statement is presented to Board and subsequently approved before release to Bursa Malaysia.

- Regular group management meetings are held as and when necessary to raise issues, discuss, review and monitor the business development and resolve operational and management issues and review financial performances against the business plans, the targets and the budgets, if any.

- Computerised financial system used to compile and consolidate data to generate monthly management reports, which assist management in identifying key changes and monitoring performance.

- Group assets are covered with sufficient insurance to ensure assets are protected against any mishap and other perils that could result in material loss. A yearly policy renewal exercise is undertaken in which Management reviews the coverage based on the current fixed assets inventory and the respective net book values and "replacement value".

- Management ensures that safety regulations within the Group are being considered, implemented and adhered to accordingly.

Internal Audit Function

The Group's internal audit function, which is outsourced to a professional firm, assists the Board and the Audit Committee in providing independent assessment of adequacy, efficiency and effectiveness of the Group's internal control system. To ensure independence from Management, the internal auditor has direct reporting lines to the Audit Committee.

A high level assessment of the Group's business risk was carried out by the internal audit function to facilitate the preparation of the internal audit plan. The audit plan was approved by the Audit Committee and the status of the audit plan are presented to the Audit Committee. With the adoption of a risk-based approach, the internal audit function is able to focus its work on principal risk areas and processes of the business operation units. During the course of carrying out their reviews, full cooperation and unrestricted access to all information was given in order to discharge their duties.

During the financial year, the internal auditors carried out reviews on the following areas to assess the adequacy and effectiveness of internal controls:

- Production and Cost Control
- Repair and Maintenance
- Project Management

The internal auditors also carried out follow up audits to ensure that the necessary corrective actions have been undertaken to address the control gaps noted.

The internal auditors have identified some weaknesses in the internal control and these together with improvement recommendations have been reported to the Audit Committee. However, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

The system of internal control will continue to be reviewed, enhanced or updated in line with changes in the operating environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the internal auditors. The Board is of the view that there is ongoing process for identifying, evaluating and managing significant risks faced by the Group and the internal control systems are in place and have not resulted on any material misstatement, loss, contingencies or uncertainties that would require disclosure on the Group's Annual Report.

Statement on Risk Management and Internal Control
(continued)

Review of the Statement by External Auditors

As required by paragraph 15.23 of MMLR of Bursa Securities, the external auditors have reviewed this statement for inclusion in the Annual Report of the Company for the financial year ended 31st December 2021.

Board Assessment

The Board has received assurance from the Managing Director and the management that the Group's risk management and internal control system is operating adequately and effectively.

The Board is of the view that the system of risk management and internal controls in place are satisfactory to protect the Group's interest and that of its stakeholders, particularly on enhancing shareholder value.

Additional Compliance Information

1. Utilisation of Proceeds

No proceeds were raised by the Company for any corporate exercise during the financial year.

2. Audit and Non-audit fees

For the financial year ended 31st December 2021, the amounts of audit and non-audit fees paid or payable by the Company and the Group to external auditors are as follows:

	Group (RM)	Company (RM)
Audit fees	116,918	27,000
Non-audit fees	7,500	3,000

3. Recurrent related party transaction of a revenue nature

There was no recurrent related party transaction of a revenue nature which requires profit guarantee.

4. Material contracts

Material contracts entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of the previous financial year are as follows:

Proposed Joint Ventures between Amverton Prop Sdn. Bhd. ("Amverton Prop"), a wholly owned subsidiary of HIL Industries Berhad ("HIL") with Unik Sejati Sdn Bhd ("Unik Sejati"), Pembinaan Kesentosaan Sdn Bhd ("Pembinaan Kesentosaan") and Amverton Carey Golf & Island Resort Sdn Bhd ("Amverton `Carey") to undertake residential developments on 5 parcels of land located in Mukim Sungai Buloh, Mukim Klang and Mukim Jugra, Selangor.

On 20th April 2021, Amverton Prop ("Developer") entered into 4 conditional joint venture agreements ("JVAs") with Landowners; Unik Sejati, Pembinaan Kesentosaan and Amverton Carey to undertake property development projects subject to the terms and conditions set forth in the respective JVAs. Pursuant to the JVAs, the Landowners being the registered proprietors, legal and beneficial owners of the Parcels, shall grant Amverton Prop the rights to carry out the Developments on their respective parcels of lands in consideration of the Landowners' Entitlements. Amverton Prop shall manage and carry out including amongst others, the development and construction, legal and financial matters as well as sales and marketing of the Developments at its own costs and expenses. The JVAs involved interested major shareholders and interested directors of HIL.

An Extraordinary General Meeting (EGM) was held on 12th January 2022 in relation to the Proposed Joint Ventures and the aforementioned proposed joint ventures were duly passed by the non-interested shareholders.

Sustainability Statement

OUR COMMITMENT

The Group constantly embraces sustainability principles when it formulates and implements its business strategies based on the Company's vision of sustainable long-term growth. The Group continues to undertake responsible practices that impact the society and environment in a positive manner and to inculcate a culture of responsibility in all aspects of its business.

SUSTAINABILITY GOVERNANCE

To ensure that Sustainability continues to be embedded within our business operations, the Group established a Sustainability Committee ("SC") on 22nd November 2018 to assist the Board in fulfilling its oversight responsibilities in this area. The SC members were appointed by the Board from amongst their number and consist of three members. With the exception of the Managing Director, the other two members are Non-Executive Directors.

The Sustainability Committee comprises the following members:	
Tan Sri Dato' Dr. Sak Cheng Lum	(Independent/Non-Executive Director) - Chairman
Dato' Milton Norman Ng Kwee Leong	(Non-Independent/Managing Director)
Ooi Hock Guan	(Independent/Non-Executive Director)

This Committee reports to the Board of Directors and is responsible for the overall implementation and execution of sustainability matters such as to:

- Determine the materiality of various sustainability pillars
- Propose necessary action plans to mitigate issues of concern
- Formulate a strategy to improve key areas of sustainability

The Committee communicates with the respective departments regularly to inculcate sustainability into the Company. Read more about the SC and its terms of reference on our website at http://www.hil.com.my.

STAKEHOLDER ENGAGEMENT

As set out in the Board Charter, the Board is responsible for promoting effective communications with shareholders and relevant stakeholders.

While we are committed to providing shareholders, regulators and employees with comprehensive, accurate and timely disclosure of information relating to the Group, we are looking to widen this engagement process to other parties such as customers, suppliers and the local community to gauge the importance of key sustainability matters and for them to understand our actions and directions with greater clarity.

Current method of engagement include:

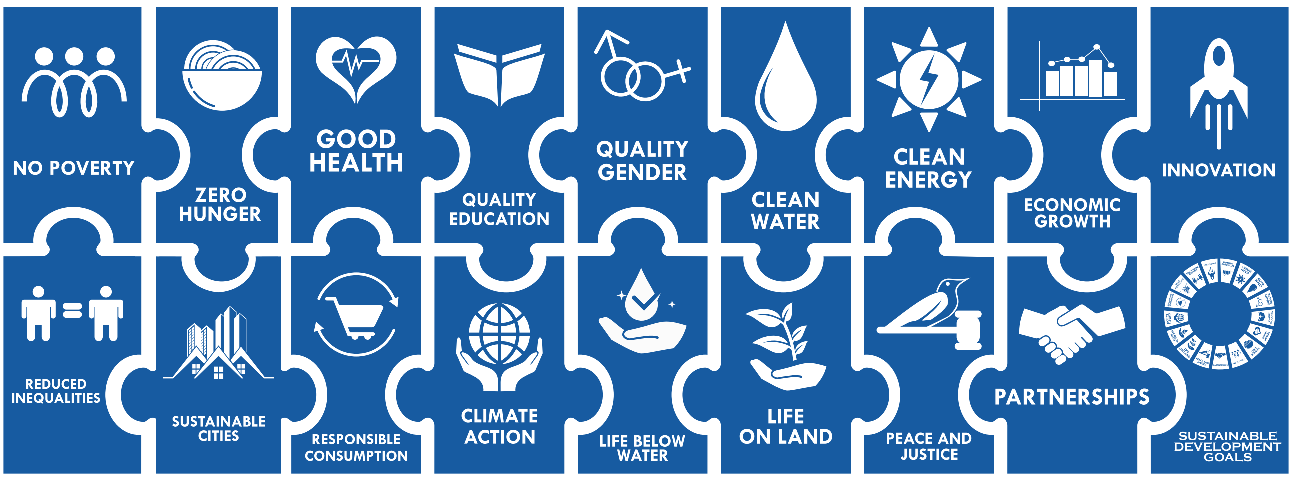
Stakeholders	Sustainability Topics	Engagement Platforms	Frequency
Investors and shareholders	• Business performance • Operation	• Quarterly reports • Annual reports • Company website • Annual General Meeting & Analysts briefing	• Quarterly • Annually • On-going • Annually
Employees	• Business performance • Health and safety • Communication and engagement • Working environment • Career development and training	• Staff briefings • Gathering during festive celebrations • Training and development • Appraisal and performance review	• On-going • On-going • On-going • Annually

Stakeholders	Sustainability Topics	Engagement Platforms	Frequency
Government and regulators	• Regulatory compliance • Supporting country's economic growth • Labour practices • Environmental management and compliance • Occupational health and safety	• Compliance with government legislative and regulatory body • Participating in program organized by government bodies	• As required • As required
Customers	• Product quality and performance • Sustaining long term relationship	• Customer feedbacks • Face to face meetings • On-site visits	• On-going • On-going • On-going
Suppliers	• Product quality • Supplier performance review	• Supplier meetings • Site visits	• On-going • On-going
Communities	• Environment protection • Local community activity involvement	• Community programmes • Social activities	• On-going • On-going

IDENTIFYING OUR MATERIAL SUSTAINABILITY MATTERS

Based on our assessment in 2021, we identified the following material matters as critical to our sustainability programme planning and performance, clustered into Social, Economic and Environmental Sustainability.

On top of this, we have linked them to 8 of the 17 United Nations' Sustainable Development Goals ("SDGs"). The SDGs are a collection of the 17 global goals designed to be "blueprint to achieve a better and more sustainable future for all" by the year 2030. By adopting common global goals that outline what really matters for the future – individuals, organisations and government worldwide now have a reference point to agree on and act upon.



SUSTAINABLE DEVELOPMENT GOALS

Sustainability Statement
(continued)

SUSTAINABILITY APPROACH AND PRINCIPLES

PILLARS OF SUSTAINABILITY	OBJECTIVES	MATERIAL TOPICS
SOCIAL SUSTAINABILITY *Link to SGDs:* GOOD HEALTH, QUALITY EDUCATION, ECONOMIC GROWTH, QUALITY GENDER	Proactive way of managing and identifying business impact on our employees, contractors, customers and local communities.	Employee Development and Engagement
		Occupational Health and Safety
		Community Contributions and Development
ECONOMIC SUSTAINABILITY *Link to SGDs:* NO POVERTY, ECONOMIC GROWTH	Ensure the continued strong performance of our businesses and maintain investors' confidence	Financial Performance
		Quality Standards and Recognition
ENVIRONMENTAL SUSTAINABILITY *Link to SGDs:* CLEAN WATER, RESPONSIBLE CONSUMPTION, CLIMATE ACTION	Striving for improved environmental practices and operational sustainability	Environmental stewardship

a) Social Sustainability - Employees and Workplace

(i) Employees' Development

The Group strongly believes that human capital is the most important value to an organization. In retaining the best talents, the Group continually provides employees with education and training such as New Employee Orientation and Performance Management System trainings. Employee Training and Development which is carried out internally and externally is aimed at equipping employees with skills and knowledge related to projects and tasks handled by them so that these may be executed to meet customers' needs and expectations.

Below are the few list of trainings attended by our employees during the financial year ended 2021:

Trainings	Brief descriptions of training
Environment, Safety & Health Awareness	Basic safety awareness
Overview company Vision, Mission and KPI	Reset department focus
Occupational First Aid & CPR	To gain knowledge on first aid
COVID-19: SOPs	Build awareness on COVID-19

(ii) Employees' Engagement

Continual employee engagement is essential in ensuring sustainable business growth as it allows the Group to meet the needs of employees and enhance working environment. We continue to engage with employees through various programmes and activities such as townhall meetings and team buildings.

With constant engagement, employees are able to share their views and thoughts with the senior management, thus increasing mutual respect and enabling collaboration and teamwork towards shared goals, as stated in the Group's Vision and Mission. Empathetic and inclusive practices allow employees to generate valuable ideas and contribute to improving business sustainability. As such, we ensure constructive feedback from employees are translated into actions to enhance business strategies and daily operations, as we drive the organization to achieve higher performance.

In recognition of their services and to create an amiable workplace for employees, the Group organized several events in the financial Year of 2021 prior to the Movement Control Order ("MCO") such as team building activities, annual dinner & recreational activities for the employees. For the Financial Year of 2021 we had activities such as festive celebrations, like Chinese New Year, Hari Raya Aidilfitri and Deepavali, staffs birthday celebrations, weekly "Gotong Royong", monthly "Best Employee", daily briefings as well as half yearly Town Hall to share the company's performance and current and future plans and targets, and daily morning exercises named Taisho.

The Group strives to instill a feeling of belonging n Hil and encourage employee unity and a sense of working together to achieve our shared goals. Our slogan "SATU" which stands for Strive for excellence, Accountability, Trustworthy and Unity as well as our own Company song was created to improve Staff morale which has become one of the KPI elements that we track. Efforts are also made to improve communication within the whole organization to understand the goals, mission and vision of the Company.

(iii) Talent Management

The Group promote diversity and treat our employees fairly, regardless of age, gender, race, religion and background. Our workforce has consistently consisted of approximately 20% women and 80% men over the last three years. The Group's employment and diversity policies and measures to support the working mother ensures that our work environment is a place where women can thrive. Women make up 45% of the management team.

(iv) Occupational Health and Safety

The Group has a fundamental responsibility and commitment to ensure that all employees work in a safe and healthy environment. Given the nature of the hazardous materials and processes we use in the manufacture of our products, our workplaces must adhere to the highest standards of health and safety and to this end, we constantly monitor and introduce improvement to our working environment. The concept of *Kaizen,* or continuous improvement, requires the on-going pursuit of excellence and the desire to push beyond boundaries. We integrate Kaizen throughout our entire value chain.

Representatives from all levels attend specific Occupational Safety and Health Administration (OSHA) courses conducted by certified trainers to enhance their understanding and responsibility on employees' health and safety. These programmes focus on identifying common hazards and unsafe work practices and implementing corrective actions to improve the work environment. In compliance with the OSHA requirement, First Aid and CPR training sessions are also organized to help staff and workers understand their role as Emergency First Responders. In addition, all workers are covered by Personal Accident Insurance and Foreign Worker Workman Compensation Scheme. On top of that, regular audits of safety systems for continuous improvement of OSHA systems and processes are being conducted. In 2021, there was zero accident recorded at workplace.

As for the property development segment, the contractors must adhere to various standards set by the Company. Contractors must submit both a Safety, Health and Environmental and Sanitation Plan before starting work on site.

Sustainability Statement
(continued)

Our Response to COVID-19

In view of the COVID-19 pandemic, the Group has taken preventive measures to safeguard our employees and guests, and they include, but not limited to the following:

- Providing hand sanitisers public areas
- Increasing frequency of periodic sanitization and disinfection of common areas and toilets
- Placing notices and posters advocating constant hand washing and hygiene
- Conducting daily temperature checks on staffs before starting work
- Ensuring everyone wear masks. Mask is supplied to all staffs daily.
- Using My Sejahtera for easy registration and contract tracing purpose
- Encouraging physical distancing at the workplace and common areas
- Ensuring regular sharing and communication to employees on the latest updates and preventive measures'

We have also implemented preventive measures at our project sites to curb the spread of COVID-19 as required by the Ministry of International Trade and Industry ("MITI"). The measures are but not limited to:

- Temperature screening for visitors, staffs and contractors
- Prohibiting visitors, staffs and contractors with COVID-19 symptoms from entering workplaces and advising them to seek medical treatment immediately. Management would be informed immediately in the event of any suspected cases
- Ensuring signages are placed at project sites to raise awareness on COVID-19 infection and the importance of maintaining good personal hygiene and cleanliness
- Cleaning and disinfecting of used equipment
- Ensure physical distancing

(v) Community Contributions and Development

The Group recognizes its role in giving back to the community as part of our corporate responsibility and encourages its employees to be involved in community programmes. In the midst of COVID-19 pandemic, the Group has providing free face masks to Pusat Pemberian Vaksin Daerah Kuala Langat.

Pusat Pemberian Vaksin Daerah Kuala Langat

Flood relief to affected staff

b) Economic Sustainability

(i) Financial Performance

The Group is accountable to its investors for the management of its assets and capital. Measuring the economic and financial performance is pertinent to evaluating the effectiveness of our assets and capital management, and to ensure we are on track to achieve our financial goals.

The Group has a strong financial track record with consistent growth in revenue and assets. Group revenue increased 3.83% to register RM169.249 million, while the total assets decreased by 5.39% to register RM469.373 million in 2021. For further information, kindly refer to the Financial Statements of this Annual Report.

Our management begins with key performance indicators ("KPI") setting during the beginning of the year. These KPIs are closely tracked and monitored to ensure that they are aligned with our business directions. On top of that, the Group will benchmark against industry leaders and their best practices to enable continuous improvement in the Group regularly.

(ii) Quality Standards and Recognition

We place customer satisfaction as one of the top priorities to achieve not only economic success, but also to attain a favorable disposition as a top-quality manufacturer. It is in our Group's philosophy to supply quality products with total customer satisfaction as top priority. To achieve this, we have in place our Research and Development and Quality Assurance and Control departments. We understand that the safety of the end-users of our products is of upmost importance, and that it is our responsibility to assure them of top-quality products. This is in line with our factories being certified as an ISO 9001:2008 Quality Management System certification to improve the consistency of our operations and to increase customer satisfaction.

(iii) Corporate Governance

We aspire to be transparent and conduct our business in an ethical and principled way to achieve long-term success and sustainable growth as well as to ensure trust amongst shareholders and investors. More details on our corporate governance framework in our Corporate Governance Overview in pages 11 to 21 of this annual report.

c) Environmental Sustainability – Environmental Stewardship

The Group ensured strictly ongoing compliance with the environmental laws governing plant operations, maintenance in areas relating to environmental standards, emission standards and noise level management. This is in line with our manufacturing factories being certified as an ***ISO 14001:2015 Environmental Management*** System organization holder by an international body.

On-going programmes initiated among its staff on awareness of recycling of waste materials and continuous improvements in our manufacturing process create a greener environment. We have reviewed the Global Reporting Initiative (GRI) list of environmental matters and will be prioritizing the following three key environmental sustainability matters that are most pertinent to our businesses and stakeholders:

i) Waste and Effluent Management

This is a top priority for all Divisions to prevent environmental pollution and to reduce the amount of hazardous and non-hazardous wastes. The Group handles effluents and waste in line with the local regulations.

Those on-going programmes which are in line with promoting waste and effluent management are 3R (Reduce, Reuse, Recycle), disposing our waste through scheduled waste management in accordance with Environmental Act 1974 via approved contractors, waste segregation and quarterly gotong-royong. The Company also practices returnable PP Corrugated boxes and trolleys in order to reduce environmental footprint. Our Service Parts Centre uses returnable boxes and trolleys for outbound delivery. Each box/trolley is labelled with an outlet code to keep track of it and to ensure that each outlet returns the box to the Service Parts and Logistic Division. This initiative has enabled the Company to reduce its packaging materials.

Sustainability Statement
(continued)

Managing energy efficiency is one of our priorities to reduce and lower our operating costs. We have signed a contract to install a 1023.3 kWp Grid Connected Solar Photovoltaic (PV) System Self Consumption unit to both our factories in Shah Alam and Bukit Kemuning. Self-Consumption (SELCO) is an option to generate electricity from solar PV system, to offset or reduce our electricity bills.

Through NEM and SELCO, the energy generated by solar PV system will be consumed first which implies that less energy will be imported from the utility. This is effective to hedge against the increase and fluctuation of electricity tariff in the future. Solar PV is one of the technologies that allows to generate clean energy, hence reducing the fossil fuels usage, CO2 emission and carbon foot print, as well as mitigating climate change.

As for our properties division, we are pushing to provide solar panels to our home buyers to encourage them to be part of the environmental friendly policy.

ii) Monitoring Our Emissions

Carbon emissions are the main cause of climate change and human activity is a leading source. The Company has a range of initiatives to reduce its carbon emissions by enhancing fuel and energy efficiencies. We make sure all our machines are in compliance with regulations on the carbon emission to the environment by performing regular checks on the machines. On top of that, we strive to cut our transportation processes by increasing the load efficiency in transporting our finished goods to our customers.

iii) Managing Resources and Materials

The Group's priority is to increase the use of renewable resources and recycled materials. We aim to meet the environmental challenge by going beyond zero-impact towards making a net positive environmental impact. Some of the key criteria expected of suppliers and vendors include:

1. Creating and implementing environmental management systems and continuously improving their environmental conservation activities (for example: certified under ISO 14001:2015).
2. Ensuring that their products and activities contribute to biodiversity and promote the concept of harmony with nature.
3. Complying with all applicable laws in their management of chemical substances.

Statement of Directors' Responsibilities

In respect of the audited financial statement

Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the Directors have:

- Adopted applicable accounting policies and applied them consistently,
- Made judgements and estimates that are prudent and reasonable,
- Ensured applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENT

Directors' Report

The Directors have pleasure in submitting their Report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the manufacture and sale of industrial and domestic moulded plastic products. The principal activities of the subsidiary companies are disclosed in Note 16 to the Financial Statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	29,862,691	1,773,263
Profit attributable to:		
Owners of the Company	30,353,785	1,773,263
Non-controlling interests	(491,094)	-
	29,862,691	1,773,263

DIVIDENDS

On 25 February 2021, the Board of Directors declared a single-tier final dividend of 1.5 sen per ordinary share amounting to RM4,979,108 in respect of the financial year ended 31 December 2020 which was paid on 18 August 2021.

On 18 April 2022, the Board of Directors declared a first and final single tier dividend of 2.0 sen per ordinary share for the financial year ended 31 December 2021. The dividend entitlement and payment dates will be determined at a later date.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

TREASURY SHARES

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 23 September 2021. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

There are no repurchase of own shares during the financial year ended 31 December 2021.

Details of treasury shares are set out in Note 25(b) to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options have been granted by the Company to any parties during the financial year to take up any unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any options to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The Directors who served on the Board of the Company during the financial year until the date of this Report are:-

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock
Dato' Milton Norman Ng Kwee Leong
Steven Junior Ng Kwee Leng
Malcolm Jeremy Ng Kwee Seng
Mat Ripen bin Mat Elah
Ooi Hock Guan
Tan Sri Dato' Dr. Sak Cheng Lum
Ooi Hun Yong

DIRECTORS OF SUBSIDIARIES

The following is a list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this report:

Dato' Ambrose Leonard Ng Kwee Heng
Ho Swee Main
Shan, Weidong
Mohd Zubir Bin Idrus (Appointed on 29 March 2021)
Chiam Hui Peng (Appointed on 26 January 2022)
Raden Ronald Setjodiningrat
Irawan Walujo Wibowo

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for any benefit which may be deemed to have arisen from the transaction entered into the ordinary course of business with a Company in which the Director have substantial financial interests as disclosed in Note 35 to the financial statements and that certain Directors received remuneration from the Company's related companies.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company and its related corporations are as follows:

(a) Shares in the Company

	Number of ordinary shares			
	At 1.1.2021	**Additions**	**Disposals**	**At 31.12.2021**
Shareholdings in the name of the Director				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	15,069,479	-	-	15,069,479
Dato' Milton Norman Ng Kwee Leong	13,262,559	-	-	13,262,559
Steven Junior Ng Kwee Leng	7,249,800	-	-	7,249,800
Malcolm Jeremy Ng Kwee Seng	6,290,720	-	-	6,290,720
Shareholdings in which the Director is deemed to have an interest				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	233,577,745	33,365,100	(33,365,100)	233,577,745
Dato' Milton Norman Ng Kwee Leong	202,714,965	33,365,100	(18,500,000)	217,580,065
Steven Junior Ng Kwee Leng	202,714,965	33,365,100	(18,500,000)	217,580,065
Malcolm Jeremy Ng Kwee Seng	202,714,965	33,365,100	(18,500,000)	217,580,065

DIRECTORS' INTERESTS (CONTINUED)

(b) Warrants in the Company

	Number of Warrants 2017/2027			
	At 1.1.2021	Additions	Disposals	At 31.12.2021
Shareholdings in the name of the Director				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	5,022,713	-	-	5,022,713
Dato' Milton Norman Ng Kwee Leong	1,333,659	-	-	1,333,659
Steven Junior Ng Kwee Leng	708,300	-	-	708,300
Malcolm Jeremy Ng Kwee Seng	715,120	-	-	715,120
Shareholdings in which the Director is deemed to have an interest				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	34,743,071	-	-	34,743,071
Dato' Milton Norman Ng Kwee Leong	36,298,025	-	-	36,298,025
Steven Junior Ng Kwee Leng	36,298,025	-	-	36,298,025
Malcolm Jeremy Ng Kwee Seng	36,298,025	-	-	36,298,025

(c) Shares in the holding company

	Number of ordinary shares in Dalta Industries Sdn. Bhd. ("Dalta")			
	At 1.1.2021	Additions	Disposals	At 31.12.2021
Shareholdings in the name of the Director				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	7,000,000	-	-	7,000,000
Dato' Milton Norman Ng Kwee Leong	1,000,000	-	-	1,000,000
Steven Junior Ng Kwee Leng	1,000,000	-	-	1,000,000
Malcolm Jeremy Ng Kwee Seng	1,000,000	-	-	1,000,000
Shareholdings in which the Director is deemed to have an interest				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	6,000,000	-	-	6,000,000
Dato' Milton Norman Ng Kwee Leong	9,000,000	-	-	9,000,000
Steven Junior Ng Kwee Leng	9,000,000	-	-	9,000,000
Malcolm Jeremy Ng Kwee Seng	9,000,000	-	-	9,000,000

DIRECTORS' INTERESTS (CONTINUED)

(d) Shares in related company

	Number of ordinary shares in Amverton Berhad			
	At 1.1.2021	Additions	Disposals	At 31.12.2021
Shareholdings in the name of the Director				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	39,822,112	-	-	39,822,112
Dato' Milton Norman Ng Kwee Leong	1,400,000	-	-	1,400,000
Steven Junior Ng Kwee Leng	1,000,000	-	-	1,000,000
Malcolm Jeremy Ng Kwee Seng	3,507,900	-	-	3,507,900
Shareholdings in which the Director is deemed to have an interest				
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	320,152,922	106,100	-	320,259,022
Dato' Milton Norman Ng Kwee Leong	351,479,134	106,100	-	351,585,234
Steven Junior Ng Kwee Leng	351,479,134	106,100	-	351,585,234
Malcolm Jeremy Ng Kwee Seng	351,479,134	106,100	-	351,585,234

By virtue of their interests in shares in the Company, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, Dato' Milton Norman Ng Kwee Leong, Malcolm Jeremy Ng Kwee Seng and Steven Junior Ng Kwee Leng are also deemed interested in shares in the subsidiary companies to the extent that the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares in the Company or in shares in its related corporations during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS, AND AUDITORS

During the financial year, there were no indemnity given to or insurance effected for, any director or officer of the Company.

The Company has agreed to indemnify the Auditors, HLB Ler Lum Chew PLT as permitted under Section 289 of the Companies Act, 2016 in Malaysia.

Directors' Report
(continued)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had 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:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

(a) any charge on the assets of the Group or of the Company which 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 or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

(a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Note 39 to the financial statements; and

(b) except as disclosed in Note 39 to the financial statements, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSIDIARY/SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 16 to the Financial Statements.

HOLDING COMPANY

The Directors regard Dalta Industries Sdn. Bhd., a company incorporated in Malaysia, as the holding company.

AUDITORS

The auditors, HLB Ler Lum Chew PLT (201906002362 & AF0276) (formerly known as HLB Ler Lum PLT), have expressed their willingness to continue in office.

The auditors' remuneration is disclosed in Note 8 to the Financial Statements.

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

----
Dato' Milton Norman Ng Kwee Leong
Managing Director

Malcolm Jeremy Ng Kwee Seng
Director

Dated : 18 April 2022
Shah Alam

Statement by Directors

We, DATO' MILTON NORMAN NG KWEE LEONG and MALCOLM JEREMY NG KWEE SENG, being two of the Directors of HIL INDUSTRIES BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

----
Dato' Milton Norman Ng Kwee Leong
Managing Director

Malcolm Jeremy Ng Kwee Seng
Director

Dated : 18 April 2022
Shah Alam

Statutory Declaration

I, MALCOLM JEREMY NG KWEE SENG, being the Director primarily responsible for the financial management of HIL INDUSTRIES BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Malcolm Jeremy Ng Kwee Seng
Director

Subscribed and solemnly declared by the abovenamed
MALCOLM JEREMY NG KWEE SENG
at Klang on 18 April 2022

Before me:

Commissioner for Oaths

Independent Auditors' Report

To the members of Hil Industries Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hil Industries Berhad, which comprise the Statements of Financial Position as at 31 December 2021 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 year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies, as set out on pages 51 to 118.

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 2021, and of their financial performance and their cash flows for the 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 current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of contract assets and trade receivables – Manufacturing segment

   <u>The risk</u>

   We refer to Note 2.4(c), 20, 21 and 37 to the Financial Statements

   As at 31 December 2021, the Group's and the Company's gross contract assets and gross trade receivables from manufacturing segment amounted to RM17.2 million and RM11.8 million respectively, RM23.0 million and RM3.1 million respectively.

   The Group and the Company have impaired contract assets amounting to RM6.0 million and RM 6.0 million, respectively. Impairment on trade receivables of the Group and of the Company are amounting to RM1.2 million and RM0.7 million, respectively.

   We focused on this area because the Directors made significant judgements over assumptions about risk of default and expected loss rates. In making these assumptions, the Directors selected inputs to the impairment calculation, based on the Group's and the Company's past historical and forward-looking information at the end of the reporting period.

Key Audit Matters (Continued)

Our response:

Our audit procedures included the following:

- obtained an understanding of the design and implementation of controls associated with monitoring of outstanding receivables and impairment calculation;
- obtained an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by management;
- checked the appropriateness of the forward-looking forecasts assumptions used to determine the expected credit losses; and
- reviewed subsequent receipts and considered level of activity with the customer and management explanation on recoverability of significantly past due balances.

2. Property development revenue and cost of sales recognition

The risk

We refer to Note 2.4(b), 4 and 5 to the Financial Statements

For the financial year ended 31 December 2021, property development revenue of RM46.3 million, cost of sales of RM27.3 million and gross profit of RM19.0 million accounted for approximately 27.3%, 22.9% and 38.0% of the Group's revenue, cost of sales and gross profit respectively.

The Group recognise revenue and costs arising from property development activities based on the stage of completion. The stage of completion is determined by the proportion that the actual property development costs incurred for work performed to date to the estimated total property development costs. The recognition of revenue and cost is therefore dependent on the Group's estimated gross development costs, which includes estimates and judgement by the Directors on costs to be incurred in the development.

There is a risk that the actual development costs are different to those estimates resulting in material variance in the amount of profit or loss recognised to date and in the current period.

Our response:

Our audit procedures included the following:

- tested the Group's controls by checking for evidence of reviews and approvals over development cost, setting budgets and authorising and recording of actual costs incurred;
- compared the architect certificate against stage of completion of certain projects to ascertain the reasonableness of the percentage of completion recognised in the profit or loss;
- assessed management's estimates on budgeted costs to be incurred including corroboration of historical budgets with actual costs incurred;
- agreed a sample of costs incurred to date to invoice and/or progress claim, checked that they were allocated to the appropriate construction site, and met the definition of development costs; and
- assessed the mathematical accuracy of the revenue and cost recognised based on the percentage of completion calculations and considered the implications of changes in estimates.

3. Impairment assessment of goodwill

We refer to Note 2.4(d) and 18 to the Financial Statements.

As at 31 December 2021, goodwill arising on consolidation amounted to RM5.9 million. The significant cash generating unit ("CGU") is Pembinaan Laksamana Sdn. Bhd., which comprises 69.0% of the Group's goodwill.

The recoverable amount of the cash generating unit ("CGU") is determined based on value in use ("VIU") calculation. The key assumptions and sensitivities are disclosed in Note 18(a) and 18(b) to the Financial Statements respectively.

We focused on the evaluation of estimated selling prices of future development projects, expected take up rate for each development phase and the estimated gross margin from development activities that form the key assumptions of impairment assessment.

Our response:

Our audit procedures for recoverable amount of CGU that is valued at VIU included the following:

- evaluated management's impairment assessment and process by which they are developed;
- evaluated the assumptions applied in the determination of estimated selling price of future development projects in light of supporting evidence;
- evaluated the assumptions applied in estimating the expected take up rate for each development phase by comparing to the actual take up rate of similar completed development phases in previous years and considered the prospective market and economic condition based on location;
- considered the historical accuracy of management's estimates of profits (and the resulting cash flow) for similar completed property development activities in previous years; and
- evaluated management's analysis of the sensitivity of the carrying value of goodwill to changes in the key assumptions.

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 of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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, related safeguards.

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

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 16 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.

HLB LER LUM CHEW PLT
201906002362 & AF 0276
Chartered Accountants

WONG CHEE HONG
03160/09/2022 J
Chartered Accountant

Dated : 18 April 2022
Kuala Lumpur

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	4	**169,249,325**	163,009,566	**17,195,986**	65,323,027
Cost of sales	5	**(119,311,546)**	(119,686,726)	**(15,418,331)**	(48,748,342)
Gross profit		**49,937,779**	43,322,840	**1,777,655**	16,574,685
Other items of income					
- Interest income	6	**1,493,200**	1,879,487	**910,534**	1,628,164
- Other income		**1,010,490**	2,544,865	**1,459,645**	1,529,477
Other items of expenses					
- Selling and marketing expenses		**(3,134,171)**	(3,723,342)	**(436,375)**	(2,285,191)
- Administrative expenses		**(6,481,568)**	(6,709,263)	**(1,376,089)**	(3,515,352)
- Other expenses		**(5,945,176)**	(6,147,904)	**(1,600,619)**	(1,020,845)
Profit from operations		**36,880,554**	31,166,683	**734,751**	12,910,938
Finance costs	7	**(10,472)**	(13,904)	**(10,472)**	(13,904)
Profit before tax	8	**36,870,082**	31,152,779	**724,279**	12,897,034
Income tax expense	11	**(7,007,391)**	(7,099,603)	**1,048,984**	(1,428,464)
Profit for the year		**29,862,691**	24,053,176	**1,773,263**	11,468,570
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		**1,473,571**	761,615	**-**	-
Total comprehensive income for the financial year		**31,336,262**	24,814,791	**1,773,263**	11,468,570

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income
(continued)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Profit attributable to:					
Owners of the Company		**30,353,785**	24,578,527	**1,773,263**	11,468,570
Non-controlling interests		**(491,094)**	(525,351)	**-**	-
Profits for the financial year		**29,862,691**	24,053,176	**1,773,263**	11,468,570
Total comprehensive income attributable to:					
Owners of the Company		**31,827,356**	25,340,142	**1,773,263**	11,468,570
Non-controlling interests		**(491,094)**	(525,351)	**-**	-
Total comprehensive income for the financial year		**31,336,262**	24,814,791	**1,773,263**	11,468,570
Basic/Diluted earnings per share attributable to owners of the Company (sen)	12	**9.14**	7.40		

Statements of Financial Position

As at 31 December 2021

		Group		Company	
	Note	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
ASSETS					
Non-current assets					
Property, plant and equipment	13	**45,500,822**	42,183,754	**22,015,189**	29,153,872
Right-of-use assets	14	**2,809,005**	3,018,948	**-**	103,672
Investment properties	15	**23,262,293**	23,325,332	**-**	-
Investment in subsidiary companies	16	**-**	-	**158,264,306**	158,264,304
Investments	17	**2,981,799**	220,729	**-**	-
Goodwill	18	**5,909,619**	5,909,619	**-**	-
Fixed deposits with licensed bank	23	**1,177,890**	-	**-**	-
		81,641,428	74,658,382	**180,279,495**	187,521,848
Current assets					
Inventories	19	**183,832,761**	224,495,377	**623,976**	4,057,617
Contract assets	20	**29,758,099**	45,474,319	**5,814,329**	12,378,455
Trade and other receivables	21	**63,694,597**	40,565,749	**3,253,077**	13,210,232
Amount due from related parties	22	**11,900**	1,300	**25,649,427**	4,781,790
Income tax assets		**502,913**	103,450	**442,778**	-
Investments	17	**853,865**	3,341,811	**853,865**	838,859
Fixed deposits with licensed bank	23	**45,827,174**	59,720,749	**35,206,668**	57,089,803
Cash and bank balances	24	**63,250,008**	47,753,624	**14,183,137**	4,586,685
		387,731,317	421,456,379	**86,027,257**	96,943,441
TOTAL ASSETS		**469,372,745**	496,114,761	**266,306,752**	284,465,289

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position
(continued)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	25	**167,018,806**	167,018,806	**167,018,806**	167,018,806
Treasury shares	25(b)	**(947,224)**	(947,224)	**(947,224)**	(947,224)
Capital reserve		**308,161**	308,161	**-**	-
Currency translation reserve	26	**5,905,844**	4,432,273	**-**	-
Retained profits	27	**224,884,396**	199,509,719	**89,445,781**	92,651,626
		397,169,983	370,321,735	**255,517,363**	258,723,208
Non-controlling interests		**(645,623)**	(154,529)	**-**	-
Total equity		**396,524,360**	370,167,206	**255,517,363**	258,723,208
Non-current liabilities					
Lease liabilities	28	**67,954**	148,470	**67,954**	148,470
Deferred tax liabilities	29	**23,931,587**	28,379,535	**60,000**	1,447,241
		23,999,541	28,528,005	**127,954**	1,595,711
Current liabilities					
Trade and other payables	30	**43,574,271**	39,805,671	**10,309,918**	20,449,903
Amount due to related parties	22	**2,502,000**	56,665,013	**271,001**	3,002,375
Lease liabilities	28	**80,516**	76,954	**80,516**	76,954
Income tax liabilities		**2,692,057**	871,912	**-**	617,138
		48,848,844	97,419,550	**10,661,435**	24,146,370
Total liabilities		**72,848,385**	125,947,555	**10,789,389**	25,742,081
TOTAL EQUITY AND LIABILITIES		**469,372,745**	496,114,761	**266,306,752**	284,465,289

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

	Note	Share capital RM	Treasury shares RM	Capital reserve RM	Currency translation reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company							
Group 2021									
At 1 January 2021		**167,018,806**	**(947,224)**	**308,161**	**4,432,273**	**199,509,719**	**370,321,735**	**(154,529)**	**370,167,206**
Total comprehensive income/(loss) for the financial year		**-**	**-**	**-**	**1,473,571**	**30,353,785**	**31,827,356**	**(491,094)**	**31,336,262**
Transactions with owners:									
Dividends on ordinary shares	32	**-**	**-**	**-**	**-**	**(4,979,108)**	**(4,979,108)**	**-**	**(4,979,108)**
At 31 December 2021		**167,018,806**	**(947,224)**	**308,161**	**5,905,844**	**224,884,396**	**397,169,983**	**(645,623)**	**396,524,360**
Group 2020									
At 1 January 2020		167,018,806	(947,224)	308,161	3,670,658	178,874,271	348,924,672	411,422	349,336,094
Total comprehensive income/(loss) for the financial year		-	-	-	761,615	24,578,527	25,340,142	(525,351)	24,814,791
Transactions with owners:									
Increased in equity interest in subsidiary		-	-	-	-	40,200	40,200	(40,600)	(400)
Dividends on ordinary shares	32	-	-	-	-	(3,983,279)	(3,983,279)	-	(3,983,279)
At 31 December 2020		167,018,806	(947,224)	308,161	4,432,273	199,509,719	370,321,735	(154,529)	370,167,206

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company Statement of Changes in Equity

For the financial year ended 31 December 2021

	Note	← Non-distributable	→	Distributable	
		Share capital RM	Treasury shares RM	Retained profits RM	Total equity RM
Company 2021					
At 1 January 2021		**167,018,806**	**(947,224)**	**92,651,626**	**258,723,208**
Total comprehensive income for the financial year		**-**	**-**	**1,773,263**	**1,773,263**
Transactions with owners:					
Dividends on ordinary shares	32	**-**	**-**	**(4,979,108)**	**(4,979,108)**
At 31 December 2021		**167,018,806**	**(947,224)**	**89,445,781**	**255,517,363**
Company 2020					
As at 1 January 2020		167,018,806	(947,224)	85,166,335	251,237,917
Total comprehensive income for the financial year		-	-	11,468,570	11,468,570
Transactions with owners:					
Dividends on ordinary shares	32	-	-	(3,983,279)	(3,983,279)
At 31 December 2020		167,018,806	(947,224)	92,651,626	258,723,208

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2021

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**36,870,082**	31,152,779	**724,279**	12,897,034
Adjustment for:				
Amortisation of right-of-use assets	**209,943**	247,756	**103,672**	141,484
Depreciation of property, plant and equipment	**3,621,236**	5,323,311	**1,803,220**	4,445,019
Depreciation of investment properties	**63,039**	63,039	**-**	-
(Gain)/Loss on disposal of property, plant and equipment	**(81,138)**	(148,596)	**489,931**	(43,117)
Impairment losses on financial assets – net:				
- Trade receivables	**(28,841)**	118,765	**-**	378,482
- Contract assets	**232,718**	(391,955)	**232,718**	(391,955)
Inventories written-off	**290,371**	1,059,561	**-**	304,564
Interest expense	**10,472**	13,904	**10,472**	13,904
Interest income	**(1,497,893)**	(1,885,374)	**(910,534)**	(1,628,164)
Dividend income	**-**	-	**-**	(7,830,335)
Fair value (gain)/loss in investment	**(4,975)**	1,474	**-**	-
Net unrealised foreign exchange (gain)/loss	**(27,362)**	358,681	**(496,986)**	(306,313)
Operating profit before working capital changes	**39,657,652**	35,913,345	**1,956,772**	7,980,603
Working capital changes:				
Inventories	**40,372,245**	21,119,627	**3,433,641**	(377,103)
Contract assets	**15,483,502**	(11,901,857)	**6,331,408**	(694,759)
Related parties balances	**(54,173,613)**	(6,694,294)	**(17,862,364)**	(20,106,332)
Receivables	**(23,072,645)**	(21,086,236)	**9,969,072**	(5,680,493)
Payables	**3,768,600**	14,501,632	**(10,174,077)**	5,658,225
Cash generated from/(absorbed by) operations	**22,035,741**	31,852,217	**(6,345,548)**	(13,219,859)
Interest paid	**(10,472)**	(13,904)	**(10,472)**	(13,904)
Interest received	**1,430,601**	1,885,374	**910,534**	1,628,164
Dividend received	**-**	-	**-**	7,830,335
Income tax paid	**(10,034,657)**	(12,978,008)	**(1,398,173)**	(2,058,073)
Income tax refunded	**-**	1,082	**-**	-
Net cash from/(used in) operating activities	**13,421,213**	20,746,761	**(6,843,659)**	(5,833,337)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows
(continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(6,720,640)**	(4,234,793)	**(453,600)**	(929,080)
Proceeds from disposal of property, plant and equipment	**133,942**	183,120	**102,260**	52,120
Acquisition of additional shares in existing subsidiaries	**-**	(400)	**-**	-
Acquisition of new subsidiaries (net of cash acquired)	**-**	-	**(2)**	(6)
Proceeds from redemption of investments - net	**(17,162)**	(573,511)	**(17,162)**	-
Purchase of investments	**(9,955,000)**	(2,500,000)	**-**	(571,198)
Proceeds from disposal of short term investment	**9,771,305**	-	**-**	-
Net cash used in investing activities	**(6,787,555)**	(7,125,584)	**(368,504)**	(1,448,164)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of lease liabilities	**(76,954)**	(163,622)	**(76,954)**	(163,622)
Placement of fixed deposits under lien	**(1,177,890)**	-	**-**	-
Dividend paid on ordinary shares	**(4,979,108)**	(3,983,279)	**(4,979,108)**	(3,983,279)
Net cash used in financing activities	**(6,233,952)**	(4,146,901)	**(5,056,062)**	(4,146,901)
NET CHANGES IN CASH AND CASH EQUIVALENTS	**399,706**	9,474,276	**(12,268,225)**	(11,428,402)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**107,474,373**	97,387,807	**61,676,488**	73,104,890
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**1,203,103**	612,290	**(18,458)**	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 33)	**109,077,182**	107,474,373	**49,389,805**	61,676,488

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE STATEMENTS OF CASH FLOWS

(i) Proceeds from disposal of property, plant and equipment:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash	**133,942**	183,120	**102,260**	52,120
Related party balances	**-**	-	**5,196,872**	-
	133,942	183,120	**5,299,132**	52,120

(ii) Reconciliation of liabilities arising from financing activities:-

	Group/Company	
	2021 RM	2020 RM
Borrowings		
At 1 January	**225,424**	389,046
Interest paid	**(10,472)**	(13,904)
Repayment	**(76,954)**	(163,622)
Non-cash changes		
Finance cost	**10,472**	13,904
At 31 December	**148,470**	225,424

Notes to the Financial Statements

For the financial year ended 31 December 2021

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and the manufacture and sale of industrial and domestic moulded plastic products. The principal activities of the subsidiary companies are disclosed in Note 16.

Hil Industries Berhad ("the Company" or "HIB") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is as follows :-

Lot 3, Jalan Lada Sulah 16/11
Section 16
40000 Shah Alam
Selangor Darul Ehsan

The address of the principal place of business of the Company is as follows: -

Lot 3, Jalan Lada Sulah 16/11
Section 16
40000 Shah Alam
Selangor Darul Ehsan

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRSs"), International Financial Reporting Standard ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial year, except in current financial year, the Group and the Company adopted all the new and revised standards which are effective for financial periods beginning on or after 1 January 2021.

<u>MFRS, Amendments to MFRS and Issues Committee ("IC") Interpretation</u>

(i) Adoption of new and revised MFRS

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year, except as follows:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to MFRS 16	Covid-19 Related Rent Concessions Beyond 30 June 2021

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group and of the Company.

(ii) Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Amendments to Standards and IC Interpretations have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group and the Company:

2. BASIS OF PREPARATION (CONTINUED)

2.1 Statement of compliance (Continued)

(ii) Standards issued but not yet effective (Continued)

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to Conceptual Framework MFRS 17 Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 116	Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual improvement to MFRS 2018-2020 Cycle	

Effective date deferred

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. The Group and Company are in the process of assessing the financial effect of these pronouncements upon their initial application.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's and the Company's functional currency.

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.4 Use of judgements and estimates

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Directors are of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of judgements and estimates (Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated economic useful lives. The Directors estimate the useful lives of these property, plant and equipment to be within 2 to 57 years. Changes in the expected level of usage and technological developments 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 is disclosed in Note 13.

(b) Revenue recognition of property development activities

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

The Group recognised property development revenue and cost of sales in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date compared to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of architects and quantitative.

(c) Impairment of trade receivables and contract assets

The Group and the Company uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's and the Company's contract assets and trade receivables are disclosed in Note 20 and 21 respectively.

The carrying amount of the Group's and the Company's trade receivables as at 31 December 2021 are RM56,291,081 and RM2,345,128 (2020: RM34,459,007 and RM11,001,342) respectively, and contract assets as at 31 December 2021 are RM29,758,099 and RM5,814,329 (2020: RM45,474,319 and RM12,378,455) respectively.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of judgements and estimates (Continued)

(d) Impairment test for goodwill

Goodwill represents the excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the higher of value in use and fair value less cost to sell of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

When fair value less cost to sell calculations are undertaken, management estimate the expected selling price of the cash-generating unit less its estimated cost to sell. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 18.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfers control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Sale of goods – Manufacturing

The Group and the Company sells moulded plastic products in the market. Sales are recognised when control of the products have transferred to its customers, being when the products are delivered to the customers. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provision have lapsed, or the Group and the Company have objective evidence that all criteria for acceptance have been satisfied. No element of financing is deemed present as the sales are made with a credit term of 120 days, which is consistent with market practice.

Revenue from sales of moulded plastic is recognised when the Group and the Company has delivered the products to the customers, the customers have accepted the products and the collectability of the related receivables is reasonably assured.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(ii) Revenue from property development

The Group develops and sells residential and commercial properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(iii) Service rendered

Maintenance services is recognised over time, when the services have been performed and rendered.

Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group and the Company are as follows:

(i) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Other rent related income is recognised in the accounting period in which the services have been rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Revenue recognition (Continued)

Revenue from other sources (Continued)

(ii) Interest income

Interest income is recognised on an accrual basis, using the effective interest method, unless collectability is in doubt, in which case it is recognised on a receipt basis.

(iii) Dividend income

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

3.2 Employee benefits

(a) Short term benefits

Salaries, wages, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees.

(b) Defined contribution plans

The Group and the Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3.3 Leases

(a) When the Group and the Company is the lessee:

At the inception of the contract, the Group and the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Group and the Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Leases (Continued)

(a) When the Group and the Company is the lessee: (Continued)

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group and the Company shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

For contract that contain both lease and non-lease components, the Group and the Company allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group and the Company has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's or in the Company's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Group and the Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group and the Company shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Leases (Continued)

(b) Operating leases – the Company as lessor

Leases where the Company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

3.4 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.5 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantially enacted by the reporting date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the Statement of Financial Position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Foreign currencies

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(b) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyper-inflationary economies, are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial year in which they are incurred.

Freehold land is not depreciated as it has an infinite life.

Assets under construction are stated at cost and are not depreciated. Upon completion, assets under construction are transferred to categories of property, plant and equipment depending on nature of assets and depreciation commences when they are ready for their intended use.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

All other property, plant and equipment are depreciated on the straight-line basis to write off the cost of the assets, or the revalued amount, to their residual values over their estimated useful lives as follows:

Leasehold land	43 - 57 years
Buildings	50 years
Plant and machinery	3 - 13 years
Motor vehicles, equipment and furniture	2 - 5 years

The residual values, useful lives and depreciation methods are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Investment properties

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 3.8.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the financial year of disposal or retirement.

No depreciation is provided for freehold land.

Depreciation on other investment properties is calculated on the straight-line basis at rates required to write off the cost of the investment properties over their estimated useful lives.

The principal annual rate of amortisation used is as follows:-

Building	2%

Upon disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss in the period of retirement or disposal.

3.10 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.11 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Basis of consolidation (Continued)

- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest.

Gain or loss is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date of control is lost is regarded as the cost on initial recognition of the investment.

3.12 Inventories

(i) Finished goods, raw materials and consumables

Inventories are stated at the lower of cost and net realisable value. The cost of raw materials and consumables includes the original cost of purchase and other incidental costs required to bring the inventories to their present location and condition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Inventories (Continued)

(i) Finished goods, raw materials and consumables (Continued)

The cost of finished goods and work in progress includes raw materials, direct labour, other direct costs and an appropriate proportion of production overheads.

(ii) Property development cost

Property development costs are stated at the lower of costs and net realisable value. The cost of land, related developments costs common to whole projects and direct building costs less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statements of financial position as property development costs. The property development cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer.

(iii) Completed development units

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value. Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

(iv) Land held for property development

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current. The carrying amount of such land classified as inventory under non-current assets is carried at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

Net realisable value is the estimate of the selling price in the ordinary course of business, less costs to completion and selling expenses.

3.13 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value 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 the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

3.15 Contract assets

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over cumulative billings-to-date. In the case of manufacturing activities, contract assets include costs incurred to fulfil a contract. These are mostly related to acquisition of moulds exclusively to satisfy the performance obligations of the contracts with customers. Such costs are amortised using usage-based-arrangement.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract assets.

3.16 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Financial assets (Continued)

Trade receivables are measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the assets has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instrument is recognised in profit or loss.

3.17 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Impairment of financial assets (Continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been significant losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculation of ECLs. Therefore, the Group and the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience adjusted for forward – looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group and the Company applies the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument. In addition, the Group and the Company consider that there has been a significant increase in credit risk when the contractual payments are more than 90 days past due.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.19 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.20 Treasury shares

Shares repurchased by the Company are held as treasury shares and are accounted for on the cost method. The amount of the consideration paid, including directly attributable costs, is recognised as cost and set off against equity. Should such shares be cancelled, reissued or disposed off, their nominal amounts will be eliminated, and the differences between their cost and nominal amounts will be taken to reserves, as appropriate. Where the treasury shares are subsequently distributed as dividends to equity holders, the cost of the treasury shares on the original purchase are applied in the reduction of the funds otherwise available for distribution as dividends.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.22 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument. The Group and the Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

3.23 Segment reporting

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, which in this case is the Managing Director of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

4. REVENUE

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
<u>Revenue from contracts with customers</u>				
- Sale of goods	**81,738,184**	82,879,797	**17,195,986**	57,492,692
- Services rendered	**229,449**	289,436	**-**	-
- Sale of completed properties	**39,336,193**	586,116	**-**	-
- Property development revenue	**46,283,391**	77,640,006	**-**	-
	167,587,217	161,395,355	**17,195,986**	57,492,692
<u>Revenue from other sources</u>				
- Rental income from investment properties	**1,657,415**	1,608,324	**-**	-
- Dividend income from subsidiary companies	**-**	-	**-**	7,830,335
- Interest income from financial assets measured at fair value through profit or loss				
- Unit trust	**4,693**	5,887	**-**	-
	169,249,325	163,009,566	**17,195,986**	65,323,027

Disaggregation of the Group's revenue from contracts with customers:

	Manufacturing	**Property development and management**	**Group**
	RM	**RM**	**RM**
2021			
Major goods and services:			
Sales of goods	**81,738,184**	**-**	**81,738,184**
Services rendered	**-**	**229,449**	**229,449**
Sale of completed properties	**-**	**39,336,193**	**39,336,193**
Property development revenue	**-**	**46,283,391**	**46,283,391**
	81,738,184	**85,849,033**	**167,587,217**
Geographical market:			
Malaysia	**60,595,903**	**85,849,033**	**146,444,936**
People's Republic of China	**5,513,528**	**-**	**5,513,528**
Taiwan	**15,628,753**	**-**	**15,628,753**
	81,738,184	**85,849,033**	**167,587,217**
Timing of revenue recognition:			
- At a point in time	**81,738,184**	**39,336,193**	**121,074,377**
- Over time	**-**	**46,512,840**	**46,512,840**
	81,738,184	**85,849,033**	**167,587,217**

Notes to the Financial Statements
(continued)

4. REVENUE (CONTINUED)

	Manufacturing RM	Property development and management RM	Group RM
2020			
Major goods and services:			
Sale of goods	82,879,797	-	82,879,797
Services rendered	-	289,436	289,436
Sale of completed properties	-	586,116	586,116
Property development revenue	-	77,640,006	77,640,006
	82,879,797	78,515,558	161,395,355
Geographical market:			
Malaysia	57,226,647	78,515,558	135,742,205
People's Republic of China	8,460,767	-	8,460,767
Taiwan	17,192,383	-	17,192,383
	82,879,797	78,515,558	161,395,355
Timing of revenue recognition:			
- At a point in time	82,879,797	586,116	83,465,913
- Over time	-	77,929,442	77,929,442
	82,879,797	78,515,558	161,395,355

5. COST OF SALES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Property development costs	**27,327,343**	54,279,806	**-**	-
Cost of inventories	**63,397,174**	63,659,894	**15,418,331**	48,748,342
Cost of services rendered	**466,651**	474,940	**-**	-
Cost of renting properties and equipment	**696,743**	690,074	**-**	-
Cost of completed properties	**27,423,635**	582,012	**-**	-
	119,311,546	119,686,726	**15,418,331**	48,748,342

6. INTEREST INCOME

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Interest income from financial assets measured at amortised cost				
- Bank deposit	**197,507**	378,710	**31,863**	145,820
- Fixed deposit	**1,199,687**	1,443,649	**862,173**	1,430,111
- Trade receivables	**12,451**	468	**-**	-
- Late interest income	**2,303**	-	**-**	-
Interest income from financial assets measured at fair value through profit or loss				
- Unit trust	**81,252**	56,660	**16,498**	52,233
	1,493,200	1,879,487	**910,534**	1,628,164

7. FINANCE COSTS

	Group/Company	
	2021	**2020**
	RM	**RM**
Interest expense on:		
- Finance leases	**8,306**	13,055
- Overdraft	**2,166**	849
	10,472	13,904

Notes to the Financial Statements
(continued)

8. PROFIT BEFORE TAX

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Profit before tax is arrived at after charging/(crediting):				
Amortisation of right-of-use assets (Note 14)	**209,943**	247,756	**103,672**	141,484
Auditors' remuneration				
- Statutory	**116,918**	114,205	**27,000**	27,000
- Others	**7,500**	7,500	**3,000**	3,000
- (Over)/Under-provision in prior year	**(748)**	500	**3,572**	-
Depreciation of property, plant and equipment (Note 13)	**3,621,236**	5,323,311	**1,803,220**	4,445,019
Depreciation of investment properties (Note 15)	**63,039**	63,039	**-**	-
Direct operating expenses arising from investment properties:				
- Generate rental income	**167,522**	159,758	**-**	-
- Did not generate rental income	**11,738**	30,052	**-**	-
Employee benefits expense (Note 9)	**20,105,019**	21,601,885	**3,942,661**	13,355,194
Fair value (gain)/loss in investment	**(4,975)**	1,474	**-**	-
(Gain)/Loss on disposal of property, plant and equipment	**(81,138)**	(148,596)	**489,931**	(43,117)
Impairment losses on financial assets - net:				
- Trade receivables	**(28,841)**	118,765	**-**	378,482
- Contract asset	**232,718**	(391,955)	**232,718**	(391,955)
Inventories written-off	**290,371**	1,059,561	**-**	304,564
Net foreign exchange loss/(gain)				
- Realised	**120,665**	323,488	**120,665**	323,488
- Unrealised	**(27,362)**	358,681	**(496,986)**	(306,313)
Lease expenses not capitalised in lease liabilities				
- Short term lease	**273,272**	152,570	**460,492**	387,972
Liquidated ascertained damages	**528,188**	-	**-**	-
Rental income from land and buildings	**-**	-	**(908,085)**	(369,573)

9. EMPLOYEE BENEFITS EXPENSES

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Salaries, bonuses and allowances	**16,751,102**	18,447,951	**2,849,755**	11,060,823
Contributions to defined contribution plans	**1,139,478**	1,104,793	**218,336**	734,874
Social security contributions	**631,540**	376,008	**32,821**	128,199
Other employee benefits	**1,582,899**	1,673,133	**841,749**	1,431,298
	20,105,019	21,601,885	**3,942,661**	13,355,194

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,055,782 (2020: RM890,015) and RM109,914 (2020: RM890,015) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Executive directors' remuneration (Note 9):				
- Non-fee emoluments	**1,055,782**	890,015	**109,914**	890,015
Non-executive directors' remuneration				
- Fees	**50,000**	30,500	**50,000**	30,500
Total directors' remuneration	**1,105,782**	920,515	**159,914**	920,515

11. INCOME TAX EXPENSE

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Current tax expenses:				
Malaysian income tax	**11,511,331**	10,559,344	**430,000**	2,003,041
(Over)/Under provision in previous financial year	**(55,992)**	618,054	**(91,743)**	(60,267)
	11,455,339	11,177,398	**338,257**	1,942,774
Deferred tax (Note 29)				
Relating to origination and reversal of temporary differences	**(4,447,948)**	(4,077,795)	**(1,387,241)**	(514,310)
	(4,447,948)	(4,077,795)	**(1,387,241)**	(514,310)
Income tax expense recognised in profit or loss	**7,007,391**	7,099,603	**(1,048,984)**	1,428,464

Domestic current income tax is calculated at the statutory tax rate of 24% of the estimated assessable profit for the financial year.

11. INCOME TAX EXPENSE (CONTINUED)

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

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Numerical reconciliation of effective income tax expense				
Profit before tax	**36,870,082**	31,152,779	**724,279**	12,897,034
Income tax calculated at Malaysian statutory tax rate of 24%	**8,848,820**	7,476,667	**173,827**	3,095,288
Tax effects of:				
- Income not subject to tax	**(150,403)**	(590,009)	**(122,719)**	(1,788,627)
- Expenses not deductible for tax purposes	**480,161**	805,154	**118,766**	182,070
- Deferred tax assets not recognised	**(1,612,922)**	(1,210,263)	**-**	-
- Utilisation of reinvestment allowance	**(502,273)**	-	**-**	-
- Disposal of assets through a controlled transfer	**-**	-	**(1,127,115)**	-
- (Over)/Under provision in previous financial year	**(55,992)**	618,054	**(91,743)**	(60,267)
Income tax expense recognised in profit or loss	**7,007,391**	7,099,603	**(1,048,984)**	1,428,464

12. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing profit for the financial year attributable to owners of the Company by the number of ordinary shares in issue during the financial year.

	Group	
	2021 RM	**2020 RM**
Profit for the financial year attributable to owners of the Company (RM)	**30,353,785**	24,578,527
Number of ordinary shares in issue	**331,940,812**	331,940,812
Basic earnings per share (sen)	**9.14**	7.40

(b) Diluted earnings per share

There is no diluted earnings per share as there is no dilutive potential ordinary shares during the financial year.

13. PROPERTY, PLANT AND EQUIPMENT

2021 - Group

	Assets under construction RM	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicle, equipment and furniture RM	Total RM
Cost						
At 1.1.2021	**557,559**	**4,136,968**	**31,401,177**	**131,270,154**	**21,266,608**	**188,632,466**
Additions	**262,399**	**-**	**387,319**	**5,850,002**	**220,920**	**6,720,640**
Disposal	**-**	**-**	**-**	**(3,310,128)**	**(241,236)**	**(3,551,364)**
Transfer	**(557,559)**	**-**	**557,559**	**-**	**-**	**-**
Currency translation difference	**-**	**-**	**-**	**1,803,118**	**201,942**	**2,005,060**
At 31.12.2021	**262,399**	**4,136,968**	**32,346,055**	**135,613,146**	**21,448,234**	**193,806,802**
Accumulated depreciation						
At 1.1.2021	**-**	**-**	**14,117,683**	**112,459,248**	**19,871,781**	**146,448,712**
Charges during the year	**-**	**-**	**635,463**	**2,702,205**	**283,568**	**3,621,236**
Disposal	**-**	**-**	**-**	**(3,257,854)**	**(240,706)**	**(3,498,560)**
Currency translation difference	**-**	**-**	**-**	**1,585,715**	**148,877**	**1,734,592**
At 31.12.2021	**-**	**-**	**14,753,146**	**113,489,314**	**20,063,520**	**148,305,980**
Net Book Value at 31.12.2021	**262,399**	**4,136,968**	**17,592,909**	**22,123,832**	**1,384,714**	**45,500,822**

2020 - Group

	Assets under construction RM	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicle, equipment and furniture RM	Total RM
Cost						
At 1.1.2020	-	4,136,968	31,401,177	128,324,423	17,093,846	180,956,414
Transfer from right-of-use assets	-	-	-	-	3,747,129	3,747,129
Additions	557,559	-	-	3,095,400	581,834	4,234,793
Disposal	-	-	-	(1,352,306)	(240,545)	(1,592,851)
Currency translation difference	-	-	-	1,202,637	84,344	1,286,981
At 31.12.2020	557,559	4,136,968	31,401,177	131,270,154	21,266,608	188,632,466
Accumulated depreciation						
At 1.1.2020	-	-	13,489,659	108,377,454	15,935,847	137,802,960
Transfer from right-of-use assets	-	-	-	-	3,747,129	3,747,129
Charges during the year	-	-	628,024	4,335,117	360,170	5,323,311
Disposal	-	-	-	(1,317,782)	(240,545)	(1,558,327)
Currency translation difference	-	-	-	1,064,459	69,180	1,133,639
At 31.12.2020	-	-	14,117,683	112,459,248	19,871,781	146,448,712
Net Book Value at 31.12.2020	557,559	4,136,968	17,283,494	18,810,906	1,394,827	42,183,754

Notes to the Financial Statements
(continued)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2021 - Company	Assets under construction RM	Buildings RM	Plant and machinery RM	Motor vehicle, equipment and furniture RM	Total RM
Cost					
At 1.1.2021	**557,559**	**31,401,177**	**88,566,777**	**16,114,547**	**136,640,060**
Additions	**-**	**387,319**	**-**	**66,281**	**453,600**
Disposal	**-**	**-**	**(41,093,928)**	**(742,767)**	**(41,836,695)**
Transfer	**(557,559)**	**557,559**	**-**	**-**	**-**
At 31.12.2021	**-**	**32,346,055**	**47,472,849**	**15,438,061**	**95,256,965**
Accumulated depreciation					
At 1.1.2021	**-**	**14,117,683**	**77,643,196**	**15,725,309**	**107,486,188**
Charges during the year	**-**	**635,463**	**1,131,050**	**36,707**	**1,803,220**
Disposal	**-**	**-**	**(35,634,097)**	**(413,535)**	**(36,047,632)**
At 31.12.2021	**-**	**14,753,146**	**43,140,149**	**15,348,481**	**73,241,776**
Net Book Value at 31.12.2021	**-**	**17,592,909**	**4,332,700**	**89,580**	**22,015,189**

2020 - Company	Assets under construction RM	Buildings RM	Plant and machinery RM	Motor vehicle, equipment and furniture RM	Total RM
Cost					
At 1.1.2020	-	31,401,177	89,643,783	12,456,742	133,501,702
Transfer from right-of-use asset	-	-	-	3,747,129	3,747,129
Additions	557,559	-	220,300	151,221	929,080
Disposal	-	-	(1,297,306)	(240,545)	(1,537,851)
At 31.12.2020	557,559	31,401,177	88,566,777	16,114,547	136,640,060
Accumulated depreciation					
At 1.1.2020	-	13,489,659	75,303,935	12,029,294	100,822,888
Transfer from right-of-use asset	-	-	-	3,747,129	3,747,129
Charges during the year	-	628,024	3,627,564	189,431	4,445,019
Disposal	-	-	(1,288,303)	(240,545)	(1,528,848)
At 31.12.2020	-	14,117,683	77,643,196	15,725,309	107,486,188
Net Book Value at 31.12.2020	557,559	17,283,494	10,923,581	389,238	29,153,872

The buildings of the Company are located on its subsidiary companies' land.

14. RIGHT-OF-USE ASSETS

Group

2021

	Leasehold Land RM	Motor Vehicles RM	Total RM
Cost			
As at 1 January 2021/31 December 2021	**5,887,188**	**424,493**	**6,311,681**
Accumulated depreciation			
As at 1 January 2021	**2,971,912**	**320,821**	**3,292,733**
Depreciation charge	**106,271**	**103,672**	**209,943**
As at 31 December 2021	**3,078,183**	**424,493**	**3,502,676**
Net Book Value	**2,809,005**	**-**	**2,809,005**

2020

	Leasehold Land RM	Motor Vehicles RM	Total RM
Cost			
As at 1 January 2020	5,887,188	4,171,622	10,058,810
Derecognition of right-of use assets	-	(3,747,129)	(3,747,129)
As at 31 December 2020	5,887,188	424,493	6,311,681
Accumulated depreciation			
As at 1 January 2020	2,865,640	3,926,466	6,792,106
Derecognition of right-of use assets	-	(3,747,129)	(3,747,129)
Depreciation charge	106,272	141,484	247,756
As at 31 December 2020	2,971,912	320,821	3,292,733
Net Book Value	2,915,276	103,672	3,018,948

14. RIGHT-OF-USE ASSETS (CONTINUED)

Company

2021

	Motor Vehicles RM	Total RM
Cost		
As at 1 January 2021/31 December 2021	**424,493**	**424,493**
Accumulated depreciation		
As at 1 January 2021	**320,821**	**320,821**
Depreciation charge	**103,672**	**103,672**
As at 31 December 2021	**424,493**	**424,493**
Net Book Value	-	-

2020

	Motor Vehicles RM	Total RM
Cost		
As at 1 January 2020	4,171,622	4,171,622
Derecognition of right-of use assets	(3,747,129)	(3,747,129)
As at 31 December 2020	424,493	424,493
Accumulated depreciation		
As at 1 January 2020	3,926,466	3,926,466
Derecognition of right-of use assets	(3,747,129)	(3,747,129)
Depreciation charge	141,484	141,484
As at 31 December 2020	320,821	320,821
Net Book Value	103,672	103,672

(i) Total cash outflow for all the leases of the Group and of the Company in 2021 was RM350,226 and RM537,446 (2020: RM316,192 and RM551,594), respectively.

(ii) Addition of right-of-use assets during the financial year 2021 was Nil (2020: Nil).

15. INVESTMENT PROPERTIES

	Group 2021 RM	2020 RM
Cost		
At 1 January/31December	**23,955,722**	23,955,722
Accumulated depreciation		
At 1 January	**630,390**	567,351
Depreciation for the financial year (Note 8)	**63,039**	63,039
At 31 December	**693,429**	630,390
Net carrying amount	**23,262,293**	23,325,332

Investment properties of the Group comprises of 9 units of 1 1/2 storey semi-detached light industrial factory, 15 units of double-storey shop lot and 28 units of 1 1/2 storey light industrial terrace factory, all located at Klang, Selangor Darul Ehsan. Investment properties of the Group is renting to third parties to earn rental income. The total fair value of the investment properties of the Group as at 31 December 2021 is determined as RM44,180,000 (2020: RM44,180,000).

The fair value of Group's investment properties is valued based on sale comparison approach and unobservable inputs and classified in Level 2 of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 37(e) to the Financial Statements.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Valuation techniques used to derive Level 2 fair values are as follow:-

Level 2 fair values of the Group's properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter.

16. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company	
	2021 RM	**2020 RM**
Unquoted shares:		
- Ordinary shares	**20,700,810**	20,700,808
- Capital contribution	**4,486,496**	15,963,496
- Preference shares	**133,077,000**	121,600,000
	158,264,306	158,264,304

The subsidiary companies are as follows:

Name	Group's effective interest 2021	Group's effective interest 2020	Principal activities
Gradefield Property Management Sdn. Bhd. *	**100%**	100%	Property management
Greens Property Management Sdn. Bhd.	**100%**	-	Dormant
Hil-Edrola (M) Sdn. Bhd. *	**60%**	60%	Developing and manufacturing of headlining for automotive industry
Hil Assembly Services Sdn. Bhd. *	**51%**	51%	Investment holding, manufacture and sale of industrial and domestic moulded plastic products and sub-assembly of plastic-related products
Hil Automation Sdn. Bhd. *	**51%**	51%	Investment holding
Hil Huafeng (M) Sdn. Bhd. *	**60%**	60%	Dormant
Hil Pharmacy Sdn. Bhd. (Formerly known as Hil Automotive Components Sdn. Bhd.)*	**100%**	100%	Dormant
Hil Properties Sdn. Bhd.	**100%**	100%	Investment holding and property development
Hil Sales & Marketing Sdn. Bhd. *	**100%**	100%	General trading and provision of marketing support services

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(a) Investment in subsidiary companies (Continued)

Name	Group's effective interest 2021	Group's effective interest 2020	Principal activities
Hil Medic Sdn. Bhd. *	**100%**	100%	Sub-assembly of plastic-related products
Iziba Sdn. Bhd. *	**100%**	100%	Property holding
Nada Mestika Sdn. Bhd.	**100%**	100%	Investment holding and property holding
Proedge Property Management Sdn. Bhd.	**100%**	100%	Property management
Sedar Makmur Sdn. Bhd.	**100%**	100%	Property management
Hil Industries Automotive (M) Sdn. Bhd.	**100%**	100%	Mould making and precision metal stamping
Supreme Logic Sdn. Bhd. *	**100%**	100%	Property holding
<u>Subsidiary company of Hil Assembly Services Sdn. Bhd.</u>			
Antaforce Engineering Sdn. Bhd. *	**51%**	51%	Investment holding
<u>Subsidiary company of Hil Automation Sdn. Bhd.</u>			
Hil Technology Sdn. Bhd. *	**41%**	41%	Designing and assembling industrial machinery and equipment for the purpose of factory automation
<u>Subsidiary companies of Hil Properties Sdn. Bhd.</u>			
Pembinaan Laksamana Sdn. Bhd.	**100%**	100%	Property development and property management
Satu Tunas Sdn. Bhd.	**100%**	100%	Property investment and investment holding
Tunas Pasti Sdn. Bhd.	**100%**	100%	Housing development and investment holding

Notes to the Financial Statements
(continued)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(a) Investment in subsidiary companies (Continued)

Name	Group's effective interest 2021	2020	Principal activities
Subsidiary company of Hil Sales & Marketing Sdn. Bhd.			
Hil Precision Plastic Technology (Suzhou) Co., Ltd. *	**100%**	100%	Researching, designing, manufacturing and selling any kind of precision moulds and relevant plastics products, and providing relevant services
Subsidiary company of Satu Tunas Sdn. Bhd.			
Amverton Prop Sdn. Bhd.	**100%**	100%	Property development and investment holding
Subsidiary companies of Amverton Prop Sdn. Bhd.			
Show Piece Sdn. Bhd.	**100%**	100%	Investment holding
A&M Concrete Products Sdn. Bhd.	**100%**	100%	Property development
Subsidiary company of Show Piece Sdn. Bhd.			
Innocentral Sdn. Bhd.	**100%**	100%	Property development

* Audited by a firm other than HLB Ler Lum Chew PLT

Equity capital contribution is deemed as capital contribution to subsidiaries and is considered as part of the Company's investment in the subsidiaries.

All the subsidiary companies listed above are incorporated in Malaysia except for Hil Precision Plastic Technology (Suzhou) Co., Ltd., which is incorporated in the People's Republic of China.

The Group does not have material non-controlling interests as at end of the reporting date.

(b) Acquisition of subsidiary

The Company has acquired a new subsidiary during the year, being Greens Property Management Sdn. Bhd. ("GPM"). Since GPM is a dormant company, it is immaterial to disclose the summary of effect on acquisition of a new subsidiary.

17. INVESTMENTS

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Unit trust				
- Fair value through profit or loss				
- Non-current	**2,981,799**	220,729	**-**	-
- Current	**853,865**	3,341,811	**853,865**	838,859
	3,835,664	3,562,540	**853,865**	838,859

18. GOODWILL

	Group 2021 RM	Group 2020 RM
Cost		
At beginning and end of the financial year	**5,909,619**	5,909,619

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

No geographical segment of the goodwill allocation is prepared as the CGU's activities are carried out predominantly in Malaysia.

For the purposes of impairment testing, goodwill is allocated to the Group's cash generating units (CGUs) identified according to the following CGUs:

	Group 2021 RM	Group 2020 RM
Pembinaan Laksamana Sdn. Bhd. ("PLSB")	**4,079,546**	4,079,546
A&M Concrete Products Sdn. Bhd. ("AMCP")	**977,261**	977,261
Supreme Logic Sdn. Bhd. ("SLSB")	**852,812**	852,812
	5,909,619	5,909,619

Impairment test of goodwill is carried out on an annual basis and whenever there is an indication of impairment by comparing the carrying amount of goodwill with the recoverable amount of each cash generating unit ("CGU").

The recoverable amounts of the CGUs are determined based on higher of fair value less cost to sell and value-in-use calculations using cash flow projections from financial budgets approved by the management.

(a) Key assumptions

(i) Recoverable amount based on fair value less cost to sell ["SLSB" & "AMCP"]

The recoverable amount of SLSB and AMCP cash generating units impairment test has been determined based on fair value less costs to sell. The fair value of the property has been generally derived using the sales comparison approach. Sales process of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter.

18. GOODWILL (CONTINUED)

(a) Key assumptions (Continued)

(ii) Value in use ("VIU") method ["PLSB"]

In determining the recoverable amount of the CGU, management determined the VIU calculation based on discounted cash flow model. The discounted cash flow model using cash flow projections covering an eight year period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

- Budgeted gross margin

  Budgeted gross margin is estimated based on the gross margin of past and current projects.

- Discount rate

  The management has applied a pre-tax discount rate of 8.85% p.a. (2020: 10.50% p.a.), which is derived from the cost of capital plus a reasonable risk premium at the date of the assessment of the respective CGU.

(b) Sensitivity to changes in key assumptions

The sensitivity tests indicated that with an increase in the discount rate by 1% (2020: 1%), there will be no impairment loss required while other realistic variations remained the same.

19. INVENTORIES

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Non-current				
Land held for property development (Note (a))	**-**	-	**-**	-
Current				
Raw materials	**5,636,571**	3,937,263	**297,995**	2,179,566
Work in progress	**1,398,742**	5,040,018	**352**	386,605
Finished goods	**2,968,738**	2,222,006	**325,629**	1,491,446
Completed properties held for sale	**64,357,733**	12,905,424	**-**	-
	74,361,784	24,104,711	**623,976**	4,057,617
Property development costs (Note (b))	**109,470,977**	200,390,666	**-**	-
	183,832,761	224,495,377	**623,976**	4,057,617
Total inventories	**183,832,761**	224,495,377	**623,976**	4,057,617

The Group's and the Company's cost of inventories recognised to profit and loss was RM118,148,152 and RM15,418,331 (2020: RM118,521,712 and RM48,748,342) respectively.

19. INVENTORIES (CONTINUED)

(a) Land held for property development

Group
2021 - Nil

2020	**Land cost RM**	**Development costs RM**	**Total RM**
At 1 January	11,630,408	427,028	12,057,436
Transfer to property development costs	(11,630,408)	(427,028)	(12,057,436)
At 31 December	-	-	-

(b) Property development costs

Group **2021**	**Freehold land RM**	**Development costs RM**	**Total RM**
Cumulative property development costs:-			
At 1 January	**158,320,735**	**137,101,814**	**295,422,549**
Cost incurred during the year	**-**	**15,283,599**	**15,283,599**
Transfer to inventories	**(19,978,784)**	**(58,897,161)**	**(78,875,945)**
Reversal of completed project	**(17,881,358)**	**(70,725,450)**	**(88,606,808)**
At 31 December	**120,460,593**	**22,762,802**	**143,223,395**
Cumulative cost recognised in profit or loss:-			
At 1 January			**(95,031,883)**
Recognised during the year			**(27,327,343)**
Reversal of completed project			**88,606,808**
At 31 December			**(33,752,418)**
Property development costs at 31 December			**109,470,977**

Notes to the Financial Statements
(continued)

19. INVENTORIES (CONTINUED)

2020	Freehold land RM	Development costs RM	Total RM
Cumulative property development costs:-			
At 1 January	158,970,077	124,774,408	283,744,485
Transfer from land held for property development	11,630,408	427,028	12,057,436
Cost incurred during the year	-	31,888,985	31,888,985
Transfer to inventories	(4,036,845)	(4,622,920)	(8,659,765)
Reversal of completed project	(8,242,905)	(15,365,687)	(23,608,592)
At 31 December	158,320,735	137,101,814	295,422,549
Cumulative cost recognised in profit or loss:-			
At 1 January			(64,360,669)
Recognised during the year			(54,279,806)
Reversal of completed project			23,608,592
At 31 December			(95,031,883)
Property development costs at 31 December			200,390,666

20. CONTRACT ASSETS

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Property development (Note (a))	**18,610,378**	33,095,864	**-**	-
Manufacturing (Note (b))	**11,147,721**	12,378,455	**5,814,329**	12,378,455
	29,758,099	45,474,319	**5,814,329**	12,378,455

(a) Property development

The Group is entitled to a percentage of payment over the sale price based on the construction milestones stipulated in the sale and purchase agreement. The Group issues progress billings to purchasers when the construction milestones are satisfied.

The aggregate of the costs incurred and the attributable profit or loss recognised on property development is compared against the progress billings up to the end of the financial year. Where the revenue recognised in profit or loss exceeds billings to purchasers, the balance is presented as contract assets. Where billings to purchasers exceed revenue recognised in profit or loss, the balance is presented as contract liabilities.

20. CONTRACT ASSETS (CONTINUED)

(a) Property development (Continued)

The Group's contract assets relating to the sale of properties as of each financial year end can be summarised as follows:-

	Group	
	2021 RM	**2020 RM**
At 1 January	**33,095,864**	21,888,766
Property development revenue recognised during the financial year	**46,283,391**	77,640,006
Less: Progress billings during the financial year	**(60,768,877)**	(66,432,908)
At 31 December	**18,610,378**	33,095,864

Unsatisfied performance obligations arising from sales of properties yet to be recognised as revenue

	2022 RM
As at 31 December 2021	
Revenue expected to be recognised on:	
Outstanding property development contract	23,929,467

	2021 RM
As at 31 December 2020	
Revenue expected to be recognised on:	
Outstanding property development contract	**13,214,497**

20. CONTRACT ASSETS (CONTINUED)

(b) Manufacturing

Cost to fulfil a contract and the amortisation costs are as follows:

	Group 2021 RM	Group 2020 RM
Gross cost to fulfill a contract	**17,172,836**	18,170,852
Less: Accumulated impairment	**(6,025,115)**	(5,792,397)
Total	**11,147,721**	12,378,455
Amortisation	**1,479,654**	1,198,780

	Company 2021 RM	Company 2020 RM
Gross cost to fulfill a contract	**11,839,444**	18,170,852
Less: Accumulated impairment	**(6,025,115)**	(5,792,397)
Total	**5,814,329**	12,378,455
Amortisation	**1,091,063**	1,198,780

(c) Expected credit losses

The movement in allowance for expected credit losses of contract assets computes based on lifetime ECL are as follows:-

Movement in allowance accounts:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
At 1 January	**5,792,397**	6,184,352	**5,792,397**	6,184,352
Charge for the year	**232,718**	(391,955)	**232,718**	(391,955)
At 31 December	**6,025,115**	5,792,397	**6,025,115**	5,792,397

21. TRADE AND OTHER RECEIVABLES

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Trade receivables				
Third parties	**48,453,555**	33,403,473	**3,084,936**	11,741,150
Stakeholders' funds	**9,085,885**	2,628,010	**-**	-
Less: Allowance for impairment	**(1,248,359)**	(1,572,476)	**(739,808)**	(739,808)
	56,291,081	34,459,007	**2,345,128**	11,001,342
Other receivables				
Deposits	**5,024,967**	2,144,158	**58,175**	72,235
Other receivables	**1,257,751**	2,078,592	**660,106**	1,745,190
Prepayments	**1,120,798**	1,883,992	**189,668**	391,465
	7,403,516	6,106,742	**907,949**	2,208,890
Total trade and other receivables	**63,694,597**	40,565,749	**3,253,077**	13,210,232

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2020: 30 to 90 days) terms. Other receivables credit terms are assessed and approved on a case-by-case basis.

They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other receivables are non-interest bearing and repayable on demand.

Included in the deposits are acquisition of property, plant and equipment amounting to RM Nil (2020: RM1,151,473), and joint development deposits paid to related parties amounting to RM4,000,000 (2020: RM Nil).

Expected credit losses

The movement in allowance for expected credit losses of receivables computes based on lifetime ECL are as follows:-

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Movement in allowance accounts:				
At 1 January	**1,572,476**	1,453,711	**739,808**	361,326
Charge for the year	**165,508**	735,237	**-**	378,482
Bad debts written-off	**(295,276)**	-	**-**	-
Reversal	**(194,349)**	(616,472)	**-**	-
At 31 December	**1,248,359**	1,572,476	**739,808**	739,808

Notes to the Financial Statements
(continued)

22. AMOUNT DUE (TO) / FROM RELATED PARTIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(a) Amount due from related parties				
- Amount due from subsidiaries	**-**	-	**25,649,427**	4,781,790
- Amount due from related parties	**11,900**	1,300	**-**	-
	11,900	1,300	**25,649,427**	4,781,790
(a) Amount due to related parties				
- Amount due to subsidiaries	**-**	-	**271,001**	3,002,375
- Amount due to related parties	**2,502,000**	56,665,013	**-**	-
	2,502,000	56,665,013	**271,001**	3,002,375

(c) Amount due from subsidiary companies

The amount due from subsidiary companies are interest free, unsecured and repayable on demand.

(d) Amount due to subsidiary companies

The amount due to subsidiary companies are interest free, unsecured and repayable on demand.

(e) Amount due to related parties

The amount due to related parties pertains mainly to the balance of acquisition of subsidiaries (refer Note 35 to the Financial Statements) and acquisition of land.

The amount due to related parties are interest free, unsecured and repayable on demand.

23. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current				
Fixed deposits with licensed bank	**1,177,890**	-	**-**	-
Current				
Fixed deposits with maturity of 90 days and more	**45,827,174**	59,720,749	**35,206,688**	57,089,803
	47,005,064	59,720,749	**35,206,688**	57,089,803

The fixed deposits of the Group and of the Company at the reporting date are subject to floating interest rates ranging from 0.10% to 2.08% and 0.10% to 2.08%, respectively (2020: 0.15% to 2.15% and 0.15% to 2.04%) per annum.

Fixed deposits of the Group and of the Company have maturities ranging from 30 to 365 days and 9 to 364 days, respectively (2020: 31 to 365 days and 31 to 365 days) at the end of the financial year.

The Group's fixed deposit amounting to RM1,177,890 (2020: Nil) has been pledged to licensed banks for banking facilities granted to the Group.

24. CASH AND BANK BALANCES

Cash and bank balances of the Group as at reporting period include bank balances held under Housing Development Accounts (opened and maintained under Section 7A of the Housing Development (Control and Licensing) Amendment Act 2002) amounting to RM16,897,155 (2020: RM32,031,149) that may only be used in accordance with the said Act.

25. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2021	2020	2021 RM	2020 RM
Issued and fully paid :-				
At 1 January/31 December	**334,037,612**	334,037,612	**167,018,806**	167,018,806

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company did not acquire any shares through purchases on the Bursa Malaysia Securities during the financial year.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

As at 31 December 2021, the Company held as treasury shares a total of 2,096,800 (2020: 2,096,800) of its 334,037,612 (2020: 334,037,612) issued ordinary shares. Such treasury shares are held at a carrying amount of RM947,224 (2020: RM947,224).

(c) Warrants 2017/2027

On 26 October 2017, the Company issued 55,323,468 free detached warrants ("Warrant") to its registered shareholders.

The Warrants were constituted under a Deed Poll dated 1 November 2017 and each Warrant entitles its registered shareholder to subscribe for one (1) ordinary share in the Company at the exercise price of RM1.08 payable in cash. The price is subject to adjustments in accordance with the basis set out in the Deed Poll.

The Warrants may be exercised at any time commencing on the date of issue of Warrants on 26 October 2017 but not later than 25 October 2027. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

25. SHARE CAPITAL (CONTINUED)

(c) Warrants 2017/2027 (Continued)

The total numbers of Warrants that remain unexercised are as follows:

	Group and Company	
	2021 RM	2020 RM
At 1 January/ 31 December	**55,323,468**	55,323,468

26. CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

	Group	
	2021 RM	2020 RM
At 1 January	**4,432,273**	3,670,658
Foreign currency translation for the financial year	**1,473,571**	761,615
At 31 December	**5,905,844**	4,432,273

27. RETAINED PROFITS

Under the single tier tax system, tax on the Company's profit is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

28. LEASE LIABILITIES

(a) Finance lease liabilities

	Group and Company	
	2021 RM	2020 RM
Future minimum lease payments:		
- Not later than one year	**85,260**	85,260
- Later than one year and not later than five years	**69,323**	153,219
	154,583	238,479
Future interest charges	**(6,113)**	(13,055)
Present value of minimum lease payments	**148,470**	225,424
Non-current		
- Later than one year and not later than five years	**67,954**	148,470
Current		
- Not later than one year	**80,516**	76,954
	148,470	225,424

The finance lease liabilities are subject to a fixed interest rate of 2.28% to 3.00% (2020: 2.28% to 3.00%) per annum.

29. DEFERRED TAX LIABILITIES

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
At 1 January	**28,379,535**	32,457,330	**1,447,241**	1,961,551
Recognised in profit or loss (Note 11)	**(4,447,948)**	(4,077,795)	**(1,387,241)**	(514,310)
At 31 December	**23,931,587**	28,379,535	**60,000**	1,447,241

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 taxation authority.

The movement in deferred tax assets and liabilities during the current financial year are as follows:-

	Contract asset & Trade receivables RM	Property, plant & equipment RM	Property development RM	Total RM
Group				
At 1 January 2021	**(1,561,666)**	**3,079,402**	**26,861,799**	**28,379,535**
Recognised in profit or loss	**(95,574)**	**(318,286)**	**(4,034,088)**	**(4,447,948)**
At 31 December 2021	**(1,657,240)**	**2,761,116**	**22,827,711**	**23,931,587**
Company				
At 1 January 2021	**(1,561,666)**	**3,008,907**	**-**	**1,447,241**
Recognised in profit or loss	**(55,852)**	**(1,331,389)**	**-**	**(1,387,241)**
At 31 December 2021	**(1,617,518)**	**1,677,518**	**-**	**60,000**
Group				
At 1 January 2020	(1,716,473)	3,678,024	30,495,779	32,457,330
Recognised in profit or loss	154,807	(598,622)	(3,633,980)	(4,077,795)
At 31 December 2020	(1,561,666)	3,079,402	26,861,799	28,379,535
Company				
At 1 January 2020	(1,716,473)	3,678,024	-	1,961,551
Recognised in profit or loss	154,807	(669,117)	-	(514,310)
At 31 December 2020	(1,561,666)	3,008,907	-	1,447,241

Deferred tax assets have not been recognised in respect of the following items:

	Group 2021 RM	Group 2020 RM
Temporary differences arising from excess of book depreciation over capital allowances	**2,414**	2,550
Unabsorbed capital allowance	**1,982,384**	1,690,725
Unutilised tax losses	**5,392,169**	13,038,937
	7,376,967	14,732,212

29. DEFERRED TAX LIABILITIES (CONTINUED)

Under the Malaysian Finance Act 2021 which was gazetted on 31 December 2021, the Group's unutilised tax losses brought forward from year of assessment 2018 and before, can be carried forward for 10 consecutive years of assessment (i.e. from year of assessments 2018 to 2028). Unutilised tax losses from year of assessment 2019 onwards can be carried forward for a maximum period of 10 consecutive years.

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 **RM**	**2020** **RM**	**2021** **RM**	**2020** **RM**
Trade payables				
Third parties	**23,294,809**	21,244,686	**1,746,419**	7,241,502
Other payables				
Accruals	**2,277,786**	1,943,933	**488,823**	1,040,698
Other payables	**18,001,676**	16,617,052	**8,074,676**	12,167,703
	20,279,462	18,560,985	**8,563,499**	13,208,401
Total trade and other payables	**43,574,271**	39,805,671	**10,309,918**	20,449,903

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and to the Company are 30 to 90 days and 30 to 90 days, respectively (2020: 30 to 90 days and 30 to 90 days).

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2021 **RM**	**2020** **RM**	**2021** **RM**	**2020** **RM**
Cost of property, plant and equipment purchased (Note 13)	**6,720,640**	4,234,793	**453,600**	929,080
Cash disbursed for purchase of property, plant and equipment	**6,720,640**	4,234,793	**453,600**	929,080

32. DIVIDENDS

	Group and Company 2021 RM	2020 RM
<u>Recognised during the financial year:</u>		
Dividends on ordinary shares:		
- First and final single tier dividend for 2020:		
1.50 sen per share	**4,979,108**	-
- First and final single tier dividend for 2019:		
1.20 sen per share	**-**	3,983,279
	4,979,108	3,983,279

On 18 April 2022, the Board of Directors declared a first and final single tier dividend of 2.00 sen per ordinary share for the financial year ended 31 December 2021 amounting to a total dividend payment of approximately RM6,638,816. The dividend entitlement and payment dates will be determined at a later date. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2022.

33. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following balance sheet amounts:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed deposits with licensed bank	**47,005,064**	59,720,749	**35,206,668**	57,089,803
Cash and bank balances	**63,250,008**	47,753,624	**14,183,137**	4,586,685
	110,255,072	107,474,373	**49,389,805**	61,676,488
Less: Fixed deposit under lien	**(1,177,890)**	-	**-**	-
	109,077,182	107,474,373	**49,389,805**	61,676,488

34. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments are as follows:-

(a) Capital commitments

	Group	
	2021 **RM**	**2020** **RM**
Approved and contracted for:		
- Property, plant and equipment	**2,484,760**	3,225,890

(b) Leases

The Group had leased out its investment properties to third parties for monthly lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follow: -

	Group	
	2021 **RM**	**2020** **RM**
Less than 1 year	**467,886**	616,679
Between 1 to 2 years	**176,000**	170,586
Total undiscounted lease payments to be received	**643,886**	787,265

35. SIGNIFICANT RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to 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 or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

(a) Related party transactions

The following significant transactions which have been transacted with companies where a Director has financial interests are as follows:-

	Group	
	2021 **RM**	**2020** **RM**
Transaction with Directors of the Group and/or Companies in which they have interests		
Sales of completed properties to Director	**3,960,000**	-

35. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related party transactions (Continued)

	Company	
	2021 **RM**	**2020** **RM**
Transactions with subsidiaries of the Group		
Sales of goods to subsidiaries	**2,105,627**	-
Purchase of goods from subsidiaries	**480,138**	5,576,793
Rental income of land and buildings from subsidiaries	**908,085**	369,573
Rental of land and buildings charged by subsidiaries	**387,972**	387,972
Advances from subsidiaries	**-**	572,903
Advances to subsidiaries	**17,127,559**	4,525,769
Dividend income	**-**	7,830,335
Proceeds from disposal of property, plant and equipment	**5,196,873**	-

(b) The significant related party balance as at financial year end except as disclosed in other notes to the financial statements are as follow :-

	Group	
	2021 **RM**	**2020** **RM**
Outstanding balance arising from acquisition of subsidiaries	**2,502,000**	27,912,000
Joint venture deposits paid:-		
- Pembinaan Kesentosaan Sdn. Bhd.	**1,000,000**	-
- Unik Sejati Sdn. Bhd.	**1,000,000**	-
- Amverton Carey Golf & Island Resort Sdn. Bhd.	**2,000,000**	-

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

(c) Compensation of key management personnel

The compensation paid to key management personnel during the financial year was as follows:

	Group		Company	
	2021 **RM**	**2020** **RM**	**2021** **RM**	**2020** **RM**
Short-term employee benefits	**1,124,821**	987,016	**148,154**	825,379
Post-employment benefits:				
- Defined contribution plans	**116,624**	105,637	**11,760**	95,136
	1,241,445	1,092,653	**159,914**	920,515

36. SEGMENT INFORMATION

The Group is organised into the following main business segments :-

(i) Manufacturing

Manufacture and sale of industrial and domestic moulded plastic products.

(ii) Property development and management

Development of residential, commercial and light and management industrial properties, and letting out of properties.

(iii) Trading, services and others

General trading.

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to make strategic decisions, allocate resources and assess performance.

The CODM receives separate reports for property development and management, they have been aggregated into one reportable segments as they have similar economic characteristics.

Although the trading, services and others segment does not meet the quantitative thresholds required by MFRS 8 for reportable segments, management has concluded that this segment should be reported, as it is closely monitored by CODM as a potential growth segment.

Geographical segments

The manufacturing segment operates in two principal geographical areas, Malaysia and the People's Republic of China.

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

36. SEGMENT INFORMATION (CONTINUED)

Business segments

	Manufacturing		Property development and management		Trading services and others		Group	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
Sales								
Total sales	**90,006,501**	97,840,009	**87,994,420**	80,586,519	**-**	-	**178,000,921**	178,426,528
Intersegment sales	**(8,263,624)**	(14,928,990)	**(487,972)**	(487,972)	**-**	-	**(8,751,596)**	(15,416,962)
External sales	**81,742,877**	82,911,019	**87,506,448**	80,098,547	**-**	-	**169,249,325**	163,009,566
Results								
Segment results (external)	**10,206,137**	10,457,072	**26,678,639**	20,714,099	**(4,222)**	(4,488)	**36,880,554**	31,166,683
Finance costs	**(10,472)**	(13,904)	**-**	-	**-**	-	**(10,472)**	(13,904)
Profit before tax	**10,195,665**	10,443,168	**26,678,639**	20,714,099	**(4,222)**	(4,488)	**36,870,082**	31,152,779
Other information								
Segments assets	**163,487,400**	159,221,281	**299,459,032**	330,866,535	**13,782**	13,876	**462,960,214**	490,101,692
Unallocated assets	**494,410**	94,421	**5,918,121**	5,918,648	**-**	-	**6,412,531**	6,013,069
Total consolidated assets	**163,981,810**	159,315,702	**305,377,153**	336,785,183	**13,782**	13,876	**469,372,745**	496,114,761
Segment liabilities	**31,485,188**	32,288,569	**14,738,056**	64,406,292	**1,500**	1,500	**46,224,744**	96,696,361
Unallocated liabilities	**1,103,876**	2,134,874	**25,519,765**	27,116,320	**-**	-	**26,623,641**	29,251,194
Total consolidated liabilities	**32,589,064**	34,423,443	**40,257,821**	91,522,612	**1,500**	1,500	**72,848,385**	125,947,555
Addition to non-current asset	**6,714,442**	4,216,727	**6,198**	18,066	**-**	-	**6,720,640**	4,234,793
Depreciation and amortisation	**3,616,038**	5,318,488	**5,198**	4,823	**-**	-	**3,621,236**	5,323,311
Amortisation of right-of-use assets	**103,672**	141,484	**106,271**	106,272	**-**	-	**209,943**	247,756

Notes to the Financial Statements
(continued)

36. SEGMENT INFORMATION (CONTINUED)

Geographical segments

	Malaysia RM	People's Republic of China RM	Consolidated RM
2021			
Revenue from external customers	**148,012,770**	**21,236,555**	**169,249,325**
Segment assets	**439,061,261**	**30,311,484**	**469,372,745**
Addition to non-current asset	**6,501,684**	**218,956**	**6,720,640**
2020			
Revenue from external customers	137,333,614	25,675,952	163,009,566
Segment assets	462,837,648	33,277,113	496,114,761
Addition to non-current asset	3,758,689	476,104	4,234,793

Major customers

There is one (2020: one) major customer from manufacturing segment with revenue equals or more than 10 percent over the Group's total revenue.

37. FINANCIAL INSTRUMENTS

The Group's operations are subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. The Board regularly reviews these risks and approves treasury policies, which covers the management of these risks. It is not the Group's policy to engage in speculative transactions.

(a) Credit risk

Credit risk is the risk of loss that arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trades only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

The Group and the Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and the Company has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's and the Company's historical information.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

The Group and the Company considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group and the Company compares the risk of a default occurring on the assets as at reporting date with the risk of default as at the date of initial recognition. The Group and the Company considers available reasonable and supportive forwarding-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group and the Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group and the Company categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the Company. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

(i) Trade receivables and contract assets

The Group and the Company provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's and the Company's historical observed default rates analysed in accordance to days past due by grouping of customers based on segment. The loss allowance provision is determined as follows, the expected credit losses below also incorporate forward looking information.

Summarised below is the information about the credit risk exposure on the Group's and the Company's trade receivables and contract assets using provision matrix, grouped by segments:

Manufacturing segment:

Group		← **Trade receivables**				→	
31 December 2021	**Contract assets RM**	**Current RM**	**1-30 days past due RM**	**31-60 days past due RM**	**61-90 days past due RM**	**More than 90 days past due RM**	**Total RM**
Gross carrying amount	**17,172,836**	**21,617,415**	**218,438**	**26,162**	**87,079**	**1,067,029**	**40,188,959**
Loss allowance provision							
- Expected credit losses	**-**	**(166,261)**	**(35,079)**	**(5,957)**	**(7,728)**	**(721,629)**	**(936,654)**
- Individually assessed	**(6,025,115)**	**-**	**-**	**-**	**-**	**(264,284)**	**(6,289,399)**

Notes to the Financial Statements
(continued)

37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

Manufacturing segment: (Continued)

Group **31 December 2020**	**Contract assets RM**	**Current RM**	**1-30 days past due RM**	**31-60 days past due RM**	**61-90 days past due RM**	**More than 90 days past due RM**	**Total RM**
		← Trade receivables →					
Gross carrying amount	18,170,852	22,717,441	481,601	80,776	18,868	1,334,216	42,803,754
Loss allowance provision							
- Expected credit losses	-	(28,334)	(123,212)	(31,566)	(7,728)	(1,069,932)	(1,260,772)
- Individually assessed	(5,792,397)	-	-	-	-	(264,284)	(6,056,681)

Company **31 December 2021**	**Contract assets RM**	**Current RM**	**1-30 days past due RM**	**31-60 days past due RM**	**61-90 days past due RM**	**More than 90 days past due RM**	**Total RM**
		← Trade receivables →					
Gross carrying amount	**11,839,444**	**2,351,133**	**19,513**	**1,712**	**9,188**	**703,390**	**14,924,380**
Loss allowance provision							
- Expected credit losses	**-**	**(18,406)**	**(8,972)**	**(1,112)**	**(7,928)**	**(678,126)**	**(714,544)**
- Individually assessed	**(6,025,115)**	**-**	**-**	**-**	**-**	**(25,264)**	**(6,050,379)**

31 December 2020	**Contract assets RM**	**Current RM**	**1-30 days past due RM**	**31-60 days past due RM**	**61-90 days past due RM**	**More than 90 days past due RM**	**Total RM**
Gross carrying amount	18,170,852	10,935,349	80,066	15,245	18,868	691,622	29,912,002
Loss allowance provision							
- Expected credit losses	-	(14,201)	(20,299)	(5,958)	(7,728)	(666,358)	(714,544)
- Individually assessed	(5,792,397)	-	-	-	-	(25,264)	(5,817,661)

Information regarding loss allowance movement of contract assets and trade receivables are disclosed in Note 20 and 21 respectively.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

(ii) Other financial assets

Cash and cash equivalents, other receivables and trade receivables & contract assets relating to property development segment are subject to immaterial credit loss.

(b) Interest rate risk

The Group's short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Financial assets	**47,005,064**	59,720,749	**35,206,668**	57,089,803
Financial liabilities	**(148,470)**	(225,424)	**(148,470)**	(225,424)
	46,856,594	59,495,325	**35,058,198**	56,864,379

The Group's and the Company's income and operating cash flows are independent of changes in market interest rates. The Group and the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(c) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily USD and Renminbi ("RMB").

The Group and the Company ensure that net exposure to foreign currency risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances. The Group and the Company do not transact in derivative instruments.

The Group's and the Company's exposure to foreign currency risk based on carrying amounts as at the end of the reporting period was:

Group	**2021 Denominated in**		**2020 Denominated in**	
In RM	**USD**	**RMB**	**USD**	**RMB**
Trade and other receivables	**9,777,388**	**495,080**	14,331,362	1,677,036
Fixed deposits with licensed bank	**751,805**	**2,990,672**	5,095,475	2,166,658
Cash and bank balances	**12,116,622**	**56,306**	6,428,394	196,256
Trade and other payables	**(2,688,013)**	**(1,503,888)**	(6,432,416)	(3,334,692)
Exposure in the Statements of Financial Position	**19,957,802**	**2,038,170**	19,422,815	705,258

Notes to the Financial Statements
(continued)

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign currency risk (Continued)

Company *In RM*	**Denominated in USD 2021**	**2020**
Trade and other receivables	**523,758**	1,109,041
Fixed deposits with licensed bank	**751,805**	5,095,475
Cash and bank balances	**1,180,518**	2,941,386
Trade and other payables	**(1,034,784)**	(995,588)
Exposure in the statement of financial position	**1,421,297**	8,150,314

The Group is also exposed to currency translation risk arising from its investment in the foreign subsidiary company.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and of the Company's post-tax profit or loss to a reasonably possible change in the USD and RMB against the respective functional currencies of the Group entities, with all other variables held constant.

		2021 Profit or loss RM	**2020 Profit or loss RM**
Group			
USD/RM	- strengthened 10%	**108,331**	619,424
	- weakened 10%	**(108,331)**	(619,424)
USD/RMB	- strengthened 10%	**1,408,462**	856,710
	- weakened 10%	**(1,408,462)**	(856,710)
RMB/RM	- strengthened 10%	**154,901**	53,600
	- weakened 10%	**(154,901)**	(53,600)
Company			
USD/RM	- strengthened 10%	**108,019**	619,424
	- weakened 10%	**(108,019)**	(619,424)

37. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM
2021						
Group						
Finance lease liabilities	148,470	2.28% to 3.00%	154,583	85,260	69,323	-
Amount due to related parties	2,502,000		2,502,000	2,502,000	-	-
Trade and other payables	43,574,271		43,574,271	43,574,271	-	-
	46,224,741		46,230,854	46,161,531	69,323	-

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM
2021						
Company						
Finance lease liabilities	148,470	2.28% to 3.00%	154,583	85,260	69,323	-
Amount due to related parties	271,001		271,001	271,001	-	-
Trade and other payables	10,309,918		10,309,918	10,309,918	-	-
	10,729,389		10,735,502	10,666,179	69,323	-

Notes to the Financial Statements
(continued)

37. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk (Continued)

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM
2020						
Group						
Finance lease liabilities	225,424	2.28% to 3.00%	238,479	85,260	132,276	20,943
Amount due to related parties	56,665,013		56,665,013	56,665,013	-	-
Trade and other payables	39,805,671		39,805,671	39,805,671	-	-
	96,696,108		96,709,163	96,555,944	132,276	20,943

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM
2020						
Company						
Finance lease liabilities	225,424	2.28% to 3.00%	238,479	85,260	132,276	20,943
Amount due to related parties	3,002,375		3,002,375	3,002,375	-	-
Trade and other payables	20,449,903		20,449,903	20,449,903	-	-
	23,677,702		23,690,757	23,537,538	132,276	20,943

(e) Fair values

The carrying amounts of cash and cash equivalents, short term receivables and payables and borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The fair values of other financial assets, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	2021		2020	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial Asset				
Investment in unit trusts	**3,835,664**	**3,835,664**	3,562,540	3,562,540
Company				
Financial Asset				
Investment in unit trusts	**853,865**	**853,865**	838,859	838,859

37. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values (Continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
Group				
2021				
Financial Asset				
Investment in unit trusts	**3,835,664**	**-**	**-**	**3,835,664**
2020				
Financial Asset				
Investment in unit trusts	3,562,540	-	-	3,562,540

	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
Company				
2021				
Financial Asset				
Investment in unit trusts	**853,865**	**-**	**-**	**853,865**
2020				
Financial Asset				
Investment in unit trusts	838,859	-	-	838,859

37. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

Group

	Note	Fair value through profit or loss 2021 RM	Fair value through profit or loss 2020 RM
Financial Assets			
Non-current			
Investments	17	**2,981,799**	220,729
Current			
Investments	17	**853,865**	3,341,811
		3,835,664	3,562,540

	Note	Amortised cost 2021 RM	Amortised cost 2020 RM
Financial Assets			
Non- current			
Fixed deposit with licensed bank	23	**1,177,890**	-
Current			
Amount due from related parties	22	**11,900**	1,300
Trade and other receivables	21	**62,573,799**	38,681,757
Fixed deposit with licensed bank	23	**45,827,174**	59,720,749
Cash and bank balances	24	**63,250,008**	47,753,624
		172,840,771	146,157,430

	Note	Other financial liabilities at amortised cost 2021 RM	2020 RM
Financial Liabilities			
Non-current			
Lease liabilities	28	**67,954**	148,470
Current			
Amount due to related parties	22	**2,502,000**	56,665,013
Lease liabilities	28	**80,516**	76,954
Trade and other payables	30	**43,574,271**	39,805,671
		46,224,741	96,696,108

37. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Categories of financial instruments (Continued)

Company

	Note	Fair value through profit or loss 2021 RM	Fair value through profit or loss 2020 RM
Financial Assets			
Current			
Investments	17	**853,865**	838,859

	Note	Amortised cost 2021 RM	Amortised cost 2020 RM
Financial Assets			
Current			
Trade and other receivables	21	**3,063,409**	12,818,767
Amount due from related parties	22	**25,649,427**	4,781,790
Fixed deposits with licensed bank	23	**35,206,668**	57,089,803
Cash and bank balances	24	**14,183,137**	4,586,685
Total		**78,102,641**	79,277,045

	Note	Other financial liabilities at amortised cost 2021 RM	2020 RM
Financial Liabilities			
Non-current			
Lease liabilities	28	**67,954**	148,470
Current			
Amount due to related parties	22	**271,001**	3,002,375
Lease liabilities	28	**80,516**	76,954
Trade and other payables	30	**10,309,918**	20,449,903
		10,729,389	23,677,702

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximises shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group monitors capital using a gearing ratio, which is derived by dividing the amount of borrowings over total equity. The Group's policy is to keep gearing within manageable levels.

39. SIGNIFICANT EVENT DURING AND AFTER THE REPORTING PERIOD

(a) Covid-19 impact

The outbreak of the COVID-19 pandemic has impacted economic activities worldwide. Many countries have imposed restrictions on non-essential services and business operations, and have also implemented travel restrictions, border closures and other quarantine measures that have significantly curbed the normal movement of goods, services and people. For the financial year ended 31 December 2021, the impact of COVID-19 has been reflected in this set of financial statements.

As the situation is still evolving and will be affected by the degree to which the Malaysian Government is able to contain the spread of the virus and successfully implement the national vaccination programme, the full impact of the COVID-19 pandemic on the Group's and the Company's performance for the financial year ending 31 December 2022 could not be reasonably ascertained when this set of financial statements was authorised for issuance.

(b) Joint venture projects

The Group has entered into four separate joint venture agreements ("JVAs") with the Landowners to undertake the property development projects subject to the terms and conditions set forth in the respective JVAs and supplemental agreement.

The joint ventures were approved in the Extraordinary General Meeting on 12 January 2022. The Group intends to launch several projects such as 154 units double-storey terrace houses in Sungai Buloh, 78 units of double-storey terrace houses in Klang, 141 units bungalows in Carey Island and Phase 1 of town houses in Carey Island in 2022.

40. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 18 April 2022.

Properties Owned by the Group

Location	Description	Tenure (Year of Expiry)	Existing Use	Approximate Age of Building	Land Area /Built up Area (SQ FT)	Date of Acquisition	Net Book Value (RM'000)
Lot 3, Jalan Lada Sulah 16/11, Section 16, 40000 Shah Alam Selangor Darul Ehsan	Land	Leasehold 60 years (2049)	Factory	-	294,457	21.08.1989	2,468
Lot Nos 15825 & 15830 Bukit Kemuning Mukim & Daerah of Klang Selangor Darul Ehsan	Land	Freehold	Factory & Warehouse	-	173,325	15.12.1994	537
Lot 3, Jalan Lada Sulah 16/11, Section 16, 40000 Shah Alam Selangor Darul Ehsan	1 Factory buildings 2 Factory buildings 3 Factory Buildings	- - -	Factory Factory Factory	32 years 31 years 29 years	78,087 23,465 21,993	- - -	3,055 932 827
Lot No 15825, Bukit Kemuning Mukim & Daerah of Klang Selangor Darul Ehsan	Factory buildings	-	Factory	24 years	117,552	-	6,951
Lot No 15830, Bukit Kemuning Mukim & Daerah of Klang Selangor Darul Ehsan	Factory buildings	-	Factory	24 years	20,996	-	2,406
P.T. Nos 20989 - 21003 Mukim & Daerah of Klang Selangor Darul Ehsan	Commercial (15 units of double storey shophouse)	Freehold	Rental	30 years	24,746	05.12.1996	1,377
P.T. Nos 5655 – 5682 Mukim of Kapar ,District of Klang Selangor Darul Ehsan	Industrial (28 units of 1½ storey terrace factory)	Freehold	Rental	24 years	86,108	05.12.1996	2,189
P.T. Nos 5443, 5444, 5446, 5447, 5470 – 5474, Mukim of Kapar, District of Klang Selangor Darul Ehsan	Industrial (9 units of 1½ storey terrace factory)	Freehold	Rental	24 years	82,444	05.12.1996	1,381
P.T. No 30946, Mukim 1, District of Seberang Prai Tengah, Pulau Pinang	Land	Leasehold 60 years (2049)	Factory	-	39,209	28.09.2006	341
Lot 476, Tingkat Perusahaan Empat Kawasan Perindustrian Prai, SPT Pulau Pinang	Factory buildings	-	Factory	15 years	35,968	-	3,423
P.T. No 147648 to P.T. No 147713, P.T. No 147522 to P.T. No 147647 and P.T. No 147514 to P.T. No 147521, Mukim and District of Klang, Selangor Darul Ehsan	Land	Freehold	Residential development	-	463,914	1.1.2018	9,362
Lot 10343, Mukim and District of Klang, Selangor Darul Ehsan	Land	Freehold	Residential development	-	233,862	1.1.2018	2,220

Analysis of Shareholdings

As at 31 March 2022

Class of Securities	:	Ordinary Shares
Issued and Fully Paid up Capital	:	RM167,018,806 comprising 334,037,612 ordinary shares
Voting Rights	:	Every member present in person or by proxy or represented by attorney shall have one vote and upon a poll, every such member s shall have one vote for every share held by him
No. of Shareholders	:	3,545

List of Substantial Shareholders as at 31 March 2022

Name	Direct Shareholdings	%	Indirect Shareholdings	%
Dalta Industries Sdn Bhd	166,908,742	50.282	115,464	0.034
Fame Alliance Sdn Bhd	33,365,100	10.051	-	-

Analysis by Size of Shareholding as at 31 March 2022

Size of Shareholding	No. of Shareholders	%	No. of Shares#	%
1 - 99	804	22.679	42,000	0.012
100 – 1,000	287	8.095	133,315	0.040
1,001 – 10,000	1,958	55.232	7,450,464	2.244
10,001 – 100,000	447	12.609	11,899,378	3.584
100,001 – 16,597,039 (*)	47	1.325	112,141,813	33.783
16,597,040 and above (**)	2	0.056	200,273,842	60.334
Grand Total	**3,545**	**100.00**	**331,940,812**	**100.00**

* - Less than 5% of issued shares
** - 5% and above of issued shares

Excluding 2,096,800 shares bought back and retained by the Company as treasury shares.

List of Thirty (30) Largest Shareholders as at 31 March 2022

(without aggregating the securities from different securities accounts belonging to the same person)

No	Name	No. of Shares	%
1	Dalta Industries Sdn Bhd	140,918,648	42.452
2	Fame Alliance Sdn Bhd	33,365,100	10.051
3	Dalta Industries Sdn Bhd	25,990,094	7.829
4	Golden Approval Sdn Bhd	14,177,000	4.270
5	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securitites Account for Yap Kok Weng	13,000,000	3.916
6	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	10,980,599	3.307
7	Hong Leong Investment Bank Berhad IVT	10,400,000	3.133
8	Dato' Milton Norman Ng Kwee Leong	8,654,513	2.607

Analysis of Shareholdings
(continued)

No	Name	No. of Shares	%
9	Malcolm Jeremy Ng Kwee Seng	5,290,720	1.593
10	Ng Lu Yi	4,854,300	1.462
11	Steven Junior Ng Kwee Leng	4,829,800	1.455
12	Dato' Milton Norman Ng Kwee Leong	4,608,046	1.388
13	Dato' Ambrose Leonard Ng Kwee Heng	4,264,080	1.284
14	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	3,606,480	1.086
15	Lee Thian Lye	3,058,800	0.921
16	Pandang Usaha Sdn Bhd	2,590,765	0.780
17	Koh Bee Lan	1,959,312	0.590
18	Puan Sri Datin Catherine Yeoh Eng Neo	1,625,640	0.489
19	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Ee Hoe	1,500,000	0.451
20	Steven Junior Ng Kwee Leng	1,420,000	0.427
21	Mujur Cemerlang Sdn Bhd	1,366,788	0.411
22	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securuties Account For Beh Hang Kong	1,011,620	0.304
23	Malcolm Jeremy Ng Kwee Seng	1,000,000	0.301
24	Steven Junior Ng Kwee Leng	1,000,000	0.301
25	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Beh Hang Kong (MY3262)	903,140	0.272
26	Ngan Bee Poh	890,000	0.268
27	Telus Cemerlang Sdn Bhd	855,800	0.257
28	Puah Siew Mooi	545,700	0.164
29	Sim Sook Lye	541,942	0.163
30	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mujur Cemerlang Sdn. Bhd.	532,400	0.160
	Total	**305,741,287**	**92.107**

Directors' Interest in Shares of the Company and Related Corporations as at 31 March 2022

	Direct Shareholdings	%	Indirect Shareholdings	%
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	15,069,479	4.539	233,577,745	70.367
Dato' Milton Norman Ng Kwee Leong	13,262,559	3.995	217,580,065	65.548
Steven Junior Ng Kwee Leng	7,249,800	2.184	217,580,065	65.548
Malcolm Jeremy Ng Kwee Seng	6,290,720	1.895	217,580,065	65.548
Tan Sri Dato' Dr. Sak Cheng Lum	-	-	-	-
Mat Ripen bin Mat Elah	-	-	-	-
Ooi Hock Guan	-	-	-	-
Ooi Hun Yong	-	-	-	-

Other than stated above, the Directors have no interest in the shares of the subsidiary companies.

Analysis of Warrant Holdings

As at 31 March 2022

No. of Warrants 2017/2027 in issue	:	55,323,468
Exercise/Conversion price	:	RM1.08
Exercise/Conversion ratio	:	1:1
Exercise/Conversion period	:	10 years
Maturity date	:	25 October 2027

List of Substantial Warrant Holders as at 31 March 2022

Warrant Holders	Direct Warrant Holders	%	Indirect Warrant Holders	%
Dalta Industries Sdn Bhd	29,819,188	53.899	19,244	0.035
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	5,022,713	9.078	34,743,071	62.800
Mujur Cemerlang Sdn Bhd	3,471,014	6.274	-	-
Puah Siew Mooi	3,292,100	5.950	-	-

Analysis by Size of Warrant Holdings as at 31 March 2022

Size of Warrant Holdings	No. of Warrant Holders	%	Warrant holdings	%
1 - 99	918	27.928	12,651	0.022
100 – 1,000	1,686	51.292	747,476	1.351
1,001 – 10,000	580	17.645	1,703,056	3.078
10,001 – 100,000	85	2.585	2,595,118	4.690
100,001 – 2,766,172 (*)	14	0.425	8,660,152	15.653
2,766,173 and above (**)	4	0.121	41,605,015	75.203
Grand Total	**3,287**	**100.00**	**55,323,468**	**100.00**

* - Less than 5% of issued warrants
** - 5% and above of issued warrants

List of Thirty (30) Largest Warrant Holders as at 31 March 2022

(without aggregating the securities from different securities accounts belonging to the same person)

No	Name	Warrant holdings	%
1	Dalta Industries Sdn Bhd	23,487,506	42.454
2	Dalta Industries Sdn Bhd	6,331,682	11.444
3	Mujur Cemerlang Sdn Bhd	3,428,014	6.196
4	Puah Siew Mooi	3,292,100	5.950
5	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	2,341,233	4.231
6	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	2,000,000	3.615
7	Yap Kok Weng	1,723,620	3.115
8	Dato' Milton Norman Ng Kwee Leong	1,255,585	2.269

Analysis of Warrant Holdings
(continued)

No	Name	Warrant holdings	%
9	Puan Sri Datin Catherine Yeoh Eng Neo	1,165,940	2.107
10	Malcolm Jeremy Ng Kwee Seng	715,120	1.292
11	Dato' Ambrose Leonard Ng Kwee Heng	710,680	1.284
12	Steven Junior Ng Kwee Leng	638,300	1.153
13	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Beh Hang Kong	613,520	1.108
14	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	601,080	1.086
15	Pandang Usaha Sdn Bhd	431,794	0.780
16	Puan Sri Datin Catherine Yeoh Eng Neo	270,940	0.489
17	Koh Bee Lan	240,002	0.433
18	Siew Chee Huat	238,400	0.430
19	Wong Kong Wai	123,000	0.222
20	Sim Sook Lye	113,657	0.205
21	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mujur Cemerlang Sdn Bhd	110,220	0.199
22	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Tien Hok (CCTS)	103,800	0.187
23	Liew Li Yen	100,000	0.180
24	Cheong Mei Yik	94,100	0.170
25	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	80,400	0.145
26	Dato' Milton Norman Ng Kwee Leong	78,074	0.141
27	Wong Set Fong	75,000	0.135
28	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Benedict Anthony Pang Sin Sen	70,000	0.126
29	Steven Junior Ng Kwee Leng	70,000	0.126
30	Ngan Bee Poh	68,000	0.122
	Total	**50,571,767**	**91.411**

DIRECTORS' WARRANT HOLDINGS

	Direct Warrant Holdings	%	Indirect Warrant Holdings	%
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	5,022,713	9.078	34,743,071	62.800
Dato' Milton Norman Ng Kwee Leong	1,333,659	2.410	36,298,025	65.611
Steven Junior Ng Kwee Leng	708,300	1.280	36,298,025	65.611
Malcolm Jeremy Ng Kwee Seng	715,120	1.292	36,298,025	65.611
Tan Sri Dato' Dr. Sak Cheng Lum	-	-	-	-
Mat Ripen bin Mat Elah	-	-	-	-
Ooi Hock Guan	-	-	-	-
Ooi Hun Yong	-	-	-	-

Notice of the 52nd Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 52nd Annual General Meeting ("**AGM**") of **HIL INDUSTRIES BERHAD** ("**the Company**") will be held at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam, Selangor Darul Ehsan on Tuesday, 28 June 2022 at 11.00 a.m. for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2021 and the Reports of the Directors and Auditors thereon.	**Please refer to Note 2**.
2.	To re-elect the following Directors who retire in accordance with Rule 144 of the Company's Constitution and who being eligible offer themselves for re-election:	
	(i) Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	**Ordinary Resolution 1**
	(ii) Tan Sri Dato' Dr. Sak Cheng Lum	**Ordinary Resolution 2**
	(iii) Ooi Hun Yong	**Ordinary Resolution 3**
3.	To approve the payment of Directors' fees up to an amount of RM100,000 in total from the date of this Annual General Meeting until the conclusion of the next Annual General Meeting.	**Ordinary Resolution 4**
4.	To re-appoint HLB Ler Lum Chew PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Board of Directors to fix their remuneration.	**Ordinary Resolution 5**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions:

5. AUTHORITY TO ISSUE AND ALLOT SHARES IN GENERAL PURSUANT TO THE COMPANIES ACT 2016 — **Ordinary Resolution 6**

"THAT subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval by the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the Company ("New Shares") from time to time, at such price to such persons for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued and allotted pursuant to this resolution when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being.

THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities."

Notice of the 52nd Annual General Meeting
(continued)

6. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES **Ordinary Resolution 7**

"THAT, subject always to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and any other relevant regulatory authority, 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 Securities ("Proposed Share Buy-Back") upon such terms and conditions as the Directors in their discretion deem fit and expedient in the best interest of the Company, provided that:

(a) the maximum number of shares which may be purchased by the Company shall not exceed ten per cent (10%) of the total issued share capital of the Company at any point in time;

(b) the maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the aggregate of the retained earnings of the Company;

(c) the authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:

   (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

   (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

   (iii) revoked or varied by ordinary resolution passed by shareholders in general meeting, whichever occurs first.

(d) upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:

   (i) to cancel the shares so purchased;

   (ii) to retain the shares so purchased as Treasury Shares;

   (iii) to distribute the Treasury Shares as dividends to shareholders;

   (iv) to resell the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and

   (v) any combination of the above (i), (ii), (iii) and (iv).

Notice of the 52nd Annual General Meeting
(continued)

AND THAT authority be and is hereby given unconditionally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991) to implement or to effect the purchase(s) with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be required or imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

7. PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

"THAT subject to the passing of Ordinary Resolution 2, approval be and is hereby given to Tan Sri Dato' Dr. Sak Cheng Lum, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2021." **Ordinary Resolution 8**

"THAT approval be and is hereby given to Mat Ripen Bin Mat Elah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2021." **Ordinary Resolution 9**

"THAT approval be and is hereby given to Ooi Hock Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2021." **Ordinary Resolution 10**

To consider and if thought fit, to pass the following as Special Resolution:

8. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY **Special Resolution 1**

"THAT the proposed amendments to the Constitution of the Company as set out in "Appendix A", be and are hereby approved and adopted with immediate effect AND THAT the Directors of the Company be and are hereby authorised to assent to any conditions, modification, variation and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

OTHER ORDINARY BUSINESS

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

Cheam Tau Chern
Company Secretary
(MIA 18593)
[SSM PC No.: 201908000002]

Klang
29 April 2022

Notice of the 52nd Annual General Meeting
(continued)

NOTES:

1. **Participation and Appointment of Proxy**

(a) A member entitled to attend and vote at the 52nd Annual General Meeting ("**AGM**") is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(b) The instrument appointing a proxy shall be in writing under the hand of the member or his attorney duly authorised in writing or, if the member is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(c) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (**"SICDA"**), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

(d) 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. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.

(e) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(f) The instrument appointing the proxy ("**proxy form**") must be deposit at the Company's Share Registrar's office, **Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia** or alternatively, the proxy form be dropped at **Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia**.

(g) Only members whose names appear in the Record of Depositors as at **21 June 2022** will be entitled to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.

(h) Please ensure **ALL** the particulars as required in the proxy form are completed and that the proxy form is signed and dated accordingly.

(i) The last date and time for lodging the proxy form is Sunday, **26 June 2022 at 11.00 a.m.**

(j) For a corporate member who has appointed a representative instead of a proxy to participate in this 52nd AGM, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged with the Company's Share Registrar earlier.

(k) It is important that you read the Notification to Shareholders for the conduct of this 52nd AGM.

(l) Shareholders are advised to check the Company's website at http://www.hil.com.my and announcements from time to time for any changes to the administration of this 52nd AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysia National Security Council, Securities Commission of Malaysia and/or other relevant authorities.

(m) Pursuant to Paragraph 8.29A(1) of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the 52nd AGM will be put to vote by poll.

Notice of the 52nd Annual General Meeting
(continued)

Explanatory Notes on Ordinary Business

2. Audited Financial Statements for financial year ended 31 December 2021

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Explanatory Notes on Special Business

3. Ordinary Resolution 6 – Authority for Directors to Issue and Allot Shares

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time, provided that the aggregate number of shares issued pursuant to this resolution when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being subject to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions. As at the date of this Notice, no new shares were issued pursuant to the authority granted to the Directors at the 51st Annual General Meeting held on 23 September 2021, the mandate of which will lapse at the conclusion of the forthcoming 52nd Annual General Meeting to be held on 28 June 2022.

4. Ordinary Resolution 7 – Proposed Renewal of Authority for the Company to Purchase its Own Shares

The proposed resolution, if passed, will allow the Company to purchase its own shares up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained earnings of the Company.

Further information on this resolution is set out in the Proposed Renewal of the Share Buy-Back Statement dated 29 April 2022 accompanying the Company's Annual Report for the financial year ended 31 December 2021.

Notice of the 52nd Annual General Meeting
(continued)

5. Ordinary Resolutions 8, 9 and 10 – Proposed Retention of Independent Non-Executive Directors

(i) Tan Sri Dato' Dr. Sak Cheng Lum

The Board, through the Nominating Committee ("NC"), has assessed the independence of Tan Sri Dato' Dr. Sak Cheng Lum and is satisfied that he can continue bringing independent views to the Board and safeguarding the minority interest of the Company. The Board believes his leadership quality, and knowledge and experiences will continue to contribute positively to the proceedings of the Board and the Board Committees. The Board therefore endorsed the NC's recommendation for him to be retained as an Independent Non-Executive Director.

(ii) Mat Ripen Bin Mat Elah

The Board, through the NC, has assessed the independence of Mat Ripen Bin Mat Elah and is satisfied that he is fair and impartial in carrying out his duties to the Company. As a Director, he continues to bring independent and objective judgements to Board deliberations and the decision-making process as a whole. The Board therefore endorsed the NC's recommendation for him to be retained as an Independent Non-Executive Director.

(iii) Ooi Hock Guan

The Board, through the NC, has determined that Ooi Hock Guan is fair and impartial in carrying out his duties to the Company. As Director, he continues to bring independent and objective judgements to Board deliberations and the decision-making process as a whole. He also possesses vast professional experience and brings the right mix of skills to the Board. The Board therefore endorsed the NC's recommendation for him to be retained as an Independent Non-Executive Director.

Shareholders' approval for Ordinary Resolutions 8, 9 and 10 will be sought on a two-tier voting basis.

6. Special Resolution 1 – Proposed Adoption of the New Constitution of the Company

The Special Resolution proposed under item 8 of the Agenda in relation to the proposed amendments to the existing Constitution of the Company (**"Proposed Amendments"**) are made mainly for the following purposes:

(a) mainly to have express constitutional provisions to allow remote participation at general meetings and the appointment of proxy(ies) and/or representative(s) to attend, speak and vote at any general meeting/meeting of members of the Company and/or any adjournment thereof to be lodged via electronic means; and

(b) to enhance administrative efficiency.

The Proposed Amendments shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the 52nd AGM.

Notice of the 52nd Annual General Meeting
(continued)

PROPOSED AMENDMENTS TO THE CONSTITUTION OF HIL INDUSTRIES BERHAD ("THE COMPANY")

This is the Appendix A referred to in item 8 of the Agenda of the Notice of 52nd Annual General Meeting of the Company dated 29 April 2022.

The existing Constitution of the Company is amended in the following manner (for which differences are strikethrough and highlighted in bold below under the columns "Existing Rule" and "Proposed New Rule" respectively):

Rule No.	Existing Rule	Rule No.	Proposed New Rule
60	The Company shall hold a general meeting in every calendar year and it shall be held within six (6) months of the Company's financial year end and not more than fifteen (15) months after the last preceding Annual General Meeting, at such time and place as may be determined by the Directors, in addition to any other meetings held during that period, to transact the following business: (a) the laying of audited financial statements and the reports of the Directors and Auditors; (b) the election of Directors in place of those retiring; (c) the appointment and the fixing of the fees and benefits of Directors; and (d) any resolution or other business of which notice is given in accordance with the Act or this Constitution.	60	The Company shall hold a general meeting **fully virtual, virtual, hybrid or physical** in every calendar year and it shall be held within six (6) months of the Company's financial year end and not more than fifteen (15) months after the last preceding Annual General Meeting, at such time and place as may be determined by the Directors, in addition to any other meetings held during that period, to transact the following business: (a) the laying of audited financial statements and the reports of the Directors and Auditors; (b) the election of Directors in place of those retiring; (c) the appointment and the fixing of the fees and benefits of Directors; and (d) any resolution or other business of which notice is given in accordance with the Act or this Constitution.
71	The Company may convene a meeting of Members at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members' right to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue.	71	The Company may convene a meeting of Members at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members' right to speak and vote at the meeting. **(a) For a fully virtual general meeting, the main venue of the meeting shall be the Uniform Resource Locator ("URL") address of the online meeting platform which is located in Malaysia and the Chairman shall be deemed to be present at the main venue of the meeting by his presence during the fully virtual meeting.** **(b) For a virtual general meeting, the main venue of the meeting shall be the broadcast venue which shall be located in Malaysia and the Chairman shall be physically present at the broadcast venue of the meeting.**

Notice of the 52nd Annual General Meeting
(continued)

Rule No.	Existing Rule	Rule No.	Proposed New Rule
			(c) For a hybrid or physical general meeting, the main venue of the meeting shall be in Malaysia and the Chairman shall be physically present at the main venue.
104.1	The instrument appointing a proxy shall be in writing under the hand of the ~~appointor~~ or his attorney duly authorised in writing or, if the ~~appointor~~ is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The Directors may require evidence of the authority of any such attorney or officer.	104.1	The instrument appointing a proxy shall be in writing under the hand of the **Member** or his attorney duly authorised in writing or, if the **Member** is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The Directors may require evidence of the authority of any such attorney or officer.
104.2	The instrument appointing a proxy shall be in the form as determined by the Directors from time to time. Unless the contrary is stated thereon, an instrument appointing a proxy, whether in the usual common form or not, shall be valid for any adjournment of the meeting as for the meeting to which it relates.	104.2	The instrument appointing a proxy shall be in the form **or in such other permitted form (including the electronic proxy appointment and voting manner)** as determined by the Directors from time to time. Unless the contrary is stated thereon, an instrument appointing a proxy, whether in the usual common form or not, shall be valid for any adjournment of the meeting as for the meeting to which it relates.
116	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office or at such other place as is specified for that purpose in the notice convening the meeting not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.	116	**(a) Subject to the Act and the Listing Requirements, the Directors or any agent of the Company so authorised by the Directors, may accept the appointment of proxy received via electronic means on such terms and subject to such conditions as they consider fit. For the purpose of this Rule, the Directors may require such reasonable evidence that they consider necessary to determine and verify:** **(i) the identity of the Member and the proxy; and** **(ii) where the proxy if appointed by a person acting on behalf of the Member, the authority of that person to make the appointment.** **(b) Without prejudice to sub-Rule 116(a) above, the appointment of a proxy via electronic means must be received at the electronic address specified by the Company in any of the following sources and shall be subject to any terms, conditions or limitations specified therein:** **(i) The notice calling the meeting;** **(ii) The instrument of proxy sent out by the Company in relation to the meeting; or**

Notice of the 52nd Annual General Meeting
(continued)

Rule No.	Existing Rule	Rule No.	Proposed New Rule
			(iii) The website maintained by or on behalf of the Company. (c) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office or at such other place **within Malaysia or in such other manner** as specified for that purpose in the notice convening the meeting**, or in the case of the appointment of proxy via electronic means, at the electronic address specified by the Company pursuant to Rule 116(b),** not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
118	The Company shall have at least two (2) and not more than fifteen (15) Directors. Each Director must be a natural person who is at least eighteen (18) years of age. Subject to the Listing Requirements and any vacancy arising, at least two (2) Directors or at least ~~one third (1/3)~~ of the Board of Directors, whichever is higher, shall be Independent Directors.	118	The Company shall have at least two (2) and not more than fifteen (15) Directors. Each Director must be a natural person who is at least eighteen (18) years of age. Subject to the Listing Requirements and any vacancy arising, at least two (2) Directors or at least **half (1/2)** of the Board of Directors, whichever is higher, shall be Independent Directors.
143.2	In addition to sub-Rule 143.1 above, Directors who are deemed as Independent Directors, as defined by the Listing Requirements, ~~shall be subject to annual retention by Members as follows:~~ ~~(a) For an Independent Director who has served for a cumulative term of more than nine (9) years, the Company shall provide justification and seek shareholders' approval for his continued service as an Independent Director and the resolution shall be passed by way of an Ordinary Resolution; and~~	143.2	In addition to sub-Rule 143.1 above, Directors who are deemed as Independent Directors, as defined by the Listing Requirements, **and who have served for a cumulative term of more than nine (9) years shall be subject to annual retention by Members. The Company shall provide justification and seek shareholders' approval for his continued service as an Independent Director** through a two-tier voting process as defined by the Malaysian Code on Corporate Governance and the resolution shall be passed by way of an Ordinary Resolution.

Notice of the 52nd Annual General Meeting
(continued)

Rule No.	Existing Rule	Rule No.	Proposed New Rule
	~~(b) For an Independent Director who has served for a cumulative term of more than twelve (12) years, the Company shall seek shareholders' approval for his continued service as an Independent Director~~ through a two-tier voting process as defined by the Malaysian Code on Corporate Governance and the resolution shall be passed by way of an Ordinary Resolution.		

Statement Accompanying Notice Of the 52nd Annual General Meeting

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The Directors who are offering themselves for re-election at the 52nd Annual General Meeting of the Company are as follows:

- Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, a Director retiring under Rule 144 of the Company's Constitution.
- Tan Sri Dato' Dr. Sak Cheng Lum, a Director retiring under Rule 144 of the Company's Constitution.
- Ooi Hun Yong, a Director retiring under Rule 144 of the Company's Constitution.

2. DETAILS OF BOARD MEETINGS AND ATTENDANCE OF DIRECTORS

A total of five (5) Board Meetings were held during the financial year ended 31 December 2021.

The number of Board meetings attended by the respective Directors during the financial year is as follows:

Name of Directors	No. of meetings attended/held	Percentage of attendance (%)
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	4/5	80%
Tan Sri Dato' Dr. Sak Cheng Lum	5/5	100%
Mat Ripen Bin Mat Elah	4/5	80%
Dato' Milton Norman Ng Kwee Leong	4/5	80%
Steven Junior Ng Kwee Leng	4/5	80%
Malcolm Jeremy Ng Kwee Seng	4/5	80%
Ooi Hock Guan	5/5	100%
Ooi Hun Yong	5/5	100%

All Directors have complied with the minimum attendance at Board Meetings as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad during the financial year under review.

3. ORDINARY RESOLUTION ON AUTHORITY TO ISSUE AND ALLOT NEW ORDINARY SHARES IN HIL INDUSTRIES BERHAD ("HIB SHARES")

Details of the general mandate to issue and allot HIB Shares pursuant to the Companies Act 2016 are set out in the Explanatory Notes On Special Business of the Notice of 52nd Annual General Meeting.

HIL INDUSTRIES BERHAD
Registration No: 196901000472 (8812-M)
(Incorporated in Malaysia)

Form of Proxy

Number of Shares Held	
CDS account No.	

I/We____Tel:____________________
[Full name in block letters, NRIC / Passport / Registration No.]

of____ being member(s) of

HIL INDUSTRIES BERHAD ("**the Company**" or "**HIL**"), hereby appoint:

Full Name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			

and

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			

or failing him/her, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the 52nd Annual General Meeting of the Company to be held at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam, Selangor Darul Ehsan on **Tuesday, 28 June 2022 at 11.00 a.m.** or at any adjournment thereof, and to vote as indicated below:

AGENDA				
No.	**Resolution**		**For**	**Against**
1.	To re-elect Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock as a Director of the Company	Ordinary Resolution 1		
2.	To re-elect Tan Sri Dato' Dr. Sak Cheng Lum as a Director of the Company	Ordinary Resolution 2		
3.	To re-elect Ooi Hun Yong as a Director of the Company	Ordinary Resolution 3		
4.	To approve the payment of Directors' fees up to an amount of RM100,000 in total from the date of this Annual General Meeting until the conclusion of the next Annual General Meeting	Ordinary Resolution 4		
5.	To re-appoint HLB Ler Lum Chew PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Board of Directors to fix their remuneration	Ordinary Resolution 5		
6.	To authorise the Directors to issue and allot shares pursuant to the Companies Act 2016	Ordinary Resolution 6		
7.	To approve the Proposed Renewal Of Authority For The Company To Purchase Its Own Shares	Ordinary Resolution 7		
8.	To retain Tan Sri Dato' Dr. Sak Cheng Lum as an Independent Non-Executive Director of the Company	Ordinary Resolution 8		
9.	To retain Mat Ripen Bin Mat Elah as an Independent Non-Executive Director of the Company	Ordinary Resolution 9		
10.	To retain Ooi Hock Guan as an Independent Non-Executive Director of the Company	Ordinary Resolution 10		
11.	To approve the Proposed Amendments to the Constitution of the Company	Special Resolution 1		

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit or at his/her discretion, abstain from voting.

Dated this________day of________________2022

____
Signature / Common Seal of Shareholder(s)

Manner of execution:
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director;or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Fold this flap for sealing

NOTES TO PROXY FORM

1. A member entitled to attend and vote at the 52nd Annual General Meeting ("**AGM**") is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the member or his attorney duly authorised in writing or, if the member is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. 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. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.
5. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. The instrument appointing the proxy ("**proxy form**") must be deposit at the Company's Share Registrar's office, **Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia** or alternatively, the proxy form be dropped at **Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia**.
7. Only members whose names appear in the Record of Depositors as at **21 June 2022** will be entitled to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.
8. Please ensure **ALL** the particulars as required in the proxy form are completed and that the proxy form is signed and dated accordingly.
9. The last date and time for lodging the proxy form is Sunday, **26 June 2022 at 11.00 a.m.**
10. For a corporate member who has appointed a representative instead of a proxy to participate in this 52nd AGM, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged with the Company's Share Registrar earlier.
11. It is important that you read the Notification to Shareholders for the conduct of this 52nd AGM.
12. Shareholders are advised to check the Company's website at http://www.hil.com.my and announcements from time to time for any changes to the administration of this 52nd AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysia National Security Council, Securities Commission of Malaysia and/or other relevant authorities.
13. Pursuant to Paragraph 8.29A(1) of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the 52nd AGM will be put to vote by poll.

Then fold here

AFFIX
STAMP

The Share Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.
(Registration No.: 197101000970 [11324-H])
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

1st fold here

www.hil.com.my

HIL INDUSTRIES BERHAD
Registration No: 196901000472 (8812-M)

Lot 3, Jalan Lada Sulah 16/11, Section 16, 40000 Shah Alam
Selangor Darul Ehsan. Malaysia
Tel: 03-5510 0501 Fax: 03-5510 0493