HIL INDUSTRIES BERHAD

Registration No: 196901000472 (8812-M)

ANNUAL REPORT
2023

TABLE OF 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

Dato' Ir. Hashim Bin Osman
Independent Non-Executive Director

Ooi Hun Yong
Independent Non-Executive Director

Norazkha Binti Dahlan
Independent Non-Executive Director

Tong Sook Yee
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 Darul Ehsan
Tel : 03-5510 0501
Fax : 03-5510 0493
Email : pd_professional@yahoo.com

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
Email : is.enquiry@my.tricorglobal.com
Website : www.tricorglobal.com

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

WEBSITE

https://www.hil.com.my

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 2023.

The Company & its Performance Highlights

During the financial year under review, the Group recorded revenue of RM212.063 million and profit before tax of RM52.287 million, representing an increase of approximately RM42.373 million or 24.97% in revenue and an increase of RM21.138 million or 67.86% in profit before tax, as compared to revenue of RM169.690 million and profit before tax of RM31.149 million in the preceding financial year. Both our manufacturing segment locally as well as our property division saw strong growth in sales and results. The continued good sales from our automotive customers contributed strongly to both the growth in revenue as well as results whilst at the property side, our 2 launches namely Amverton Hills Strata terrace as well as Amverton links Townhouse saw great response and sales.

For the year under review, the Group registered a basic earnings per share attributable to the shareholders of 11.65 sen, an increase of 4.46 sen from the corresponding year, whilst net assets per share for the Group was RM1.34 an increase of RM0.09 compared to the preceding financial year.

Our financial position remains strong with a net cash position of RM151.630 million. This will enable us to proceed with our expansion plans for not only our manufacturing division but also our property division, and 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 3.0 sen per ordinary share in respect of the financial year ended 31st December 2023.

2024, A year of opportunity

In the financial year ended 31st December 2023, the Group entered into two Sale and Purchase Agreements to acquire land and a company with land to replenish its existing land banks for future property development projects as well as have a signature development in the prestigious address of Mount Kiara. The agreements were subsequently approved by shareholders on 14th March 2024. These acquisitions will enhance our reputation as a reputable developer and continue our journey to become one of the premier leading developers in Malaysia.

I am also very excited about our upcoming independent and multi-generational resort styled 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. Phase 1 consisting of 56 villas with a private club house and wellness and medical facilities will soon be open for viewing in Quarter 3 2024. We have also embarked on our healthcare support system with the formation of Amverton Health operated via our subsidiary HIL Medic Sdn. Bhd. in partnership with MAHSA Health (part of the MAHSA Group) which will enable us to offer a variety of health services and benefits to the purchasers of our various properties.

We have also just started to launch the first phase of our Superlink Terrace Houses in Amverton Links. Our next upcoming project to be launched will be the Carey Garden Villas which we also target to launch by Quarter 3 this year. As such, we expect the contribution from our property division to continue to improve in 2024.

On the manufacturing side, with our main customers continuing to enjoy brisks sales coupled with the introduction of several new models, we anticipate that our manufacturing division will continue to perform well in 2024, and we indeed look forward to continue our strong growth in this segment.

At the same time, we are continuously looking to expand our capacity and we have already started by purchasing a new factory in Bukit Sentosa which is targeted to start operations in Quarter 3 2024 where we will expand our headlining production and move downstream to produce our own PU sheets. At the same time, we have added several new injection machines and automated paint lines to increase our capacity to cater for future expansion and to cater for additional demand from our customers due to the surge in production volumes.

Appreciation

On behalf of the Board, I would like to express my sincere appreciation to all our 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.

Thank you for your continued support and interest in the Group.

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock
April 2024

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 76, 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 a Director of Amverton Berhad.

His children, Dato' Milton Norman Ng Kwee Leong, Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng, are also members of the Board.

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

Malaysian, male, aged 53, 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 also a Director of Amverton Berhad and Bukit Kemuning Golf & Country Club Berhad.

His father, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, and siblings, Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng, are also members of the Board.

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

Malaysian, male, aged 43, 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 also a Director of Amverton Berhad and Bukit Kemuning Golf & Country Club Berhad.

His father, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, and siblings, Dato' Milton Norman Ng Kwee Leong and Malcolm Jeremy Ng Kwee Seng, are also members of the Board.

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

Malaysian, male, aged 38, 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 also a Director of Amverton Berhad.

His father, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock, and siblings, Dato' Milton Norman Ng Kwee Leong and Steven Junior Ng Kwee Leng, are also members of the Board.

DATO' IR. HASHIM BIN OSMAN
Independent and
Non-Executive Director

Malaysian, male, aged 68, was appointed to the Board on 27th September 2022 as an Independent Director.

Dato' Ir. Hashim graduated with a Bachelor of Science from the University Teknologi Mara (UiTM), Malaysia. He has over 36 years of working experience with the Department of Irrigation and Drainage Malaysia ("DID"). Since 1979, he worked at the headquarters of DID in Kuala Lumpur ("DID HQ") as a technical assistant. He later pursued a Bachelor of Science in civil engineering in 1982 and in 1985, he specialised in hydrology engineering at DID HQ. In 1989, he was transferred to the DID at Kuala Pilah, Negeri Sembilan and he occupied the position of District Engineer. In 1994, he was the District Engineer for the DID at Seremban, Negeri Sembilan. He subsequently moved to Pulau Pinang in 1998 and worked as a senior engineer at the Integrated Agriculture Development Project. He then returned to Kuala Langat to be a District Engineer at Kuala Langat, Banting in Selangor in the year 2004 and in 2007, he returned to DID HQ to be a Senior Engineer at the Flood Mitigation Project division.

In 2009, he became the Director of the DID Wilayah Persekutuan and in 2010, he was transferred to Negeri Sembilan to be the Director of the DID Negeri Sembilan. In 2015, he was transferred back to Selangor to be the Director of the DID Selangor. He was conferred the honour of "Darjah Indera Mahkota Pahang" (D.I.M.P) from the state of Pahang in 2016 which carries the title Dato'. In 2017, he became the Director of the Selangor Management Water Authority. In 2018, he obtained his second honour which was "Darjah Kebesaran Dato' Paduka Mahkota Selangor" (D.P.M.S) from the state of Selangor which also carries the title Dato'. He retired from active service in 2021.

Dato' Ir. Hashim does not have any directorship in other public companies or listed issuers.

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 HUN YONG
Independent and Non Executive Director

Malaysian, male, aged 44, 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 an independent non-executive director of I-Berhad 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 joined 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.

Mr. Ooi does not have any directorship in other public companies or listed issuers.

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.

NORAZKHA BINTI DAHLAN
Independent and Non Executive Director

Malaysian, female, aged 53, was appointed to the Board on 12th April 2023 as an Independent Director.

Puan Norazkha graduated with a Degree in Bachelor of Business Administration (BBA) majoring in Finance from Western Michigan University US, and a Diploma in Banking Studies from UiTM. She had her work experience in D&C bank as an operations officer from 1992 to 1994. She then ventured into hospitality and joined Value Inn Hospitality from 1997 to 1999. She had also served at Hong Leong Bank Berhad from 1999 to 2003 and then moved on to join CIMB Bank Berhad in 2003 to 2007. Since 2008 until now, she is the Director of several private companies.

Puan Norazkha does not have any directorship in other public companies or listed issuers.

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

TONG SOOK YEE
Independent and
Non Executive Director

Malaysian, female, aged 52, was appointed to the Board on 12th April 2023 as an Independent Director.

Ms. Tong is a qualified registered Real Estate Agent, which she obtained in 1997. She is currently a Director of PA International Real Estate (KL) Sdn. Bhd. She joined the company in March 2008 and heads the Agency Division at PA Kuala Lumpur.

Ms Tong started her real estate career in CH Williams Talhar & Wong in 1993 as a real estate negotiator in the Agency Department. She moved on to the Project Marketing Department as Senior Marketing Executive and then on to the Project Marketing & Investment Department (Corporate Section) as a Real Estate Agent. Her experience stems mainly from marketing of properties in the local, national and international arena including London, Shanghai, Sydney, Amsterdam, Singapore, Hong Kong, Beijing and Thailand. Throughout her real estate stint, she was involved in the marketing of various properties with duties ranging from planning, pricing and promotion of properties, securing tenants and purchasers, as well as negotiation of terms and contracts. She has also represented tenants in office relocation and expansion exercises. Additionally, she is experienced in the disposal of properties via private treaties as well as public tender exercises and sales via expression of interest. She has more than 30 years of experience in the property industry.

Ms. Tong does not have any directorship in other public companies or listed issuers.

She 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

None of the Directors and key senior management have any conflict of interest with the Company and none have been convicted of any offences (other than traffic offences) within 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 ISO 9001, IATF 16949 and ISO 14001. Hil also certified with ISO 13485 for medical devices. 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 the headlining process 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.

Our fourth factory in Bukit Sentosa, with a built-up area of 2,806.6 square metres which is targeted to start operations in Quarter 3 2024, will expand our headlining production and enable us to move downstream to produce our own PU sheets which we currently import from overseas. This will enable us to be more self-reliant and reduce logistic costs as well as interruptions to our production due to trans-shipment issues.

HIL's products can be found in various industries, ranging from the automotive, consumer electronics, IT related as well as industrial. Our customers consist 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 in June 2000.

Amverton Prop Sdn. Bhd. ("Amverton Prop"), an indirect wholly-owned subsidiary of HIL Industries Berhad ("the Company"), had on 12th October 2023 entered into a conditional share sale agreement between Amverton Prop and Puan Sri Datin Catherine Yeoh Eng Neo, Dato' Milton Norman Ng Kwee Leong and Konsep Kekal Sdn. Bhd. (collectively, "Vendors") for the proposed acquisition of 4 existing ordinary shares in Broadwise Corporation Sdn. Bhd. ("BCSB"), representing 100% equity interest in BCSB, for a total purchase consideration of RM46.0 million to be satisfied in cash ("Proposed Share Acquisition").

Amverton Prop had on 1st November 2023 entered into a 2nd conditional sale and purchase agreement with A & M Modern Homes Sdn. Bhd. to acquire a parcel of freehold land measuring approximately 3.0 acres (or 12,270 square meters ("sq. m")) identified as Lot 2369 held under individual Title No. GM 1745 in Sg Teba, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, for a purchase consideration of RM47.0 million to be satisfied in cash ("Proposed Land Acquisition").

An Extraordinary General Meeting ("EGM") was held on 14th March 2024 in relation to the Proposed Share Acquisition and Proposed Land Acquisition and both acquisitions were duly passed by the non-interested shareholders of HIL.

HIL will continue to expand its property business especially focusing in the affordable range of housing and more particularly in the Klang valley region. 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. Our preferred mode of development will still be on a joint venture basis so as to minimize the heavy upfront capital investment that is required for the purchase of any land.

Business Operation Review

FY2023 proved to be a robust year for both our manufacturing and property division with our manufacturing division performing extremely well due to the upsurge in the automotive industry.

Manufacturing Division

Our manufacturing division had performed well due to continual strong demand and performance of the automotive industry, with the launch of several new models as well as expanding our product range that we supply to our automotive customers. Additionally, with the easing of global supply disruption and labour shortages, we have been able to ramp up our production capacity to cater for the increased demand from our customers. In order to streamline and control our production costs and efficiencies, we have invested in several new machines and automated our lines, whilst at the same time investing in more training for the development of our human capital.

NEW MACHINERIES TO EXPAND PRODUCTION CAPABILITY AND CATER TO STRONG DEMAND

SHAH ALAM FACTORY

GRAB HANDLE ASSEMBLY LINE

INJECTION MACHINE

BUKIT KEMUNING FACTORY

YASKAWA ROBOTIC SPRAY BOOTH

INJECTION MACHINE

NEW MACHINERIES TO EXPAND PRODUCTION CAPABILITY AND CATER TO STRONG DEMAND

BUKIT SENTOSA FACTORY

PU POURING MACHINE

HEADLINING PRESS MACHINE

HEADLINING YASKAWA ROBOT ARM
CUTTING PROCESS

HEADLINING GLUE COATING LINE

Business Operation Review (Continued)

Property Division

The property division, notwithstanding the numerous global factors that included rising cost environment, increased interest rates and ongoing conflict in Ukraine and in the Middle East, has seen very encouraging sales and all available units have been almost fully taken up.

In the current year, the Group received good responses from our 100 units garden townhouses in Amverton Links, and our 154 units terraces in Sungai Buloh has seen very encouraging sales and all available units have been almost fully taken up. These 2 projects would be our main revenue contributor whilst we wait to launch our other projects in Carey Island.

COMPLETED PROJECTS

2-STOREY SEMI-D CLUSTER HOME
KEMUNING GREENHILLS CLUSTER

2-STOREY LINK HOUSE
KEMUNING GREENHILLS LINK

2-STOREY SEMI-D CLUSTER HOME
QUARDS @ KEMUNING GREENHILLS

2-STOREY LINK HOME
108 TERRACES @ KEMUNING GREENHILLS

CONDOMINIUM
AMVERTON GREENS

2-STOREY LINK HOME
AMVERTON LINKS

MANAGEMENT DISCUSSION
AND ANALYSIS
(CONTINUED)

ONGOING PROJECTS

154 UNITS TERRACE HOUSE

100 UNITS GARDEN TOWNHOUSE

68 UNITS SUPER LINK TERRACE

FUTURE PROJECTS

RESIDENSI RIMBUN AMVERTON II
(BROADWISE)

AMVERTON KIARA
~MONT KIARA~

SENIOR CO-LIVING CAREY CIRCLES (TYPE 1)

SENIOR CO-LIVING CAREY CIRCLES (TYPE 2)

FUTURE PROJECTS

SENIOR CO-LIVING CAREY CIRCLES (TYPE 3)

CAREY GARDEN VILLAS (TYPE 4)

CAREY GARDEN VILLAS (TYPE 5)

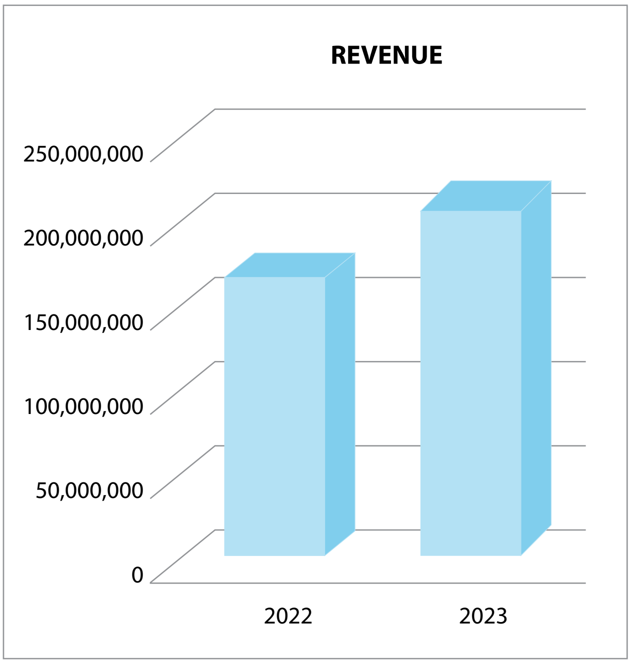
CAREY GARDEN VILLAS (TYPE 6)

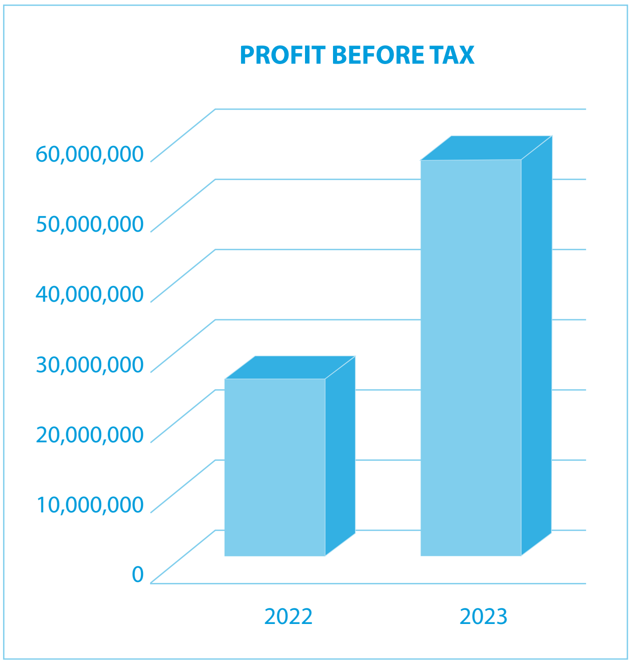
Financial Review

Revenue

For financial year ended 31st December 2023, the Group recorded revenue of RM212.063 million compared to revenue of RM169.690 million in the previous financial year.

This represented an increase in revenue of RM42.373 million or 24.97%. The increase in revenue was mainly due to the continued good performance from the manufacturing division as well as the property division.





Financial Review (Continued)

Profit Before Tax

The Group recorded a profit before tax of RM52.287 million for the financial year ended 31st December 2023. This represented an increase of RM21.138 million or 67.86% compared to the profit before tax of 2022.

The manufacturing division manage to improve its results due to the launch of several new models in the automotive sector. Production efficiency management also led to the better results.

As for property division, the increase is due to encouraging sales from the Amverton Hills 154 units terraces project and Amverton Links Townhouse.

Profit attributable to owners of the Company

The profit after tax attributable to owners of the Company increased by 62.07% from RM23.865 million in the previous financial year to RM38.677 million in the current financial year.

Liquidity

The Group remains in a strong cash position of RM151.630 million as at 31st December 2023. 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 consist of finance leases and overdrafts. Total borrowings decreased from RM0.068 million as at 31st December 2022 to RM Nil as at 31st December 2023.

Dividend

In respect of the financial year ended 31st December 2022 as reported in the Director's Report of that year, a first and final single tier dividend of 2.0 sen per ordinary share amounting to RM6,638,816 was paid on 6th July 2023.

The Board of Directors has declared and approved a first and final single tier dividend in respect of the financial year ended 31st December 2023 of 3.0 sen per ordinary share on 331,940,812 ordinary shares amounting to a dividend payable of RM9,958,224. The dividend entitlement and payment dates will be determined at a later date.

Outlook

Malaysia's economy grew 3.7% in 2023, the country's central bank said, coming in below the target of 4% to 5% due to "prolonged weakness" of external demand. The annual result was far off the 8.7% pace recorded for the previous year.

The global economy is projected to grow 3% while domestically, Malaysia's economy is forecasted by the Ministry of Finance (MOF) to expand within the range of 4% to 5% in 2024 from 3.7% in 2023. The manufacturing sector is forecasted to grow by 4.2% driven by improved export-oriented industries.

Moving forward in 2024, the Group will continue to maintain and improve product quality, reduce cost, and strive to be proactive in aligning its market strategies to capture opportunities in both manufacturing and property divisions.

Outlook (Continued)

For the manufacturing division, the division is expected to continue to do well with the good response subsequent to the launch of several 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, our Penang Plant is expected to allow more opportunities to tap into the growing Electrical and Electronics industries in the Northern Region. We have recently purchased a new factory in Bukit Sentosa to expand our capacity and move downstream and we believe this will help us grow even further. We will continue to source and bid for new customers as well as try to obtain new sources of business from our existing customers to ensure the continual growth of our company.

As for the property division, revenue will be mainly from our on-going Amverton Links 154 units double-storey terraces houses in Sungai Buloh, 100 units of townhouses and our recently launched Amverton Links Phase 3 - Superlink double-storey terraces houses. Our proposed acquisitions of land and a company with land were recently approved in an EGM on 14th March 2024 and these acquisitions will enable the Group to replenish its existing land banks. We will be launching several exciting projects in Carey Island and 2024 looks to be an exciting year for our property division.

As reported by Business Times – "Overall microeconomic environment, government policies and investment flows are expected to spur property sales for developers by between 20% and 15% in 2024, compared with 2023", the management is optimistic that the property division will contribute satisfactorily to the group's performance in 2024.

Barring any unforeseen circumstances, such as the recent outbreak of war between Israel and Hamas in the Middle East, the Group holds an optimistic outlook to perform well in the coming financial year 2024.

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 complied with all material aspects of the principles set out in Malaysian Code on Corporate Governance 2021 ("MCCG") for the financial year ended 31 December 2023 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 MCCG 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 2023.

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 and authorisation of distribution
- Annual business plan
- Acquisition or disposal of material fixed assets

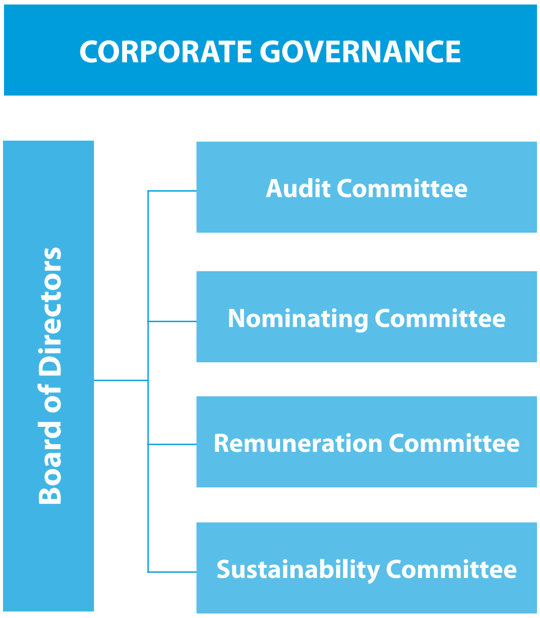
To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to four (4) sub-committees (Audit, Nominating, Remuneration and Sustainability Committees). The details of the Audit Committee are set out on page 29 to 30 while the details of the 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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I Board Roles and Responsibilities (Continued)

a) Clear Functions of the Board and Management (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 Group'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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I Board Roles and Responsibilities (Continued)

c) Separation of Position of the Chairman and Managing Director (Continued)

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.

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. 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 MMLR, the Company's Constitution, 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.

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 Conduct and Ethics

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

f) Directors' Fit and Proper Policy

In May 2022, the Board established the Directors' Fit and Proper Policy. The Policy sets the criteria in relation to a fit and proper requirement for Directors within the Group by exemplifying integrity and good character to promote and support an ethical culture.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I Board Roles and Responsibilities (Continued)

g) Whistleblowing Policy

The Group is committed to achieving sustainable performance and delivering value to customers and shareholders without compromising ethical standards, behavioural expectation and trusted reputation. The Board recognises that any genuine commitment to detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees and other stakeholders can report their concerns freely without fear of reprisal or intimidation.

In line with this commitment, the Board has formalised a Whistleblowing Policy for the Group with the aims to promote a workplace conducive to open communication regarding the Group's business practices.

The Whistleblowing Policy is established to help employees and other stakeholders to enable the employee to raise any concerns of integrity and misconduct in timely and systematic manner, to protect the employees from reprisal or unfair treatment for disclosing concerns in good faith in accordance with the Policy and to develop a culture of accountability, integrity and good governance practices within the Group.

The whistleblowing report can be made to an employee's immediate superior or can be made via the Whistleblowing Channels by filling up the Whistleblowing Report. Any concern raised will be investigated by the appropriate official appointed by the Managing Director.

The outcome will be reported to the Audit Committee or the Board accordingly. The Group reserves the right not to inform the whistleblower of the precise action plan and/or the outcome of the investigation.

There was no incident of whistleblowing received in financial year 2023.

h) Anti-Bribery and Anti-Corruption Policy ("ABC" Policy")

The Group is committed to conduct business with honesty, integrity and ethics in all business dealings and jurisdictions in which the Group operates in. In respect to this, the Group has implemented an ABC Framework to regulate inappropriate behaviour such as acts of corruption and adopted an ABC Policy.

The implementation is in line with the amendment of the Malaysian Anti-Corruption Commission Act ("MACC Act"), which is the new Section 17A on corporate liability for corruption. The objective of the ABC Policy is to outline the principles and behaviours required to ensure that the Group and the employees comply with anti-bribery and anti-corruption laws and governmental guidance.

The ABC Policy sets out its expectations for internal and external parties working for and on behalf of the Group in preventing bribery or corrupt practices in relation to the Group's businesses.

An assessment was carried out across the Group based on the present and potential corruption risks which took into account of the potential impact and likelihood of occurrence, effectiveness of controls in place and action plans taken to mitigate the corruption risks.

In financial year 2023, no incident of bribery and corruption were reported to the Group. In addition, internal audit activities did not identify bribery or corruption problems or issues.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I Board Roles and Responsibilities (Continued)

i) 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:

Ooi Hun Yong	(Independent/Non-Executive Director) - Chairman
Dato' Ir. Hashim Bin Osman	(Independent/Non-Executive Director)
Norazkha Binti Dahlan	(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 35 to 49.

II Board Composition

a) Board Charter

The Board Charter is accessible for reference at the Company's website (http://www.hil.com.my). 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:

Ooi Hun Yong	(Independent/Non-Executive Director) - Chairman
Dato' Ir. Hashim Bin Osman	(Independent/Non-Executive Director)
Norazkha Binti Dahlan	(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 assessing the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Managing Director;

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II Board Composition (Continued)

b) Nominating Committee (Continued)

The terms of reference of the Nominating Committee include: (Continued)

- Assess on an annual basis, the tenure of an Independent Director which 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 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 and 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 or other regulatory requirements.

In making its recommendations, the Nominating Committee considers 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.

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

- Reviewed and assessed the effectiveness of the Board as a whole and the Audit Committee;
- Reviewed and assessed the mix of skills, experience and competencies of each individual Director;
- Reviewed and recommended to the Board guided by the Directors' Fit and Proper Policy regarding the re-election of Directors who will be retiring at the forthcoming AGM of the Company; and
- Reviewed the independence of Independent Directors

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 has been responsible for making recommendations for any appointment to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II Board Composition (Continued)

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

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 addition, every Director shall be subject to retirement at least once in every three (3) years at each Annual General Meeting.

d) Gender Diversity Policy

The Board recognises that gender and ethnic diversity is an essential element contributing to the sustainable development of the Group and the Board does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability. The appointment of the Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Board believes that diversity facilitates multi perspectives which result in productivity, sustainability and competencies to deliver the business performance of the Group for the benefit of the shareholders over the medium to long-term.

As at the date of this Annual Report, 2 out of 8 Directors on the Board are women, which demonstrates the Group's commitment on Board gender diversity. The Company has exceeded the prevailing requirement of Paragraph 15.02(1)(b) of the MMLR to have at least 1 woman Director on the Board.

e) 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 the Constitution of the Company as well as 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.

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.

Mr. Ooi Hun Yong acts as the Senior Independent Non-Executive Director. Any concerns concerning the Group may be conveyed to him.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II Board Composition (Continued)

f) 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. The Independent Directors were assessed to be objective in exercising their judgement and they had also fulfilled their independent role in corporate accountability through their objective participation in Board deliberations during Board meetings.

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 ("MAP") conducted by Research Institute of Investment Analysts Malaysia. The newly appointed Directors who have yet to attend the MAP will attending within 4 months from the date of appointment. The Board is regularly updated by the Company Secretary on the latest update or amendments on the MMLR 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 2023 include:

Directors	Trainings	Date
Tong Sook Yee	Mandatory Accreditation Programme (MAP)	July 2023
Norazkha Binti Dahlan	Mandatory Accreditation Programme (MAP)	Oct 2023
Ooi Hun Yong	Creating Value Through Sustainability – CPA Australia	May 2023

III Remuneration

a) Directors' Remuneration

The Company set up the Remuneration Committee on 29th March 2002 to determine the remuneration for Directors so as to ensure that the Company attracts and retains 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 all Independent Non-Executive Directors, are as follows:

Ooi Hun Yong	(Independent/Non-Executive Director) - Chairman
Dato' Ir. Hashim Bin Osman	(Independent/Non-Executive Director)
Norazkha Binti Dahlan	(Independent/Non-Executive Director)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III Remuneration (Continued)

a) Directors' Remuneration (Continued)

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.

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 2023 are presented in the table below:

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

Received from the Group and Company

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	–	66
Salary and allowances	1,006	–
KWSP	138	–
Bonus	138	–
Perkeso + SIP	6	–

(ii) The remuneration paid to Directors of the Company for the financial year ended 31st December 2023, in bands of RM50,000 are tabulated as follows:

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
Below RM50,000	–	5
RM150,001 to RM200,000	2	–
RM900,001 to RM950,000	1	–

* None of the Director's remuneration falls within the RM50,001 to RM150,000 and RM200,001 to RM900,000.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III Remuneration (Continued)

a) Directors' Remuneration (Continued)

(iii) The details for the remuneration of Directors for the financial year ended 31st December 2023 for the Group and the Company are as follows:

	Fees	Salaries	Bonuses	KWSP *(Employer)*	SIP *(Employer)*	Perkeso *(Employer)*	Total
	RM	RM	RM	RM	RM	RM	RM
Executive Directors' Remuneration							
Dato' Milton Norman Ng Kwee Leong	–	718,400	106,000	98,928	238	2,080	925,646
Steven Junior Ng Kwee Leng	–	144,000	12,000	18,720	119	1,040	175,879
Malcolm Jeremy Ng Kwee Seng	–	144,000	20,000	20,200	213	1,869	186,282
Non-executive Directors' Remuneration							
Mat Ripen bin Mat Elah (Resigned on 13.4.23)	2,000	–	–	–	–	–	2,000
Dato' Ir Hashim bin Osman	7,000	–	–	–	–	–	7,000
Ooi Hun Yong (Alex)	48,000	–	–	–	–	–	48,000
Norazkha Binti Dahlan (Appointed on 12.4.23)	5,000	–	–	–	–	–	5,000
Tong Sook Yee (Wendy) (Appointed on 12.4.23)	4,000	–	–	–	–	–	4,000
Total	**66,000**	**1,006,400**	**138,000**	**137,848**	**570**	**4,989**	**1,353,807**

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) Dato' Ir. Hashim Bin Osman *(Chairman of the Audit Committee and Independent Non-Executive Director)*
2) Ooi Hun Yong *(Independent Non-Executive Director)*
3) Norazkha Binti Dahlan *(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 member of the Malaysian Institute of Accountants ("MIA") and a 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

I Audit Committee (Continued)

a) Effective and Independent Audit Committee (Continued)

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; and
- Other changes in regulatory environment.

The Audit Committee reviews and provides advice on whether the financial statements taken as whole provide a true and fair view of the Group's and the Company's financial position and performance.

Further information is found at the Audit Committee Report at pages 29 to 30.

b) Compliance with Applicable Malaysian Financial Reporting Standards (MFRS)

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 50 of this Annual Report.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records to enable the Group and the Company to disclose with reasonable accuracy and without any material misstatement, the financial position, performance and cash flows of the Group and the Company as at 31st December 2023. 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.

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.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

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 the 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 31 to 33 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.

b) Leverage on Information Technology for Effective Dissemination of Information

The Company has established a website, 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 and 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 results 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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTINUE)

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 encourage 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(s) to any question(s) 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 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:

Dato' Ir. Hashim Bin Osman	Chairman *(Independent/Non-Executive Director)*
Ooi Hun Yong	Member *(Independent/Non-Executive Director)*
Norazkha Binti Dahlan	Member *(Independent/Non-Executive Director)*

MEETINGS

During the financial year ended 31st December 2023, the Audit Committee convened seven (7) 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 2023 is as follows:

Name of Audit Committee	Number of Meetings Attended
Dato'Ir. Hashim Bin Osman	7/7
Ooi Hun Yong (Appointed on 14.4.2024)	5/5
Norazkha Binti Dahlan (Appointed on 14.4.2024)	5/5
Mat Ripen bin Mat Elah (Resigned on 13.4.2023)	2/2
Ooi Hock Guan (Resigned on 13.4.2023)	2/2

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.

AUDIT COMMITTEE REPORT (CONTINUED)

ACTIVITIES

The Audit Committee had undertaken the following activities during the financial year ended 31st December 2023:

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 2023 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. Held a private meeting with the external auditors without the presence of the Management for the purpose of obtaining feedback on sensitive audit issues;
6. Reviewed the Audited Financial Statements and recommended to the Board for approval before release to Bursa Securities and its shareholders;
7. Reviewed the internal audit plan to ensure adequate scope and coverage of the Group's activities based on identified and assessed key risk areas;
8. Reviewed audit reports issued by internal auditors and took note of their observations, recommendations and Management's responses thereto;
9. Reviewed any related party transaction(s) and any conflict of interest situation that arose, persist or may arise within the Group and the measures taken to resolve, eliminate, or mitigate such conflicts; and
10. Reviewed reports on whistleblowing cases.

INTERNAL AUDIT FUNCTION

The internal audit functions have been outsourced to a professional firm reporting directly to the Audit Committee. The professional firm is free from any relationships and has no conflict of interest with the Group which could impair its objectivity and independence.

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 2023 amounted to RM18,000.

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 2023. 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 Group's 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 Group's 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:

- Property, Plant and Equipment Management
- Repair and Maintenance

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.

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 2023.

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 2023, 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	136,126	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 31st December 2023 or entered into since the end of the previous financial year are as follows:

(a) Proposed Acquisition by Amverton Prop Sdn. Bhd. ("Amverton Prop"), an indirect wholly-owned subsidiary of HIL Industries Berhad ("HIL"), of 100% equity interest in Broadwise Corporation Sdn. Bhd. from Puan Sri Datin Catherine Yeoh Eng Neo, Dato' Milton Norman Ng Kwee Leong and Konsep Kekal Sdn. Bhd. (collectively referred to "BCSB Vendors") for a cash consideration of RM46.0 million ("Proposed Share Acquisition")

On 12th October 2023, Amverton Prop entered into share sale agreement with BCSB Vendors for the Proposed Share Acquisition.

(b) Proposed Acquisition by Amverton Prop of a parcel of freehold land measuring approximately 3.0 acres located in Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur from A & M Modern Homes Sdn. Bhd. ("AMMH") for a cash consideration of RM47.0 million ("Proposed Land Acquisition")

On 1st November 2023, Amverton Prop entered into a sale and purchase agreement with AMMH for the Proposed Land Acquisition.

Both acquisitions involved interested major shareholders and interested directors of HIL.

At an Extraordinary General Meeting ("EGM") held on 14th March 2024 in relation to the Proposed Share Acquisition and Proposed Land Acquisition, both acquisitions were duly passed by the non-interested shareholders of HIL.

SUSTAINABILITY STATEMENT

INTRODUCTION

HIL Industries Berhad ("**HIL**" or "**the Company**") and its subsidiaries ("**the Group**" or "**HIL Group**") believe that sustainable business operations are vital in meeting the present needs of the Group while not compromising the ability of our future generations in meeting their future needs. It is our desire to fortify the presence of the latter in all initiatives carried out by HIL Group. HIL Group aspires to be a world-class quality one-stop plastic solution provider and a leading property developer supported by our sustainability pillars of Environmental, Social and Governance.

REPORTING SCOPE AND PERIOD

The Board of Directors ("**the Board**") of HIL is pleased to present the Sustainability Statement ("**Statement**") for the financial year ended 31 December 2023 ("**FYE 2023**") to illustrate our strategic approaches in addressing sustainability challenges and opportunities. This Statement covers the period from 1 January 2023 to 31 December 2023.

FRAMEWORK AND GUIDELINES

This Statement is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad's ("**Bursa Securities**") relating to sustainability statement, the Sustainability Reporting Guide (3rd Edition) and the Toolkit Governance (3rd Edition).

Reference was made to the United Nations Sustainable Development Goals ("**UNSDG**") in mapping our material sustainability matters and developing the Group's sustainability strategies.

STAKEHOLDERS INPUT

As we progress in our sustainability journey, we value feedback in order for us to adopt continuous enhancement in our sustainability measures and reporting standards. All feedback, comments and enquiries are welcome to be directed to irene.koh@hil.com.my.

INDEPENDENT ASSURANCE

This Statement has not been subjected to any specific review by our internal auditors or external assurance by independent parties. However, we are preparing for future Statements to be reviewed.

OUR COMMITMENT TO SUSTAINABILITY

The Group embraces three major sustainability pillars as follows:

- Environment protection and safeguarding;
- Caring and responsible employer and its community; and
- Responsible business practices and conducts.

These three pillars are important in delivering high quality products and services of the Group to our customers.

SUSTAINABILITY STATEMENT (CONTINUED)

SUSTAINABILITY FRAMEWORK

The Group's sustainability framework can be summarised as follows:

SUSTAINABILITY GOVERNANCE STRUCTURE

The Company has established a Sustainability Committee ("**SC**") and is headed by the Senior Independent Non-Executive Director. The SC is assisted by the Managing Director and selected Heads of Departments who are tasked or responsible for assessing and identifying sustainability factors and taking action necessary to address sustainability concerns.

The terms of reference of the SC are available on our website at http://www.hil.com.my.

STAKEHOLDERS' ENGAGEMENT

We understand that our stakeholders are imperative to the sustainability of the business and thus, it is essential to build and maintain our connections through better communication. Our engagement approaches with the key stakeholders during FYE 2023 are as follows:

Stakeholder	Areas of Interest/ Objectives	Engagement Channels	Frequency	Our Response
Regulators	• Ensure compliance with laws and regulations	• Consultations • Participation in meetings • Forums and Webinars	Ongoing	• Conformance and compliance with regulatory expectations and requirements
Shareholders	• Business performance and sustainable achievements • Good governance and transparency	• Annual General Meeting • Quarterly and Annual Reports • Announcement at Bursa Securities	Timely update on corporate website	• Up-to-date business and financial performance
Employees	• Fair wages • Safe, secure and caring working environment	• Internal communication • Performance appraisal • Development programs and feedback platforms	Annual review and as required	• Health and safety policies, trainings and development • Diversity, Equity and Inclusion
Customers	• Products and service quality • Competitive pricing and customer experience	• Marketing and customer feedback surveys • Online platforms • Face-to-face interactions	Ongoing and as required	• Quality products through our quality assurance control
Suppliers/ Vendors	• Relationship management • Pricing and business development	• Interviews • Meetings and face-to-face engagements	Ongoing and as required	• Fair and transparent procurement practices
Local Communities	• Support and community initiatives that will benefit the local areas	• Corporate Social Responsibility ("**CSR**") activities and sponsorship programs	Ongoing	• Creating meaningful impact through CSR programs that benefit the communities and the environment

MATERIALITY MATRIX ASSESSMENT

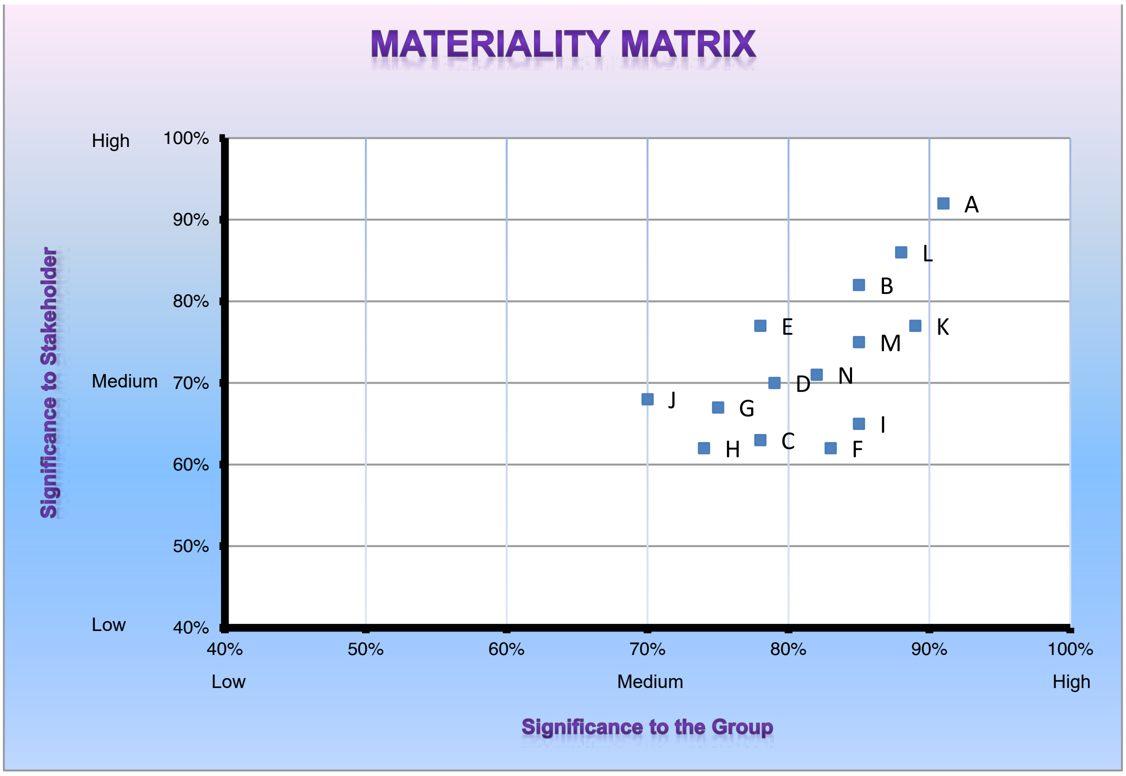
For the Group, materiality assessments act as a crucial compass in driving sustainability efforts. They help identify the most significant Economic issues and Environmental, Social and Governance ("**ESG**") issues relevant to both the organisation and its stakeholders. These assessments offer valuable insights into the Group's performance across all ESG dimensions thus allowing for the prioritisation of each issue according to its significance for different stakeholder groups.

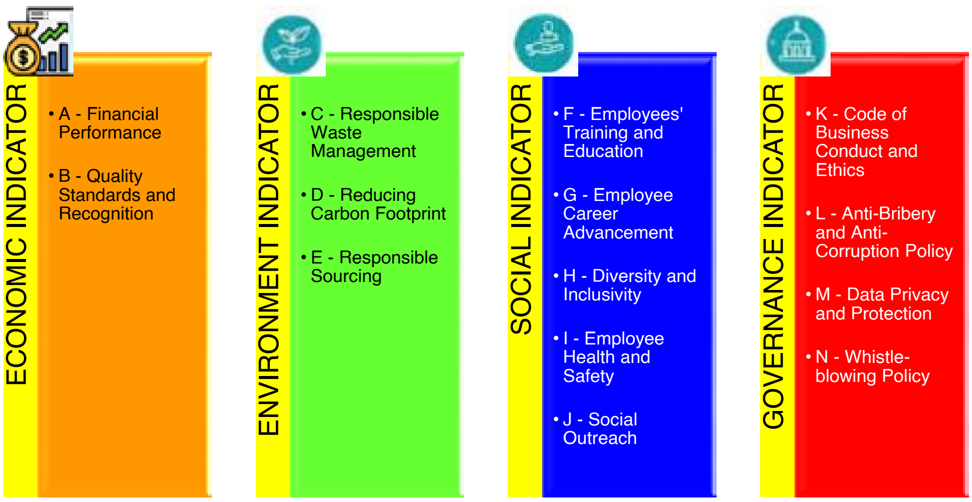
SUSTAINABILITY STATEMENT (CONTINUED)

MATERIALITY MATRIX ASSESSMENT (CONTINUED)

Recognising the critical role of the UNSDG in shaping a sustainable future, the Group undertook a comprehensive materiality assessment to align its priorities with specific goals resonating with stakeholders and strategic objectives.

A materiality matrix has been developed with the objective to identify and assess all areas of sustainability and address their significance both to the Group's operation and to our external stakeholders. It provides a clear indication on the importance and priority given by the Group in addressing all its material sustainability areas.





ECONOMIC PERFORMANCE AND BUSINESS SUSTAINABILITY

(a) Financial Performance

HIL Group is committed to economic sustainability, which is an integral part of our overall sustainability strategy. We recognise that economic sustainability is essential for our long-term success and for creating value for our stakeholders including our customers, employees, shareholders and the communities in which we operate.

Our approach to economic sustainability involves adopting sound business practices that ensuring the long-term viability of the Group. We are committed to generating sustainable revenue streams, maintaining a healthy balance sheet and managing our resources efficiently to optimise profitability and growth.

We believe that fostering innovation and investing in research and development are critical to our economic sustainability. We continuously seek to improve our products and services by investing in technology and innovation, and by collaborating with our customers and partners to develop sustainable solutions that not only meet their needs but surpasses their quality standards.

The Group is committed to being a responsible corporate citizen by contributing to the economic development of the communities in which we operate. We support local suppliers and service providers, create job opportunities, and invest in infrastructure and social programs that benefit the communities in which we operate.

The Group has a strong financial track record with consistent growth in revenue and assets. Group revenue increased 24.97% to register RM212.063 million in FYE 2023 while the total assets increased by 7.58% to register RM514.536 million as at 31 December 2023. For further information, kindly refer to the Audited Financial Statements of this Annual Report.

In order to ensure focus on sustainable economic and financial performance, our management begins with the setting of key performance indicators ("**KPIs**") during the beginning of the year. These KPIs are closely tracked and monitored to ensure that they are aligned with our sustainable business directions. The Group conducts benchmarking in terms of operational costs which provides an indicator of additional production efficiency and waste minimisation, which indirectly enhances the sustainable financial performance of the Group.

(b) Quality Standards and Recognition

The Group is committed to maintaining the highest standards of quality and excellence in all aspects of its operations. We recognise that our customers expect products and services that meet or exceed their expectations and we are dedicated to ensuring that our products and services meet the highest quality standards.

Our approach to quality management involves implementing robust quality control processes and procedures throughout the entire value chain, from raw materials sourcing to final product delivery. We adhere to internationally recognised quality management standards such as ISO 9001 to ensure consistency and reliability in our products and services.

We also recognise the importance of continuous improvement in quality management and we actively seek feedback from our customers to identify areas for improvement. We have in place our Research and Development, Quality Assurance and Control departments to conduct regular quality audits and assessments to monitor our performance and to identify opportunities for improvement.

The Group has received various recognitions and awards for its efforts. We believe that these recognitions are a testament to our dedication to excellence and our commitment to meeting the highest quality standards.

ENVIRONMENTAL IMPACT

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

SUSTAINABILITY STATEMENT (CONTINUED)

ENVIRONMENTAL IMPACT (CONTINUED)

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

(a) 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 local regulations.

The on-going programmes which are in line with promoting waste and effluent management are:

(i) 3R (Reduce, Reuse, Recycle);
(ii) disposing of waste through scheduled waste management in accordance with Environmental Act 1974 via approved contractors;
(iii) waste segregation; and
(iv) weekly gotong-royong.

We also utilise returnable polypropylene ("**PP**") corrugated boxes and trolleys in order to reduce our 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 Centre. This initiative has enabled us to reduce the use of packaging materials.

(b) Reducing Carbon Footprint

The Group recognises the critical importance of sustainability in today's world and as a responsible corporate citizen, we strive to minimise our impact on the environment including managing and monitoring our emissions.

We believe that effective management of emissions is essential to achieving our sustainability goals and we are committed to monitoring and managing our emissions to minimise our impact on the environment and the communities in which we operate. We strive to implement best practices and technologies to reduce our emissions and minimise our carbon footprint and we are committed to complying with all applicable environmental regulations and standards related to emissions.

In our manufacturing line, the Group has a range of initiatives to reduce its carbon emissions by minimsing wastage, ensuring machinery are operating at optimal efficiency and periodically upgrading our equipment to achieve higher energy efficiencies which include replacing lights with energy efficient LED lights, installing inverters for better energy efficiency and process improvements to minimise rework. We also ensure that all our machines are in compliance with regulations in respect of carbon emission to the environment by performing regular checks on the machines.

We also strive to cut our transportation processes by increasing the load efficiency in transporting our finished goods to our customers. By effectively managing energy efficiency, not only are we able to reduce our carbon footprint, we are also able to lower our operating costs.

Solar photovoltaic ("**PV**") is one of the technologies that allows the generation of clean energy and hence will reduce the usage of fossil fuel, reduce carbon dioxide emissions and reduce carbon footprint, and this in turn will mitigate climate change. Self-Consumption ("**SELCO**") is an option to generate electricity from renewable resources like solar PV systems to offset carbon emissions and reduce electricity bills. Through Net Energy Metering ("**NEM**") and SELCO, the green energy generated by solar PV systems will minimise the electricity consumption from the main grid.

ENVIRONMENTAL IMPACT (CONTINUED)

(b) Reducing Carbon Footprint (continued)

We have installed a 532.86 kWp Grid Connected Solar PV Self-Consumption ("**GCSPVS**") unit at our Shah Alam factory and a 271.78kWp GCSPVS unit at our Bukit Kemuning factory and we have obtained the necessary licensing from the relevant authorities.

As part of our drive for environmental sustainability, new properties launched under our properties division include solar panels for the property owners. This initiative allows our home buyers to be more environmentally friendly while at the same time being able to reduce electricity consumption from the main grid.

Trees are preserved and form part of the natural landscape when we develop our properties. Our Amverton Cove joint venture development is a showcase of preserving swamp land ecosystem while integrating modern day amenities and convenience.

(c) Managing Resources and Materials

The Group recognises the importance of managing resources and materials in a responsible and sustainable manner and is dedicated to minimising its environmental footprint by adopting sustainable resource management practices throughout its operations.

The Group's approach to resource management involves adopting a circular economy model whenever possible in order to use resources more efficiently. The circular economy model is all about creating closed loops where both waste and new inputs are minimised. This approach helps us to conserve natural resources and minimise the environmental impact of our operations and reduce costs.

We continually evaluate our supply chain to ensure that we source materials from responsible and sustainable sources. We work closely with our suppliers to develop sustainable procurement practices and ensure that our products are manufactured using sustainable materials whenever commercially possible.

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:

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

The Group adopts the ***kanban*** system (***also called just-in-time manufacturing***) to optimise manufacturing processes by measuring lead time and cycle time of the full process and process steps. One of the main benefits of the kanban system is to establish an upper limit to work-in-process inventory to avoid overcapacity and this will in turn minimise wastage.

HUMAN CAPITAL

(a) Employees' Development

We recognise the importance of investing in our employees' development to create a culture of sustainability and ensure the long-term success of the Group. In this regard, we are committed to providing our employees with opportunities for continuous learning and development to enhance their skills, knowledge, and capabilities.

Our approach to employee development involves providing a supportive and inclusive work environment that encourage employees to learn and grow. We offer training programs both conducted internally and externally, mentorship opportunities and career development initiatives to help our employees to achieve their full potential. We believe that investing in our employees' development not only benefits the employees but also the Group and the communities in which we operate.

HUMAN CAPITAL (CONTINUED)

(a) Employees' Development (continued)

It is our stand that by nurturing a skilled and engaged workforce, we are better equipped to respond to the changing needs of our customers and stakeholders, innovate and develop sustainable products, and contribute to the economic and social development of the communities in which we operate.

Below are the list of trainings attended by our employees during the FYE 2023:

No.	Trainings	Brief description of training
1.	Overview company policy and department KPI (SQCDM)	Reset department focus
2.	Environment, Safety and Health Awareness	Laws, rules, regulations, professions, programs and workplace efforts to protect the health and safety of employees and the public as well as the environment from hazards associated with the workplace
3.	Whistleblowing Policy (New Requirement in IATF 16949)	Reporting by employees of suspected misconduct, illegal acts or failure to act within the Group
4.	Emergency Readiness Preparation (ERP)	To prepare and train for emergencies and the hazards to be aware of when an emergency occurs
5.	Kekin Yochi	An activity used to motivate members to recognise and predict hazards with the purpose to develop sensitivity to unsafe conditions or hazardous situations
6.	Hiyari Hatto	An activity used to motivate members to recognise and predict hazards with the purpose to develop sensitivity to unsafe conditions or hazardous situations
7.	Basic Safety Awareness	To recognise hazards and be willing to take action to control or eliminate those hazards




Interactive staff training in session

HUMAN CAPITAL (CONTINUED)

(a) Employees' Development (continued)

In recognition of their services and to create an amiable workplace for employees, we organised several events throughout FYE 2023 such as "Long Service Awards" during our Annual Dinner 2023, Townhall, Festive Celebrations, weekly "Gotong Royong" and daily exercise named "Taisho".

Long Service Awards during our Annual Dinner 2023

The Group recognises the importance of inclusivity in promoting employee engagement and sustainability and is committed to fostering an inclusive culture that values diversity in all its forms and promotes equality and respect for all employees. We continuously strive to instill a feeling of belonging in HIL Group 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** and our own HIL song were created to improve staff morale, which has become one of the KPI elements, and to improve communication within the whole organisation and to enable employees to understand the goals, mission and vision of the Group.

HUMAN CAPITAL (CONTINUED)

(a) Employees' Development (continued)

Townhall 2023

During our Annual Townhall, all staff will assemble where our Managing Director, Dato' Milton Ng, will deliver his speech and inform all employees of our current performance and our future goals. Key managers will also present their individual department KPIs and the future targets.

HUMAN CAPITAL (CONTINUED)

(a) Employees' Development (continued)

Gotong Royong 2023

(b) Talent Management, Diversity, Equity and Inclusion

We recognise the importance of talent management in achieving our sustainability goals and are committed to attracting, developing and retaining the best talent in the industry and providing them with opportunities for career growth and development.

Training programs, mentoring and career development opportunities are provided to help our employees to enhance their skills and capabilities and provide a platform for them to contribute to the Group's sustainability performance.

We recognise the importance of diversity and inclusivity in talent management and are committed to fostering a culture that values diversity in all its forms and promotes equality and respect for all employees. All employees are treated fairly regardless of age, gender, race, religion and background. Our workforce consists of approximately 16% women and 84% men. Our employment and diversity policies and measures to support working mothers ensure that our work environment is a place where women can thrive.

(c) Employee Health and Safety

The Group is committed to creating a safe and healthy work environment for all employees and stakeholders. We recognise that occupational health and safety is a critical aspect of our sustainability strategy and an essential part of our responsibility to our employees, customers and communities.

We are currently applying for the ISO 45001-OSHM certification, the world's international standard for occupational health and safety, issued to protect employees and visitors from work-related accidents and diseases.

Given the nature of industrial materials and processes that we use in the manufacture of our products, our workplace 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.

SUSTAINABILITY STATEMENT (CONTINUED)

HUMAN CAPITAL (CONTINUED)

(c) Employee Health and Safety (continued)

Our approach to occupational health and safety involves establishing robust policies, procedures, and practices that meet or exceed the relevant legal and regulatory requirements. The Group undertakes comprehensive training programs and awareness campaigns to educate employees and stakeholders on the importance of occupational health and safety, and encourage their active participation in creating a safe work environment. All factory workers are provided with safety shoes, helmets and ear mufflers and are required to wear them.

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 requirements, First Aid and CPR training sessions are also organised to help staff and workers understand their role as Emergency First Responders. In addition, all workers are covered by Personal Accident Insurance and Foreign Workers Compensation Scheme.

The Group implements regular health and safety assessments to identify and manage any potential risks, and conduct periodic audits to ensure compliance with our health and safety policies and procedures. We also encourage employees to report any incidents or near-misses, and take prompt action to investigate and address any issues identified. On top of that, regular audits of safety systems for continuous improvement of OSHA systems and processes are being conducted.

In addition to the above, both employees and the contractors in our property development division must adhere to various standards set by the Group. Contractors must submit Safety, Health and Environmental Plans and Sanitation Plans before work on site can commence.

In FYE 2023, HIL Group is delighted to report that the manufacturing and property divisions had operated without accidents which reflect our commitment on safety and employees welfare.

(d) Social Outreach

During our Hari Raya celebration in FYE 2023, HIL invited a group of underprivileged children from Pertubuhan Kebajikan dan Pendidikan Al Mahabbah (Bukit Raja Klang) to our Company for lunch. HIL management and staff spent half a day with the group of 44 children bringing joy to them.

COMPLIANCE AND INTEGRITY HIGHLIGHTS

The Group is committed to conducting its business responsibly which requires thorough internal control, compliance with the Group's Code of Business Conduct and Ethics ("**the Code**"), and adhering to all legal and regulatory requirements. This ensures that we conduct our business with integrity and transparency whilst promoting sustainable business practices.

(i) Anti-Bribery and Anti-Corruption Policy ("ABC" Policy")

The Group is committed to conducting its business free from any and all forms of corruption and has conducted training courses on ABC in accordance with Section 17A of the Malaysian Anti Corruption ("**MACC**") Act 2009 to equip employees with the ABC policy. For further information, kindly refer to the Corporate Governance Overview Statement of this Annual Report.

In FYE 2023, there were no incidents of corruption.

(ii) Data Privacy and Protection

The Group is committed to protecting the privacy and confidentiality of the data of its customers and employees to ensure that the data is managed in accordance with high standards of data privacy.

In FYE 2023, there were zero recorded complaints concerning breaches of privacy.

(iii) Whistleblowing Policy

The Group has Whistleblowing policy which sets out the reporting channels and procedures that allows confidential avenue for anyone to raise concerns on suspected unethical and improper behavior. For further information, kindly refer to the Corporate Governance Overview Statement of this Annual Report.

There were no incidents of whistleblowing received in FYE 2023.

MOVING FORWARD

ESG is never static. Change is simply inevitable. Advances in technology, resource management and human resource policies mean that ESG processes and standards will likewise evolve so that quantifiable requirements are set to enable sound management. Truly successful ESG strategies depend on a clear culture and purpose, and a team of people who are committed to meet the goals set for them.

To this end, we strive to meet benchmarks set by Bursa Malaysia but we are also committed to doing better. We constantly monitor developments internationally and determine how these can be integrated into our management practices.

The core strategic goals in keeping us moving forward are:

- **Reducing environmental impact:** This involves goals like lowering carbon emissions, minimising waste generation and increasing resource efficiency.
- **Promoting social responsibility**: This encompasses goals like fostering diversity and inclusion in the workplace, ensuring ethical labor practices and supporting local communities.
- **Enhancing corporate governance**: This involves goals like strengthening transparency and accountability, implementing robust risk management practices and maintaining ethical business conduct.

PERFORMANCE DATA TABLE FROM BURSA MALAYSIA SECURITIES BERHAD'S ESG REPORTING PLATFORM

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	17,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	44
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	48.00
Management Above 50	Percentage	52.00
Executive Under 30	Percentage	16.00
Executive Between 30-50	Percentage	68.00
Executive Above 50	Percentage	16.00
Non-executive/Technical Staff Under 30	Percentage	22.00
Non-executive/Technical Staff Between 30-50	Percentage	54.00
Non-executive/Technical Staff Above 50	Percentage	24.00
General Workers Under 30	Percentage	40.00
General Workers Between 30-50	Percentage	53.00
General Workers Above 50	Percentage	7.00
Gender Group by Employee Category		
Management Male	Percentage	70.00
Management Female	Percentage	30.00
Executive Male	Percentage	55.00
Executive Female	Percentage	45.00
Non-executive/Technical Staff Male	Percentage	61.00
Non-executive/Technical Staff Female	Percentage	39.00
General Workers Male	Percentage	92.00
General Workers Female	Percentage	8.00

PERFORMANCE DATA TABLE FROM BURSA MALAYSIA SECURITIES BERHAD'S ESG REPORTING PLATFORM (CONTINUED)

Indicator	Measurement Unit	2023
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	75.00
Female	Percentage	25.00
Between 31-50	Percentage	37.50
Between 51-70	Percentage	50.00
Above 70	Percentage	12.50
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	646
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	378
Executive	Hours	616
Non-executive/Technical Staff	Hours	1,260
General Workers	Hours	6,790
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	3.72
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	1
Executive	Number	7
Non-executive/Technical Staff	Number	12
General Workers	Number	25
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	90.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	13,965.91
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	32.598780

Internal assurance | External assurance | No assurance | (*)Restated

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 2023.

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	39,952,157	5,661,667
Profit attributable to:		
Owners of the Company	38,676,611	5,661,667
Non-controlling interests	1,275,546	–
	39,952,157	5,661,667

DIVIDENDS

On 29 May 2023, the Board of Directors declared a first and final single tier dividend of 2.00 sen per ordinary share amounting to RM6,638,816 in respect of the financial year ended 31 December 2022 which was paid on 6 July 2023.

On 1 April 2024, the Board of Directors declared a first and final single tier dividend of 3.00 sen per ordinary share for the financial year ended 31 December 2023. 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 22 June 2023. 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 2023.

Details of treasury shares are set out in Note 26(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 (Resigned on 13 April 2023)
Ooi Hock Guan (Resigned on 13 April 2023)
Ooi Hun Yong
Dato' Ir Hashim Bin Osman
Norazkha Binti Dahlan (Appointed on 12 April 2023)
Tong Sook Yee (Appointed on 12 April 2023)

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:

Tan Sri Dato' Dr. Sak Cheng Lum
Ho Swee Main
Shan, Weidong
Mohd Zubir Bin Idrus
Chiam Hui Peng
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 benefits included in the aggregate amount of remunerations received or due and receivable by the Directors as shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except that certain Directors received remuneration from the Company's related corporations.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS (CONTINUED)

Directors' remuneration

	Group RM	Company RM
Fees	66,000	66,000
Salaries	1,006,400	–
Bonus	138,000	–
Defined contribution plan	137,848	–
Others*	5,559	–
	1,353,807	66,000

* Others include SOCSO and EIS.

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 1.1.2023	Additions	Disposals	At 31.12.2023
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	–	–	233,577,745
Dato' Milton Norman Ng Kwee Leong	217,580,065	–	–	217,580,065
Steven Junior Ng Kwee Leng	217,580,065	–	–	217,580,065
Malcolm Jeremy Ng Kwee Seng	217,580,065	–	–	217,580,065

DIRECTORS' INTERESTS (CONTINUED)

(b) Warrants in the Company

	Number of Warrants 2017/2027			
	At 1.1.2023	Additions	Disposals	At 31.12.2023
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 1.1.2023	Additions	Disposals	At 31.12.2023
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 1.1.2023	Additions	Disposals	At 31.12.2023
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	320,259,022	–	–	320,259,022
Dato' Milton Norman Ng Kwee Leong	351,585,234	–	–	351,585,234
Steven Junior Ng Kwee Leng	351,585,234	–	–	351,585,234
Malcolm Jeremy Ng Kwee Seng	351,585,234	–	–	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.

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

OTHER STATUTORY INFORMATION (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances: (Continued)

(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; and

(b) 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.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company during the financial year are RM136,126 and RM27,000 respectively.

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.

DIRECTORS' REPORT
(CONTINUED)

AUDITORS

The auditors, HLB Ler Lum Chew PLT, have expressed their willingness to continue in office.

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

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

Dated : 1 April 2024
Shah Alam

Malcolm Jeremy Ng Kwee Seng
Director

STATEMENT BY DIRECTORS

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

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 2023 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

Dated : 1 April 2024
Shah Alam

Malcolm Jeremy Ng Kwee Seng
Director

STATUTORY DECLARATION

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

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 1 April 2024

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 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 65 to 131.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those 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

   The risk

   We refer to Note 2.4(c), 20, 22 and 38(a)(I)(i) to the Financial Statements.

   As at 31 December 2023, the Group's and the Company's gross contract assets and gross trade receivables from manufacturing segment amounts to RM11.3 million and RM9.1 million respectively for the Group and RM15.2 million and RM3.1 million respectively for the Company.

   The Group and the Company each have accumulated impaired contract assets amounting to RM3.0 million each. Additionally, accumulated impairment on trade receivables of the Group and of the Company are amounting to RM0.03 million and RM0.02 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)

1. Impairment of contract assets and trade receivables – Manufacturing segment (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 contract assets 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 2023, property development revenue of RM65.9 million, cost of sales of RM39.4 million and gross profit of RM26.5 million accounted for approximately 31.1%, 27.9% and 37.5% 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;
   - obtained an understanding of the process in deriving the stage of completion which includes verifying the certified work done such as examining the progress claims from contractors, architect certification, and performing site visits on a sampling basis;
   - 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matters (Continued)

3. Impairment assessment of goodwill

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

As at 31 December 2023, goodwill arising on consolidation amounted to RM3.3 which represents 3.30% of the Group's total non-current assets and 0.74% of the Group's total equity. Management allocated goodwill to the respective cash generating units ("CGU") as disclosed in Note 18 to the Financial Statements.

The recoverable amount of the cash generating unit ("CGU") is determined based on fair value less costs of disposal ("FVLCD") calculation with the key assumptions and sensitivities disclosed in Note 18(a) and 18(b) to the Financial Statements respectively.

We focused on the evaluation of the market prices of properties that have been generally derived using the sales comparison approach which are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square feet that form the key assumptions of impairment assessment.

<u>Our response:</u>

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

- evaluated management's impairment assessment and process by which they are developed;
- evaluated management's estimates of the market price of properties and the assumptions applied in estimating cost to sell; 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 the 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 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 opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 and regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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, as 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
03160/09/2024 J
Chartered Accountant

Dated : 1 April 2024
Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	4	**212,062,766**	169,690,167	**14,118,473**	16,579,257
Cost of sales	5	**(141,504,517)**	(123,691,167)	**(9,178,031)**	(12,397,415)
Gross profit		**70,558,249**	45,999,000	**4,940,442**	4,181,842
Other items of income					
- Interest income	6	**3,479,851**	2,008,943	**1,792,640**	1,133,530
- Other income		**4,721,576**	3,553,336	**4,976,228**	1,850,186
Other items of expenses					
- Selling and marketing expenses		**(6,465,212)**	(6,830,693)	**(57,808)**	(82,242)
- Administrative expenses		**(9,733,935)**	(6,285,074)	**(1,684,832)**	(987,788)
- Other expenses		**(10,271,729)**	(7,291,697)	**(2,782,676)**	(494,548)
Profit from operations		**52,288,800**	31,153,815	**7,183,994**	5,600,980
Finance costs	7	**(2,151)**	(4,743)	**(2,151)**	(4,743)
Profit before tax	8	**52,286,649**	31,149,072	**7,181,843**	5,596,237
Income tax expense	11	**(12,334,492)**	(8,046,829)	**(1,520,176)**	(1,532,788)
Profit for the year		**39,952,157**	23,102,243	**5,661,667**	4,063,449
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		**441,108**	(822,362)	**–**	–
Total comprehensive income for the financial year		**40,393,265**	22,279,881	**5,661,667**	4,063,449

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)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Profit attributable to:					
Owners of the Company		**38,676,611**	23,864,683	**5,661,667**	4,063,449
Non-controlling interests		**1,275,546**	(762,440)	**–**	–
Profits for the financial year		**39,952,157**	23,102,243	**5,661,667**	4,063,449
Total comprehensive income attributable to:					
Owners of the Company		**39,117,719**	23,042,321	**5,661,667**	4,063,449
Non-controlling interests		**1,275,546**	(762,440)	**–**	–
Total comprehensive income for the financial year		**40,393,265**	22,279,881	**5,661,667**	4,063,449
Basic/Diluted earnings per share attributable to owners of the Company (sen)	12	**11.65**	7.19		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	**66,658,047**	47,283,549	**19,805,714**	20,519,793
Right-of-use assets	14	**2,612,054**	2,702,733	**–**	–
Investment properties	15	**23,136,215**	23,199,254	**–**	–
Investment in subsidiary companies	16	**–**	–	**173,529,971**	168,932,922
Investments	17	**3,153,161**	3,047,721	**–**	–
Goodwill	18	**3,301,086**	5,909,619	**–**	–
Fixed deposits with licensed bank	24	**1,278,517**	1,242,552	**–**	–
		100,139,080	83,385,428	**193,335,685**	189,452,715
Current assets					
Inventories	19	**180,961,270**	181,209,719	**418,282**	598,445
Contract assets	20	**26,799,157**	33,015,204	**6,095,207**	5,337,312
Contract cost assets	21	**1,996,142**	–	**–**	–
Trade and other receivables	22	**41,295,097**	43,885,941	**5,043,698**	4,024,267
Amount due from related parties	23	**–**	–	**2,300,835**	2,676,202
Income tax assets		**8,273,721**	2,393,185	**663,108**	831,411
Investments	17	**4,720,582**	16,846,509	**3,674,390**	5,704,611
Fixed deposits with licensed bank	24	**60,803,578**	63,056,072	**41,498,760**	50,301,273
Cash and bank balances	25	**89,547,660**	54,504,280	**4,647,562**	1,357,304
		414,397,207	394,910,910	**64,341,842**	70,830,825
TOTAL ASSETS		**514,536,287**	478,296,338	**257,677,527**	260,283,540

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

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	26	**167,018,806**	167,018,806	**167,018,806**	167,018,806
Treasury shares	26(b)	**(947,224)**	(947,224)	**(947,224)**	(947,224)
Capital reserve		**308,161**	308,161	**–**	–
Currency translation reserve	27	**5,524,590**	5,083,482	**–**	–
Retained profits	28	**274,183,334**	242,145,539	**85,893,265**	86,870,414
		446,087,667	413,608,764	**251,964,847**	252,941,996
Non-controlling interests		**2,506,207**	754,661	**–**	–
Total equity		**448,593,874**	414,363,425	**251,964,847**	252,941,996
Non-current liabilities					
Deferred tax liabilities	30	**21,703,833**	22,671,440	**220,000**	311,000
		21,703,833	22,671,440	**220,000**	311,000
Current liabilities					
Trade and other payables	31	**44,081,203**	40,577,277	**5,058,819**	6,791,512
Amount due to related parties	23	**–**	–	**433,861**	171,078
Lease liabilities	29	**–**	67,954	**–**	67,954
Income tax liabilities		**157,377**	616,242	**–**	–
		44,238,580	41,261,473	**5,492,680**	7,030,544
Total liabilities		**65,942,413**	63,932,913	**5,712,680**	7,341,544
TOTAL EQUITY AND LIABILITIES		**514,536,287**	478,296,338	**257,677,527**	260,283,540

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 2023

		Attributable to owners of the Company							
	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
Group 2023									
At 1 January 2023		**167,018,806**	**(947,224)**	**308,161**	**5,083,482**	**242,145,539**	**413,608,764**	**754,661**	**414,363,425**
Total comprehensive income for the financial year		–	–	–	**441,108**	**38,676,611**	**39,117,719**	**1,275,546**	**40,393,265**
Transactions with owners:									
Increase in equity interest in subsidiary		–	–	–	–	–	–	**476,000**	**476,000**
Dividends on ordinary shares	33	–	–	–	–	**(6,638,816)**	**(6,638,816)**	–	**(6,638,816)**
At 31 December 2023		**167,018,806**	**(947,224)**	**308,161**	**5,524,590**	**274,183,334**	**446,087,667**	**2,506,207**	**448,593,874**
Group 2022									
At 1 January 2022		167,018,806	(947,224)	308,161	5,905,844	224,884,396	397,169,983	(645,623)	396,524,360
Total comprehensive income for the financial year		–	–	–	(822,362)	23,864,683	23,042,321	(762,440)	22,279,881
Transactions with owners:									
Changes in composition of the Group		–	–	–	–	35,276	35,276	(35,276)	–
Increase in equity interest in subsidiary		–	–	–	–	–	–	2,198,000	2,198,000
Dividends on ordinary shares	33	–	–	–	–	(6,638,816)	(6,638,816)	–	(6,638,816)
At 31 December 2022		167,018,806	(947,224)	308,161	5,083,482	242,145,539	413,608,764	754,661	414,363,425

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	← Non-distributable Share capital RM	→ Treasury shares RM	Distributable Retained profits RM	Total equity RM
Company 2023					
At 1 January 2023		**167,018,806**	**(947,224)**	**86,870,414**	**252,941,996**
Total comprehensive income for the financial year		**–**	**–**	**5,661,667**	**5,661,667**
Transactions with owners:					
Dividends on ordinary shares	33	**–**	**–**	**(6,638,816)**	**(6,638,816)**
At 31 December 2023		**167,018,806**	**(947,224)**	**85,893,265**	**251,964,847**
Company 2022					
At 1 January 2022		167,018,806	(947,224)	89,445,781	255,517,363
Total comprehensive income for the financial year		–	–	4,063,449	4,063,449
Transactions with owners:					
Dividends on ordinary shares	33	–	–	(6,638,816)	(6,638,816)
At 31 December 2022		167,018,806	(947,224)	86,870,414	252,941,996

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 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**52,286,649**	31,149,072	**7,181,843**	5,596,237
Adjustment for:				
Amortisation of right-of-use assets	**119,162**	106,272	**–**	–
Bad debts written-off	**261,365**	–	**–**	–
Depreciation of property, plant and equipment	**8,359,826**	4,225,852	**1,611,821**	1,640,116
Depreciation of investment properties	**63,039**	63,039	**–**	–
Fair value gain in investment	**(420,942)**	(258,566)	**(117,400)**	(48,923)
Gain on disposal of property, plant and equipment	**(216,945)**	(29,561)	**(50,864)**	(3,000)
Impairment losses on financial assets – net:				
- Trade receivables	**(761,037)**	(23,954)	**(341,315)**	(228,136)
- Contract assets	**(2,606,144)**	(433,376)	**(2,606,144)**	(433,376)
Impairment losses on goodwill	**2,608,533**	–	**–**	–
Impairment losses on property, plant and equipment	**923,544**	960,883	**–**	–
Impairment losses on investment in subsidiary	**–**	–	**1,866,951**	–
Inventories written-down	**294,049**	1,351,946	**–**	–
Interest expense	**2,151**	4,743	**2,151**	4,743
Interest income	**(3,487,577)**	(2,018,649)	**(1,792,640)**	(1,133,530)
Net unrealised foreign exchange gain	**(483,149)**	(1,874,777)	**(14,905)**	(113,913)
Waiver of payable	**(4,245)**	–	**–**	–
Operating profit before working capital changes	**56,938,279**	33,222,924	**5,739,498**	5,280,218
Working capital changes:				
Inventories	**(45,600)**	1,271,096	**180,163**	25,531
Contract assets	**8,822,191**	(2,823,729)	**2,506,791**	910,393
Contract cost assets	**(1,996,142)**	–	**–**	–
Related party balances	**–**	(2,490,100)	**(5,111,449)**	12,301,775
Receivables	**3,573,665**	21,707,387	**(678,116)**	(543,054)
Payables	**3,508,171**	(2,996,994)	**(2,391,235)**	(3,518,406)
Cash generated from operations	**70,800,564**	47,890,584	**245,652**	14,456,457
Interest paid	**(2,151)**	(4,743)	**(2,151)**	(4,743)
Interest received	**3,473,546**	2,018,649	**1,789,510**	1,130,909
Income tax paid	**(20,195,329)**	(13,273,063)	**(1,948,334)**	(1,669,791)
Income tax refund	**555,341**	–	**506,212**	–
Net cash from operating activities	**54,631,971**	36,631,427	**590,889**	13,912,832

STATEMENTS OF CASH FLOWS (CONTINUED)

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(28,787,990)**	(7,081,606)	**(877,742)**	(144,720)
Purchase of right-of-use assets	**(28,483)**	–	**–**	–
Proceeds from disposal of property, plant and equipment	**386,570**	51,264	**30,864**	3,000
Acquisition of additional shares in existing subsidiary	**–**	–	**(714,000)**	(92,000)
Acquisition of additional shares in subsidiaries by non-controlling interest	**476,000**	2,198,000	**–**	–
Purchase of investments	**(15,650,000)**	(15,800,000)	**(11,150,000)**	(4,800,000)
Proceeds from disposal of short term investment	**28,103,948**	–	**13,300,000**	–
Net cash used in investing activities	**(15,499,955)**	(20,632,342)	**589,122**	(5,033,720)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of lease liabilities	**(67,954)**	(80,516)	**(67,954)**	(80,516)
Placement of fixed deposits under lien	**(35,965)**	(64,662)	**–**	–
Dividend paid on ordinary shares	**(6,638,816)**	(6,638,816)	**(6,638,816)**	(6,638,816)
Net cash used in financing activities	**(6,742,735)**	(6,783,994)	**(6,706,770)**	(6,719,332)
NET CHANGES IN CASH AND CASH EQUIVALENTS	**32,389,281**	9,215,091	**(5,526,759)**	2,159,780
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**117,560,352**	109,077,182	**51,658,577**	49,389,805
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**401,605**	(731,921)	**14,504**	108,992
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 34)	**150,351,238**	117,560,352	**46,146,322**	51,658,577

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	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Cash	**386,570**	51,264	**30,864**	3,000
Trade-in	**20,000**	–	**20,000**	–
	406,570	51,264	**50,864**	3,000

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

	Group and Company	
	2023	**2022**
Borrowings	**RM**	**RM**
At 1 January	**67,954**	148,470
Interest paid	**(2,151)**	(4,743)
Repayment	**(67,954)**	(80,516)
Non-cash changes		
Finance cost	**2,151**	4,743
At 31 December	–	67,954

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

NOTES TO THE FINANCIAL STATEMENTS

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 to the Financial Statements.

The Company 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 2023.

MFRS, Amendments to MFRS and Issues Committee ("IC") Interpretation

(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 137	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRS 17	Insurance Contracts
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

Annual improvement to MFRS 2018 - 2020 Cycle

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

The Group and Company has applied the material accounting policies, as summarised below, consistently throughout all years presented in the financial statements, unless otherwise stated.

2. BASIS OF PREPARATION (CONTINUED)

2.1 Statement of compliance (Continued)

(ii) Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following accounting standard and Amendments to Standards 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:

Effective for financial periods beginning on or after 1 January 2024

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 16	Lease Liabilities in a Sales and Leaseback
Amendments to MFRS 107	Supplier Finance Arrangements

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 the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of judgements and estimates (Continued)

Key sources of estimation uncertainty (Continued)

(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 – Manufacturing segment

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 22 respectively.

The carrying amount of the Group's and the Company's trade receivables as at 31 December 2023 are RM15,176,265 and RM3,077,830 (2022: RM16,598,471 and RM2,487,761) respectively, and contract assets as at 31 December 2023 are RM8,331,087 and RM6,095,207 (2022: RM11,258,373 and RM5,337,312) respectively.

(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.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of judgements and estimates (Continued)

Key sources of estimation uncertainty (Continued)

(d) Impairment test for goodwill (Continued)

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. MATERIAL ACCOUNTING POLICIES

3.1 Revenue recognition

Revenue from contracts with customers

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(ii) Revenue from property development (Continued)

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.

(iv) Sale of goods – Pharmaceutical products

Revenue from sale of toiletry products is recognised net of discount at the point in time when control of the goods has transferred to the customers.

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.

(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. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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".

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);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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Leases (Continued)

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

Lease liabilities (Continued)

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

- 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.

(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.

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 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. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Foreign currencies

(a) Functional and presentation 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 operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated to RM at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for the differences arising on the retranslation of non-monetary items, in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3.6 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.

3.7 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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment (Continued)

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.

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	33 - 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.

3.8 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 3.7.

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:-

Buildings	2% & 3%

3.9 Subsidiaries

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.

3.10 Basis of consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date control is transferred to the Group to the date control ceases.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Basis of consolidation (Continued)

The acquisition method is used to account for business combinations. Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Please refer to Note 3.12 for the Group's accounting policy on Goodwill.

All intra-group transactions and balances are eliminated on consolidation.

3.11 Inventories

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 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.

3.13 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.

3.14 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. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 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.

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 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.

3.16 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.

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).

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Impairment of financial assets (Continued)

For trade receivables and contract assets (manufacturing segment), 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.

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.

3.17 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.

3.18 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.

3.19 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.

3.20 Financial liabilities

<u>Initial recognition and measurement</u>

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.

<u>Subsequent measurement</u>

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.20 Financial liabilities (Continued)

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.

3.21 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.

3.22 Contract cost assets

The Group pays agency commission and legal fee for contracts that they obtain to sell the developed properties and capitalises the incremental costs of obtaining a contract that meet the criteria in MFRS 15. These costs and related revenue will be included in the Statement of Comprehensive Income upon fulfilment of the contract, being completion of the sale. Capitalised costs to obtain such contracts are presented separately as a current asset in the Statement of Financial Position.

The Group assesses, at each reporting date, whether the carrying amount exceeds the remaining amount of consideration that the entity expects to receive in exchange for the sale of the freehold land and building less the costs that relate directly to completing the sale and that have not been recognised as expense.

4. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers				
- Sale of goods	**133,996,474**	114,888,987	**14,118,473**	16,579,257
- Services rendered	**574,153**	191,572	**–**	–
- Sale of completed properties	**9,826,961**	19,638,547	**–**	–
- Property development revenue	**65,905,467**	33,301,572	**–**	–
	210,303,055	168,020,678	**14,118,473**	16,579,257
Revenue from other sources				
- Rental income from investment properties	**1,751,985**	1,659,783	**–**	–
- Interest income from financial assets measured at fair value through profit or loss				
- Unit trust	**7,726**	9,706	**–**	–
	212,062,766	169,690,167	**14,118,473**	16,579,257

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. REVENUE (CONTINUED)

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

	Manufacturing RM	Property development and management RM	Trading, services and others RM	Group RM
2023				
Major goods and services:				
Sales of goods	**133,102,442**	**–**	**894,032**	**133,996,474**
Services rendered	**–**	**574,153**	**–**	**574,153**
Sale of completed properties	**–**	**9,826,961**	**–**	**9,826,961**
Property development revenue	**–**	**65,905,467**	**–**	**65,905,467**
	133,102,442	**76,306,581**	**894,032**	**210,303,055**
Geographical market:				
Malaysia	**132,283,715**	**76,306,581**	**894,032**	**209,484,328**
People's Republic of China	**553,282**	**–**	**–**	**553,282**
Thailand	**265,445**	**–**	**–**	**265,445**
	133,102,442	**76,306,581**	**894,032**	**210,303,055**
Timing of revenue recognition:				
- At a point in time	**133,102,442**	**9,826,961**	**894,032**	**143,823,435**
- Over time	**–**	**66,479,620**	**–**	**66,479,620**
	133,102,442	**76,306,581**	**894,032**	**210,303,055**
2022				
Major goods and services:				
Sales of goods	114,487,269	–	401,718	114,888,987
Services rendered	–	191,572	–	191,572
Sale of completed properties	–	19,638,547	–	19,638,547
Property development revenue	–	33,301,572	–	33,301,572
	114,487,269	53,131,691	401,718	168,020,678
Geographical market:				
Malaysia	111,235,412	53,131,691	401,718	164,768,821
People's Republic of China	1,695,930	–	–	1,695,930
Taiwan	1,555,927	–	–	1,555,927
	114,487,269	53,131,691	401,718	168,020,678
Timing of revenue recognition:				
- At a point in time	114,487,269	19,638,547	401,718	134,527,534
- Over time	–	33,493,144	–	33,493,144
	114,487,269	53,131,691	401,718	168,020,678

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. COST OF SALES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Property development costs	**39,443,185**	21,509,183	**–**	–
Cost of inventories	**93,462,777**	86,205,279	**9,178,031**	12,397,415
Cost of services rendered	**355,769**	551,255	**–**	–
Cost of renting properties and equipment	**856,673**	846,440	**–**	–
Cost of completed properties	**7,386,113**	14,579,010	**–**	–
	141,504,517	123,691,167	**9,178,031**	12,397,415

6. INTEREST INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income from financial assets measured at amortised cost				
- Bank deposit	**1,372,479**	682,733	**38,678**	38,242
- Fixed deposit	**1,982,739**	1,216,687	**1,750,832**	1,092,667
- Trade receivables	**114,505**	17,865	**–**	–
- Late interest income	**3,823**	80,000	**–**	–
Interest income from financial assets measured at fair value through profit or loss				
- Unit trust	**6,305**	11,658	**3,130**	2,621
	3,479,851	2,008,943	**1,792,640**	1,133,530

7. FINANCE COSTS

	Group and Company	
	2023 RM	2022 RM
Interest expense on:		
- Finance leases	**2,151**	4,743
	2,151	4,743

8. PROFIT BEFORE TAX

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Profit before tax is arrived at after charging/(crediting):				
Amortisation of right-of-use assets (Note 14)	**119,162**	106,272	**–**	–
Auditors' remuneration				
- Statutory audit	**136,126**	122,356	**27,000**	27,000
- Under-provision in prior year	**8,500**	1,300	**–**	–
- Others	**7,500**	7,500	**3,000**	3,000
Bad debts written-off	**261,365**	–	**–**	–
Depreciation of property, plant and equipment (Note 13)	**8,359,826**	4,225,852	**1,611,821**	1,640,116
Depreciation of investment properties (Note 15)	**63,039**	63,039	**–**	–
Direct operating expenses arising from investment properties:				
- Generate rental income	**172,837**	175,855	**–**	–
- Did not generate rental income	**8,738**	9,000	**–**	–
Employee benefits expenses (Note 9)	**24,679,019**	23,120,715	**2,298,113**	2,617,022
Fair value gain in investment	**(420,942)**	(258,566)	**(117,400)**	(48,923)
Gain on disposal of property, plant and equipment	**(216,945)**	(29,561)	**(50,864)**	(3,000)
Impairment losses on financial assets - net:				
- Trade receivables	**(761,037)**	(23,954)	**(341,315)**	(228,136)
- Contract asset	**(2,606,144)**	(433,376)	**(2,606,144)**	(433,376)
Impairment losses on goodwill	**2,608,533**	–	**–**	–
Impairment losses on property, plant and equipment	**923,544**	960,883	**–**	–
Impairment losses on investment in subsidiary	**–**	–	**1,866,951**	–
Inventories written down	**294,049**	1,351,946	**–**	–
Net foreign exchange loss/(gain)				
- Realised	**81,144**	(22,536)	**–**	7,927
- Unrealised	**(483,149)**	(1,874,777)	**(14,905)**	(113,913)
Lease expenses not capitalised in lease liabilities				
- Short term lease	**640,990**	362,658	**760,700**	403,772
Rental income from land and buildings	**–**	–	**(1,845,600)**	(908,085)
Waiver of payable	**(4,245)**	–	**–**	–

9. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, bonuses and allowances	**21,371,258**	19,925,866	**1,919,890**	2,044,026
Contributions to defined contribution plans	**1,346,829**	1,173,374	**141,903**	152,417
Social security contributions	**243,250**	549,463	**24,807**	27,018
Other employee benefits	**1,717,682**	1,472,012	**211,513**	393,561
	24,679,019	23,120,715	**2,298,113**	2,617,022

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,287,807 (2022: RM1,118,307) and RM Nil (2022: RM Nil) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive directors' remuneration (Note 9):				
- Non-fee emoluments	**1,287,807**	1,118,307	**–**	–
Non-executive directors' remuneration				
- Fees	**66,000**	54,000	**66,000**	54,000
Total directors' remuneration	**1,353,807**	1,172,307	**66,000**	54,000

11. INCOME TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expenses:				
Malaysian income tax	**13,295,951**	8,997,862	**1,591,982**	1,218,000
Under provision in previous financial year	**6,148**	309,114	**19,194**	63,788
	13,302,099	9,306,976	**1,611,176**	1,281,788
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	**(967,607)**	(1,260,147)	**(91,000)**	251,000
	(967,607)	(1,260,147)	**(91,000)**	251,000
Income tax expense recognised in profit or loss	**12,334,492**	8,046,829	**1,520,176**	1,532,788

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Numerical reconciliation of effective income tax expense				
Profit before tax	**52,286,649**	31,149,072	**7,181,843**	5,596,237
Income tax calculated at Malaysian statutory tax rate of 24% (2022: 24%)	**12,548,796**	7,475,777	**1,723,642**	1,343,097
Tax effects of:				
- Income not subject to tax	**(131,455)**	(222,985)	**(40,383)**	(64,864)
- Expenses not deductible for tax purposes	**1,529,295**	799,122	**598,309**	190,767
- Utilisation of reinvestment allowance	**(1,320,040)**	(1,100,022)	**–**	–
- Tax impact of deferred tax asset not recognised	**(268,838)**	785,823	**(780,586)**	–
- Double deduction expenses	**(29,414)**	–	**–**	–
- Under provision in previous financial year	**6,148**	309,114	**19,194**	63,788
Income tax expense recognized in profit or loss	**12,334,492**	8,046,829	**1,520,176**	1,532,788

12. EARNINGS PER SHARE

(i) 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	
	2023 RM	**2022 RM**
Profit for the financial year attributable to owners of the Company (RM)	**38,676,611**	23,864,683
Number of ordinary shares in issue	**331,940,812**	331,940,812
Basic earnings per share (sen)	**11.65**	7.19

(ii) 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

2023 – Group	Assets under construction RM	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicle, equipment and furniture RM	Total RM
Cost						
At 1.1.2023	–	4,136,968	32,346,055	138,987,603	24,264,808	199,735,434
Additions	6,242,045	3,121,080	5,613,312	11,674,630	2,156,923	28,807,990
Disposal	–	–	–	(1,638,960)	(2,197,617)	(3,836,577)
Transfer from right-of-use assets	–	–	–	–	424,493	424,493
Currency translation difference	–	–	–	505,371	69,396	574,767
At 31.12.2023	6,242,045	7,258,048	37,959,367	149,528,644	24,718,003	225,706,107
Accumulated depreciation/Impairment loss						
At 1.1.2023	–	–	15,400,067	116,411,876	20,639,942	152,451,885
Charges during the year	–	–	660,954	5,684,705	2,014,167	8,359,826
Disposal	–	–	–	(1,468,345)	(2,178,607)	(3,646,952)
Transfer from right-of-use assets	–	–	–	–	424,493	424,493
Impairment losses	–	–	–	923,544	–	923,544
Currency translation difference	–	–	–	469,645	65,619	535,264
At 31.12.2023	–	–	16,061,021	122,021,425	20,965,614	159,048,060
Net Book Value at 31.12.2023	6,242,045	7,258,048	21,898,346	27,507,219	3,752,389	66,658,047

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2022 – Group	Assets under construction RM	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicle, equipment and furniture RM	Total RM
Cost						
At 1.1.2022	262,399	4,136,968	32,346,055	135,613,146	21,448,234	193,806,802
Additions	28,857	–	–	4,264,626	2,788,123	7,081,606
Disposal	–	–	–	(19,445)	(146,497)	(165,942)
Transfer	(288,568)	–	–	–	288,568	–
Currency translation difference	(2,688)	–	–	(870,724)	(113,620)	(987,032)
At 31.12.2022	–	4,136,968	32,346,055	138,987,603	24,264,808	199,735,434
Accumulated depreciation/Impairment loss						
At 1.1.2022	–	–	14,753,146	113,489,314	20,063,520	148,305,980
Charges during the year	–	–	646,921	3,062,867	516,064	4,225,852
Disposal	–	–	–	(4,456)	(139,783)	(144,239)
Impairment losses	–	–	–	656,660	304,223	960,883
Currency translation difference	–	–	–	(792,509)	(104,082)	(896,591)
At 31.12.2022	–	–	15,400,067	116,411,876	20,639,942	152,451,885
Net Book Value at 31.12.2022	–	4,136,968	16,945,988	22,575,727	3,624,866	47,283,549

An impairment charge of RM923,544 (2022: RM960,883) is included within "Other expenses" in the Statement of Profit or Loss and Other Comprehensive Income. The impairment charge arose from the manufacturing segment in the People's Republic of China following a decision to reduce the manufacturing output as a result of declining customer demand and it has been disclosed in Note 37 to the Financial Statements.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2023 - Company

	Buildings RM	Plant and machinery RM	Motor vehicle, equipment and furniture RM	Total RM
Cost				
At 1.1.2023	**32,346,055**	**47,472,849**	**15,503,418**	**95,322,322**
Additions	**–**	**–**	**897,742**	**897,742**
Disposal	**–**	**(107,658)**	**(2,007,518)**	**(2,115,176)**
Transfer from right–of–use assets	**–**	**–**	**424,493**	**424,493**
At 31.12.2023	**32,346,055**	**47,365,191**	**14,818,135**	**94,529,381**
Accumulated depreciation				
At 1.1.2023	**15,400,067**	**44,086,396**	**15,316,066**	**74,802,529**
Charges during the year	**646,921**	**613,436**	**351,464**	**1,611,821**
Disposal	**–**	**(107,658)**	**(2,007,518)**	**(2,115,176)**
Transfer from right–of–use assets	**–**	**–**	**424,493**	**424,493**
At 31.12.2023	**16,046,988**	**44,592,174**	**14,084,505**	**74,723,667**
Net Book Value at 31.12.2023	**16,299,067**	**2,773,017**	**733,630**	**19,805,714**

2022 – Company

	Buildings RM	Plant and machinery RM	Motor vehicle, equipment and furniture RM	Total RM
Cost				
At 1.1.2022	32,346,055	47,472,849	15,438,061	95,256,965
Additions	–	–	144,720	144,720
Disposal	–	–	(79,363)	(79,363)
At 31.12.2022	32,346,055	47,472,849	15,503,418	95,322,322
Accumulated depreciation				
At 1.1.2022	14,753,146	43,140,149	15,348,481	73,241,776
Charges during the year	646,921	946,247	46,948	1,640,116
Disposal	–	–	(79,363)	(79,363)
At 31.12.2022	15,400,067	44,086,396	15,316,066	74,802,529
Net Book Value at 31.12.2022	16,945,988	3,386,453	187,352	20,519,793

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

14. RIGHT-OF-USE ASSETS

Group

2023

	Leasehold Land RM	Motor Vehicles RM	Total RM
Cost			
As at 1 January 2023	**5,887,188**	**424,493**	**6,311,681**
Additions	**28,483**	**–**	**28,483**
Transferred to property, plant and equipment	**–**	**(424,493)**	**(424,493)**
As at 31 December 2023	**5,915,671**	**–**	**5,915,671**
Accumulated depreciation			
As at 1 January 2023	**3,184,455**	**424,493**	**3,608,948**
Depreciation charge	**119,162**	**–**	**119,162**
Transferred to property, plant and equipment	**–**	**(424,493)**	**(424,493)**
As at 31 December 2023	**3,303,617**	**–**	**3,303,617**
Net Book Value	**2,612,054**	**–**	**2,612,054**

2022

	Leasehold Land RM	Motor Vehicles RM	Total RM
Cost			
As at 1 January 2022/31 December 2022	5,887,188	424,493	6,311,681
Accumulated depreciation			
As at 1 January 2022	3,078,183	424,493	3,502,676
Depreciation charge	106,272	–	106,272
As at 31 December 2022	3,184,455	424,493	3,608,948
Net Book Value	2,702,733	–	2,702,733

14. RIGHT-OF-USE ASSETS (CONTINUED)

Company

2023

	Motor Vehicles RM	Total RM
Cost		
As at 1 January 2023	**424,493**	**424,493**
Transferred to property, plant and equipment	**(424,493)**	**(424,493)**
As at 31 December 2023	**–**	**–**
Accumulated depreciation		
As at 1 January 2023	**424,493**	**424,493**
Transferred to property, plant and equipment	**(424,493)**	**(424,493)**
As at 31 December 2023	**–**	**–**
Net Book Value	**–**	**–**

2022

	Motor Vehicles RM	Total RM
Cost		
As at 1 January 2022/31 December 2022	424,493	424,493
Accumulated depreciation		
As at 1 January 2022/31 December 2022	424,493	424,493
Net Book Value	–	–

(i) Total cash outflow for all the leases of the Group and of the Company in 2023 was RM708,944 and RM828,654 (2022: RM443,174 and RM484,288), respectively.

15. INVESTMENT PROPERTIES

	Group 2023 RM	2022 RM
Cost		
At 1 January/31 December	**23,955,722**	23,955,722
Accumulated depreciation		
At 1 January	**756,468**	693,429
Depreciation for the financial year (Note 8)	**63,039**	63,039
At 31 December	**819,507**	756,468
Net carrying amount	**23,136,215**	23,199,254

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. INVESTMENT PROPERTIES (CONTINUED)

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 2023 is determined as RM52,440,000 (2022: 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 38(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	
	2023	**2022**
	RM	**RM**
Unquoted shares:		
- Ordinary shares	**24,656,812**	23,942,812
- Preference shares	**148,189,000**	142,439,000
Equity capital contribution	**2,551,110**	2,551,110
Less: Impairment	**(1,866,951)**	–
	173,529,971	168,932,922

The subsidiary companies are as follows:

Name	Group's effective interest		Principal activities
	2023	2022	
Gradefield Property Management Sdn. Bhd. *	**100%**	100%	Property management
Greens Property Management Sdn. Bhd.	**100%**	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

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(a) Investment in subsidiary companies (Continued)

The subsidiary companies are as follows: (Continued)

Name	Group's effective interest 2023	Group's effective interest 2022	Principal activities
HIL Woodlands Pharmacy Sdn. Bhd.	**51%**	51%	Operating and managing pharmacies
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
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 the manufacture and sale of industrial and domestic moulded plastic products
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
<u>Subsidiary company of HIL Sales & Marketing Sdn. Bhd.</u>			
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(a) Investment in subsidiary companies (Continued)

The subsidiary companies are as follows: (Continued)

Name	Group's effective interest 2023	Group's effective interest 2022	Principal activities
Subsidiary company of Satu Tunas Sdn. Bhd.			
Amverton Prop Sdn. Bhd.	**100%**	100%	Property development, investment holding and property management including the provision of cleaning services.
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 country of incorporation of subsidiary is also their place of principal place of business.

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(b) Non-controlling interests in subsidiaries

Set out below are the summarised financial information for subsidiaries that has non-controlling interests. These are presented before inter-companies eliminations.

	HIL-Edrola (M) Sdn. Bhd. RM	HIL Assembly Services Sdn. Bhd. Group RM	Other individually immaterial subsidiaries RM	Total RM
Group - 2023				
NCI effective equity interest	**40%**	**49%**		
Carrying amount of NCI	**966,195**	**1,506,013**	**33,999**	**2,506,207**
Profit/(Loss) allocated to NCI	**1,243,674**	**53,345**	**(21,473)**	**1,275,546**
Summarised financial information before inter-company elimination				
As at 31 December				
Non-current assets			**5,732,556**	**3,153,169**
Current assets			**5,587,228**	**49,716**
Current liabilities			**(2,780,303)**	**(129,401)**
Net assets			**8,539,481**	**3,073,484**
Year ended 31 December				
Revenue			**17,768,879**	**7,726**
Profit for the year			**3,109,178**	**108,856**
Total comprehensive income			**3,109,178**	**108,856**
Cash flows from / (used in) operating activities			**3,526,947**	**(13,800)**
Cash flows (used in) /from investing activities			**(3,521,937)**	**9,000**
Net increase / (decrease) in cash and cash equivalents			**5,010**	**(4,800)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(b) Non-controlling interests in subsidiaries (Continued)

	HIL-Edrola (M) Sdn. Bhd. RM	HIL Assembly Services Sdn. Bhd. Group RM	Other individually immaterial subsidiaries RM	Total RM
Group - 2022				
NCI effective equity interest	40%	49%		
Carrying amount of NCI	(753,479)	1,452,668	55,472	754,661
Loss allocated to NCI	(756,165)	27,857	(34,132)	(762,440)

Summarised financial information before inter-company elimination

As at 31 December		
Non-current assets	2,578,661	3,047,729
Current assets	2,163,223	54,342
Current liabilities	(501,581)	(137,443)
Net assets	4,240,303	2,964,628
Year ended 31 December		
Revenue	8,758,740	9,706
(Loss) / Profit for the year	(1,890,413)	56,851
Total comprehensive (loss) / income	(1,890,413)	56,851
Cash flows from / (used in) operating activities	542,439	(5,169)
Cash flows (used in) /from investing activities	(542,521)	1
Net decrease in cash and cash equivalents	(82)	(5,168)

(c) Acquisition of additional interest in a subsidiary

During the year, the Group acquired additional shares in HIL-Edrola (M) Sdn. Bhd. ("subsidiary") for a total purchase consideration of RM714,000. There is no material impact on the changes of the ownership interest in the subsidiary during the year.

17. INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unit trust				
- Fair value through profit or loss				
- Non-current	**3,153,161**	3,047,721	**–**	–
- Current	**4,720,582**	16,846,509	**3,674,390**	5,704,611
	7,873,743	19,894,230	**3,674,390**	5,704,611

18. GOODWILL

	Group	
	2023 RM	**2022 RM**
Cost		
At 1 January/31 December	**5,909,619**	5,909,619
Accumulated impairment		
At 1 January	**–**	–
Impairment losses	**2,608,533**	–
At 31 December	**2,608,533**	–
Net carrying amount	**3,301,086**	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	
	2023 RM	**2022 RM**
Pembinaan Laksamana Sdn. Bhd. ("PLSB")	**1,471,013**	4,079,546
A&M Concrete Products Sdn. Bhd. ("AMCP")	**977,261**	977,261
Supreme Logic Sdn. Bhd. ("SLSB")	**852,812**	852,812
	3,301,086	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.

An impairment charge of RM2.6million (2022: Nil) is included within "Other expenses" in the statements of profit or loss and other comprehensive income. The impairment charge during the financial year arose from PLSB following a decision to restructure the property development plan after the Group's acquisition, as disclosed in Note 40(i) of the Financial Statements. Simultaneously, the impairment test for PLSB changed from the value in use to the fair value less costs of disposal method.

(a) Key assumptions

(i) Recoverable amount based on fair value less costs of disposal ["PLSB" for 2023, "SLSB" & "AMCP"]

The recoverable amount of PLSB, SLSB and AMCP cash generating units impairment test has been determined based on fair value less costs of disposal. The fair value of the property has been generally derived using the sales comparison approach. Sales proceeds 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 market price per square feet.

18. GOODWILL (CONTINUED)

(a) Key assumptions (Continued)

(ii) Value in use ("VIU") method ["PLSB for 2022"]

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 9.89% 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

(i) Recoverable amount based on fair value less costs of disposal ["PLSB" for 2023, "SLSB" & "AMCP"]

The sensitivity tests indicated that with a decrease in the market price per square feet by 10%, there would be no impairment loss required, while other realistic variations remained the same. However, PLSB would incur a further impairment of RM176,000, as it had already been impaired to the recoverable amount at the end of the financial year.

(ii) Value in use ("VIU") method ["PLSB" for 2022]

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

19. INVENTORIES

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Raw materials	**4,153,666**	4,898,839	**187,948**	250,514
Work in progress	**484,941**	810,351	**–**	353
Finished goods	**1,826,857**	2,094,361	**230,334**	347,578
Trading goods	**307,197**	400,556	**–**	–
Completed properties held for sale	**45,173,059**	52,098,569	**–**	–
	51,945,720	60,302,676	**418,282**	598,445
Property development costs (Note (a))	**129,015,550**	120,907,043	**–**	–
Total inventories	**180,961,270**	181,209,719	**418,282**	598,445

The Group's and the Company's cost of inventories recognised to profit and loss was RM140,292,075 and RM9,178,031 (2022: RM122,293,472 and RM12,397,415) respectively.

19. INVENTORIES (CONTINUED)

(a) Property development costs

Group 2023	Freehold land RM	Development costs RM	Total RM
Cumulative property development costs:-			
At 1 January	**117,971,816**	**58,196,828**	**176,168,644**
Cost incurred during the year	**–**	**48,012,296**	**48,012,296**
Transfer to inventories	**(189,249)**	**(271,355)**	**(460,604)**
Reversal of completed project	**(2,865,752)**	**(22,793,742)**	**(25,659,494)**
At 31 December	**114,916,815**	**83,144,027**	**198,060,842**
Cumulative cost recognised in profit or loss:-			
At 1 January			**(55,261,601)**
Recognised during the year			**(39,443,185)**
Reversal of completed project			**25,659,494**
At 31 December			**(69,045,292)**
Property development costs At 31 December			**129,015,550**

2022	Freehold land RM	Development costs RM	Total RM
Cumulative property development costs:-			
At 1 January	117,971,816	22,762,802	140,734,618
Cost incurred during the year	–	35,434,026	35,434,026
At 31 December	117,971,816	58,196,828	176,168,644
Cumulative cost recognised in profit or loss:-			
At 1 January			(33,752,418)
Recognised during the year			(21,509,183)
At 31 December			(55,261,601)
Property development costs At 31 December			120,907,043

20. CONTRACT ASSETS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Property development (Note (a))	**18,468,070**	21,756,831	**–**	–
Manufacturing (Note (b))	**8,331,087**	11,258,373	**6,095,207**	5,337,312
	26,799,157	33,015,204	**6,095,207**	5,337,312

(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.

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

	Group	
	2023 RM	2022 RM
At 1 January	**21,756,831**	18,610,378
Property development revenue recognised during the financial year	**65,905,467**	33,301,572
Less: Progress billings during the financial year	**(69,194,228)**	(30,155,119)
At 31 December	**18,468,070**	21,756,831

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

	2024 RM	2025 RM
As at 31 December 2023		
Revenue expected to be recognised on:		
Outstanding property development contract	**42,844,317**	**13,321,999**

	2023 RM	2024 RM
As at 31 December 2022		
Revenue expected to be recognised on:		
Outstanding property development contract	**7,561,279**	**1,056,039**

20. CONTRACT ASSETS (CONTINUED)

(b) Manufacturing

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

	Group	
	2023 RM	2022 RM
Gross cost to fulfill a contract	**11,316,682**	16,850,112
Less: Accumulated impairment losses	**(2,985,595)**	(5,591,739)
Total	**8,331,087**	11,258,373
Amortisation	**4,773,041**	2,649,737

	Company	
	2023 RM	2022 RM
Gross cost to fulfill a contract	**9,080,802**	10,929,051
Less: Accumulated impairment losses	**(2,985,595)**	(5,591,739)
Total	**6,095,207**	5,337,312
Amortisation	**534,638**	801,090

(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		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	**5,591,739**	6,025,115	**5,591,739**	6,025,115
Reversal for the year	**(2,606,144)**	(433,376)	**(2,606,144)**	(433,376)
At 31 December	**2,985,595**	5,591,739	**2,985,595**	5,591,739

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CONTRACT COST ASSETS

	Group 2023 RM	Group 2022 RM
Cost to obtain contracts		
At beginning of financial year	**–**	–
Cost incurred during the financial year	**4,053,944**	–
Less: Amortisation during the financial year	**(2,057,802)**	–
At end of financial year	**1,996,142**	–

The Group pays agent commission and legal fee for contracts that they obtain to sell the developed properties and capitalises the incremental costs of obtaining a contract that meet the criteria in MFRS 15. These costs and related revenue will be recognised over time in the Statements of Profit or Loss and Other Comprehensive Income based on the stage of completion of the respective property development project. No impairment was considered necessary as the remaining amount of consideration exceeded to a significant extent of the carrying amount of the contract cost assets.

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
Third parties	**18,435,615**	26,033,746	**3,101,358**	2,999,433
Stakeholders' funds	**3,410,950**	5,267,963	**–**	–
Less: Allowance for impairment	**(77,519)**	(985,385)	**(23,528)**	(511,672)
	21,769,046	30,316,324	**3,077,830**	2,487,761
Other receivables				
Deposits	**15,956,962**	8,023,599	**35,814**	61,775
Other receivables	**2,145,862**	1,689,841	**1,727,357**	1,064,450
Prepayments	**1,423,227**	3,856,177	**202,697**	410,281
	19,526,051	13,569,617	**1,965,868**	1,536,506
Total trade and other receivables	**41,295,097**	43,885,941	**5,043,698**	4,024,267

Trade receivables of the Group and of the Company are non-interest bearing and are generally on 30 to 120 days (2022: 30 to 90 days) terms. The Group's and the Company's 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 Group's deposits are deposits paid for the acquisition of a company and land, and joint development to the related parties amounting to RM8,955,000 and RM4,000,000 (2022: RM Nil and RM4,000,000) respectively.

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Expected credit losses

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Movement in allowance accounts:				
At 1 January	**985,385**	1,248,359	**511,672**	739,808
Reversal for the year	**(761,037)**	(23,954)	**(341,315)**	(228,136)
Bad debts written-off	**(146,829)**	(239,020)	**(146,829)**	–
At 31 December	**77,519**	985,385	**23,528**	511,672

23. AMOUNT DUE FROM / (TO) RELATED PARTIES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
(a) Amount due from related parties				
- Amount due from subsidiaries	**–**	–	**2,300,835**	2,676,202
	–	–	**2,300,835**	2,676,202
(b) Amount due to related parties				
- Amount due to subsidiaries	**–**	–	**433,861**	171,078
	–	–	**433,861**	171,078

(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.

24. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current				
Fixed deposits with licensed bank	**1,278,517**	1,242,552	**–**	–
Current				
Fixed deposits with licensed bank	**60,803,578**	63,056,072	**41,498,760**	50,301,273
	62,082,095	64,298,624	**41,498,760**	50,301,273

The fixed deposits of the Group and of the Company at the reporting date are subject to floating interest rates ranging from 0.30% to 4.20% and 3.65% to 4.20%, respectively (2022: 1.25% to 3.50% and 2.35% to 3.50%) per annum.

Fixed deposits of the Group and of the Company have maturities ranging from 30 to 366 days and 91 to 366 days, respectively (2022: 30 to 365 days and 90 to 364 days) at the end of the financial year.

The Group's fixed deposit amounting to RM1,278,517 (2022: RM1,242,552) has been pledged to licensed banks for banking facilities granted to the Group.

25. 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 RM47,279,044 (2022: RM27,718,125) that may only be used in accordance with the said Act.

26. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2023	2022	2023 RM	2022 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.

26. SHARE CAPITAL (CONTINUED)

(b) Treasury shares (Continued)

As at 31 December 2023, the Company held as treasury shares a total of 2,096,800 (2022: 2,096,800) of its 334,037,612 (2022: 334,037,612) issued ordinary shares. Such treasury shares are held at a carrying amount of RM947,224 (2022: 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.

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

	Group and Company	
	2023	**2022**
	RM	**RM**
At 1 January/ 31 December	**55,323,468**	55,323,468

27. 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	
	2023	**2022**
	RM	**RM**
At 1 January	**5,083,482**	5,905,844
Foreign currency translation for the financial year	**441,108**	(822,362)
At 31 December	**5,524,590**	5,083,482

28. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. LEASE LIABILITIES

(a) Finance lease liabilities

	Group and Company 2023 RM	2022 RM
Future minimum lease payments:		
- Not later than one year	–	69,323
- Later than one year and not later than five years	–	–
	–	69,323
Future interest charges	–	(1,369)
Present value of minimum lease payments	–	67,954
Current		
- Not later than one year	–	67,954
	–	67,954

The finance lease liabilities are subject to a fixed interest rate of Nil (2022: 2.28% to 3.00%) per annum.

30. DEFERRED TAX LIABILITIES

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
At 1 January	**22,671,440**	23,931,587	**311,000**	60,000
Recognised in profit or loss (Note 11)	**(967,607)**	(1,260,147)	**(91,000)**	251,000
At 31 December	**21,703,833**	22,671,440	**220,000**	311,000

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 2023	**(1,508,168)**	**3,848,567**	**20,331,041**	**22,671,440**
Recognised in profit or loss	**(96,514)**	**757,922**	**(1,629,015)**	**(967,607)**
At 31 December 2023	**(1,604,682)**	**4,606,489**	**18,702,026**	**21,703,833**
Company				
At 1 January 2023	**(1,429,580)**	**1,740,580**	–	**311,000**
Recognised in profit or loss	**37,428**	**(128,428)**	–	**(91,000)**
At 31 December 2023	**(1,392,152)**	**1,612,152**	–	**220,000**

30. DEFERRED TAX LIABILITIES (CONTINUED)

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

	Contract asset & Trade receivables RM	Property, plant & equipment RM	Property development RM	Total RM
Group				
At 1 January 2022	(1,657,240)	2,761,116	22,827,711	23,931,587
Recognised in profit or loss	149,072	1,087,451	(2,496,670)	(1,260,147)
At 31 December 2022	(1,508,168)	3,848,567	20,331,041	22,671,440
Company				
At 1 January 2022	(1,617,518)	1,677,518	–	60,000
Recognised in profit or loss	187,938	63,062	–	251,000
At 31 December 2022	(1,429,580)	1,740,580	–	311,000

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

	Group 2023 RM	2022 RM
Temporary differences arising from excess of book depreciation over capital allowances	**802**	1,608
Unabsorbed capital allowance	**19,575**	2,294,523
Unutilised tax losses	**7,449,035**	7,775,666
	7,469,412	10,071,797

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.

31. TRADE AND OTHER PAYABLES

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Trade payables				
Third parties	**23,928,710**	22,882,700	**1,083,333**	561,729
Other payables				
Accruals	**3,728,683**	3,954,585	**519,787**	377,693
Other payables	**16,423,810**	13,739,992	**3,455,699**	5,852,090
	20,152,493	17,694,577	**3,975,486**	6,229,783
Total trade and other payables	**44,081,203**	40,577,277	**5,058,819**	6,791,512

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. TRADE AND OTHER PAYABLES (CONTINUED)

(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 (2022: 30 to 90 days and 30 to 90 days).

32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Cash disbursed for purchase of property, plant and equipment	**28,787,990**	7,081,606	**877,742**	144,720
Trade-in of property, plant and equipment	**20,000**	–	**20,000**	–
Cost of property, plant and equipment purchased (Note 13)	**28,807,990**	7,081,606	**897,742**	144,720

33. DIVIDENDS

	Group and Company	
	2023 RM	**2022 RM**
Recognised during the financial year:		
Dividends on ordinary shares:		
- First and final single tier dividend for 2022: 2.00 sen per share	**6,638,816**	–
- First and final single tier dividend for 2021: 2.00 sen per share	**–**	6,638,816
	6,638,816	6,638,816

On 1 April 2024, the Board of Directors declared a first and final single tier dividend of 3.00 sen per ordinary share for the financial year ended 31 December 2023 amounting to a total dividend payment of approximately RM9,958,224. 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 2024.

34. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed deposits with licensed banks	**62,082,095**	64,298,624	**41,498,760**	50,301,273
Cash and bank balances	**89,547,660**	54,504,280	**4,647,562**	1,357,304
	151,629,755	118,802,904	**46,146,322**	51,658,577
Less: Fixed deposit under lien	**(1,278,517)**	(1,242,552)	**–**	–
	150,351,238	117,560,352	**46,146,322**	51,658,577

35. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments are as follows:-

(a) Capital commitments

	Group	
	2023 RM	2022 RM
Approved and contracted for:		
- Property, plant and equipment	**2,133,098**	20,235,687

(b) Leases

The Group had leased out its investment properties and inventories 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	
	2023 RM	2022 RM
Less than 1 year	**798,560**	355,152
Between 1 to 2 years	**388,840**	98,580
Total undiscounted lease payments to be received	**1,187,400**	453,732

36. 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 2023 RM	Group 2022 RM
Transaction with Directors		
Sales of completed properties to Directors	–	2,803,250

	Group / Company 2023 RM	Group / Company 2022 RM
Transactions with company in which is controlled by the close family members of key management personnel		
Purchase of property, plant and equipment	–	144,720

	Group 2023 RM	Group 2022 RM
Transactions with related company		
Collections on behalf	**9,359,300**	–
Refund for the collections on behalf	**6,800,000**	–

	Company 2023 RM	Company 2022 RM
Transactions with subsidiaries of the Group		
Rental income of land and buildings from subsidiaries	**1,845,600**	908,085
Rental of land and buildings charged by subsidiaries	**733,200**	387,972
Advances to subsidiaries	**12,345,679**	10,089,684

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(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	
	2023 RM	**2022 RM**
Joint venture deposits paid to related companies (Note 22)	**4,000,000**	4,000,000
Acquisition of company and land deposits paid (Note 22 and Note 40):-		
- Close family members of key management personnel	**2,300,000**	–
- Director	**1,150,000**	–
- Related company	**4,700,000**	–
- Company in which is controlled by the Director and the close family member of the key management personnel	**805,000**	–
Other payables		
- Collections on behalf	**2,559,300**	–

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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Short-term employee benefits	**1,431,660**	1,239,784	**66,000**	54,000
Post-employment benefits:				
- Defined contribution plans	**150,332**	129,368	**–**	–
	1,581,992	1,369,152	**66,000**	54,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

37. 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.

37. SEGMENT INFORMATION (CONTINUED)

Business segments

	Manufacturing		Property development and management		Trading, services and others		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
Sales	RM	RM	RM	RM	RM	RM	RM	RM
Total sales	**133,111,939**	114,508,890	**79,144,266**	55,196,946	**894,032**	401,718	**213,150,237**	170,107,554
Intersegment sales	**(1,771)**	(11,915)	**(1,085,700)**	(405,472)	**–**	–	**(1,087,471)**	(417,387)
External sales	**133,110,168**	114,496,975	**78,058,566**	54,791,474	**894,032**	401,718	**212,062,766**	169,690,167
Results								
Segment results (external)	**30,552,288**	20,496,823	**22,059,070**	10,719,617	**(322,558)**	(62,625)	**52,288,800**	31,153,815
Finance costs	**(2,151)**	(4,743)	**–**	–	**–**	–	**(2,151)**	(4,743)
Profit before tax	**30,550,137**	20,492,080	**22,059,070**	10,719,617	**(322,558)**	(62,625)	**52,286,649**	31,149,072
Other information								
Segments assets	**185,074,671**	175,728,902	**317,215,907**	293,514,159	**670,902**	750,473	**502,961,480**	469,993,534
Unallocated assets	**2,125,993**	911,158	**9,448,814**	7,391,646	**–**	–	**11,574,807**	8,302,804
Total consolidated assets	**187,200,664**	176,640,060	**326,664,721**	300,905,805	**670,902**	750,473	**514,536,287**	478,296,338
Segment liabilities	**30,288,748**	32,424,037	**13,771,101**	8,161,534	**21,354**	59,660	**44,081,203**	40,645,231
Unallocated liabilities	**2,915,807**	2,687,087	**18,945,403**	20,600,595	**–**	–	**21,861,210**	23,287,682
Total consolidated liabilities	**33,204,555**	35,111,124	**32,716,504**	28,762,129	**21,354**	59,660	**65,942,413**	63,932,913
Addition to non-current asset	**19,661,109**	6,263,584	**9,146,881**	670,321	**–**	147,701	**28,807,990**	7,081,606
Depreciation and amortisation	**8,148,977**	4,191,007	**361,173**	182,258	**31,877**	21,898	**8,542,027**	4,395,163
Inventories written down	**294,049**	1,351,946	**–**	–	**–**	–	**294,049**	1,351,946
Impairment losses on property, plant and equipment	**923,544**	960,883	**–**	–	**–**	–	**923,544**	960,883

37. SEGMENT INFORMATION (CONTINUED)

Geographical segments

	Malaysia RM	*People's Republic of China RM	Consolidated RM
2023			
Revenue from external customers	**211,509,484**	**553,282**	**212,062,766**
Segment assets	**494,356,255**	**20,180,032**	**514,536,287**
Addition to non-current asset	**28,807,990**	**–**	**28,807,990**
2022			
Revenue from external customers	166,438,310	3,251,857	169,690,167
Segment assets	454,331,613	23,964,725	478,296,338
Addition to non-current asset	7,052,749	28,857	7,081,606

*Includes revenue arising from export sales to Taiwan customers.

Major customers

There are one (2022: one) major customer's group from manufacturing segment with revenue equals or more than 10 percent over the Group's total revenue.

38. FINANCIAL INSTRUMENTS

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

38. 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

(i) Manufacturing segment

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.

38. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

(I) Trade receivables and contract assets (Continued)

(i) Manufacturing segment (Continued)

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 2023	**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	**11,316,682**	**14,570,980**	**32,585**	**48,447**	**–**	**554,351**	**26,523,045**
Loss allowance provision							
- Expected credit losses	**–**	**(10,813)**	**(3,965)**	**(7,850)**	**–**	**(7,470)**	**(30,098)**
- Individually assessed	**(2,985,595)**	**–**	**–**	**–**	**–**	**–**	**(2,985,595)**

31 December 2022	**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	16,850,112	15,789,957	719,922	450,998	35,628	539,931	34,386,548
Loss allowance provision							
- Expected credit losses	–	(118,582)	(134,223)	(183,709)	(31,026)	(323,596)	(791,136)
- Individually assessed	(5,591,739)	–	–	–	–	(146,829)	(5,738,568)

38. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

(I) Trade receivables and contract assets (Continued)

(i) Manufacturing segment (Continued)

Company

		Trade receivables					
31 December 2023	**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	**9,080,802**	**3,038,081**	**19,336**	**36,471**	**–**	**7,470**	**12,182,160**
Loss allowance provision							
- Expected credit losses	**–**	**(4,545)**	**(3,831)**	**(7,682)**	**–**	**(7,470)**	**(23,528)**
- Individually assessed	**(2,985,595)**	**–**	**–**	**–**	**–**	**–**	**(2,985,595)**

31 December 2022	**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	10,929,051	2,512,737	23,207	57,353	13,977	392,159	13,928,484
Loss allowance provision							
- Expected credit losses	–	(42,260)	(7,883)	(55,393)	(13,977)	(245,330)	(364,843)
- Individually assessed	(5,591,739)	–	–	–	–	(146,829)	(5,738,568)

38. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

(I) Trade receivables and contract assets (Continued)

(ii) Property development

The Group do not have any significant credit risk as its services and products are predominantly rendered and sold to a large number of customers comprising substantially property purchasers with financing facilities from reputable end-financiers. Credit risks with respect to property purchasers with no end-financing facilities are limited as the ownership and rights to the properties revert to the Group in the event of default. The Group do not have any significant exposure to any individual or counterparty nor any major concentration of credit risk related to any financial instruments.

(iii) Property investment

Credit risk arising from outstanding receivables from tenants is minimised by closely monitoring the limit of the Group's associations to business partners and their credit worthiness. In addition, the tenants have placed security deposits with the Group which act as collateral.

Information regarding loss allowance movement of contract assets and trade receivables are disclosed in Note 20 and 22 respectively.

(II) Other financial assets

Cash and cash equivalents and other receivables 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets	**62,082,095**	64,298,624	**41,498,760**	50,301,273
Financial liabilities	–	(67,954)	–	(67,954)
	62,082,095	64,230,670	**41,498,760**	50,233,319

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.

38. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign currency risk (Continued)

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 In RM	2023 Denominated in USD	 RMB	2022 Denominated in USD	 RMB
Trade and other receivables	**1,255,553**	**252,449**	1,096,093	478,673
Fixed deposits with licensed bank	**9,189,887**	**3,045,484**	–	2,947,063
Cash and bank balances	**6,858,161**	**244,922**	17,244,535	536,021
Trade and other payables	**(5,238,615)**	**(898,438)**	(7,095,827)	(1,406,255)
Exposure in the Statement of Financial Position	**12,064,986**	**2,644,417**	11,244,801	2,555,502

Company In RM	Denominated in USD 2023	 2022
Trade and other receivables	**751,526**	637,939
Cash and bank balances	**520,824**	257,549
Exposure in the statement of financial position	**1,272,350**	895,488

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.

		2023 Profit or loss RM	2022 Profit or loss RM
Group			
USD/RM	- strengthened 10%	**(301,104)**	(443,876)
	- weakened 10%	**301,104**	443,876
USD/RMB	- strengthened 10%	**1,218,043**	1,298,480
	- weakened 10%	**(1,218,043)**	(1,298,480)
RMB/RM	- strengthened 10%	**200,976**	194,218
	- weakened 10%	**(200,976)**	(194,218)
Company			
USD/RM	- strengthened 10%	**96,699**	68,057
	- weakened 10%	**(96,699)**	(68,057)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. 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:

2023	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM
Group						
Trade and other payables	**44,081,203**	**–**	**44,081,203**	**44,081,203**	**–**	**–**
	44,081,203		**44,081,203**	**44,081,203**	**–**	**–**

2023	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM
Company						
Amount due to related parties	**433,861**	**–**	**433,861**	**433,861**	**–**	**–**
Trade and other payables	**5,058,819**	**–**	**5,058,819**	**5,058,819**	**–**	**–**
	5,492,680		**5,492,680**	**5,492,680**	**–**	**–**

2022	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM
Group						
Finance lease liabilities	67,954	2.28% to 3.00%	69,323	69,323	–	–
Trade and other payables	40,577,277	–	40,577,277	40,577,277	–	–
	40,645,231		40,646,600	40,646,600	–	–

38. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk (Contonued)

2022	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM
Company						
Finance lease liabilities	67,954	2.28% to 3.00%	69,323	69,323	–	–
Amount due to related parties	171,078	–	171,078	171,078	–	–
Trade and other payables	6,791,512	–	6,791,512	6,791,512	–	–
	7,030,544		7,031,913	7,031,913	–	–

(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:

	2023 Carrying amount RM	2023 Fair value RM	2022 Carrying amount RM	2022 Fair value RM
Group				
Financial Asset				
Investment in unit trusts	**7,873,743**	**7,873,743**	19,894,230	19,894,230
Company				
Financial Asset				
Investment in unit trusts	**3,674,390**	**3,674,390**	5,704,611	5,704,611

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. 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				
2023				
Financial Asset				
Investment in unit trusts	**7,873,743**	**–**	**–**	**7,873,743**
2022				
Financial Asset				
Investment in unit trusts	19,894,230	–	–	19,894,230

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Company				
2023				
Financial Asset				
Investment in unit trusts	**3,674,390**	**–**	**–**	**3,674,390**
2022				
Financial Asset				
Investment in unit trusts	5,704,611	–	–	5,704,611

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

38. 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 2023 RM	Fair value through profit or loss 2022 RM
Financial Assets			
Non-current			
Investments	17	**3,153,161**	3,047,721
Current			
Investments	17	**4,720,582**	16,846,509
		7,873,743	19,894,230

	Note	Amortised cost 2023 RM	Amortised cost 2022 RM
Financial Assets			
Non- current			
Fixed deposit with licensed bank	24	**1,278,517**	1,242,552
Current			
Trade and other receivables	22	**39,871,870**	40,029,764
Fixed deposit with licensed bank	24	**60,803,578**	63,056,072
Cash and bank balances	25	**89,547,660**	54,504,280
		191,501,625	158,832,668

		Other financial liabilities at amortised cost	
	Note	2023 RM	2022 RM
Financial Liabilities			
Current			
Lease liabilities	29	–	67,954
Trade and other payables	31	**44,081,203**	40,577,277
		44,081,203	40,645,231

38. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Categories of financial instruments (Continued)

Company

	Note	Fair value through profit or loss 2023 RM	Fair value through profit or loss 2022 RM
Financial Assets			
Current			
Investments	17	**3,674,390**	5,704,611

	Note	Amortised cost 2023 RM	Amortised cost 2022 RM
Financial Assets			
Current			
Trade and other receivables	22	**4,841,001**	3,613,986
Amount due from related parties	23	**2,300,835**	2,676,202
Fixed deposits with licensed bank	24	**41,498,760**	50,301,273
Cash and bank balances	25	**4,647,562**	1,357,304
Total		**53,288,158**	57,948,765

	Note	Other financial liabilities at amortised cost 2023 RM	2022 RM
Financial Liabilities			
Current			
Amount due to related parties	23	**433,861**	171,078
Lease liabilities	29	–	67,954
Trade and other payables	31	**5,058,819**	6,791,512
		5,492,680	7,030,544

39. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise its shareholders value.

The Group and the Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company 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 year ended 31 December 2023.

The Group and the Company monitors capital using return on equity, which is net income as percentage of average equity.

At the reporting date, the ratios were the following:

	Group	
	2023 RM	2022 RM
Return on equity	**9%**	6%

The Group and the Company is not subject to externally imposed capital requirements for the financial years ended 31 December 2023 and 31 December 2022.

40. CORPORATE PROPOSAL

(i) Amverton Prop Sdn. Bhd. ("Amverton Prop"), an indirect wholly-owned subsidiary of the Company, had on 12 October 2023 entered into a conditional share sale agreement between Amverton Prop and Puan Sri Datin Catherine Yeoh Eng Neo, Dato' Milton Norman Ng Kwee Leong and Konsep Kekal Sdn. Bhd. for the proposed acquisition of 4 existing ordinary shares in Broadwise Corporation Sdn. Bhd. ("BCSB"), representing 100% equity interest in BCSB, for a total purchase consideration of RM46.0 million to be satisfied in cash; and

(ii) Amverton Prop had on 1 November 2023 entered into a conditional sale and purchase agreement with A & M Modern Homes Sdn. Bhd. to acquire a parcel of freehold land for a purchase consideration of RM47.0 million to be satisfied in cash.

(Collectively referred to as "The Proposed Acquisitions")

The Acquisitions were duly approved by the shareholders of the Company at the Extraordinary General Meeting on 14 March 2024 and are currently pending transfer of shares and ownership.

41. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

In April 2023, the operations of one of the Company's wholly-owned subsidiaries, HIL Precision Plastic Technology (Suzhou) Co. Ltd. ("HPPT") has ceased business operations, which is in the business of researching, designing and manufacturing of mould.

HPPT had operating revenues of RM553,282, gross profit of RM262,007 and loss before tax of RM3,024,729 for the financial year ended 31 December 2023.

42. 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 1 April 2024.

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	2,280
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	–	Factory	32 years	78,087	–	2,771
	2 Factory buildings	–	Factory	31 years	23,465	–	842
	3 Factory Buildings	–	Factory	29 years	21,993	–	752
Lot No 15825, Bukit Kemuning Mukim & Daerah of Klang Selangor Darul Ehsan	Factory buildings	–	Factory	24 years	117,552	–	6,434
Lot No 15830, Bukit Kemuning Mukim & Daerah of Klang Selangor Darul Ehsan	Factory buildings	–	Factory	24 years	20,996	–	2,267
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	2,110
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	Freehold	Rental	24 years	82,444	05.12.1996	1,336
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	1,375
P.T. No 30946, Mukim 1, District of Seberang Prai Tengah, Pulau Pinang	Land	Leasehold 60 years (2049)	Factory	–	39,209	28.09.2006	316
Lot 476, Tingkat Perusahaan Empat Kawasan Perindustrian Prai, SPT Pulau Pinang	Factory buildings	–	Factory	15 years	36,121	–	3,233

PROPERTIES OWNED BY THE GROUP (CONTINUED)

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)
P.T. No 147538 to P.T. No 147631, 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	–	321,908	1.1.2018	6,496
Lot 10343, Mukim and District of Klang,Selangor Darul Ehsan	Land	Freehold	Residential development	–	233,862	1.1.2018	2,220
PT 18881, No. 3, Jalan Bunga Raya 6A/1, Seksyen BS4, 48300 Bukit Sentosa, Selangor	Land	Leasehold 99 years (2121)	Factory Building	–	301	30.12.2023	16
PT 18880, No. 3, Jalan Bunga Raya 6A/1, Seksyen BS4, 48300 Bukit Sentosa, Selangor	Land	Freehold	Factory Building	–	54,675	30.12.2023	3,121
PT 18880, No. 3, Jalan Bunga Raya 6A/1, Seksyen BS4, 48300 Bukit Sentosa, Selangor	Factory buildings	Freehold	Factory	–	30,210	30.12.2023	5.599

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2024

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 shall have one vote for every share held by him
No. of Shareholders	:	3,603

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2024

Name	Direct Shareholdings	%	Indirect Shareholdings	%
Dalta Industries Sdn Bhd	166,908,742	50.282	115,464	0.035
Fame Alliance Sdn Bhd	33,365,100	10.051	–	–

ANALYSIS BY SIZE OF SHAREHOLDING AS AT 29 MARCH 2024

Size of Shareholding	No. of Shareholders	%	No. of Shares#	%
1 - 99	808	22.426	42,011	0.013
100 – 1,000	290	8.049	134,432	0.040
1,001 – 10,000	1,953	54.205	7,537,034	2.271
10,001 – 100,000	489	13.572	13,391,134	4.034
100,001 – 16,597,039 (*)	61	1.693	110,562,359	33.308
16,597,040 and above (**)	2	0.055	200,273,842	60.334
Grand Total	**3,603**	**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.

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 29 MARCH 2024
(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	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Kok Weng	14,831,600	4.468
5	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	10,980,599	3.307
6	Dato' Milton Norman Ng Kwee Leong	8,654,513	2.607
7	Golden Approval Sdn. Bhd.	8,577,000	2.583
8	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	7,463,900	2.248
9	Malcolm Jeremy Ng Kwee Seng	5,290,720	1.593
10	Steven Junior Ng Kwee Leng	4,829,800	1.455
11	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Gaik Eng	4,823,400	1.453
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	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Dana Makmur Pheim (211901)	4,050,300	1.220
15	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	3,606,480	1.086
16	Lee Thian Lye	3,058,800	0.921
17	Koh Bee Lan	1,959,312	0.590
18	Puan Sri Datin Catherine Yeoh Eng Neo	1,625,640	0.489
19	Telus Cemerlang Sdn. Bhd.	1,598,800	0.481
20	Steven Junior Ng Kwee Leng	1,420,000	0.427
21	Poh Sin Yoong	1,300,000	0.391
22	Poh Sin Ee	1,290,765	0.388
23	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mujur Cemerlang Sdn. Bhd.	1,288,600	0.388
24	Citigroup Nominees (Asing) Sdn Bhd CEP for PHEIM SICAV-SIF	1,245,700	0.375

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 29 MARCH 2024 (CONTINUED)

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

No	Name	No. of Shares	%
25	Malcolm Jeremy Ng Kwee Seng	1,000,000	0.301
26	Steven Junior Ng Kwee Leng	1,000,000	0.301
27	Telus Cemerlang Sdn. Bhd.	855,800	0.257
28	Ngan Bee Poh	650,500	0.195
29	Teo Kwee Hock	611,100	0.184
30	Puan Sri Datin Catherine Yeoh Eng Neo	495,640	0.149
	Total	**301,654,937**	**90.861**

DIRECTORS' INTEREST IN SHARES OF THE COMPANY AND RELATED CORPORATIONS AS AT 29 MARCH 2024

	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
Dato' Ir. Hashim Bin Osman	–	–	–	–-
Ooi Hun Yong	–	–	–	–
Norazkha Binti Dahlan	97,920	0.029	–	–
Tong Sook Yee	–	–	–	–

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

ANALYSIS OF WARRANT HOLDINGS
AS AT 29 MARCH 2024

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 29 MARCH 2024

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
HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Kok Weng	3,452,500	6.240	–	–
Yap Kok Weng	3,420,520	6.182	–	–
Mujur Cemerlang Sdn Bhd	3,371,014	6.093	–	–

ANALYSIS BY SIZE OF WARRANT HOLDINGS AS AT 29 MARCH 2024

Size of Warrant Holdings	No. of Warrant Holders	%	Warrant holdings	%
1 - 99	921	29.377	12,703	0.023
100 – 1,000	1,610	51.356	700,069	1.265
1,001 – 10,000	524	16.715	1,481,762	2.678
10,001 – 100,000	63	2.010	1,880,672	3.399
100,001 – 2,766,172 (*)	12	0.383	6,162,327	11.139
2,766,173 and above (**)	5	0.159	45,085,935	81.496
Grand Total	**3,135**	**100.00**	**55,323,468**	**100.00**

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

ANALYSIS OF WARRANT HOLDINGS (CONTINUED)

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 29 MARCH 2024

(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	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Kok Weng	3,452,500	6.240
4	Yap Kok Weng	3,420,520	6.182
5	Mujur Cemerlang Sdn Bhd	3,328,014	6.015
6	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	2,341,233	4.231
7	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	2,000,000	3.615
8	Dato' Milton Norman Ng Kwee Leong	1,255,585	2.269
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	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	601,080	1.086
14	Puan Sri Datin Catherine Yeoh Eng Neo	270,940	0.489
15	Koh Bee Lan	240,002	0.433
16	Siew Chee Huat	218,400	0.394
17	Poh Sin Ee	216,794	0.391
18	Poh Sin Yoong	215,000	0.388
19	Maybank Nominees (Tempatan) Sdn Bhd Leong Pak Wah	134,701	0.243
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	Cheong Mei Yik	94,100	0.170
23	Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	80,400	0.145
24	Dato' Milton Norman Ng Kwee Leong	78,074	0.141

ANALYSIS OF WARRANT HOLDINGS (CONTINUED)

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 29 MARCH 2024 (CONTINUED)

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

No	Name	Warrant holdings	%
25	Wong Set Fong	75,000	0.135
26	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Benedict Anthony Pang Sin Sen	70,000	0.126
27	Steven Junior Ng Kwee Leng	70,000	0.126
28	Ngan Bee Poh	68,000	0.122
29	Tan Jee Meng	65,614	0.118
30	Ng Yih Herng	65,000	0.117
	Total	**51,634,062**	**93.314**

DIRECTORS' WARRANT HOLDINGS AS AT 29 MARCH 2024

	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
Dato' Ir. Hashim Bin Osman	–	–	–	–
Ooi Hun Yong	–	–	–	–
Norazkha Binti Dahlan	16,320	0.029	–	–
Tong Sook Yee	–	–	–	–

NOTICE OF 54TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 54th 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 **Thursday, 20 June 2024 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 2023 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) Ooi Hun Yong **Ordinary Resolution 2**

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 3**

4. To re-appoint HLB Ler Lum Chew PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 4**

AS SPECIAL BUSINESS

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

5. WAIVER OF STATUTORY PRE-EMPTIVE RIGHTS OF THE SHAREHOLDERS UNDER SECTION 85 OF THE COMPANIES ACT 2016 **Ordinary Resolution 5**

   "THAT approval be and is hereby given by shareholders of the Company to waive their pre-emptive rights, pursuant to Section 85 of the Companies Act 2016 ("the Act") read together with Rule 17 of the Constitution of the Company, to the issuance of new shares of the Company which rank equally with the existing issued shares of the Company.

   AND THAT subject to the passing of Ordinary Resolution 6, the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, for such consideration and to any person as the Directors may determine without offering such new shares to the existing shareholders of the Company."

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

"THAT contingent upon the passing of Ordinary Resolution 5 and subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75(1) of the Act to issue and allot shares in the Company from time to time at such price and upon such terms and conditions for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being.

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on the Main Market of Bursa Securities.

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. 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.

NOTICE OF 54TH ANNUAL GENERAL MEETING (CONTINUED)

(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).

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."

OTHER ORDINARY BUSINESS

8. 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
30 April 2024

NOTICE OF 54TH ANNUAL GENERAL MEETING (CONTINUED)

NOTES:

1. **Participation and Appointment of Proxy**

(a) A member entitled to attend and vote at the 54th 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 ("**proxy form**") 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 proxy form must be deposited 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, 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) The proxy form may also be lodged electronically with the Company's Share Registrar via Tricor's **TIIH Online** website at https://tiih.online.

(h) Only members whose names appear in the Record of Depositors as at **13 June 2024** will be entitled to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.

(i) Please ensure **ALL** the particulars as required in the proxy form are completed and that the proxy form is signed and dated accordingly.

(j) The last date and time for lodging the proxy form is Tuesday, **18 June 2024 at 11.00 a.m.**

(k) For a corporate member who has appointed a representative instead of a proxy to participate in this 54th 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.

(l) It is important that you read the Notification to Shareholders for the conduct of this 54th AGM.

(m) Shareholders are advised to check the Company's website at https://www.hil.com.my and announcements from time to time for any changes to the administration of this 54th 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.

(n) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), all resolutions set out in the Notice of the 54th AGM will be put to vote by poll.

NOTICE OF 54TH ANNUAL GENERAL MEETING (CONTINUED)

Explanatory Notes on Ordinary Business

2. Audited Financial Statements for financial year ended 31 December 2023

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("**the Act**") for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

3. Ordinary Resolutions 1 and 2 – Re-election of Directors

Rule 144 of the Company's Constitution states that every Director shall be subject to retirement at least once in every three (3) years. A retiring Director shall be eligible for re-election.

In determining the eligibility of the Directors due for retirement to stand for re-election at the forthcoming Annual General Meeting, the Nominating Committee ("**NC**") had assessed the retiring Directors and was satisfied with the outcome of the fit and proper assessment. The Independent Non-Executive Director had also provided confirmation of his independence.

The Board had considered the NC's evaluation of the eligibility of the retiring Directors and was satisfied that they will continue to bring their knowledge, experience and skills and contribute effectively to the Board's discussions, deliberations and decisions.

Explanatory Notes on Special Business

4. Ordinary Resolution 5 – Waiver of Pre-emptive Rights under Section 85 of the Act

Pursuant to Section 85 of the Act read together with Rule 17 of the Company's Constitution, the shareholders have pre-emptive rights to be offered any new shares in the Company in proportion to their existing holdings which rank equally to the existing issued shares of the Company.

The proposed Ordinary Resolution 5, if passed, will mean a waiver of your pre-emptive rights to be offered new shares to be issued by the Company pursuant to Ordinary Resolution 6.

5. 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 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 53rd Annual General Meeting held on 22 June 2023, the mandate of which will lapse at the conclusion of the forthcoming 54th Annual General Meeting to be held on 20 June 2024.

6. 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 30 April 2024 accompanying the Company's Annual Report for the financial year ended 31 December 2023.

STATEMENT ACCOMPANYING THE NOTICE OF 54TH 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 54th 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.
- 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 (7) Board Meetings were held during the financial year ended 31 December 2023.

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	5/7	71%
Dato' Milton Norman Ng Kwee Leong	5/7	71%
Steven Junior Ng Kwee Leng	4/7	57%
Malcolm Jeremy Ng Kwee Seng	5/7	71%
Dato' Ir. Hashim Bin Osman	7/7	100%
Ooi Hun Yong	7/7	100%
Norazkha Binti Dahlan	5/5	100%
Tong Sook Yee	4/5	80%
Mat Ripen Bin Mat Elah	2/2	100%
Ooi Hock Guan	2/2	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 54th Annual General Meeting.

This page has been intentionally left blank

HIL INDUSTRIES BERHAD
(Registration No.: 196901000472 [8812-M])
(Incorporated in Malaysia)

CDS Account No.

No. of shares held

PROXY FORM

*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/or failing him/her

Full Name (in block letters)	**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 54th 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 **Thursday, 20 June 2024 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 Ooi Hun Yong as a Director of the Company	Ordinary Resolution 2		
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 3		
4.	To re-appoint HLB Ler Lum Chew PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Board of Directors to fix their remuneration	Ordinary Resolution 4		
5.	Waiver of statutory pre-emptive rights of the shareholders under Section 85 of the Companies Act 2016	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		

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 ____________________ 2024.

____
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.

NOTES TO PROXY FORM

1. A member entitled to attend and vote at the 54th 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 ("**proxy form**") 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 proxy form must be deposited 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, 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. The proxy form may also be lodged electronically with the Company's Share Registrar via Tricor's **TIIH Online** website at https://tiih.online.
8. Only members whose names appear in the Record of Depositors as at **13 June 2024** will be entitled to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.
9. Please ensure **ALL** the particulars as required in the proxy form are completed and that the proxy form is signed and dated accordingly.
10. The last date and time for lodging the proxy form is Tuesday, **18 June 2024 at 11.00 a.m.**
11. For a corporate member who has appointed a representative instead of a proxy to participate in this 54th 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.
12. It is important that you read the Notification to Shareholders for the conduct of this 54th AGM.
13. Shareholders are advised to check the Company's website at https://www.hil.com.my and announcements from time to time for any changes to the administration of this 54th 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.
14. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 54th AGM will be put to vote by poll.

1st 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

2nd Fold Here

Fold This Flap For Sealing

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:+603 5510 0501
Fax:+603 5510 0493

www.hil.com.my