



**KUMPULAN H & L HIGH-TECH BERHAD**  
[199401032123 (317805-V)]



**MAINTAINING  
OUR MOMENTUM**  
Annual Report 2023



# 29<sup>TH</sup> ANNUAL GENERAL MEETING

**18 April 2024 (Thursday) - 11.00 a.m.**

ClubHouse, Tropicana Golf and Country Resort  
Jalan Kelab Tropicana, 47410 Petaling Jaya  
Selangor Darul Ehsan.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Tan Lye Huat**  
*Group Executive Chairman  
& Managing Director*

**Tan Sook Yee**  
*Executive Director*

**Lim Hock Aun**  
*Independent Non-Executive Director*

**Yoon Hin Yeow**  
*Independent Non-Executive Director*

**Thong Chee Thim**  
*Independent Non-Executive Director  
(appointed on 6 June 2023)*

**Mak Wai Chin**  
*Independent Non-Executive Director  
(appointed on 27 December 2023)*

**Rita Tai Lai Ling**  
*Independent Non-Executive Director  
(Resigned on 18 April 2023)*

**Hau Hock Khun**  
*Independent Non-Executive Director  
(Retired on 18 April 2023)*

## AUDIT AND RISK MANAGEMENT COMMITTEE

**Lim Hock Aun (Chairman)**  
*Independent Non-Executive Director*

**Yoon Hin Yeow (Member)**  
*Independent Non-Executive Director*

**Thong Chee Thim (Member)**  
*Independent Non-Executive Director*

**Mak Wai Chin (Member)**  
*Independent Non-Executive Director*

## REMUNERATION COMMITTEE

**Thong Chee Thim (Chairman)**  
*Independent Non-Executive Director*

**Yoon Hin Yeow (Member)**  
*Independent Non-Executive Director*

**Lim Hock Aun (Member)**  
*Independent Non-Executive Director*

**Mak Wai Chin (Member)**  
*Independent Non-Executive Director*

## NOMINATION COMMITTEE

**Yoon Hin Yeow (Chairman)**  
*Independent Non-Executive Director*

**Thong Chee Thim (Member)**  
*Independent Non-Executive Director*

**Lim Hock Aun (Member)**  
*Independent Non-Executive Director*

**Mak Wai Chin (Member)**  
*Independent Non-Executive Director*

## COMPANY SECRETARIES

**Law Mee Poo**  
*[SSM PC No. 201908002275  
(MAICSA 7033423)]*

**Tan Lai Hong**  
*[SSM PC No. 202008002309  
(MAICSA 7057707)]*

## REGISTERED OFFICE

Unit 30-01, Level 30, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No 8, Jalan Kerinchi  
59200 Kuala Lumpur.  
Tel : (03) 2783 9191  
Fax : (03) 2783 9111

## PRINCIPAL PLACE OF BUSINESS

No. 6, Jalan TSB 1  
Taman Industri Sungai Buloh  
47000 Sungai Buloh  
Selangor Darul Ehsan.  
Tel : (03) 6157 6339  
Fax : (03) 6156 8918  
Email : info@hlhightech.com  
Website : www.hlhightech.com

## SHARE REGISTRAR

**Boardroom Share Registrars Sdn Bhd**  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan.  
Tel : (03) 7890 4700  
Fax : (03) 7890 4670

## AUDITORS

**Grant Thornton Malaysia PLT**  
Chartered Accountants

## PRINCIPAL BANKERS

Hong Leong Bank Berhad  
CIMB Bank Berhad  
OCBC Bank (Malaysia) Berhad  
Public Bank Berhad  
United Overseas Bank (Malaysia) Berhad  
Malayan Banking Berhad

## STOCK EXCHANGE LISTING

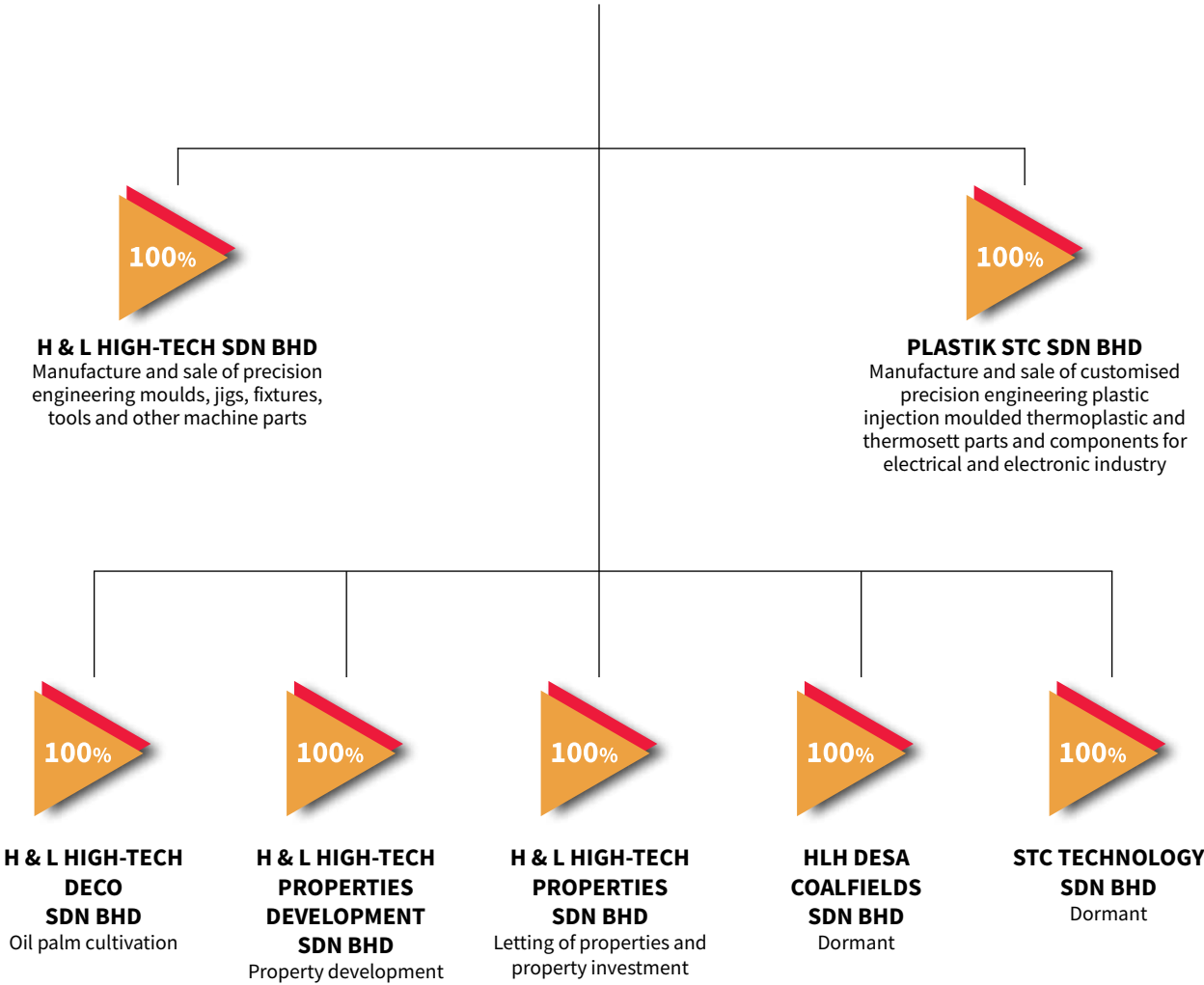
**Main Market of the Bursa Malaysia  
Securities Berhad**  
Stock Name : HIGHTEC  
Stock Code : 7033

## INVESTOR RELATIONS

[www.insage.com.my/ir/HIGHTEC](http://www.insage.com.my/ir/HIGHTEC)



**KUMPULAN H & L HIGH-TECH BERHAD**  
Investment Holdings



# PROFILE OF THE BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

## TAN LYE HUAT

*Group Executive Chairman and Managing Director*

• *Key Senior Management*

Tan Lye Huat (“Mr Tan”), Malaysian, Male, aged 70, was appointed as Group Executive Chairman and Managing Director of Kumpulan H & L High-Tech Berhad (“KHLHT” or “the Company” or “the Group”) on 2 September 1997. Mr Tan is also one of the Key Senior Management and he is a businessman by profession and the founder of H & L High-Tech Sdn Bhd (“HHT”), Plastik STC Sdn Bhd (“PSSB”), H & L High-Tech Deco Sdn Bhd (“HHTD”), H & L High-Tech Properties Sdn Bhd (“HHTP”) and H & L High-Tech Properties Development Sdn Bhd (“HHPD”).

He founded Hup Lee Engineering Works (“HLEW”) in 1976 as a partnership in the mould and dies industry and incorporated the partnership under HHT on 9 November 1988.

With more than 40 years experience in closely managing the production and marketing operations of HHT and HLEW, Mr Tan possesses in-depth knowledge and experience in the overall operations of HHT as well as the industry in general.

He sits on the Board of all companies under KHLHT and also holds directorships in a number of other private limited companies. He has no conflict of interest with the Company. His daughter, Tan Sook Yee, is also an Executive Director and major shareholder of KHLHT by virtue of her direct shareholding in KHLHT and her interest in Affluent Future Sdn Bhd and Tan Lye Huat Holdings Sdn Bhd.

He has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## TAN SOOK YEE

*Executive Director*

• *Key Senior Management*

Tan Sook Yee (“Ms Tan”), Malaysian, Female, aged 43, was appointed as Executive Director of the Company on 30 June 2006. She is also one of the Key Senior Management.

Ms Tan graduated with a Bachelor of Manufacturing Engineering (Honours) and Bachelor of Commerce from the University of Melbourne.

She joined the Group as a Customer Support Engineer in 2004 and is now the Business Development Director of which her primary role is to develop new projects for the Group and manage the Group's international businesses. Ms Tan is also the Quality Management Representative for the Group. She sits on the Board of KHLHT and all its subsidiaries. She also holds directorships in a number of other private limited companies.

She is the daughter of Mr Tan Lye Huat who is the Group Executive Chairman and Managing Director and major shareholder of KHLHT by virtue of his direct shareholding in KHLHT and his interest in Affluent Future Sdn Bhd, Tan Lye Huat Holdings Sdn Bhd and his children. She has no conflict of interest with the Company.

She has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# PROFILE OF THE BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

(CONT'D)

## LIM HOCK AUN

*Independent Non-Executive Director*

Lim Hock Aun (“Mr Lim”), Malaysian, Male, aged 64, was appointed as Independent Non-Executive Director of KHLHT on 21 October 2020. He is a member of the Malaysian Institute of Accountant, and a member of the Institute of Chartered Accountants, England and Wales.

Mr Lim has more than 25 years of experience in the Malaysian Financial Industry. He was previously the Senior Vice President, Head of Group Basel and Sustainability Reporting in AMMB Holdings Berhad Group (“AmBank Group”) until his retirement in July 2020. Prior to his accomplishments in the Malaysian Financial Sector, Mr Lim had served across Accounting, Audit and Tax Industries in the United Kingdom (UK) from September 1980 to July 1991. Upon his return from the UK in 1991, he joined Ban Hin Lee Bank Berhad (“BHLB Berhad”) as Accountant. He was then promoted to Manager of Financial Control Department and subsequently assumed the role of Senior Manager/Head of Financial Control Department in 1992 and 1995, respectively.

In 2000, Mr Lim was appointed as Head of Group Finance upon the merger of Southern Bank Berhad and BHLB Berhad. In July 2001, he joined AmAssurance Berhad, the insurance arm of AmBank Group as Head of Finance, Corporate and Planning and had since held various positions within AmBank Group as follows: Head of Finance and Administration of AmBank (M) Berhad and AmIslamic Bank Berhad, Head of Group External Reporting, Head of Group Accounting Policy and Malaysian Financial Reporting Standards Projects, and finally Head of Group Basel and Sustainability Reporting.

He is the Chairman of Audit and Risk Management Committee of the Company and a member of the Nomination Committee and Remuneration Committee of the Company. He does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

He has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## YOON HIN YEOW

*Independent Non-Executive Director*

Yoon Hin Yeow (“Mr Yoon”), Malaysian, Male, aged 59, was appointed as Independent Non-Executive Director of KHLHT on 21 December 2022. He is a member of the Malaysian Institute of Accountant, and a member of the Chartered Institute of Management Accountant of U.K. as well as Member of Institute of Singapore Chartered Accountants.

Mr Yoon has more than 30 years of experience in manufacturing, financial services and power generation.

He was with Schnieder Electric for 24 years as the Chief Financial Officer and Finance Director seconded to multiple cities including Shanghai, Jakarta, Hong Kong, Beijing, Tianjin, Grenoble, Singapore and Kuala Lumpur.

He then joined AmBank Group in Malaysia as the Chief Financial Officer – Group Services in October 2015. In July 2018, he joined CGN/Edra power generation group as Head of Finance, overseeing their finance, accounting and tax for six power plants in Egypt and Bangladesh before retiring in March 2022.

He is the Chairman of the Nomination Committee, a member of the Audit and Risk Management Committee of the Company and a member of the Remuneration Committee of the Company. He does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

He has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# PROFILE OF THE BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

(CONT'D)

## THONG CHEE THIM

*Independent Non-Executive Director*

Thong Chee Thim (“Mr Thong”), Malaysian, Male, aged 63, was appointed as Independent Non-Executive Director of KHLHT on 6 June 2023. He holds Bachelor of Arts in Business Administration from University of Wales, United Kingdom as well as holder of Master of Business Administration from Asia International Open University.

Mr Thong has over 30 years of experience in management roles in various industries including securities and education.

He is the Chairman of Remuneration Committee, a member of the Audit and Risk Management Committee and a member of the Nomination Committee of the Company. He does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

He has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## MAK WAI CHIN

*Independent Non-Executive Director*

Mak Wai Chin (“Ms Mak”), Malaysian, Female, aged 60, was appointed as Independent Non-Executive Director of KHLHT on 27 December 2023. She holds a Degree in Law from National University of Singapore.

Ms Mak is currently the Advocate & Solicitor of the High Court of Malaya. She was called to the Singapore Bar in year 1988 and the Malaysian Bar in the subsequent year. Ms Mak is proficient and well versed in various law fields with specialisation and experience in conveyancing & banking, commercial and corporate, probate & estate administration related matters. She is a Partner of Messrs Mak Loo & Co since year 2012.

She is a member of the Audit and Risk Management Committee, the Nomination Committee and Remuneration Committee of the Company. She does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

She has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## TAN YAW BIN

*Key Senior Management*

Tan Yaw Bin (“Mr YB Tan”), Malaysian, Male, aged 42, was appointed as Executive Director of the subsidiary companies of the Company in year 2023. He is also one of the Key Senior Management.

Mr YB Tan graduated with a Bachelor of Computing from Monash University.

He joined the Group as an Information Technology and Business Development Executive in year 2005 and is now the Operations Director of which his primary role is to ensure the daily operations of every department run smoothly for the Group and assist in the Group’s business development. He does not sit on the Board of KHLHT but sits on the board of all its subsidiaries. He also holds directorships in a number of other private limited companies.

He is the son of Mr Tan Lye Huat who is the Group Executive Chairman and Managing Director and major shareholder of KHLHT by virtue of his direct shareholding in KHLHT and his interest in Affluent Future Sdn Bhd, Tan Lye Huat Holdings Sdn Bhd and his children. He has no conflict of interest with the Company.

He has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



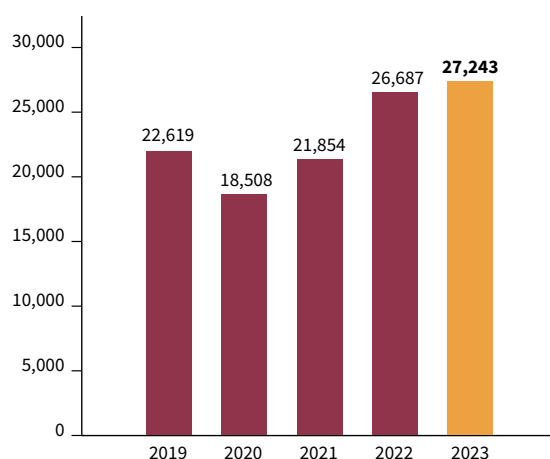
## FIVE YEARS' FINANCIAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER	2019 RM 000	2020 RM 000	2021 RM 000	2022 RM 000	2023 RM 000
Group Revenue	22,619	18,508	21,854	26,687	27,243
Profit Before Tax	4,337	2,766	20,056	10,951	12,409
Profit Attributable to Shareholder	3,358	2,431	18,403	9,171	10,187
Paid Up Capital	40,612	40,612	40,612	40,612	40,612
Total Assets	115,284	124,580	143,727	167,328	172,852
Shareholders' Equity	94,924	96,464	116,007	129,321	135,626
Net Earnings per Share (sen)*	9.18	6.65	15.57	7.58	8.55
Net Assets per Share (RM)*	2.6000	2.6400	0.9593	1.0807	1.1479
Dividend (sen)	3.50	3.00	3.50	3.00	3.00

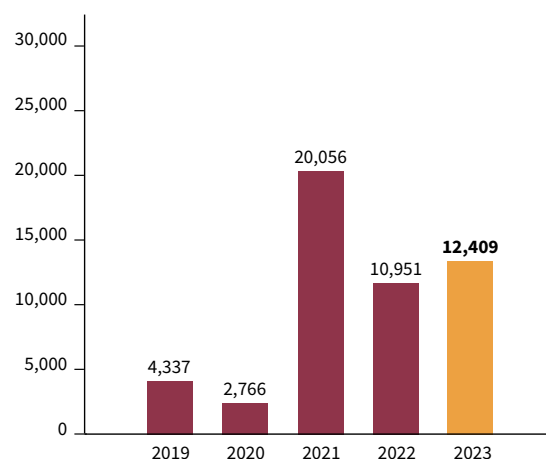
On 6 September 2021, the Company announced that Share Split exercise (every 1 existing share into 3 subdivided shares) has been completed.

\* Excluding treasury shares

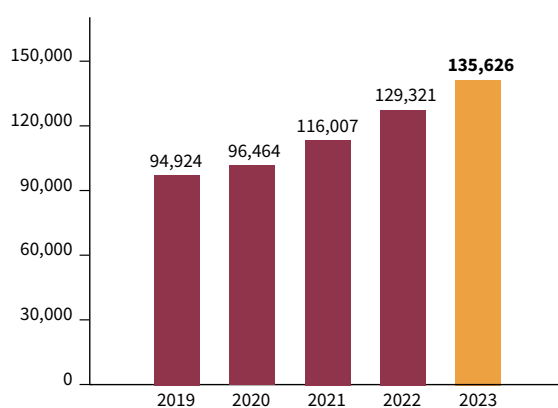
**GROUP REVENUE**  
(RM'000)



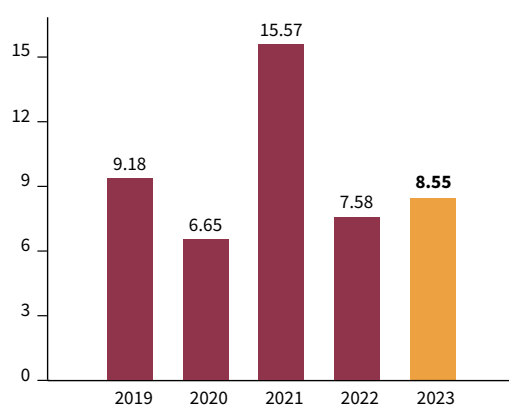
**PROFIT BEFORE TAX**  
(RM'000)



**SHAREHOLDERS' EQUITY**  
(RM'000)



**NET EARNINGS PER SHARE\***  
(sen)



# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF CORE BUSINESSES

The principal activities of Kumpulan H & L High-Tech Berhad in the financial year ended 31 October 2023 (“FY2023”) remained unchanged during the financial year and are divided into three business segments:

- Manufacturing and sale of precision engineering moulds (PEM) and machine parts, and customisation of precision engineering plastic injection moulds and components catering to sectors such as automotive, consumer, electrical, industrial and medical.
- Property investment and property development.
- Cultivation of oil palm plantations.

## FY2023 OVERVIEW OF THE GROUP’S BUSINESS

# 14.0%

### MANUFACTURING

The overall revenue contribution from our manufacturing business improved by 14.0% from RM14.78 million to RM16.85 million with an increase of segment profit of 13.8%, from RM2.79 million in FY2022 to RM3.18 million mainly due to increase in order for plastic division.

# 6.60%

### PROPERTY INVESTMENT

The property investment segment generated higher income in FY2023 by 6.6% compared to FY2022 mainly due to an additional investment property at the beginning of FY2022 as well as rental revision upon renewal of tenancy agreement.

For property development, the group has not launched any project in FY2023 despite holding a land bank in Mukim of Ijuk, Selangor which was purchased about a decade ago.

The management expects to collaborate with an experienced party to develop this land bank in near future.

### PLANTATION

The average CPO price for first 10 months in 2023 was RM3,835 a tonne, significantly reduced from RM5,352 in the same period in 2022.

CPO prices saw a decline in 2023 due to the market demand-supply forces which are beyond the control of planters.

Fresh Fruit Bunch (“FFB”) production for FY2023 improved with 8,728 metric tonnes (“MT”) recorded, showing an increase of 5.3% in FY2023 compared to FY2022. However, the weighted average FFB selling price also plummeted by 31.8% in FY2023 due to lower CPO price.

We expect the FFB production output to continue the uptrend as more acreage of trees start bearing fruits from new leases of land since 2018 and up to the date of this report.



## FINANCIAL AND OPERATION PERFORMANCE OF THE GROUP

The group achieved a total revenue of RM27.24 million which is an improvement of 2.1% in FY2023 compared to FY2022.

The group's Profit Before Tax ("PBT") improved by 13.3% to RM12.41 million in FY2023 mainly due to an higher fair value gain on investment properties compared to FY2022. If fair value gain on investment properties were excluded, PBT reduced by 10.4% or RM0.87 million mainly due to lower PBT from Plantation segment.

The group recorded a PAT of RM10.19 million or 11.1% higher than RM9.17 million in FY2022.

**2.1%**

**TOTAL REVENUE INCREASED**

**13.3%**

**PBT INCREASED**

**11.1%**

**PAT INCREASED**

## WORKING CAPITAL

Total current assets reduced slightly from RM48.45 million to RM48.29 million with a healthy working capital ratio of 10.37 times mainly because of lower current liabilities. The group continues its prudent policy on working capital management.

Total liquid assets stood at RM39.83 million versus total borrowings of RM13.56 million. Liquid assets in multiple of borrowings improved from 2.59 times to 2.94 times mainly due to lower borrowings. The biggest component of working capital besides liquid cash was receivables which stood at RM2.96 million versus RM3.57 million last year. The average collection period is 44 days, slightly shorter than 46 days in 2022. There have been no bad debts written off or provision of doubt debts.

Cash and cash equivalent at the end of October 2023 was RM39.83 million, or 1.6% higher compared to the RM39.20 million at the end of October 2022 mainly due to the ability to generate cash from operation despite maintaining the dividend payment as well as term loan installment payment.

Total long-term and short-term borrowings at the end of October 2023 was RM 13.56 million, reduced by RM1.55 million compared to previous financial year due to a scheduled term loan installment payment.

## CAPITAL INVESTMENT

Other than the completion of the acquisition of a property for own use at purchase price of RM0.27 million, there were no major capital investments incurred during FY2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

## OUTLOOK AND PROSPECTS

2024 is going to be a tougher year as the world economy faces greater challenge from multiple military conflicts, including Ukraine war (since February 2022) as well as the recent tensions in Middle-East as well as in Myanmar and Korea, while the interest rate is likely remain to higher for a period longer than expected despite inflation data seem improving as at December 2023. In January 2024, Bank Negara Malaysia maintained the Overnight Policy Rate at 3.00% p.a. while US Federal Reserve's benchmark interest rate also remained high at 5.25% to 5.50% p.a. compared to near zero in March 2022.

Despite the uncertainty, the financial prospect of the group remains well guarded with a net cash position as well as consistent net cash generated from operations in the past.

### Manufacturing

The manufacturing business is anticipated to maintain similar level of profits this year.

### Property Investment and Property Development

Property investment is expected to be stable as the group employs measures to retain current tenants and ensure that empty units, if any, are rented out as soon as possible. As for property development, we continuously explore joint ventures to develop existing landbank and identify new landbanks for future development.

### Plantation

The outlook for the Malaysian palm oil industry is expected to be better in 2024 (in terms of the CPO price) after a long period of low CPO prices in 2023.

MPOB forecasts increase in palm oil production in Malaysia in 2024 while the price of CPO may range between RM3,900 to RM4,200 per tonne with expectation of improvement in most key indicators, according to MPOB Director General during Palm Oil Economic Review and Outlook Seminar held in January 2024.

FFB production of the group are expected to remain the same or higher, despite the potential El-Nino effect in 2024. El Nino is a warming of Pacific waters that typically produces drier conditions over Asia, curbing the output of some crops.

For plantation, the group does not own the land but has low lease commitments. The group will be exempted from rental charges if the oil palm trees are infected by any disease, thus reducing the risk to the plantation business.

## RISK FACTORS

### Manpower Shortage

The manufacturing and plantation segments are heavily reliant on foreign workers. In the meantime, we are retraining our manpower with new skills and doing our best to retain talents.

### Inflation

High inflation and/or high interest rate poses a real risk to businesses including higher operating costs, such as materials, wages and labor costs, as well as a negative impact on revenue as a result of decreased consumer confidence and discretionary spending.

## DIVIDEND POLICY

The declaration of interim dividends and the recommendation of final dividends (if applicable) are subject to the Board's discretion and any final dividend for the year is subject to the shareholders' approval.

We have not formulated a dividend policy or payout ratio but historically the company has been distributing dividends regularly twice a year.

We recognise that it is important to reward our investors with dividends. Therefore, it is our intention to declare and recommend dividends in the future to allow shareholders to enjoy the profits, subject to various factors including financial performance and cash flow requirements.

# SUSTAINABILITY STATEMENT

## SUSTAINABILITY GOVERNANCE

We acknowledge the significance of establishing a resilient sustainability governance and leadership framework to efficiently steer the sustainability initiatives at KHLHT. Our governance system has been crafted to enable the infusion of sustainability principles across every facet of our business activities and decision-making procedures. This framework mandates our Group's dedication to implementing sustainable practices that generate long-term value for our stakeholders.

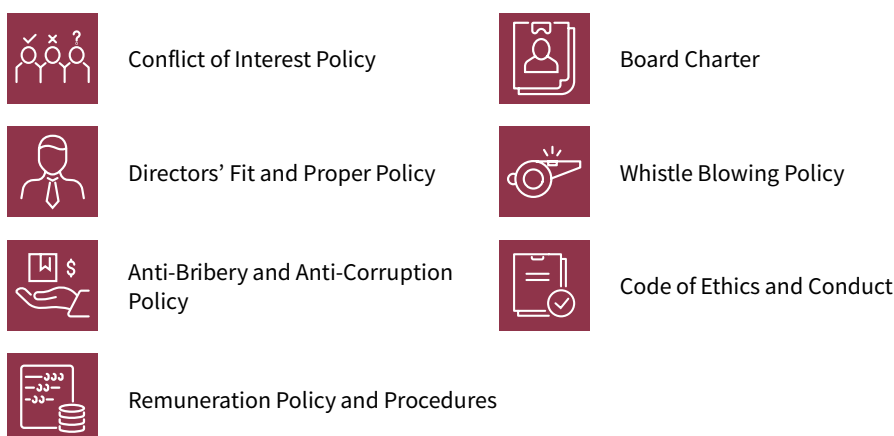
The following outlines the functions and responsibilities assigned to each level within our governance structure:



## POLICIES AND PROCEDURES FOR GOVERNANCE AND OVERSIGHT

As part of our commitment to fostering strong corporate governance practices, the Group maintains policies that not only provide a framework for corporate governance, but also serve as a means of instilling a culture of business ethics in our employees.

The following policies exemplify our commitment to sustainability:



The implementation of these policies reflects our commitment to fostering transparency, accountability, and responsible stewardship of the environment and the communities in which we operate. We seek to uphold the highest standards of professionalism and ethical conduct.







# SUSTAINABILITY STATEMENT

(CONT'D)

## STAKEHOLDERS ENGAGEMENT

Our stakeholders are important to us and play a pivotal role in achieving our goals. Their input offers valuable perspectives that help us identify areas for improvement and develop strategies to address them, leading to greater overall success. We actively engage with our stakeholders through a range of communication channels.

With a dedication to fostering collaboration and mutual understanding, we present a comprehensive summary of our key stakeholders, their related material sustainability issues and our ongoing engagement efforts, as outlined in the table below:

Key Stakeholders	Areas of Interest	Engagement Methodology	Frequency
 <b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>• Accurate disclosure</li> <li>• Future direction</li> <li>• Recent performance</li> <li>• Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meetings</li> <li>• Conference Calls</li> </ul>	Annually or when required
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Compensation &amp; Benefits</li> <li>• Personal Development</li> <li>• Insurance &amp; Medical</li> <li>• Health and Safety</li> <li>• Efficiency &amp; Comfort</li> </ul>	<ul style="list-style-type: none"> <li>• Annual performance appraisal</li> <li>• Occupational Health and Safety Committee meetings</li> <li>• Annual Team-Building &amp; Dinner</li> <li>• Regular communications from and meetings</li> <li>• Direct whistle-blowing channels</li> </ul>	Regularly
 <b>Customers</b>	<ul style="list-style-type: none"> <li>• Quality &amp; Pricing</li> <li>• On-time Deliveries</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Survey &amp; Feedback</li> <li>• Regular communications</li> <li>• Complaints channel</li> <li>• Regular Audits</li> </ul>	Ongoing
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Quality &amp; Pricing</li> <li>• On-time Deliveries</li> <li>• Sustainable supply chain and future business dealings</li> <li>• Procurement management</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Review &amp; Feedback</li> <li>• Regular communications</li> <li>• Complaints channel</li> <li>• On-Site Visits</li> </ul>	Ongoing or regularly
 <b>Regulators</b>	<ul style="list-style-type: none"> <li>• Good &amp; fair governance</li> <li>• Legal compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Active participation in industry associations</li> <li>• Meetings with Government Agencies</li> <li>• Regular Audits &amp; Inspections</li> </ul>	When required
 <b>Community</b>	<ul style="list-style-type: none"> <li>• Community investment involves contributing donations, both in monetary and non-monetary.</li> </ul>	<ul style="list-style-type: none"> <li>• Donations</li> <li>• Fundraising</li> <li>• Charity events</li> </ul>	Ongoing

## MATERIALITY MATTERS

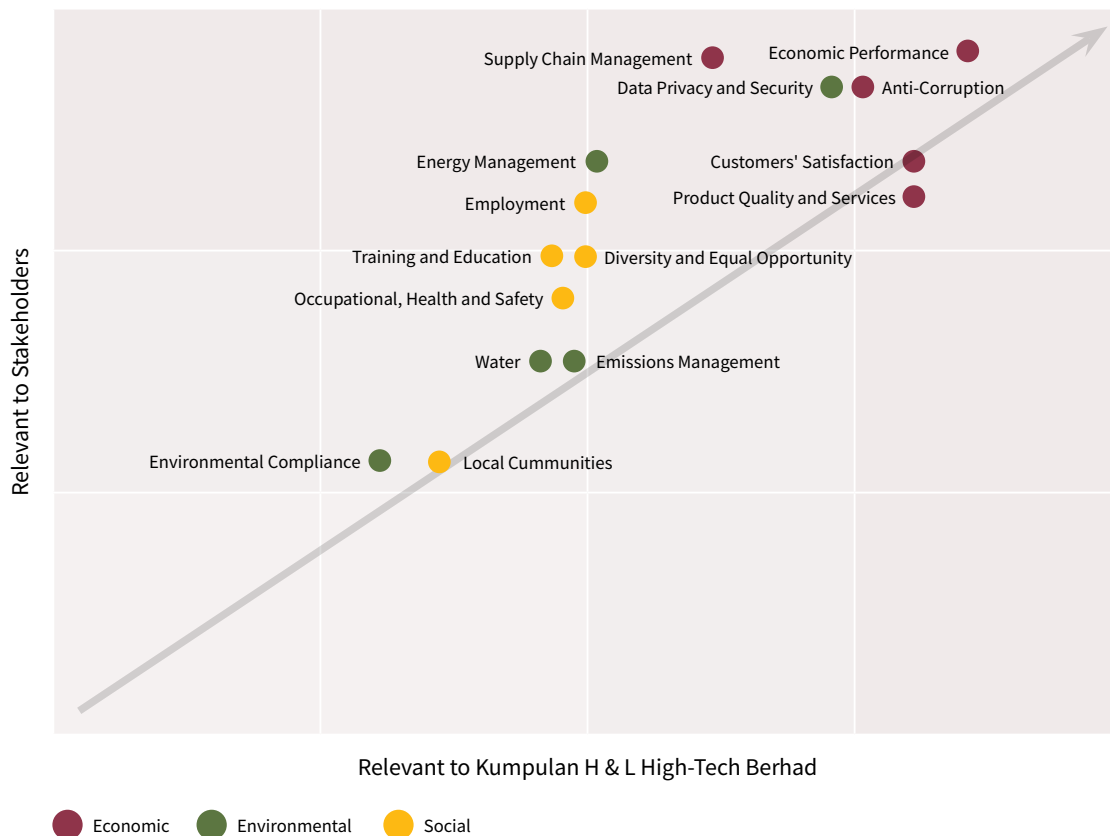
Material matters include economic, environmental and social factors that have a significant impact on our ability to deliver stakeholder value. We prioritise these issues by assessing their relevance and aligning them with our business to meet stakeholder interests.

Our Group uses a comprehensive methodology to identify material sustainability issues, taking into account internal and external risks and stakeholder perspectives. We use a four-step process to determine the list of material issues for reporting, in line with industry best practice. This approach ensures a robust and systematic representation of our organisation's sustainability priorities. The steps in the process include

- i. Determine sustainability issues
- ii. Categorisation and prioritisation
- iii. Process review
- iv. Monitoring

A total of fifteen (15) key material sustainability matters were mapped as outlined in the graph below in line with the requirements under Sustainability Reporting Guide (3rd Edition) and changing business environment.

## MATERIALITY MATRIX



# SUSTAINABILITY STATEMENT

(CONT'D)

The following table highlights our material sustainability matters and the mapping of our sustainability matters to UNSDG:

Sustainability Matters	SDGs
<b>ECONOMIC</b>	
<p><b>Economic Performance</b> Demonstrating financial strength and stability, effective resource utilization, and sustained growth to contribute positively to the overall economic landscape.</p>	
<p><b>Anti-Corruption</b> Upholding the highest standards of integrity and ethics throughout our operations. This involves implementing robust anti-corruption policies, promoting a culture of transparency, and actively preventing bribery and corrupt practices.</p>	
<p><b>Supply Chain Management</b> Ensuring a resilient, ethical, and sustainable supply chain that encompasses responsible sourcing, prioritising local suppliers, contributing to community development, reducing carbon footprint, and promoting economic growth at the local level.</p>	
<p><b>Product Quality and Services</b> Committing to excellence by consistently delivering high-quality products and services that meet or exceed customer expectations.</p>	
<p><b>Customers' Satisfaction</b> Placing the highest priority on understanding and meeting the needs of our customers. We are committed to delivering products and services that consistently surpass customer expectations.</p>	
<b>ENVIRONMENTAL</b>	
<p><b>Energy Management</b> We actively seeks to minimize its environmental impact by implementing energy-efficient technologies, promoting conservation measures, and exploring renewable energy sources.</p>	  
<p><b>Water</b> Actively monitoring and assessing water consumption, we strive to reduce our footprint, protect water quality, and support local ecosystems.</p>	
<p><b>Emissions Management</b> Regular assessments and monitoring ensure compliance with regulatory standards and guide continuous improvement initiatives. We aim to mitigate our carbon footprint, contribute to climate change mitigation efforts, and foster a sustainable future for generations to come.</p>	  
<p><b>Environmental Compliance</b> Upholding a steadfast commitment to regulatory adherence and environmental responsibility in all aspects of our operations.</p>	



# SUSTAINABILITY STATEMENT

(CONT'D)

The following table highlights our material sustainability matters and the mapping of our sustainability matters to UNSDG:

Sustainability Matters	SDGs
<b>SOCIAL</b>	
<p><b>Employment</b> Securing employee contentment by maintaining the rights of our workforce through equitable treatment practices.</p>	
<p><b>Training and Education</b> Investing in the continuous development and empowerment of our workforce through comprehensive training and educational initiatives. We are committed to providing relevant and up-to-date training programs that enhance the skills, knowledge, and capabilities of our employees.</p>	
<p><b>Diversity and Equal Opportunity</b> Valuing and embracing diversity as a core strength, we are dedicated to fostering an inclusive environment that promotes equal opportunities for all.</p>	
<p><b>Occupational Health and Safety</b> We are committed to providing a safe and healthy working environment through comprehensive risk assessments, regular safety training, and the implementation of preventive measures.</p>	
<p><b>Local Communities</b> We actively engage with and contribute to the well-being of the communities in which we operate.</p>	
<p><b>Data Privacy and Security</b> We prioritize and diligently safeguard the privacy and security of data, ensuring robust measures are in place to protect sensitive information from unauthorized access or breaches.</p>	

# SUSTAINABILITY STATEMENT

(CONT'D)

## KEY PERFORMANCE INDICATORS (“KPI”)

A set of sustainability targets and Key Performance Indicators (“KPIs”) have been established.

ESG Areas	FY2024 Sustainability Target	FY2023 Performance
<b>Economic Performance</b>	<ul style="list-style-type: none"> <li>To achieve an increase of 3% in revenue for FY2024</li> </ul>	<ul style="list-style-type: none"> <li>Overall revenue increased by 2.08% as compared to FY2022</li> </ul>
<b>Anti-Corruption</b>	<ul style="list-style-type: none"> <li>Zero cases on bribery and corruption</li> <li>Annual ABAC awareness sessions or training</li> </ul>	<ul style="list-style-type: none"> <li>Zero cases on bribery &amp; corruption</li> </ul>
<b>Supply Chain Management</b>	<ul style="list-style-type: none"> <li>To maintain 69% of local suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Achieved 69% of local suppliers</li> </ul>
<b>Product Quality and Services</b>	<ul style="list-style-type: none"> <li>To maintain ISO 9001:2015 and ISO13485:2016</li> </ul>	<ul style="list-style-type: none"> <li>Achieved ISO 9001:2015 and ISO13485:2016 certification</li> </ul>
<b>Customers’ Satisfaction</b>	<ul style="list-style-type: none"> <li>To align with ISO 9001:2015 objective: To achieve customer satisfaction of 80% annually</li> </ul>	<ul style="list-style-type: none"> <li>Achieved. Customer satisfaction survey result: 82.75%</li> </ul>
<b>Energy Management</b>	<ul style="list-style-type: none"> <li>To reduce 3% of energy consumption from FY 2023</li> </ul>	<ul style="list-style-type: none"> <li>Energy consumption increased by 3.55%</li> </ul>
<b>Water</b>	<ul style="list-style-type: none"> <li>To reduce 3% of water consumption from FY 2023</li> </ul>	<ul style="list-style-type: none"> <li>Achieved reduction of 10.13% of water consumption</li> </ul>
<b>Emissions Management</b>	<ul style="list-style-type: none"> <li>To reduce 3% of GHG emissions from FY 2023</li> </ul>	<ul style="list-style-type: none"> <li>Generated Scope 1: 206.25tCO<sub>2</sub>e and Scope 2: 1419.23tCO<sub>2</sub>e</li> </ul>
<b>Environmental Compliance</b>	<ul style="list-style-type: none"> <li>Zero penalties / fines by authorities</li> </ul>	<ul style="list-style-type: none"> <li>Zero cases of non-compliances and penalties imposed</li> </ul>
<b>Employment, Diversity and Equal Opportunity</b>	<ul style="list-style-type: none"> <li>To achieve higher percentage of female employees as compared to FY 2023</li> <li>To maintain 62% of local employees</li> </ul>	<ul style="list-style-type: none"> <li>40.91% female employees</li> <li>62% of local employees</li> </ul>
<b>Training and Development</b>	<ul style="list-style-type: none"> <li>Increase average training hours per employees to 3 hours</li> </ul>	<ul style="list-style-type: none"> <li>2.43 hours of average training conducted per employee</li> </ul>
<b>Occupational Health and Safety</b>	<ul style="list-style-type: none"> <li>Zero non-compliance OHS regulatory</li> <li>Zero accidents</li> <li>Zero fatalities</li> </ul>	<ul style="list-style-type: none"> <li>Zero non-compliances, case of fatalities and accident</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>To contribute 3% more in external CSR initiatives as compared to FY 2023</li> </ul>	<ul style="list-style-type: none"> <li>Internal Communities: Invested RM26,073</li> <li>External Communities: Invested RM9,910</li> <li>Sponsored / Donated to 10 events</li> </ul>
<b>Data Privacy and Security</b>	<ul style="list-style-type: none"> <li>Zero complaints on data breaches</li> </ul>	<ul style="list-style-type: none"> <li>Achieved zero complaints on data breaches</li> </ul>

## RISKS, OPPORTUNITIES AND MANAGEMENT APPROACH

Through our materiality assessment process, we have identified potential sustainability risks and opportunities that are relevant and material to both our business and stakeholders. This step enables us to gain a better understanding of materiality matters and formulate proactive strategies and address these issues.

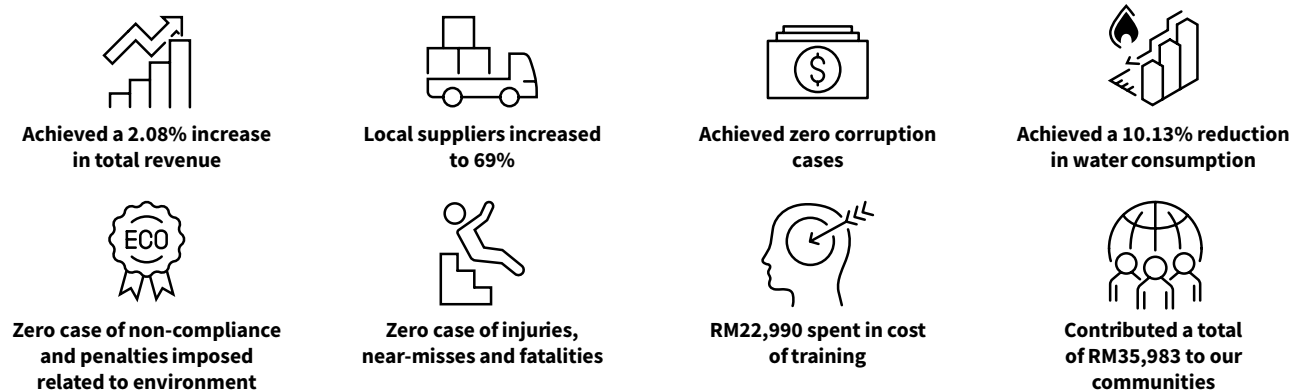
Material Topics	Risks	Opportunities	Impacted Key Stakeholders	Management Approach
<b>Economic Performance</b>	<ul style="list-style-type: none"> <li>Economic conditions, market volatility, and regulatory changes</li> </ul>	<ul style="list-style-type: none"> <li>Growing market demand</li> <li>Customisation and specialisation</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Customers</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of a proactive management approach and alignment of business strategies with Group's vision, mission and goals</li> </ul>
<b>Anti-Corruption</b>	<ul style="list-style-type: none"> <li>Integrity risk</li> <li>Reputation damage</li> </ul>	<ul style="list-style-type: none"> <li>Increased reputation and customers' loyalty</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Regulators</li> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Anti-Bribery and Anti-Corruption declaration by employees on annual basis</li> <li>Reminders on Anti-Bribery and Anti-Corruption ("ABAC") through training and briefings</li> </ul>
<b>Supply Chain Management</b>	<ul style="list-style-type: none"> <li>Supplier reliability</li> <li>Quality assurance</li> <li>Labour shortage</li> </ul>	<ul style="list-style-type: none"> <li>Building strong relationships and working closely with suppliers</li> <li>Streamlining supply chain processes can lead to cost savings through improved efficiency, reduced waste and better negotiation with suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers</li> <li>Customers</li> <li>Shareholders and Investors</li> </ul>	<ul style="list-style-type: none"> <li>Continuously assessing and addressing supply chain risks</li> </ul>
<b>Product Quality and Services</b>	<ul style="list-style-type: none"> <li>Manufacturing defects</li> <li>Material quality</li> <li>Equipment and machinery failure</li> </ul>	<ul style="list-style-type: none"> <li>Quality certification and standards</li> <li>Implement process automation for improved precision and consistency</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Suppliers</li> <li>Shareholders and Investors</li> </ul>	<ul style="list-style-type: none"> <li>Implement and maintain a robust Quality Management System ("QMS") such as ISO 9001</li> <li>Regularly conduct risk assessments</li> <li>Quality control and testing</li> <li>Training and skill development</li> </ul>
<b>Customers' Satisfaction</b>	<ul style="list-style-type: none"> <li>Product quality issues</li> <li>Pricing and cost issues</li> <li>Lack of After-Sales support</li> <li>Supply chain disruptions</li> </ul>	<ul style="list-style-type: none"> <li>Offer customization options to tailor products to individual customers' needs</li> <li>On-time deliveries</li> <li>Quality assurance</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Implement rigorous quality control measures and standards</li> <li>Encourage customer feedback</li> <li>Establish an efficient after-sales support system</li> </ul>
<b>Energy Management</b>	<ul style="list-style-type: none"> <li>Pollution and environmental risk</li> </ul>	<ul style="list-style-type: none"> <li>Lessen environmental impact whilst decreasing overall cost</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Suppliers</li> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Implement energy efficiency practices</li> <li>Install solar panels</li> </ul>
<b>Water</b>	<ul style="list-style-type: none"> <li>Shortage of water supply disrupts production processes and daily use</li> </ul>	<ul style="list-style-type: none"> <li>Create opportunities for water saving technologies and management solutions</li> <li>Educate staff about water saving</li> </ul>	<ul style="list-style-type: none"> <li>Regulators</li> <li>Shareholders and Investors</li> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Continue usage of alternative water sources for daily usage such as rainwater</li> </ul>

# SUSTAINABILITY STATEMENT

(CONT'D)

Material Topics	Risks	Opportunities	Impacted Key Stakeholders	Management Approach
<b>Emissions Management</b>	<ul style="list-style-type: none"> <li>Impact of GHG emissions on the environment, climate and human health</li> </ul>	<ul style="list-style-type: none"> <li>Energy efficiency solutions</li> <li>Renewable energy integration</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Employees</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Implement emissions reduction measures</li> <li>Set emissions reduction targets</li> </ul>
<b>Environmental Compliance</b>	<ul style="list-style-type: none"> <li>Pollution and environmental risk</li> </ul>	<ul style="list-style-type: none"> <li>Capable of adhering to legal regulations and avoiding penalties</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Customers</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Conduct environmental audits on annual basis</li> </ul>
<b>Employment</b>	<ul style="list-style-type: none"> <li>Shortages of skilled labour</li> <li>Employee turnover</li> </ul>	<ul style="list-style-type: none"> <li>Skilled labour development</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Robust talent management strategies</li> </ul>
<b>Training and Education</b>	<ul style="list-style-type: none"> <li>Emerging industrial trends, evolving practices, and changes in regulatory requirements may render the existing knowledge of employees outdated</li> </ul>	<ul style="list-style-type: none"> <li>Continuous learning within the company that is aligned with key performance indicators (KPIs)</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Assess training requirements by conducting performance appraisals</li> </ul>
<b>Diversity and Equal Opportunity</b>	<ul style="list-style-type: none"> <li>Competency gap</li> <li>Instances of discriminatory practices and failure to comply with basic human rights regulations can result in reputational risks</li> </ul>	<ul style="list-style-type: none"> <li>Engage with employees and uphold open communication</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Foster open communication with employees to comprehend their concerns and prioritize their well-being</li> </ul>
<b>Occupational Health and Safety</b>	<ul style="list-style-type: none"> <li>Safety and health hazards</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Taking care of overall well-being of employees by mitigating future accidents</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly meeting to identify potential hazards, develop safety policies and procedures, and implement safety improvement initiatives</li> <li>Sharing lesson learned from the accident reporting during the meeting</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>Possible health hazards for the local community could arise from the operations, potentially leading to the issuance of a penalty notice</li> </ul>	<ul style="list-style-type: none"> <li>Establish a reputation as a leading and sustainable industrial entity</li> </ul>	<ul style="list-style-type: none"> <li>Community</li> </ul>	<ul style="list-style-type: none"> <li>Implement activities/events that engage the community such as donations, charity and fundraising</li> </ul>
<b>Data Privacy and Security</b>	<ul style="list-style-type: none"> <li>Leakage / Loss of confidential information</li> <li>Cybersecurity risk</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened customer confidence</li> <li>Enhanced operational efficiency and streamlined data management processes</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Employees</li> <li>Customers</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Foster awareness among employees in handling confidential information</li> <li>Implement access control measures</li> </ul>

## FY2023 SUSTAINABILITY KEY ACHIEVEMENT



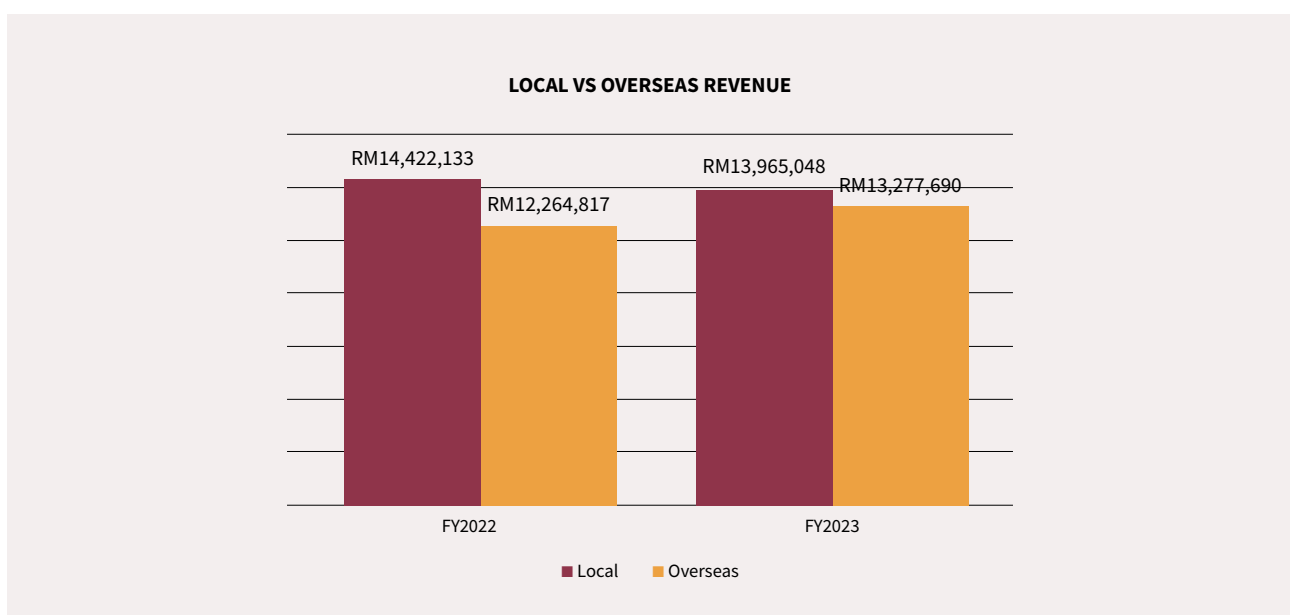
## ECONOMIC

### Economic Performance

The Group's core business revolves around innovative plastic injection moulding solutions at every stage, from design to precision engineering, secondary finishing and sub-assembly.

In response to the growing emphasis on environmental sustainability, the Group recognises the need to review its strategic plan for long-term prosperity. Recognising the changing business environment, the Group places emphasis on fostering resilience and adaptability. Committed to responsible financial management, it actively curates a business portfolio that is aligned with environmentally sustainable practices, with the aim of delivering sustainable economic benefits to its valued stakeholders.

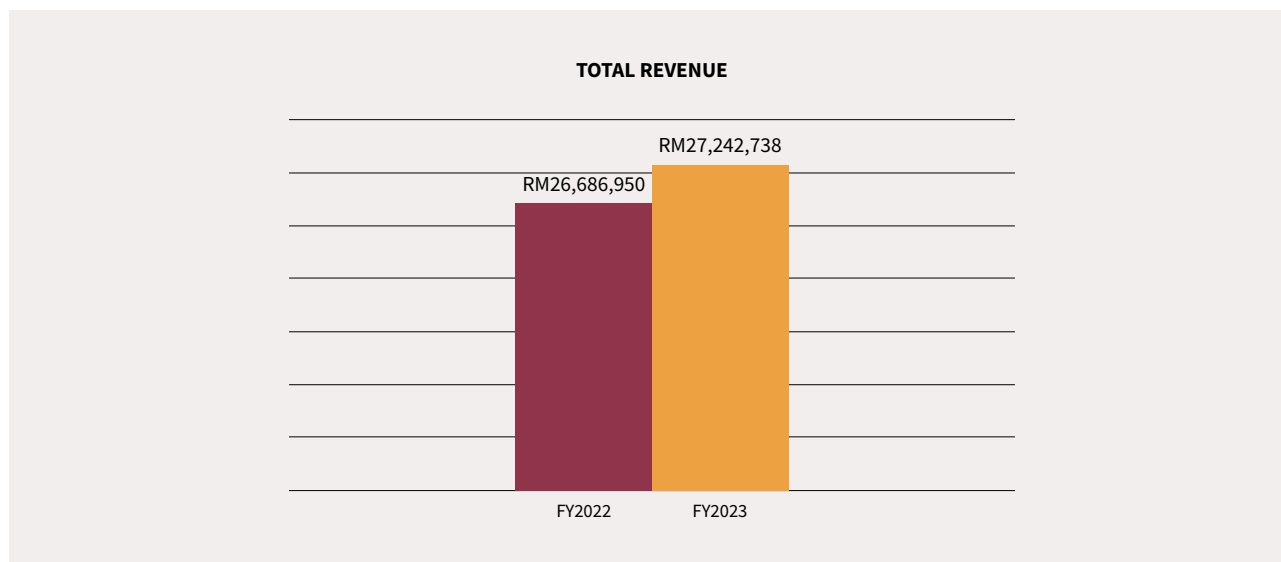
This depiction encapsulates the Group's dedication to delivering sustained financial growth while embracing ecological responsibility, firmly establishing itself as a frontrunner in the pursuit of enduring success. In FY 2023, local revenue amounted to RM 13,965,048, while overseas revenue reached RM 13,277,690. In comparison, FY 2022 saw local revenue at RM 14,422,133 and overseas revenue at RM 12,264,817. The chart below illustrates the local and overseas revenue for FY 2022 and FY 2023.



# SUSTAINABILITY STATEMENT

(CONT'D)

Over the past two fiscal years, there has been an increase in total revenue, with an increase of 2.08% from FY 2022 to FY 2023. We actively identify and seize emerging business opportunities to maintain our leadership in industry trends and leverage undiscovered possibilities. The chart below illustrates the Group revenue in FY 2022 and FY2023.



By nurturing an entrepreneurial spirit and cultivating a culture of ongoing enhancement, we are ready to adjust, evolve, and flourish. The rise in revenue is attributed to both a favourable foreign currency exchange situation and an escalation in production levels.

To obtain more information regarding financial performance of the Company, please refer to the Management Discussion and Analysis and the Audited Financial Statements, please refer to pages 8 to 10 and pages 46 to 121 of our in this Annual Report.

## Anti-Corruption

The Group is committed to conducting the business ethically and complying with all applicable laws, including the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The Group maintains a stringent zero-tolerance policy against bribery and corruption, upholding its commitment to conduct all business activities with the utmost ethics, responsibility, and transparency. The Anti-Bribery and Anti-Corruption ("ABAC") Policy has been implemented since 1 June 2020.

The ABAC Policy applies to the Board of Directors ("Board"), all personnel, customers, suppliers and any individuals affiliated with the Group. The Board oversees the ABAC Policy and is responsible for ensuring compliance with the Directors and Heads of Departments ("HODs"). All managers and employees are obligated to be aware of and adhere to this Policy.

In FY 2023, there were no reported cases of bribery and corruption (FY 2022: Nil). We remain committed to maintain this record in FY 2024, as we continue to enforce robust controls and procedures in line with ABAC Policy. The Group has implemented a Whistleblowing Policy, providing employees with a designated channel to report any instances of misconduct.

The ABAC Policy and Whistle-blowing Policy is available on the Company's website at [hlhightech.com](http://hlhightech.com)

## Supply Chain Management

- Procurement and Supplier Management**

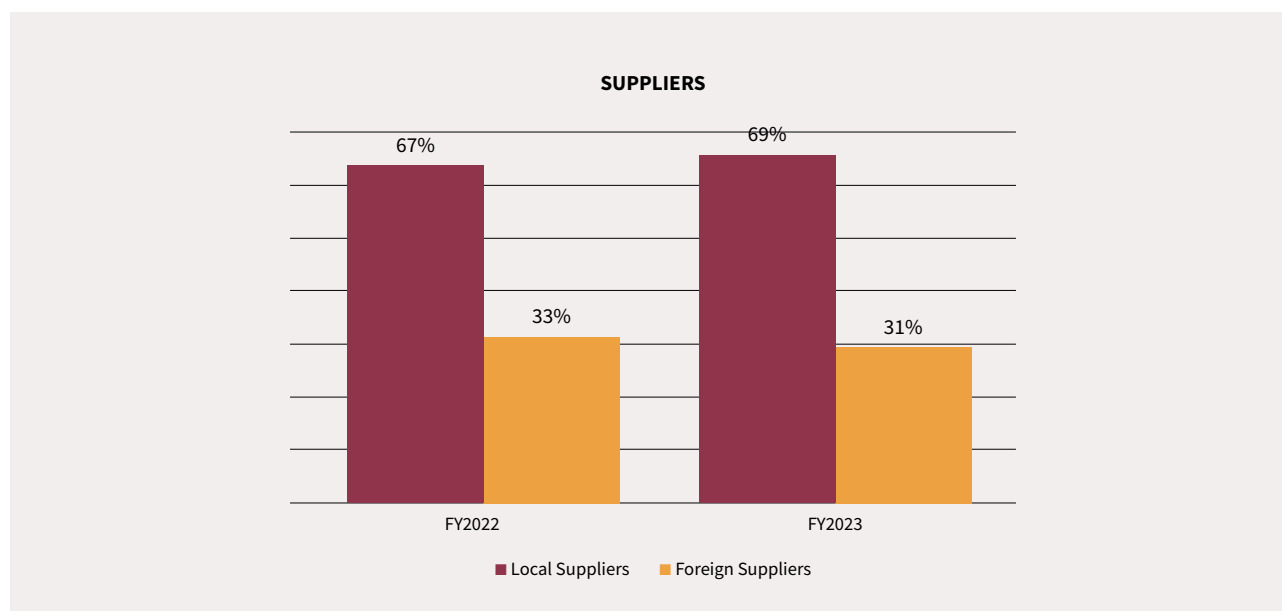
We acknowledge the crucial role played by our suppliers in delivering top-notch products and services to our customers. Our commitment lies in working closely with them to uphold our mission of delivering superior quality while championing sustainability in our business operations.

In guaranteeing that our suppliers and contractors meet our rigorous standards and expectations, we employ a comprehensive assessment framework that examines specific areas and criteria. These assessments serve as a robust method of evaluating the performance of our valued partners, taking into account criteria such as quality and timely delivery. We conduct regular reviews with our suppliers, for better collaboration and to identify any emerging risks. As at 31 October 2023, our Group has successfully concluded the supplier evaluation process, providing a comprehensive assessment of 70% of our active suppliers. This diligent evaluation allows us to gain valuable insights into the performance, reliability, and compliance of our key suppliers, thereby enhancing our overall supply chain management.

Additionally, we prioritise sustainability by exploring eco-friendly transportation options to reduce our carbon footprint. Currently, our transportations and machineries are using diesel and petrol. We are currently exploring initiatives to enhance the sustainability of our entire supply chain while minimising its environmental and social footprint.

- Local Procurement**

Utilizing an extensive supplier network that encompasses both domestic and international sources, the Group consistently strives to procure materials and products from local vendors in close proximity to our operational facilities. Embracing this approach enhances the efficiency of our supply chain, resulting in reduced lead times and increased convenience for our valued customers. In FY 2023, our local suppliers accounted for 69% of the Group's total spend (FY 2022: 67%). This showcases our dedication to support local businesses and economies.



The chart above depicts the proportion of local and foreign suppliers for H & L High-Tech Sdn Bhd and Plastik STC Sdn Bhd for FY 2023. H & L High-Tech Deco Sdn Bhd exclusively relies on local suppliers, constituting 100% of its procurement.

# SUSTAINABILITY STATEMENT

(CONT'D)

## Product Quality and Services

As the Group's core business is the design and manufacture of precision moulds for plastic, rubber and metal products, including plastic injection moulding for various industries such as electronics, automotive, furniture parts and the assembly of plastic components for medical devices, we place the importance on ensuring the exceptional quality of our products and services.

By holding credible accreditations for our operational processes, these certifications tangibly demonstrate our commitment to excellence and validate our adherence to stringent standards and industry best practices. These accreditations not only enhance our credibility, but also assure our valued customers of our dedication to maintaining the highest quality standards in all of our operations.

Name Accreditation	Provider Entities	Scope of Approval	Issue Date	Expiry Date
<b>ISO 9001:2015</b>	H & L High-Tech Sdn Bhd	Design and Manufacture of Precision Moulds for Plastic, Rubber and Metal Products	08-Sept-2021	06-Nov-2024
	Plastik STC Sdn Bhd	Manufacture of plastic injection moulding for electronics & electrical, automotive and furniture parts	18-Aug-2022	31-Aug-2025
<b>ISO 13485:2016</b>	Plastik STC Sdn Bhd	Molding and Assembly of Medical Device Plastic Components	08-Sept-2023	22-Sept-2026
<b>MS2530-3:2013</b>	H & L High-Tech Deco Sdn Bhd	Provision of planting and harvesting of Fresh Fruit Bunches ("FFB") by oil palm plantation	09-Oct-2019	08-Oct-2024

These certifications provide independent verification that our products and services meet recognised industry standards, thereby instilling confidence in our stakeholders.

## Customers' Satisfaction

Customers' satisfaction is our number one priority and guides every aspect of our service delivery and product excellence. Within our subsidiaries, the Customer Complaint & Satisfaction Procedure is designed to outline steps to minimise rejections or complaints, placing emphasis on continuous quality improvement, and gauging the extent of customer satisfaction.

H & L High-Tech Sdn Bhd and Plastik STC Sdn Bhd conducts an annual Customer Satisfaction Survey Form which is sent to its customers. We are delighted to report that our recent customer satisfaction survey yielded a 100% response rate, signifying active engagement and feedback from our valued customers. The overall satisfaction rating, averaging at an impressive 82.75%, reflects the positive sentiment and contentment expressed by our customers. This survey serves as an important tool to monitor and measure the satisfaction level of our customer. The methods used to obtain and evaluate customer satisfaction include various approaches:

- Customer Complaint submissions,
- Direct Communication channels; and
- Customer Satisfaction Surveys.

In the process of engaging directly with customers, all expressions of dissatisfaction or lodged complaints are meticulously retained for further evaluation and resolution.

The Quality Assurance team diligently assesses each customer's complaint to determine if it warrants an internal investigation and the need for a formal Corrective Action Request ("CAR"). Once a corrective action has been identified, the CAR number is logged in the Customer Complaint Register.

As of FY 2023, the result of customer satisfaction survey is 82.75% (FY 2022: 85.75%). The decrease in the percentage is due to shortage of manpower in early FY 2023 leading to delivery issues. To mitigate this issue, we have achieved sufficient manpower.



## ENVIRONMENTAL

### Addressing Task Force on Climate Related Financial Disclosures ("TCFD")

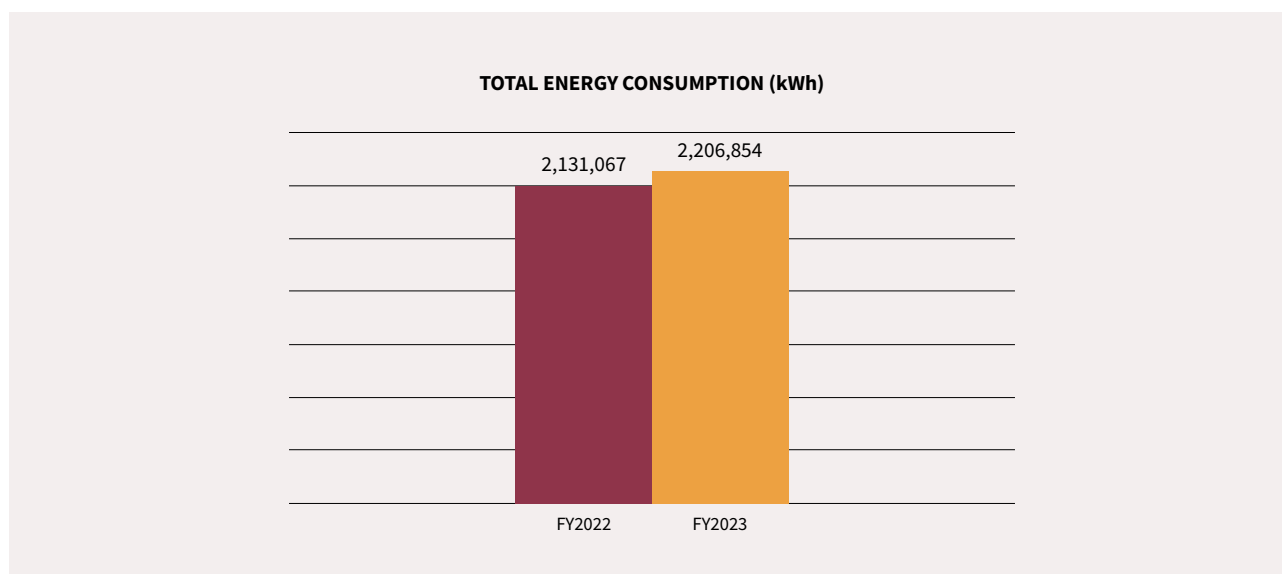
The Group acknowledges the potential ramifications of climate change on businesses and is dedicated to evaluating both the risks and opportunities it presents. In alignment with the stipulations of Bursa Malaysia, the Group is proactively striving to adhere to the Task Force on Climate-related Financial Disclosures ("TCFD") standards. We are actively engaged in the process of compiling and disclosing our TCFD-related information, as mandated for disclosure by the year 2025.

### Energy Management

Effective energy management is an important component for the Group, especially in the manufacturing segment, where energy consumption plays a key role. We strive to maximise energy efficiency by closely monitoring our power consumption and upgrading equipment to more energy-efficient models. These efforts help us to be more efficient in energy consumption and support sustainable practices in our operations.

We prioritise routine maintenance and calibration of our machinery to optimize performance and minimise energy wastage. Through effective energy management practices, we not only reduce our carbon footprint but also generate cost savings and enhance financial performance. Our commitment to ongoing improvement in energy management drives our efforts to minimise environmental impact and promote sustainability throughout our operations.

The following chart shows the energy consumption from our major operations which are H & L High-Tech Sdn Bhd and Plastik STC Sdn Bhd for FY 2022 and FY 2023:



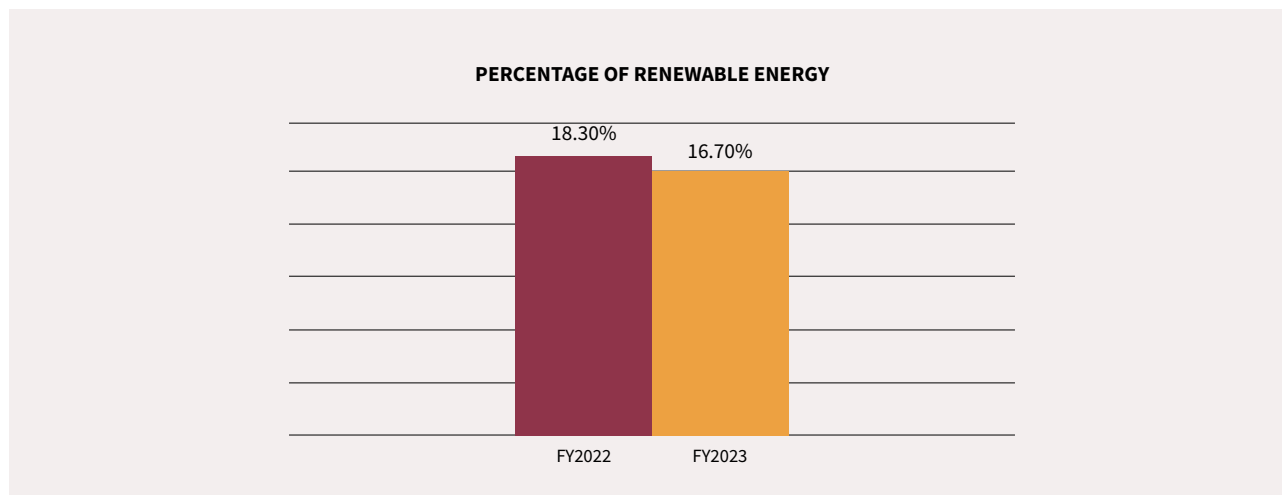
In FY 2022, energy consumption was 2,131,067 kWh, and in FY 2023, energy consumption increased by 3.55% to 2,206,854 kWh. The surge in energy consumption can be attributed predominantly to the notable escalation in production levels. As our operational activities increased, necessitating increased manufacturing processes and output, the demand for energy naturally witnessed a corresponding rise. This correlation underscores the direct link between heightened production efforts and the consequential upswing in energy consumption within our operational framework.

The Group has made a strategic investment in solar panels, installing a solar system on the roof with a total capacity of 124 kW. This initiative underscores our commitment to sustainable practices and harnessing renewable energy sources, further contributing to our environmental responsibility and reducing our reliance on conventional energy.

# SUSTAINABILITY STATEMENT

(CONT'D)

The following chart shows the percentage of renewable energy consumption for FY2022 and FY2023:

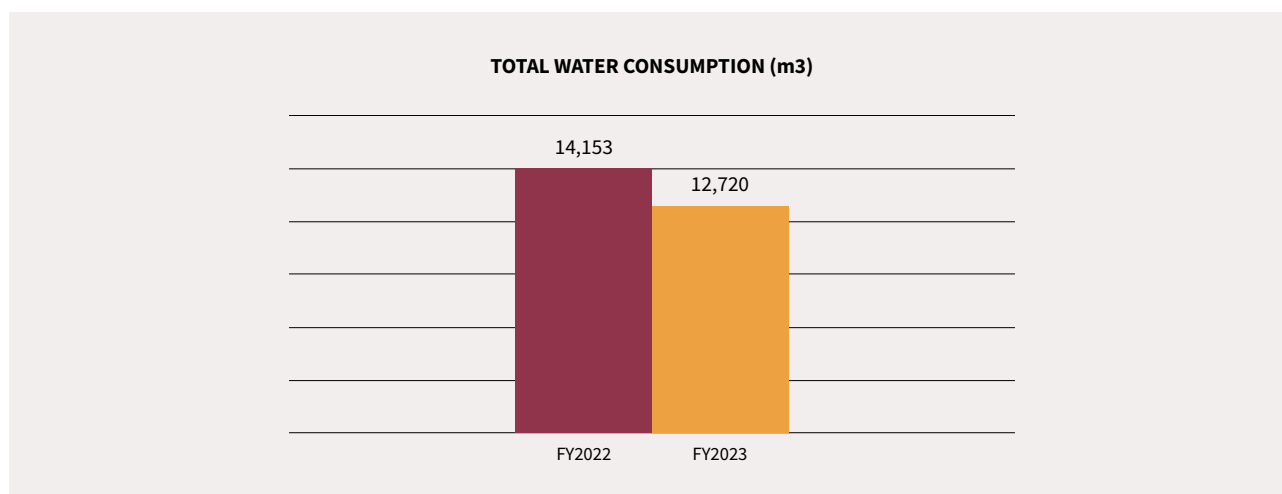


In FY 2022, the percentage of renewable energy consumption stood at a commendable 18.30%, reflecting the company's commitment to sustainable practices. However, there was a slight decrease in FY 2023, with the percentage dropping to 16.70%. This decline prompts a careful examination of factors influencing renewable energy consumption. Efforts will be made to assess and address the contributing factors to ensure a renewed focus on increasing the share of renewable energy in the company's overall energy consumption.

## Water

The Group attaches great importance to reducing water consumption, recognising its crucial role for businesses in various industries, especially those that rely heavily on water for their operations, such as manufacturing and industrial activities. While acknowledging the complexity of the issue, the Group remains committed to implementing a number of water conservation initiatives. These efforts are aimed at minimising our environmental footprint, reducing water-related costs and improving our overall sustainability.

The chart presented illustrates the water consumption from our major operations which are H & L High-Tech Sdn Bhd and Plastik STC Sdn Bhd for FY2022 and FY2023:



Water consumption has decreased from 14,153 m3 in FY 2022 to 12,720 m3 in FY 2023, representing a reduction of 10.13% compared to FY 2022. In FY 2023, water consumption decreased as a result of a reduced sanitised workload. In contrast, during FY 2022, higher water consumption was attributed to increased cleaning requirements due to Covid protocols.

## Emissions Management

The Group acknowledges the significant environmental impact caused by emissions and recognizes it as a major concern. As a result, we prioritize assessing and addressing climate change risks, especially considering stricter climate regulations. In this report, we primarily focus on reporting our Scope 1 and Scope 2 greenhouse gas (GHG) emissions\*, signifying our initial step in disclosing our environmental impact.

Year	Scope 1 (tCO <sub>2</sub> e)	Scope 2 (tCO <sub>2</sub> e)
FY 2022	196.83	1,370.48
FY 2023	206.25	1,419.23

\* Note:

- 1.) Scope 1 (Direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization) - Comprises of only H & L High-Tech Sdn Bhd, Plastik STC Sdn Bhd and H & L High-Tech Deco Sdn Bhd.
- 2.) Scope 2 (Indirect GHG emissions associated with the purchase of electricity) - Comprises of only H & L High-Tech Sdn Bhd and Plastik STC Sdn Bhd

The increase in Scope 1 and Scope 2 greenhouse gas (GHG) emissions is due to the increase in energy consumption. This increase in energy consumption was mainly driven by the increase in production. The Group has not yet conducted monitoring of Scope 3 emissions. However, recognizing the importance of comprehensive environmental stewardship, we are committed to initiating and undertaking the monitoring of Scope 3 emissions in the near future.

## Environmental Compliance

The Group showcases its commitment to tackling environmental impacts by complying with global standards and local legislation. Our dedication revolves around reducing harm to the environment while boosting operational efficiency at every phase of our business activities.

Furthermore, we abide by the Restriction of Hazardous Substances ("RoHS") requirements. This step is pivotal in curbing the use of hazardous materials in our products, as these substances carry substantial environmental repercussions throughout a product's lifecycle.

Notably, there were no instances of non-compliance for FY 2022 and FY 2023. Looking ahead, we aim to achieve a record of zero reports and penalties for FY 2024.

## SOCIAL

### Employment, Diversity and Equal Opportunity

We are committed to embracing diversity and offering equal opportunities to individuals regardless of their gender, age, or ethnicity, upholding our reputation as an inclusive employer that does not discriminate. Diversity enhances expansion of ideas and supports a continuous influx of talent, skills, and experience.

We believe in building a robust Board based on qualities such as character, experience, skill, and competence, irrespective of gender. Our Group is committed to fostering gender diversity within the workplace and currently achieve a 33% representation on the Board.

Following is the composition of members in the Board of Directors as at 31 January 2024:

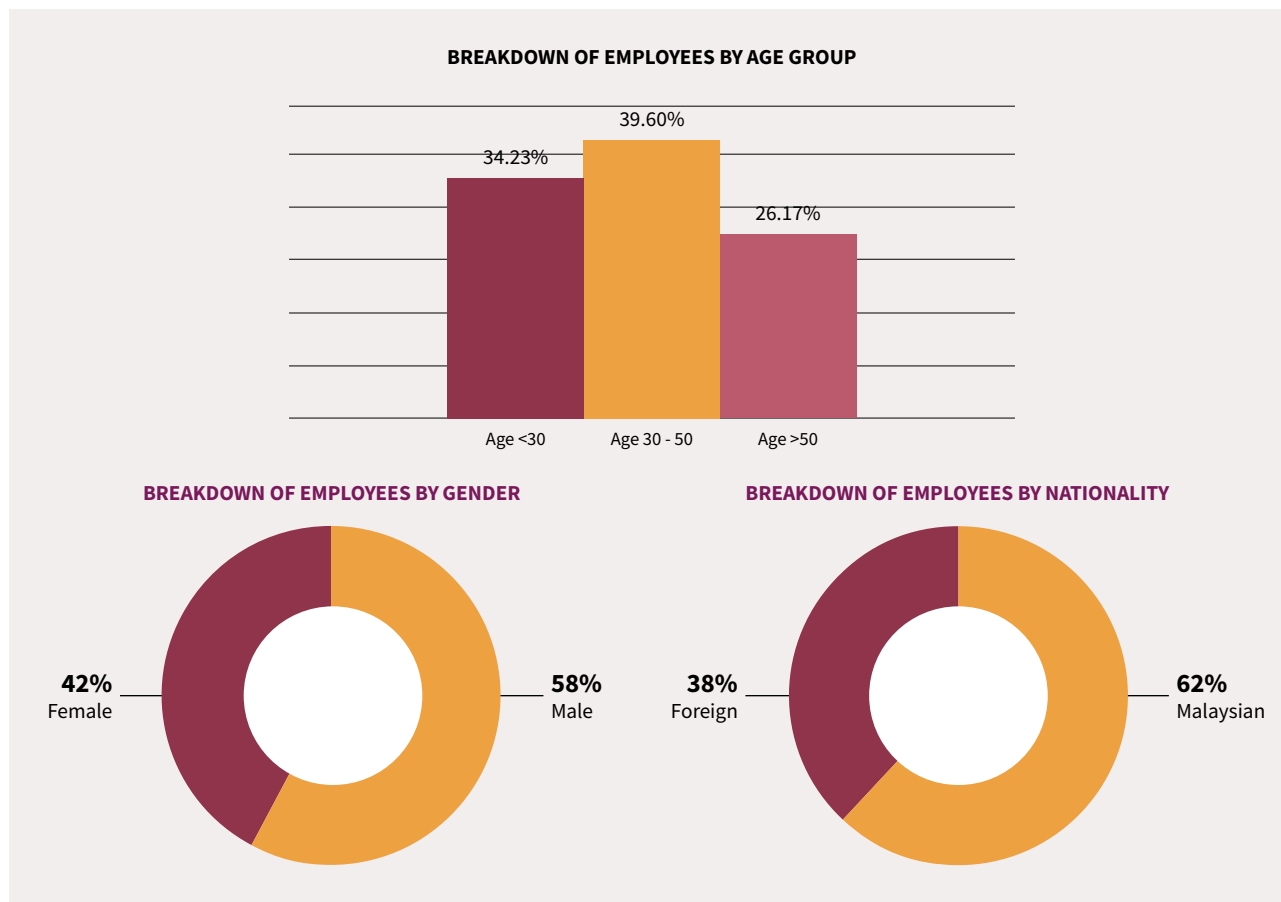
Details	Female	Male
Number of Members of Board of Directors	2	4

The Group's appointed Board of Directors are Malaysians spanning two age groups: one (1) aged between 30 to 50 years old and five (5) above 50 years old. This diverse composition, reflecting both gender and age, underscores our commitment to an inclusive workforce. This implicates that the Group value a broad range of perspectives and experiences within their leadership team.

# SUSTAINABILITY STATEMENT

(CONT'D)

In FY 2023, the Group reported a total of 149 employees, the majority of whom were between the ages of 30 and 50. This distribution is due to the fact that the labour market is primarily dominated by experienced individuals under the age of 50 who are actively pursuing career development. Whilst it has been a challenge to maintain an even ethnic distribution within the Group, we are committed to attracting and retaining employees from diverse backgrounds. The following charts illustrate how diversity is managed and nurtured within the Group:



The Group is also predominantly male, reflecting the male-dominated nature of the industries in which we operate. However, we are committed to achieving a more balanced gender representation by prioritising the recruitment of female employees, particularly for management and clerical positions. In addition, the Group prioritises the employment of Malaysian nationals as part of our commitment to support local employment initiatives. Foreign workers primarily fill operator roles within our manufacturing and production lines.

We value our employees and are dedicated to providing fair and competitive compensation by benchmarking against industry salary standards and employment benefits.

Types of Benefits	Description
Allowances	Outstation allowance, shift and meal allowance
Healthcare	Medical Benefits, Hospitalisation Benefits
Fringe Benefits	Mileage reimbursement, company car
Paid Leave Entitlement	Annual leave, medical leave, maternity leave, hospitalisation leave, compassionate leave, congratulatory leave, special leave (attending training courses/seminars/convention), industrial accident leave

## Training and Education

We focus on developing knowledgeable and skilled people, ensuring world-class products and services, and striving for continuous improvement. Providing opportunities for career advancement and prioritising continuous learning are the cornerstones of our employee development. The training we offer provides employees with new insights and skills, fostering their holistic development and advancement.

The following are the total hours, participants and cost for the trainings organised in FY 2023:



In FY 2023, the Group invested RM22,990 and dedicated 53 hours of training to strengthen the professional growth and career advancement of our employees. This investment not only cultivates a sense of loyalty but also motivates them to grow with us in terms of knowledge and expertise, thereby fostering a collaborative teamwork. The average training hours per employee is 2.43 hours.

The Group's commitment to ESG practices was reinforced by an insightful training session conducted by an external consultant. This session marked an important milestone as we explored the areas of sustainability, responsible social engagement and resilient governance structures.

## Occupational Health and Safety

Ensuring the safety and well-being of our employees is a top priority for us because we care about their welfare. To demonstrate our commitment to occupational health and safety, we have established a Health and Safety Policy, effective 2003. The establishment of our Health and Safety Policy is essential to ensure a safe and healthy working environment for all our employees. Recognising the paramount importance of compliance with the Occupational Health and Safety Act and relevant legislation, our policy commits us to meet these requirements diligently. We emphasise the collective responsibility of all employees, stressing the importance of following safety procedures not only for their own wellbeing, but also for the safety of their colleagues, thus fostering a culture of mutual care and safety within our organisation.

A Health and Safety Committee has been established in 2003 to review safety and health procedures in the workplace, investigate any complaints or related matters raised and hold regular discussions with the employer on safety and health issues in the workplace. During FY 2023, the Health and Safety Committee held a total of eight (8) meetings, focusing on key areas such as workplace inspections - emphasising the importance of cleanliness and safety in all departments. Safety equipment reminders were reinforced to protect employees, fire alarm protocols were discussed, and efforts were made to ensure that first aid kits were stocked with necessary medications. Initiatives were also put in place to ensure that workers involved in crushing operations wore appropriate personal protective equipment (PPE) and that machinery was maintained in an optimal and safe working condition. These proactive discussions and initiatives were designed to promote a safe working environment for all employees.

Following are the initiatives in place to reduce health and safety risks during FY 2023:

- Having a Health and Safety Policy in place
- Personal Protective Equipment ("PPE") for employees
- Requiring all employees and visitors to wear face masks while on the premises
- Mandating visitors to perform a Covid-19 self-test at the guardhouse before entering the premises

In FY 2023, we were delighted to confirm that there were no cases of injuries, near-misses, fatalities and non-compliance to Occupational Health and Safety regulations. We are determined to maintain this record for years to come.

# SUSTAINABILITY STATEMENT

(CONT'D)

## Local Communities

### • Our Contribution to Internal Communities

In FY 2023, the Group spent a total of RM18,588 on red packets and oranges. This gesture was aimed at honouring and embracing the cultural traditions of the festival and fostering a sense of inclusion and appreciation within the workplace. By sharing these symbolic gifts, the Group wished its employees prosperity, good fortune and happiness and recognised the importance of cultural celebrations. In addition to that, the Group further demonstrated its appreciation by contributing RM7,485 as an appreciation gift to a director. This gesture reflects the company's commitment to acknowledging and valuing the efforts and contributions of its leadership team.

### • Our Contribution to External Communities

The Group is deeply committed to Corporate Social Responsibility ("CSR"), particularly in establishing and fostering robust relationships within our local communities. We recognise the significance of being an active and supportive presence, working closely with the community to make a positive impact.

In FY 2023, we recorded our CSR contribution of RM9,910 encompassing a range of activities including donations, gifts, and sponsorships. Through our CSR initiatives, we aim to build lasting relationships that foster mutual trust, support and cooperation. By actively engaging and contributing to the betterment of our local communities, we strive to make a lasting, positive difference while ensuring that our actions are aligned with the values and needs of those we serve.

## Data Privacy and Security

Our Group place a high emphasis on safeguarding the privacy of our customers, strictly following the regulations outlined in the Personal Data Protection Act 2010 ("PDPA"). Our dedication to compliance ensures the responsible collection, processing, and retention of personal data. To further underscore this commitment, confidentiality is ingrained in our Code of Conduct, Employment Letters, and Employee Handbook.

We have implemented stringent measures to safeguard customer data, incorporating robust tools such as anti-virus applications and routine security updates. For example, employee computers are restricted from accessing the internet, and USB drives are inaccessible. Only select computers, particularly those used by the Management, are granted internet access. This precautionary measure is implemented to mitigate the risk of virus attacks and bolster firewall protection. Aside from that, we also have Non-Disclosure and Confidentiality Agreement ("NDA") in place. The Key Senior Management holds the responsibility for overseeing the data privacy of the Company.

Furthermore, our Group adheres to a comprehensive IT policy, outlining explicit guidelines for access management, network security, and the appropriate use of IT equipment by all employees.

We are delighted to report that there were no reported complaints related to data breaches during FY 2023. This consistent record aligns with our track record, as no incidents were reported in the previous financial year (FY 2022: Nil). Upholding our dedication, we remain committed to preserving this exemplary record in FY 2024, safeguarding data in accordance with our Non-Disclosure and Confidentiality Agreement ("NDA").

## Our Way Forward

Moving forward, we are determined to make a significant impact on our sustainability performance by reducing our environmental footprint, including reducing energy consumption, minimising water use and managing our waste more efficiently. At the same time, we are committed to taking care of our stakeholders.

We pledge to demonstrate resilience by actively contributing to conservation and maintaining integrity in our reporting. We are committed to fostering a sustainable future by instilling ethical values in our people, championing environmental stewardship and demonstrating kindness through our operations and leadership. These efforts are in line with our aim to "work towards a more sustainable future".

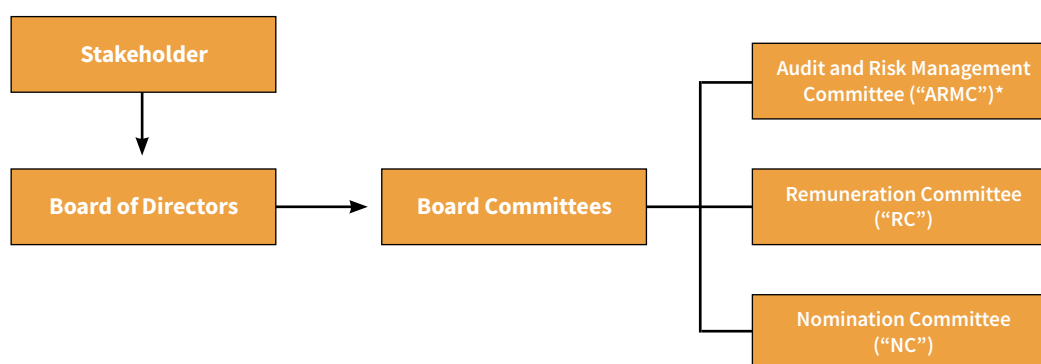
# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Kumpulan H & L High-Tech Berhad (“KHLHT” or “the Company”) is committed to uphold the high standards of corporate governance (“CG”) through the Company and its subsidiaries (“the Group”) with the ultimate objective of realising long-term shareholder value while taking into consideration the interest of other stakeholders.

This CG Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance (“MCCG”) except where stated otherwise, during the financial year ended 31 October 2023 (“FY2023”).

Details of the Group’s application of each practice sets out in the MCCG is disclosed in the Corporate Governance Report, which is available together with this Report in Bursa Malaysia Securities Berhad (“Bursa”)’s website and the Company’s website at [www.hlhightech.com](http://www.hlhightech.com).

## GOVERNANCE FRAMEWORK



## ADOPTION OF CG CODE

The Board considers that the Company has adopted the CG practices and applied the main principles of the CG Code for FY2023 except:

- Practice 1.3 as Chairman and CEO are the same person.
- Practice 5.10 (Gender Diversity), that although the Company has fulfilled the threshold of 30% but the Company does not have specific policies and target on Gender Diversity.
- Practice 8.2 as the Company did not disclose on a named basis the top five (5) senior management’s remuneration in bands of RM50,000.
- Practice 13.3 as the Company did not facilitate the remote shareholders’ participation at the AGM due to holding the physical Annual General Meeting (“AGM”) on 18 April 2023.
- Practice 13.5 as the Company did not convene its AGM virtually, the shareholders could not participate in the AGM remotely. Nevertheless, the shareholders were given sufficient opportunity to pose questions during the AGM and received meaningful responses from the Board and Management.

## BOARD COMPOSITION

As at 31 January 2024

By Category	By Gender	By Tenure of Independent Non-Executive
<ul style="list-style-type: none"> <li>• Two (2) out of six (6) or 33.33% are Executive</li> <li>• Four (4) out of six (6) or 66.67% are Independent Non-Executive</li> </ul>	<ul style="list-style-type: none"> <li>• Two (2) out of six (6) or 33.33% Female</li> <li>• Four (4) out of six (6) or 66.67% Male</li> </ul>	<ul style="list-style-type: none"> <li>• Four (4) out of four (4) or 100% are less than nine (9) years</li> <li>• 0% More than 9 years but less than 12 years</li> <li>• None of the directors are more than 9 years</li> </ul>
<b>Change to the composition of the Board during FY2023</b>		
<ul style="list-style-type: none"> <li>• One (1) independent non-executive director resigned and one (1) independent non-executive director retired while two (2) independent non-executive directors were appointed during FY2023.</li> </ul>		

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## BOARD LEADERSHIP AND EFFECTIVENESS

The Board is aware of the importance of good corporate governance and are guided by the Corporate Governance Guide published by Bursa Malaysia on the following:

- Board Leadership, Roles and Responsibilities
- Directors' Core Areas of Expertise
- Board Evaluation
- Board Effectiveness Review Cycle
- Appointment to the Board, Succession Planning and Diversity

## Meeting Attendance in FY2023

The meeting attendance of our Board and Board Committees members in FY2023, is as set out in the table below:

Number of Meetings held in FY2023	Board	ARMC <sup>1*</sup>	RC <sup>2</sup>	NC <sup>3</sup>
<b>Executive Directors</b>				
Tan Lye Huat	5 / 5 (100%)	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>
Tan Sook Yee	5 / 5 (100%)	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>
<b>Independent Non-Executive Directors</b>				
Lim Hock Aun	5 / 5 (100%)	5 / 5 (100%)	1 / 1 (100%)	1 / 1 (100%)
Rita Tai Lai Ling (resigned on 18 April 2023)	3 / 3 (100%)	3 / 3 (100%)	1 / 1 (100%)	1 / 1 (100%)
Hau Hock Khun (retired on 18 April 2023)	3 / 3 (100%)	3 / 3 (100%)	1 / 1 (100%)	1 / 1 (100%)
Yoon Hin Yeow	5 / 5 (100%)	5 / 5 (100%)	1 / 1 (100%)	1 / 1 (100%)
Thong Chee Thim (appointed on 6 June 2023)	2 / 2 (100%)	2 / 2 (100%)	1 / 1 (100%)	1 / 1 (100%)
Mak Wai Chin (appointed on 27 December 2023)	N/A	N/A	N/A	N/A

Notes:

<sup>1</sup> ARMC: Audit and Risk Management Committee

<sup>2</sup> RC: Remuneration Committee

<sup>3</sup> NC: Nomination Committee

<sup>4</sup> N/A: Not applicable

All Directors have attended all the Board meetings held during the financial year. The Board is satisfied with the level of time commitment given by the Directors toward fulfilling their roles and responsibilities as Board and/or Board Committee members.

## Board Responsibilities

### Board Charter and Board Committees

The Board is responsible for the overall oversight and management of the Group. The Board has established clear functions reserved for the Board and those delegated to Management to enhance accountability. There is a formal schedule of matters reserved for the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include inter-alia, quarterly and annual financial statements for announcement, investment and divestment, as well as monitoring of the Group's financial statements and operating performance. Such delineation of roles is clearly set out in the Board Charter ("Charter"), which serves as a reference point for the Board activities. The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. The Board is committed to take full responsibility for the overall corporate governance of the Group. In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers, Board Committees and Board meeting. The key elements of governance principles embedded in the Charter regulate the Board's conduct and guide the business strategic initiative of the Group. The Charter is available on the Company's website [www.hlhightech.com](http://www.hlhightech.com).



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Responsibilities (cont'd)

#### *Board Charter and Board Committees (cont'd)*

The Board has established three (3) Board Committees, namely ARMC, NC and RC that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference which sets out its functions and duties, composition, rights and meeting procedures. These Terms of Reference are reviewed periodically in accordance with the needs of the Company and taking into account the changes in the business, governance and legal environment that may have an impact on the discharge of the Committees' duties and responsibilities. The Chairmen of the various Board Committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

#### *Company Secretaries*

The Board is supported by Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The appointment of the Company Secretaries is based on the capability and proficiency as determined by the Board. The Directors have unrestricted access to the advice and services of the Company Secretaries to enable the Directors to discharge their duties effectively. The Company Secretaries ensure that the Board is regularly updated on their obligations under relevant regulatory requirements such as Main Market Listing Requirements ("MMLR") of Bursa, Companies Act 2016 ("CA 2016"), MCGG and other relevant guidelines and rules issued from time to time.

The Company Secretaries also attend all Board, Board Committees and general meetings, and ensure that deliberations at the meetings are accurately minuted and kept in the minutes books and subsequently communicated to the relevant party for necessary actions. Such minutes of meetings are confirmed by the Board and the respective Board Committees and signed by the Chairman of the meeting.

#### *Information and Support for Directors*

The Board papers comprising due notice of issues to be discussed and supporting information and documentations were provided to the Board at least five (5) days before the date of the meeting. This is to ensure that the Directors are given sufficient time to read the Board papers and seek clarification they may need from Management or to consult the Company Secretaries or independent advisers before the Board Meetings, if necessary. This enables the Directors to discuss the issues effectively at the Board meetings. The Board has full and unrestricted access to all information within the Company to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties. All Directors have direct access to the advice and services of the Company Secretaries who are responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. The Chairman of the Board Committees, namely, the ARMC, RC and NC brief the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings. When necessary, all Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated.

#### *Code of Ethics and Conduct*

Good governance at all levels is essential for sustainable development. The Board is committed to embrace the highest standards of corporate governance practices and ethical standards throughout the Group. In this respect, the Board has formalised a Code of Ethics and Conduct, setting out the standards of conduct expected from the Directors and employees to inculcate good ethical conduct. The Board recognises the importance of adhering to the Code of Ethics and Conduct and has taken measures to put in place a process to ensure its compliance. The same is available on the Company's website at [www.hlhightech.com](http://www.hlhightech.com).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Responsibilities (cont'd)

#### *Whistleblowing, Anti-Bribery & Anti-Corruption and Conflict of Interest Policies*

The Board is committed to achieve and maintain high standards of corporate governance practices across the Group. The Board has formalised a Whistleblowing Policy, with the aim of providing an avenue for raising concerns relating to possible breaches of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. Further details pertaining to the Whistle-blowing Policy can be found at the Company's website at [www.hlhightech.com](http://www.hlhightech.com).

The Company has adopted the Group's Anti-Bribery and Anti-Corruption policy which provides the principles, guidelines and requirements on how to deal with bribery and corrupt practices that may arise in the course of daily business and operation activities within the Group and the said policy is available on the Company's website at [www.hlhightech.com](http://www.hlhightech.com).

#### *Conflict of Interest Policy*

In line with the amendments of the MMLR which covers the area of potential Conflict of Interest ("COI") of Directors and Key Senior Management, the Board has adopted the Conflict of Interest Policy on 27 December 2023. The said Policy is available on the Company's website at [www.hlhightech.com](http://www.hlhightech.com).

### Board Composition

The Board recognises the importance of having a diverse Board in terms of age, ethnicity and gender as this provides the necessary range of perspectives, experience and expertise in bringing value to the Company and achieving effective stewardship. The present Board consists of six (6) members, comprising two (2) Executive Directors and four (4) Independent Non-Executive Directors. This composition fulfills the requirements as set out in Paragraph 15.02 of the MMLR, which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent. With this existing composition, the Board has further fulfilled Practice 5.2 of MCCG; whereby at least half of the Board's composition comprises Independent Directors.

The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as engineering, entrepreneurship, finance, taxation, accounting and audit, legal and economics. The Executive Directors are responsible for the making of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the Management.

#### *Independence*

The Independent Non-Executive Directors bring objective and independent views, advice and judgment on interest, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board is satisfied that its current size and composition reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations.

#### *Tenure of Independent Directors*

On 18 April 2023, both Ms Rita Tai Lai Ling ("Rita") and Mr Hau Hock Khun ("Mr Hau"), the Independent Directors who have served the Board for more than 12 years, resigned and retired respectively as Independent Directors after the conclusion of the Twenty-Eighth AGM.

As at 31 January 2024, all independent directors have served on the board for less than nine (9) years.

## BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Composition (cont'd)

#### *Diversity on Board and Senior Management*

The existing composition of the Board represents a good mix of knowledge, skills and experience to ensure that the Group is competitive within its industry. The Board, through the NC will consider appropriate targets for appointment as Board members in terms of skills, experience, gender, ethnicity, time commitment and age and will take required measures to meet those targets from time to time if deemed necessary to enhance the effectiveness of the Board.

Currently, the Board composes four (4) males and two (2) females to ensure a good mix of gender as well. This composition and combination of different skills ensure an effective Board decision-making process and enable the Board to efficiently lead and control the Group. The optimal size would enable effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.

The Board has no specific policy on diversity pertaining to gender, age and ethnicity for candidates to be appointed to the Board. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The NC, will however continue to take steps to ensure that the gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.

#### *Nomination Committee*

The NC conducted an assessment of the performance of the Board as a whole, the ARMC, RC and individual Directors, based on a self and peer assessment approach. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board has considered and approved the recommendations on the re-election of Directors at the Company's forthcoming AGM.

In accordance with the Company's Constitution (the "Constitution"), all Directors who are appointed by the Board to fill a casual vacancy are subject to election by shareholders of the Company at the first AGM after their appointment. Clause 76(3) of the Constitution also provides that one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3) then the number nearest to one-third (1/3), shall retire from office at the conclusion of the AGM in every year provided always that all Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

The re-election of Directors at the AGM is subject to prior assessment by the NC pursuant to the Fit and Proper Policy. For the forthcoming AGM, the following Directors will be retiring by rotation, and being eligible, offer themselves for re-election:

- Ms Tan Sook Yee
- Mr Lim Hock Aun

Clause 78 of the Constitution provides that any director so appointed to fill a casual vacancy shall hold office only until the next AGM and shall then be eligible for re-election. For the forthcoming AGM, the following Directors who were appointed during the year will be retiring and being eligible, offer themselves for re-election:

- Mr Thong Chee Thim
- Ms Mak Wai Chin

The Board had also via the NC on 21 December 2022, conducted an assessment on the fit and proper including any COI, if any, of the retiring directors who seek re-election at the forthcoming AGM namely, Ms Tan Sook Yee, Mr Lim Hock Aun, Mr Thong Chee Thim and Ms Mak Wai Chin, pursuant to the Fit and Proper Policy and Constitution adopted by the Company. The NC agreed that they met the criteria as prescribed in the Fit and Proper Policy as well as Paragraph 2.20A of MMLR on character, experience, integrity, competence and time commitment to effectively discharge their duties as Directors. Therefore, the Board recommended to shareholders their re-election at the forthcoming AGM of the Company.

A brief description of the profile of the above Directors and their respective attendance in Board Meetings are presented in this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Composition (cont'd)

#### *Nomination Committee (cont'd)*

Full details of the NC's duties and responsibilities are stated in its Term of Reference which is available on the Company's website at [www.hlhightech.com](http://www.hlhightech.com). The NC comprises exclusively Independent Non-Executive Directors and is chaired by an Independent Director. The NC meets as and when required, at least once a year.

During the financial year ended 31 October 2023, the NC carried out the following activities:

- i. Reviewed the training needs/training programmes for the Board and facilitated Board induction and training programmes;
- ii. Assessed on an annual basis the effectiveness and performance of the Board as a whole, the committees of the Board, as well as the contribution/performance of each individual Director, including Non-Executive Directors and Executive Director(s);
- iii. Recommended the appointment of an additional member to sit in NC and RC;
- iv. Reviewed and recommended proposed candidates as the Board members;
- v. Reviewed and recommended the Fit and Proper Policy to the Board for approval;
- vi. Assessed the independence of the Independent Directors; and
- vii. Reviewed and recommended the re-election of Directors who are subject to retirement at the AGM.

#### *Evaluation of Board, Board Committees and Individual Directors*

The NC performs a Board self-evaluation annually to evaluate the performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairmen, as well as the Committee's performance against its Terms of Reference.

The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices. Based on the assessment carried out during the FY2023, the NC had concluded the following:-

- (a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
- (b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
- (c) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
- (d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.
- (e) The performance of the Board Committees was found to be effective.

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to regulatory requirements and the impact of such regulatory requirements on the Group. All directors have attended the Mandatory Accreditation Programme ("MAP") as required by the MMLR with the exception Ms Mak who was appointed on 27 December 2023. She will be attending the MAP within four (4) months from the date of her appointment, in accordance with Practice Note 5 of the MMLR. The Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates, where applicable. The Finance Advisor and External Auditors also brief the Board members if there are any changes to the Financial Reporting Standards that affect the Group's financial statement during the financial year under review. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Composition (cont'd)

#### Evaluation of Board, Board Committees and Individual Directors (cont'd)

The Board has through the NC assesses the training needs of each Director on an annual basis by determining areas that would strengthen their contribution to the Board. From the assessment, the NC is satisfied that the Directors have attended adequate trainings to enable them to discharge their duties.

During the FY2023, the courses/seminars attended by the Directors include:-

Name of Directors	Courses/Seminars attended	Date
Tan Lye Huat	<ul style="list-style-type: none"> <li>BDO Tax Seminar on Budget 2024</li> <li>BDO Tax Webinar on Budget 2023</li> </ul>	31 October 2023 15 March 2023
Tan Sook Yee	<ul style="list-style-type: none"> <li>BDO Tax Seminar on Budget 2024</li> <li>BDO Tax Webinar on Budget 2023</li> <li>Production Part Approval Process</li> <li>ISO 13485 : 2016 Internal Auditor Training</li> <li>Environment, Social and Governance (ESG) climate change &amp; sustainability reporting &amp; disclosure requirement issued by Bursa Malaysia Bhd</li> </ul>	31 October 2023 15 March 2023 12 November 2022 3 December 2022 4 July 2023
Lim Hock Aun	<ul style="list-style-type: none"> <li>Tax Seminar on Budget 2024 by Grant Thornton</li> <li>BDO Tax Webinar on Budget 2023</li> </ul>	26 October 2023 15 March 2023
Rita Tai Lai Ling (resigned on 18 April 2023)	<ul style="list-style-type: none"> <li>BDO Tax Webinar on Budget 2023</li> </ul>	15 March 2023
Hau Hock Khun (retired on 18 April 2023)	<ul style="list-style-type: none"> <li>BDO Tax Webinar on Budget 2023</li> </ul>	15 March 2023
Yoon Hin Yeow	<ul style="list-style-type: none"> <li>Bursa Malaysia Mandatory Accreditation Programme (MAP) by ICDM</li> <li>BDO Tax Webinar on Budget 2023</li> <li>Tax Seminar on Budget 2024 by Grant Thornton</li> </ul>	7 & 8 March 2023 15 March 2023 26 October 2023
Thong Chee Thim (appointed on 6 June 2023)	<ul style="list-style-type: none"> <li>Bursa Malaysia Mandatory Accreditation Programme (MAP) by ICDM</li> <li>Tax Seminar on Budget 2024 by Grant Thornton</li> </ul>	26 & 27 September 2023 26 October 2023

## Remuneration

### Remuneration Policy

The Board recognises the need to establish a fair and transparent Remuneration Policy with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the RC reviewed and recommended to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration.

In making its recommendation, the RC considered the principles set out in the Remuneration Policy. The remuneration was structured to align rewards to corporate and individual performances besides adequately compensating the Directors for risks and complexities of the duties and responsibilities they assumed.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Remuneration (cont'd)

#### Remuneration Committee

The RC, established by the Board, is responsible for setting the policy framework and recommending to the Board the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The components of Directors' 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 individual Non-Executive Director concerned. Directors do not participate in discussions of their individual remuneration. All RC members are Independent Non-Executive Directors.

The responsibilities of RC are as follows: -

- (i) Support the Board in actively overseeing the design and operation of the Company's remuneration system;
- (ii) Review and recommend to the Board on the remuneration of Non-Executive Directors, particularly on whether the remuneration remains appropriate to each Director's contribution, by taking into account the level of expertise, commitment and responsibilities undertaken;
- (iii) Review and recommend to the Board on the total individual remuneration package for Executive Directors and senior management personnel including, where appropriate, bonuses and incentive payments within the terms of the agreed remuneration policy and based on individual performance; and
- (iv) Provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and senior management as well as the overall remuneration framework of the Company.

Remuneration of Directors pursuant to the respective service contracts with the Company and its subsidiaries, the details of individual Directors' remuneration are as follows:-

Remuneration to be disclosed on a named basis:-

Group Level	Fee / Salaries and other emoluments (RM '000)	Bonus (RM '000)	EPF (RM '000)	Allowance / Benefit in kind (RM '000)	Total (RM '000)
<b>Non-Executive Directors</b>					
Lim Hock Aun	39	-	-	20	59
Yoon Hin Yeow	18	-	-	4	22
Thong Chee Thim	8	-	-	2	10
Rita Tai Lai Ling*	10	-	-	3	13
Hau Hock Khun^	10	-	-	3	13
Chu Kan	-	-	-	1	1
<b>Executive Directors</b>					
Tan Lye Huat	672	89	99	28	888
Tan Sook Yee	186	50	30	10	276

\* Resigned during FY2023

^ Retired during FY2023

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Remuneration (cont'd)

Remuneration Committee (cont'd)

Company Level	Fee / Salaries and other emoluments (RM '000)	Bonus (RM '000)	EPF (RM '000)	Allowance / Benefit in kind (RM '000)	Total (RM '000)
<b>Non-Executive Directors</b>					
Lim Hock Aun	39	-	-	20	59
Yoon Hin Yeow	18	-	-	4	22
Thong Chee Thim	8	-	-	2	10
Rita Tai Lai Ling*	10	-	-	3	13
Hau Hock Khun^	10	-	-	3	13
Chu Kan	-	-	-	1	1

\* Resigned during FY2023

^ Retired during FY2023

## EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit and Risk Management Committee

ARMC comprises exclusively of Independent Non-Executive Directors.

Mr Lim Hock Aun is the Chairman since 21 October 2020.

The ARMC's composition and its summary activity are set forth in the Audit Committee Report of this Annual Report. Full details of the Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website at [www.hlhightech.com](http://www.hlhightech.com).

### II. Risk Management and Internal Control Framework

The Board recognises the importance of maintaining a sound internal control system covering risk management and the financial, operational and compliance controls to safeguard shareholders' investment and the Group's assets. The Board acknowledges that it is responsible for the Group's system of internal control and risk management for the continuing review of its adequacy, effectiveness and integrity. Additionally, the Group Executive Chairman and Managing Director together with the Finance Advisor have given assurance to the Board that the Group's risk management and internal control systems are operating adequately and effectively to meet the Group's objectives.

The internal control system is designed to cater to the Group's needs and manage the risks to which it is exposed. It should be noted that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is assisted by the ARMC to ensure the risk and control framework is embedded into the culture, processes and structure of the Group. Further details of the Group's state of risk management and internal control systems are reported in the Statement of Risk Management and Internal Control of this Annual Report. A risk profile of the Group has been compiled to help the Board and senior management prioritise their focus on areas of high risk. The senior management is responsible for identifying, evaluating, managing and reporting on significant risks on an ongoing basis faced by the Group in its achievement of objectives and strategies. Significant risk matters are brought to the attention of the Executive Directors, and if necessary, are also discussed at Board meetings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### II. Risk Management and Internal Control Framework (cont'd)

#### Internal Audit Functions

The Group has appointed an established external professional Internal Audit firm, namely Silver Ocean Governance Sdn Bhd, was appointed in March 2023, reports to the ARMC and assists the ARMC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. Internal audit provides an independent assessment of the effectiveness and efficiency of internal controls utilising a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the ARMC.

The scope of work covered by the internal audit functions during the financial year, a summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit Committee Report of this Annual Report.

#### **Anti-Bribery and Anti-Corruption**

Our core values and behaviours drive our culture and conduct throughout the Group. We have a zero-tolerance approach to misconduct of any kind and will take stern disciplinary action, up to and including immediate dismissal, in the event of a breach. Our Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") is clear in our commitment not to tolerate bribery or corruption in any form. Our ABAC Policy is managed by the compliance officer and our compliance manager oversees the progress of implementation and compliance of the ABAC Policy.

The Group's ABAC Policy is available on the Company's Investor Relations website at [www.hlhightech.com](http://www.hlhightech.com).

#### **Statement of Directors' Responsibilities for Preparing the Annual Audited Financial Statements**

Our Directors are required by CA2016 to prepare financial statements for each financial year which give a true and fair view of KHLHT and of the Company's state of affairs, results and cash flows. Our Directors are of the opinion that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates while preparing the financial statements for the financial year ended 31 October 2023, and that the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards and the provisions as stated in the CA2016 and the MMLR.

Our Directors are satisfied that the Group keeps accounting records which disclose with reasonable accuracy of the financial position of the Group and enable proper financial statements to be prepared. They have also taken the necessary steps to ensure that appropriate systems are in place to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities. The systems, by their nature can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.

## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Communication with Shareholders

The Board recognises the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communication are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa, relevant announcements and circulars. The Board is committed in providing accurate, useful and timely information about the Group, its business and its activities. Realising the importance of timely and thorough dissemination of material information to the shareholders, investors and the public at large, the Company maintains an open communication policy with its shareholders, investors and public at large and welcomes feedback from them. The Group's information is disseminated through various disclosures and announcements made to Bursa Securities. This information is also published on the Company's website at [www.hlhightech.com](http://www.hlhightech.com).



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### Communication with Shareholders (cont'd)

The Company's website is continuously updated to provide timely and accurate information to the public and investors. The notice of general meetings, proxy form, Annual Report, Circulars to shareholders and summary of key matters discussed at the AGM are also published on the Company's website. The Minutes of the AGM was also published on the Company's website no later than 30 business days after the conclusion of the AGM.

### Notice of General Meeting

The Board recognises the rights of shareholders. In order to continue encouraging shareholders' participation in the general meetings, the Board would ensure that the Notice of AGM is sent to shareholders at least twenty-eight (28) days ahead of the date of the general meeting and to provide sufficient time and opportunities for shareholders to seek clarifications during general meetings on any matters pertaining to the issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the operational and financial performance of the Company

The notice of the AGM is also published in a national newspaper. The notice would include explanatory statements for proposed resolutions to facilitate understanding and evaluation of issues involving the shareholders.

### Attendance of Directors at General Meetings

The AGM is the key element of the Company's dialogue with its shareholders. During the AGM, shareholders are encouraged to ask questions about the resolutions being proposed, the Company's operations in general or the annual reports of the Company and of the Group. All the Directors, the Key Senior Management, the Company Secretaries and the External Auditors are present at the AGM to provide responses to questions from the shareholders.

The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the Board members are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility.

### Voting at Annual General Meeting

The last AGM of the Company was held on 18 April 2023 with the appointment of a poll administrator and a scrutineer for the poll voting process. In accordance with the MMLR, the Board put all resolutions to vote by way of poll at the AGM and the results of the polling were made to Bursa Securities on the same day.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Audit and Risk Management Committee and its activities for the financial year ended 31 October 2023 in compliance with Paragraph 15.15 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad.

## MEMBER

The Audit and Risk Management Committee (“ARMC”) currently comprises the following members, all of whom are Independent Non-Executive Directors. A summary of their respective attendance at the Audit and Risk Management Committee meetings held during the financial year is as follows:

## MEMBERS AND MEETINGS ATTENDANCE

Name & Designation	Membership status	Attendance
Lim Hock Aun ( <i>Independent Non-Executive Director</i> )	Chairman	5 / 5
Yoon Hin Yeow ( <i>Independent Non-Executive Director</i> ) (Appointed on 21 December 2022)	Member	5 / 5
Thong Chee Thim ( <i>Independent Non-Executive Director</i> ) (Appointed on 6 June 2023)	Member	2 / 2
Hau Hock Khun ( <i>Independent Non-Executive Director</i> ) (Retired on 18 April 2023)	Member	3 / 3
Rita Tai Lai Ling ( <i>Independent Non-Executive Director</i> ) (Resigned on 18 April 2023)	Member	3 / 3
Mak Wai Chin ( <i>Independent Non-Executive Director</i> ) (Appointed on 27 December 2023)	Member	Not applicable

The Chairman of the ARMC, Mr Lim Hock Aun, is a member of the Malaysian Institute of Accountants (“MIA”) and a member of the Institute of Chartered Accountants, England and Wales.

Mr Yoon Hin Yeow who was appointed on 21 December 2022 is also a member of MIA and member of the Chartered Institute of Management Accountants of the United Kingdom and the Institute of Singapore Chartered Accountants.

Thus, the Company has complied with Paragraph 15.09(1)(c)(i) of the MMLR.

## REVIEW OF THE TERMS AND REFERENCE

The terms of reference (“TOR”) of the ARMC shall be reviewed periodically by ARMC and the Board, especially when there are changes to the MMLR, the Malaysian Code on Corporate Governance (as of 28 April 2021) and Companies Act 2016 or at least once every three (3) years.

The TOR for ARMC has been revised, approved and adopted by the Board on 27 December 2023. The revised TOR for ARMC enhanced the scope of the ARMC in identifying and review the conflict of interest in line with the amendments of the MMLR of Bursa Malaysia. The revised TOR is available on the Company’s website at [www.hlhightech.com](http://www.hlhightech.com).

## SUMMARY OF ACTIVITIES

During the financial year, the ARMC conducted its activities in accordance with its existing terms of reference, which included the review of the external auditors’ scope of work and the annual audit plan.

Five (5) meetings of the ARMC were held during the financial year ended 31 October 2023:

- a. At each of these ARMC’s meetings, the Group’s Finance Advisor was invited to brief the Committee on financial reporting matters;

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

## SUMMARY OF ACTIVITIES (CONT'D)

- b. The reviews of the Group's quarterly and year-to-date unaudited financial statements were made before submission to the Board for their consideration and approval. During the respective Board meeting, the Chairman of the ARMC briefed the Board on issues raised in respect of the financial statements and the recommendations of the ARMC thereon;
- c. Reviewed the Audit Completion Memorandum presented by Messrs Grant Thornton Malaysia PLT in respect of the financial year ended 31 October 2022;
- d. During the review of the Group's twelve-month financial results, representatives of the External Auditors, Messrs Grant Thornton Malaysia PLT were invited to discuss the Group financial statements for the financial year ended 31 October 2023. Management's response to all pertinent issues and findings had been raised and noted by the External Auditors during their examination of the said Group Accounts, together with recommendations in respect of the findings;
- e. Met up with the External Auditors without the presence of Executive Directors and Management.
- f. Reviewed the Audit Planning Memorandum presented by Messrs Grant Thornton Malaysia PLT in respect of the financial year ended 31 October 2023;
- g. Received an update on the Annual Transparency Report issued by Messrs Grant Thornton Malaysia PLT .
- h. Reviewed, deliberated the internal audit reports presented and considered the significant findings of internal audit in the Group's operating subsidiaries through the review of internal audit reports tabled and management responses thereto and ensuring significant findings were adequately addressed by Management;
- i. Evaluated the performance and independence of the external auditors and made recommendations to the Board on their re-appointment and audit fees;
- j. Reviewed the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control for inclusion in the 2023 Annual Report;
- k. Reviewed and confirmed with the Management that the Group did not enter into any related-party transaction during the financial year;
- l. Discussed the proposed payment of interim dividend in respect of the financial year ending 31 October 2023;
- m. Reviewed and assessed the performance of the Internal Auditors; and
- n. Reviewed the Enterprise Risk Management Policy and Framework and key risk profile of the Group's manufacturing and plantation business segment.

## INTERNAL AUDIT FUNCTION

The Group's internal audit function had since November 2002 been outsourced to independent consultants, which is independent of its activities and operation and will report to the ARMC on the following:

- a. Undertakes the internal audit of the Group's operating units; ascertaining the extent of the units compliance with the established internal control procedures, policies and statutory requirements; highlighting the weaknesses and recommending improvements to the existing systems of controls;
- b. Assist in reviewing the adequacy and effectiveness of the Group's processes for controlling its activities;
- c. To review and appraise the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable costs; and
- d. Periodically provide information on the status and results of the internal audit plan.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

## INTERNAL AUDIT FUNCTION (CONT'D)

During the financial year, the ARMC reviewed the Internal Audit Report in respects of:

- Receivables management and credit control;
- The International Organisation for Standardisation (ISO) compliance certification audit carried out for ISO 13485 and ISO 9001 for the manufacturing segment;
- The MSPO compliance certification audit for the plantation segment

The costs incurred for the Internal Audit function in respect of the financial year ended 31 October 2023 were approximately RM29,180 only.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Statement on Risk Management and Internal Control (“This Statement”) is made in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The Malaysian Code on Corporate Governance (“MCCG”) requires the Board of Directors (“the Board”) to maintain a sound system of risk management and internal control to safeguard the Shareholders’ interests and the Group’s assets.

## THE BOARD’S RESPONSIBILITIES

The Board is committed to establishing and maintaining a sound, effective and efficient system of enterprise risk management and internal control to safeguard shareholders’ investment and the Group’s asset.

The internal control system is designed to meet the Group’s particular needs and to manage the risks exposure.

The system includes financial controls, operational and compliance controls and risk management. Because of the limitations that are inherent in any system of internal control, the system is designed to manage the principal business risks that may impede the Group from achieving its business objectives, rather than eliminate the risk of failure to achieve corporate objectives. The system, by its nature, can only provide reasonable but not absolute assurance against any material misstatement or loss.

## KEY ELEMENTS OF THE GROUP’S INTERNAL CONTROL

- Clearly defined delegation of responsibilities of the Board, Committees and Management of the Group including authorization levels for all aspects of businesses. Subsidiary companies have clear accountabilities to ensure appropriate risk management and control procedures are in place;
- Clearly documented internal procedures in the ISO 9001, where applicable, for its subsidiaries;
- Regular and comprehensive information provided to the Board of Directors and Management, covering operational and financial performance;
- Monitoring actual results against budget. Significant variances are investigated and followed up, and where necessary management actions are taken;
- Internal audit visits by outsourced internal auditors are to review and appraise the internal control system within the Group in accordance with the approved internal audit plan;
- The Group Executive Chairman and Managing Director provide briefing to the Board on significant changes in the business and external environment, which affect the operation of the Group at large;
- Where areas of improvement in the system are identified, the Board considers the recommendations made by the Audit and Risk Management Committee (“ARMC”) and the Management; and
- There is an ongoing process for identifying, evaluating and managing the significant risk faced by the Company.

The Board engages independent professional consultants from established firms to assist the Board in reviewing and appraising the internal control system within the Group.

## ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Board regularly reviews the Group’s key commercial and financial risks together with general risks relating to compliance with laws and regulations so that a reasonable level of assurance that the system of controls and operations is appropriate to the Group’s situation and that there is an acceptable level of risk throughout the Group’s businesses.

In light of the ‘Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers’ issued by Bursa Malaysia, the Board has re-evaluated its risk management practices to ensure that it is appropriate and continues to remain relevant to the Group’s requirements.

Terms of Reference for ARMC has been revised, approved and adopted by the Board on 27 December 2023. The revised Terms of Reference for ARMC covers the conflict of interest in line with the amendments of the MMLR of Bursa Malaysia and is available on the Company’s website at [www.hlhightech.com](http://www.hlhightech.com). Additionally, a policy on Conflict of Interest was approved and adopted by the Board on 27 December 2023.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## BOARD COMMENTARY

During the financial year, the results of findings by the internal audit function, including the recommended corrective actions, have been reported to the ARMC.

The Board is of the opinion that there were no material losses incurred during the financial year as a result of weaknesses in internal control. The ARMC considers the report from the internal audit function and comments from Management before making recommendation to the Board to strengthen the internal control system.

The Board has also received assurance from the Group Executive Chairman and Managing Director together with the Management that the Group's internal control and risk management system is operating adequately and effectively based on the internal controls implemented throughout the Group.

## Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Malaysia, the external auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guides ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report.

Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and integrity of the internal controls of the Group.

AAPG 3 does not require the External Auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Key Management thereon. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this Statement.

This Statement is made in accordance with the resolution of the Board of Directors dated 29 January 2024.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to external auditors and its affiliates for the financial year ended 31 October 2023 were as below:

	Audit Fee RM	Non-Audit Fee RM
Listed Issuer	35,000	6,000
Group	143,600	6,000

### 2. MATERIAL CONTRACTS

During the financial year there were no material contracts entered into by the Company or its subsidiary involving interest of Directors and major shareholders of the Company.

### 3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPT”)

During the financial year there were no RRPT into by the Company or its subsidiary.

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## 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 October 2023.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are described in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

### FINANCIAL RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	10,187,445	(15,051)

### DIVIDENDS

The amount of dividends paid and declared since the end of the previous financial year were as follows:-

	RM
<b>In respect of the financial year ended 31 October 2023:-</b>	
First interim single tier dividend of RM0.01 per ordinary share, paid on 10 March 2023	1,195,039
Second interim single tier dividend of RM0.02 per ordinary share, paid on 23 October 2023	2,366,275
	<u>3,561,314</u>

The Directors do not recommend any final dividend payment for the current financial year.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### DIRECTORS

The names of the Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:-

Tan Lye Huat\*  
Tan Sook Yee\*  
Lim Hock Aun  
Yoon Hin Yeow  
Thong Chee Thim (Appointed on 6 June 2023)  
Mak Wai Chin (Appointed on 27 December 2023)  
Rita Tai Lai Ling (Resigned on 18 April 2023)  
Hau Hock Khun (Retired on 18 April 2023)

\* Directors of the Company and all of the subsidiaries.

# DIRECTORS' REPORT

(CONT'D)

## DIRECTORS (CONT'D)

The Director of the subsidiaries since the beginning of the financial year to the date of this report, not including those Directors listed above are:-

Tan Yaw Bin (Appointed on 5 July 2023)

In accordance with Clause 76(3) of the Company's Constitution, Ms. Tan Sook Yee and Mr. Lim Hock Aun will retire from the Board by rotation at the forthcoming Annual General Meeting and being eligible offered themselves for re-election.

In accordance with Clause 78 of the Company's Constitution, Mr. Thong Chee Thim and Ms. Mak Wai Chin will retire from the Board at the forthcoming Annual General Meeting and being eligible offered themselves for re-election.

## DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 in Malaysia, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at the financial year end (including interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:-

	----- Number of ordinary shares -----			
	At 1.11.2022	Bought	Sold	At 31.10.2023
<b>Company</b>				
<u>Direct interests</u>				
Tan Lye Huat	2,452,416	125,900	-	2,578,316
Tan Sook Yee	2,304,268	-	-	2,304,268
<u>Indirect interests</u>				
Tan Lye Huat*	59,597,824	-	-	59,597,824
Tan Sook Yee#	50,628,738	-	-	50,628,738

\* Deemed interest by virtue of the shareholdings in Affluent Future Sdn. Bhd., Tan Lye Huat Holdings Sdn. Bhd. and shares held by his children.

# Deemed interest by virtue of the shareholdings in Affluent Future Sdn. Bhd. and Tan Lye Huat Holdings Sdn. Bhd..

By virtue of their interests in the shares of the Company, Tan Lye Huat and Tan Sook Yee are also deemed interest in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016 in Malaysia.

Except as disclosed above, none of the other Directors in office at the end of the financial year held any interest in shares of the Company or its related corporations during the financial year.

## DIRECTORS' EMOLUMENTS AND BENEFITS

During the financial year, the emoluments and other benefits received and receivable by the Directors of the Company are as follows:-

	Incurred by the Company RM	Incurred by the subsidiaries RM	Group RM
Directors' fees	85,670	-	85,670
Salaries and other emoluments	33,000	1,044,188	1,077,188
Defined contribution plans	-	135,122	135,122
Social security contribution	-	7,377	7,377
	118,670	1,186,687	1,305,357

The estimated monetary value of benefits-in-kind received by the Directors of the Company other than cash from the Group is RM43,067.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company and there was no issuance of debentures during the financial year.

## TREASURY SHARES

The shareholders of the Company, by a special resolution passed at an Annual General Meeting held on 28 March 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed in the last Annual General Meeting held on 18 April 2023. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

The Company has the right to cancel or to resell these shares and/or distributes as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. As disclosed in Note 15 to the financial statements, the Company purchased 1,513,200 units of treasury shares for total consideration of RM1,365,071 during the financial year.

As at the reporting date, the number of ordinary shares in issue after deducting treasury shares is 118,153,475 units.

# DIRECTORS' REPORT

(CONT'D)

## 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 provision for doubtful debts and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render it necessary to write off any bad debts or the amount of the provision 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 current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements 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 and of the Company which have arisen since the end of the financial year which secure the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which have arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of 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
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The amount of indemnity coverage and insurance premium paid for Directors and Officers of the Company during the financial year are amounted to RM5,000,000 and RM16,970 respectively.

**AUDITORS**

The total amount of audit and other fees paid to or receivables by the Auditors, Grant Thornton Malaysia PLT, as remuneration for their services as Auditors of the Company and its subsidiaries for the financial year ended 31 October 2023 are RM41,000 and RM108,600 respectively.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permissible under the provision of the Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnity for the financial year.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

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

.....	)	
TAN LYE HUAT	)	
	)	
	)	
	)	
	)	DIRECTORS
	)	
	)	
	)	
.....	)	
TAN SOOK YEE	)	

Kuala Lumpur  
29 January 2024

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 57 to 121 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 October 2023 and their financial performance and their cash flows for the financial year then ended.

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

.....  
TAN LYE HUAT

.....  
TAN SOOK YEE

Kuala Lumpur  
29 January 2024

## STATUTORY DECLARATION

I, Chong Kong Hui, being the Officer primarily responsible for the financial management of Kumpulan H & L High-Tech Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 57 to 121 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared     )  
by the abovenamed at Kuala Lumpur    )  
in the Federal Territory this day of     )  
29 January 2024                             )

.....  
CHONG KONG HUI  
(MIA NO.: 25067)  
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN H & L HIGH-TECH BERHAD  
(Incorporated in Malaysia) Registration No: 199401032123 (317805-V)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Kumpulan H & L High-Tech Berhad, which comprise statements of financial position as at 31 October 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 121.

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 October 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

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

#### *Impairment assessment of the carrying amount of trade receivables*

##### The risk

Refer to Notes 11 and 33.2.1 to the financial statements. We focused on this area because the Group has material amounts of trade receivables that are past due but not impaired. The key associate risk is the recoverability of billed trade receivables as management judgement is required in determining the completeness of the trade receivables provision and in assessing its adequacy through considering the expected recoverability of the year-end trade receivables.

##### Our response

We have challenged management's assumptions in calculating the impairment loss for trade receivables. This includes reviewing the ageing of receivables in comparison to previous years, testing the integrity of ageing by calculating the due date for a sample of invoices and reviewing the level of bad debts written off in the current year against the prior year. We also checked the recoverability of outstanding receivables through examination of subsequent cash receipts, challenged the expected credit loss model developed by the Group and tested the operating effectiveness of the relevant control procedures that management has in place.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN H & L HIGH-TECH BERHAD (CONT'D)  
(Incorporated in Malaysia) Registration No: 199401032123 (317805-V)

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

### Key Audit Matters (cont'd)

#### *Inventories valuation - net*

##### The risk

Refer to Note 8 to the financial statements. The Group holds a significant amount of inventories which is subject to risk that the inventories become slow-moving or obsolete, such that they could not be sold or can only be sold for selling prices that are less than the carrying value. There is inherent subjectivity and estimation required in determining the accuracy of inventory obsolescence provision and in making an assessment of its adequacy as it consists of risks such as inventory prices not valid and inventory not stated at the lower of cost or net realisable value.

##### Our response

We tested the methodology for calculating the provisions, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historic data used in estimating the provisions. In doing so, we obtained understanding on the ageing profile of inventories, the process for identifying specific problem inventories and historical loss rates. Besides that, we also tested a sample of inventories to ensure that they were held at the lower of cost and net realisable value.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016. 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.



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN H & L HIGH-TECH BERHAD (CONT'D)  
(Incorporated in Malaysia) Registration No: 199401032123 (317805-V)

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

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

We communicated 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 identified during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicated 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 determined 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 described these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN H & L HIGH-TECH BERHAD (CONT'D)  
(Incorporated in Malaysia) Registration No: 199401032123 (317805-V)

## 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.

.....  
GRANT THORNTON MALAYSIA PLT  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

.....  
TAN CHEE BENG  
(NO: 02664/02/2025(J))  
CHARTERED ACCOUNTANT

Kuala Lumpur  
29 January 2024

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	8,530,296	8,364,783	-	-
Right-of-use assets	5	38,128,738	37,483,522	-	-
Investment properties	6	77,800,000	72,900,000	-	-
Investment in subsidiaries	7	-	-	27,416,971	27,416,971
Inventories	8	48,521	76,693	-	-
Other investments	9	50,924	50,924	-	-
Amount due from a subsidiary	7	-	-	7,200,000	6,200,000
Total non-current assets		124,558,479	118,875,922	34,616,971	33,616,971
<b>Current assets</b>					
Inventories	8	3,692,715	3,886,390	-	-
Bearer biological assets	10	227,478	230,351	-	-
Trade receivables	11	2,955,683	3,568,594	-	-
Other receivables	12	414,436	348,810	13,133	10,102
Other investments	9	1,013,058	1,080,630	-	-
Tax recoverable		159,103	136,120	1,402	658
Deposits with licensed financial institutions	13	35,740,602	33,410,534	9,391,001	15,148,569
Cash and bank balances		4,090,902	5,790,553	94,332	275,924
Total current assets		48,293,977	48,451,982	9,499,868	15,435,253
<b>TOTAL ASSETS</b>		<b>172,852,456</b>	<b>167,327,904</b>	<b>44,116,839</b>	<b>49,052,224</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	14	40,612,085	40,612,085	40,612,085	40,612,085
Treasury shares	15	(3,266,246)	(1,901,175)	(3,266,246)	(1,901,175)
Revaluation reserve	16	19,435,768	18,391,960	-	-
Retained earnings		78,844,422	72,218,291	6,726,600	10,302,965
Total equity		135,626,029	129,321,161	44,072,439	49,013,875
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	17	11,919,255	13,517,014	-	-
Lease liabilities	18	9,306,908	9,158,973	-	-
Deferred tax liabilities	19	11,341,210	10,352,000	-	-
Total non-current liabilities		32,567,373	33,027,987	-	-

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2023 (CONT'D)

	Note	Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
<b>EQUITY AND LIABILITIES (CONT'D)</b>					
<b>LIABILITIES (CONT'D)</b>					
<b>Current liabilities</b>					
Trade payables	20	365,897	1,031,621	-	-
Other payables	21	2,005,947	1,920,579	44,400	38,349
Contract liabilities	22	95,363	6,655	-	-
Borrowings	17	1,643,656	1,600,081	-	-
Lease liabilities	18	48,470	229,145	-	-
Derivative financial liabilities	23	-	12,675	-	-
Tax payable		499,721	178,000	-	-
Total current liabilities		4,659,054	4,978,756	44,400	38,349
Total liabilities		37,226,427	38,006,743	44,400	38,349
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>172,852,456</b>	<b>167,327,904</b>	<b>44,116,839</b>	<b>49,052,224</b>

The accompanying notes form an integral part of the financial statements.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	24	27,242,738	26,686,950	-	-
Cost of sales		(14,444,444)	(13,673,615)	-	-
Gross profit		12,798,294	13,013,335	-	-
Other income		5,686,991	3,544,421	-	-
Finance income	25	1,190,305	651,245	442,456	352,296
Net loss on impairment of financial assets		-	-	(16,780)	(10,654)
Selling and distribution expenses		(87,935)	(55,983)	-	-
Administration expenses		(4,454,480)	(3,300,030)	(170,081)	(138,265)
Other expenses		(1,686,539)	(2,023,798)	(270,687)	(243,546)
Finance costs	26	(1,037,920)	(878,685)	-	-
Profit/(Loss) before tax	27	12,408,716	10,950,505	(15,092)	(40,169)
Tax (expense)/income	28	(2,221,271)	(1,779,302)	41	(209)
Profit/(Loss) for the financial year		10,187,445	9,171,203	(15,051)	(40,378)
Other comprehensive income, net of tax <i>Items that will not be subsequently reclassified to profit or loss</i>					
- Revaluation of lands and buildings		1,373,430	12,645,846	-	-
- Tax effect on revaluation of lands and buildings	28	(329,622)	(3,035,004)	-	-
Other comprehensive income for the financial year		1,043,808	9,610,842	-	-
<b>Total comprehensive income/(loss) for the financial year</b>		<b>11,231,253</b>	<b>18,782,045</b>	<b>(15,051)</b>	<b>(40,378)</b>
<b>Profit/(Loss) for the financial year attributable to:-</b>					
Owners of the Company		10,187,445	9,171,203	(15,051)	(40,378)
<b>Total comprehensive income/(loss) attributable to:-</b>					
Owners of the Company		11,231,253	18,782,045	(15,051)	(40,378)
Earnings per share attributable to the owners of the Company (sen)					
- Basic/Diluted	29	8.55	7.58		

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2023

	Share capital RM	----- Non-distributable ----- Revaluation reserve RM	Treasury shares RM	- Distributable - Retained earnings RM	Total RM
<b>Group</b>					
Balance at 1 November 2021	40,612,085	8,781,118	(44,915)	66,658,954	116,007,242
<b>Total comprehensive income:</b>					
- Profit for the financial year	-	-	-	9,171,203	9,171,203
- Revaluation during the financial year	-	9,610,842	-	-	9,610,842
<b>Transactions with owners:</b>					
- Purchase of treasury shares (Note 15)	-	-	(1,856,260)	-	(1,856,260)
- Dividends (Note 30)	-	-	-	(3,611,866)	(3,611,866)
Balance at 31 October 2022	40,612,085	18,391,960	(1,901,175)	72,218,291	129,321,161
<b>Total comprehensive income:</b>					
- Profit for the financial year	-	-	-	10,187,445	10,187,445
- Revaluation during the financial year	-	1,043,808	-	-	1,043,808
<b>Transactions with owners:-</b>					
- Purchase of treasury shares (Note 15)	-	-	(1,365,071)	-	(1,365,071)
- Dividends (Note 30)	-	-	-	(3,561,314)	(3,561,314)
Balance at 31 October 2023	40,612,085	19,435,768	(3,266,246)	78,844,422	135,626,029
<b>Company</b>					
Balance at 1 November 2021	40,612,085	-	(44,915)	13,955,209	54,522,379
Total comprehensive loss	-	-	-	(40,378)	(40,378)
<b>Transactions with owners:</b>					
- Purchase of treasury shares (Note 15)	-	-	(1,856,260)	-	(1,856,260)
- Dividends (Note 30)	-	-	-	(3,611,866)	(3,611,866)
Balance at 31 October 2022	40,612,085	-	(1,901,175)	10,302,965	49,013,875
Total comprehensive loss	-	-	-	(15,051)	(15,051)
<b>Transactions with owners:</b>					
- Purchase of treasury shares (Note 15)	-	-	(1,365,071)	-	(1,365,071)
- Dividends (Note 30)	-	-	-	(3,561,314)	(3,561,314)
Balance at 31 October 2023	40,612,085	-	(3,266,246)	6,726,600	44,072,439

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
<b>OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		12,408,716	10,950,505	(15,092)	(40,169)
<b>Adjustments for:-</b>					
Depreciation of property, plant and equipment		1,257,033	1,163,407	-	-
Depreciation of right-of-use assets		888,398	654,385	-	-
Dividend income from other investments		(38,037)	(29,750)	-	-
Fair value gain on investment properties		(4,900,000)	(2,569,660)	-	-
Fair value (gain)/loss on derivative financial instruments		(12,675)	12,675	-	-
Fair value loss on bearer biological assets		2,873	48,663	-	-
Fair value loss on other investments		39,873	27,669	-	-
Gain on disposal of property, plant and equipment		(13,171)	(265,415)	-	-
(Gain)/Loss on disposal of other investments		(99,969)	48,829	-	-
Impairment loss on amount due from subsidiaries		-	-	16,780	10,654
Interest income		(1,190,305)	(651,245)	(442,456)	(352,296)
Interest expenses		1,037,920	878,685	-	-
Net unrealised loss/(gain) on foreign exchange		62,286	(120,508)	-	-
Property, plant and equipment written off		6,876	-	-	-
Operating profit/(loss) before working capital changes		9,449,818	10,148,240	(440,768)	(381,811)
Changes in working capital:-					
Inventories		221,847	(670,538)	-	-
Receivables		470,777	(416,077)	(3,031)	(1,135)
Payables		(580,411)	696,857	6,051	300
Contract liabilities		88,708	-	-	-
Cash generated from/(used in) operations		9,650,739	9,758,482	(437,748)	(382,646)
Tax paid		(1,262,945)	(1,219,447)	(703)	(840)
Net cash from/(used in) operating activities		8,387,794	8,539,035	(438,451)	(383,486)
<b>INVESTING ACTIVITIES</b>					
Dividend received from other investments		38,037	29,750	-	-
Advances to subsidiaries		-	-	(1,016,780)	(5,006,311)
Interest received		1,190,305	651,245	442,456	352,296
Proceeds from disposal of property, plant and equipment		13,172	301,000	-	-
Proceeds from disposal of other investments		522,277	276,564	-	-
Purchase of right-of-use assets		(289,900)	-	-	-
Purchase of property, plant and equipment		(1,103,120)	(1,289,020)	-	-
Purchase of other investments		(394,609)	(215,230)	-	-
Purchase of investment properties	A	-	(5,092,340)	-	-
Purchase of treasury shares		(1,365,071)	(1,856,260)	(1,365,071)	(1,856,260)
Net cash used in investing activities		(1,388,909)	(7,194,291)	(1,939,395)	(6,510,275)

# STATEMENTS OF CASH FLOWS

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

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>FINANCING ACTIVITIES</b>					
Interest paid		(1,037,920)	(878,685)	-	-
Dividend paid		(3,561,314)	(3,611,866)	(3,561,314)	(3,611,866)
Placement of deposits with licensed financial institutions		(2,221)	(3,436)	-	-
Repayment of lease liabilities		(229,327)	(231,135)	-	-
Repayment of borrowings		(1,554,184)	(1,758,666)	-	-
Net cash used in financing activities		(6,384,966)	(6,483,788)	(3,561,314)	(3,611,866)
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes		613,919	(5,139,044)	(5,939,160)	(10,505,627)
Effect of exchange rate changes		14,277	32,293	-	-
Brought forward		39,101,053	44,207,804	15,424,493	25,930,120
Carried forward	B	39,729,249	39,101,053	9,485,333	15,424,493

## NOTES TO THE STATEMENTS OF CASH FLOWS

### A. PURCHASE OF INVESTMENT PROPERTIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total purchase of investment properties	-	14,480,340	-	-
Deposit paid reclassified from other receivables	-	(1,388,000)	-	-
Financed by term loan	-	(8,000,000)	-	-
Cash payment	-	5,092,340	-	-

### B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following items:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	4,090,902	5,790,553	94,332	275,924
Deposits with licensed financial institutions	35,740,602	33,410,534	9,391,001	15,148,569
	39,831,504	39,201,087	9,485,333	15,424,493
Less: Deposits pledged with licensed financial institutions	(102,255)	(100,034)	-	-
	39,729,249	39,101,053	9,485,333	15,424,493

The accompanying notes form an integral part of the financial statements.



## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The principal place of business of the Company is located at No. 6, Jalan TSB 1, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are described in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors on 29 January 2024.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### 2.1 Statement of Compliance

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

### 2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for certain properties and equity financial assets that have been measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group or the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

Level 1 - Quoted (unadjusted) market prices in active markets for the identical assets.

Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### 2.2 Basis of Measurement (cont'd)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

### 2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

### 2.4 MFRSs

#### 2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to the financial statements to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 November 2022.

Initial application of the new standards/amendments/improvements to MFRSs did not have any impact on the financial statements of the Group and of the Company.

#### 2.4.2 Standards Issued but Not Yet Effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards, if applicable, when they become effective.

##### *Effective for financial period beginning on or after 1 January 2023:-*

MFRS 17* and Amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	Income Taxes - International Tax Reform - Pillar Two Model Rules

##### *Effective for financial period beginning on or after 1 January 2024:-*

Amendments to MFRS 16*	Leases - Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements - Non-current Liabilities with Covenants
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 107 and MFRS 7	Statement of Cash Flows and Financial Instruments - Disclosures - Supplier Finance Arrangements

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### 2.4 MFRSs (cont'd)

#### 2.4.2 Standards Issued but Not Yet Effective (cont'd)

*Effective for financial period beginning on or after 1 January 2025:-*

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability
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*Amendments to MFRSs – effective date deferred indefinitely:-*

Amendments to MFRS 10 and MFRS 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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\* Not applicable to the Group and the Company.

The initial application of the above standards, amendments and interpretations are not expected to have material financial impact to the financial statements.

### 2.5 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated result.

#### 2.5.1 Key Sources of Estimation Uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Depreciation of Property, Plant and Equipment and Right-of-use Assets

Management estimates the useful lives of the property, plant and equipment and right-of-use assets to be within 4 to 68 years and reviews the useful lives of depreciable assets at the end of each reporting year. At 31 October 2023, management assesses the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

Impairment of Non-financial Assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### 2.5 Significant Accounting Estimates and Judgements (cont'd)

#### 2.5.1 Key Sources of Estimation Uncertainty (cont'd)

##### Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

##### Fair Value of Bearer Biological Assets

The Group's bearer biological assets are measured at fair value less point-of-sale costs. In measuring fair values of fresh fruit bunches, management uses estimates of cash flows using inputs or assumptions of life to maturity, productivity quantity, mortality rate, selling prices of fresh fruit bunches, variable costs and profit margins. The probability-weighted cash flows are discounted using an appropriate discount rate that reflects the time value of money and the risk. As prices in agricultural business are volatile, the actual cash flows and discount rate may not coincide with the estimates made and this may have a significant effect on the Group's financial position and results.

##### Provision for Expected Credit Losses ("ECLs") of Trade Receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed 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 historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

##### Revaluation of Right-of-use Assets

The Group measures its lands and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Significant judgement is required in the determination of fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and reliance on the work of specialists. The Group engages independent valuation specialists to determine the fair values.

##### Fair Value Valuation of Investment Properties

The Group measures its investment properties at fair value with changes in fair value being recognised in profit or loss. Significant judgement is required in the determination of fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and reliance on the work of specialists. The Group engages independent valuation specialists to determine the fair values.

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

**2.5 Significant Accounting Estimates and Judgements (cont'd)**

**2.5.1 Key Sources of Estimation Uncertainty (cont'd)**

Income Tax/Deferred Tax Liabilities

Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

**2.5.2 Significant Management Judgement**

There are no significant areas of management judgements in applying the accounting policies that have any significant effect on the amount recognised in the financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

**3.1 Basis of Consolidation**

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting period.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary 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. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

**3.1.1 Business Combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of Consolidation (cont'd)

#### 3.1.1 Business Combinations (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

#### 3.1.2 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs. Where an indication of impairment exist, the carrying amount of subsidiaries is assessed and written down immediately to their recoverable amount.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amounts is included in profit or loss.

#### 3.1.3 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee, financial assets measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss depending on the level of influence retained.

#### 3.1.4 Eliminations on Consolidation

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated on consolidation.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Property, Plant and Equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. All other repair and maintenance costs are recognised in profit or loss as incurred.

Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants that are available for use are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting. Bearer plants have an average life cycle of 25 years with the first 3 years as immature bearer plants and the remaining years as mature bearer plants. The mature bearer plants are depreciated over their remaining useful lives of 22 years on a straight-line basis. The immature bearer plants are not depreciated until such time when they are available for use.

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. Property, plant and equipment other than bearer plants are depreciated based on the estimated useful lives of the assets as follows:-

Plant and machinery	10% - 20%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 20%
Warehouse	10%
Renovations	10%
Tools and utensils	10% - 14%
Electrical installation	10%
Staff quarters	25%

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

#### 3.3 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Leases (cont'd)

#### 3.3.1 As a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### 3.3.1.1 Right-of-use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Lands and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the lands and buildings at the end of the reporting year.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of lands and buildings is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of lands and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Right-of-use assets are depreciated on a straight-line basis over the lease term and the estimated useful lives of the assets, as follows:-

Leasehold land	68 years
Leased land	60 years
Buildings	2%
Motor vehicles	20%

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policies for impairment of non-financial assets is set out in Note 3.8 to the financial statements.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.3 Leases (cont'd)**

**3.3.1 As a Lessee (cont'd)**

**3.3.1.2 Lease Liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**3.3.1.3 Short-term Leases**

The Group applies the short-term lease recognition exemption to its short-term leases of premises and factory (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

**3.3.2 As a Lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**3.4 Investment Properties**

Investment properties consist of lands and buildings held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group.

Investment properties are initially measured at cost. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the assets. Subsequent to initial recognition, investment properties are stated at fair value and are revalued annually, which is determined by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued and supported with by market evidence. Gain or losses arising from changes in the fair value of investment properties are included in the profit or loss in the financial year in which they arise.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.4 Investment Properties (cont'd)

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

### 3.5 Inventories

Inventories comprising land held for property development, raw materials, work-in-progress and finished goods that are stated at the lower of cost and net realisable value.

Cost is determined on a first-in-first-out/weighted average basis. The costs of raw materials comprise costs of purchase plus the cost of bringing the inventories to their present condition and location. The costs of work-in-progress and finished goods comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Write-down to net realisable value and inventory losses are recognised as an expense when it occurred and any reversal is recognised in the profit or loss in the period in which it occurs.

#### 3.5.1 Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost plus incidental costs directly attributable to acquisition less any accumulated impairment losses.

Land held for property development is classified as property development cost at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### 3.5.2 Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. The assets are subsequently recognised as an expense in profit or loss as and when the control of the asset is transferred to the customer. Property development costs not recognised as an expense are recognised as an asset and are stated at lower of cost and net realisable value.

### 3.6 Bearer Biological Assets - Oil Palm

The Group attributes a fair value on the fresh fruit bunches ("FFB") at each statements of financial position date as required under MFRS 141 "Agriculture". FFB are produce of oil palm trees and are harvested continuously throughout the financial year to be used in the production of crude palm oil ("CPO"). Each FFB takes approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at each point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair values of FFB, management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 15 days prior to harvest, the FFB prior to 15 days before harvesting are excluded in the valuation as the fair values are considered negligible.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.6 Bearer Biological Assets - Oil Palm (cont'd)**

The valuation model adopted by the Group is a discounted cash flows model which includes all cash inflows, cash outflows and imputed contributory asset charges where no actual cash flows associated with the use of assets essential to the agricultural activity are accounted for. The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for transportation and other cost to sell at the point of harvest.

**3.7 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**3.7.1 Financial Assets**

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flows characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially 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. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cashflows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.7 Financial Instruments (cont'd)

#### 3.7.1 Financial Assets (cont'd)

##### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through profit or loss.

At the reporting date, the Group and the Company only carry financial assets at amortised cost and financial assets at fair value through profit or loss.

##### *Financial Assets at Amortised Cost*

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include trade receivables, most of other receivables, amount due from subsidiaries, deposits with licensed financial institutions and cash and bank balances.

##### *Financial Assets at Fair Value Through Profit or Loss ("FVTPL")*

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes non-listed and listed equity investments and golf club memberships which the Group had not irrevocably elected to classify at fair value through OCI. Dividends from non-listed and listed equity investments are recognised as other income in the profit or loss when the right of payment has been established.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:-

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.7 Financial Instruments (cont'd)**

**3.7.1 Financial Assets (cont'd)**

Derecognition (cont'd)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment

The Group and the Company recognise an allowance for ECLs on financial assets measured at amortised cost, contract assets, and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

*Impairment for Trade Receivables*

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise 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.

To measure ECLs, trade receivables differentiated by the different business risks and are subject to different credit assessments.

*Impairment for Financial Assets other than Trade Receivables*

The Group and the Company consider the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.7 Financial Instruments (cont'd)

#### 3.7.1 Financial Assets (cont'd)

##### Impairment (cont'd)

##### *Credit Impaired*

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost are credit-impaired.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group and the Company consider a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

#### 3.7.2 Financial Liabilities

##### Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- Financial liabilities at fair value through profit or loss; or
- Financial liabilities at amortised cost.

##### *Financial Liabilities at Fair Value Through Profit or Loss*

The Group's financial liabilities at fair value through profit or loss comprises of derivative financial instruments. Derivative financial instruments are initially recognised at fair value at the date a derivative financial instrument contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in the profit or loss immediately.

A derivative financial instrument with a positive fair value is recognised as a financial asset whereas a derivative financial instrument with a negative fair value is recognised as a financial liability. A derivative financial instrument is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivative financial instruments are presented as current assets or current liabilities.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.7 Financial Instruments (cont'd)

##### 3.7.2 Financial Liabilities (cont'd)

###### Subsequent Measurement (cont'd)

###### *Financial Liabilities at Amortised Cost*

The Group's and the Company's financial liabilities included trade payables, most of other payables and borrowings.

Financial liabilities are recognised initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the reporting date, and the balance is classified as non-current.

###### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

##### 3.7.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### 3.7.4 Financial Guarantee Contracts

Financial guarantee contracts issued by the Group and the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

#### 3.8 Impairment of Non-financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.8 Impairment of Non-financial Assets (cont'd)

In assessing value in use, the estimated future cash flows 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, 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. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

### 3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with licensed financial institutions and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date is classified as non-current asset.

### 3.10 Tax Expense

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are 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.

#### 3.10.1 Current Tax

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

Current tax for current and prior periods is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).



**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.10 Tax Expenses (cont'd)**

**3.10.2 Deferred Tax**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and 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 be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting year.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date, except for investment properties carried at fair value model. Where investment properties are carried at their fair value in accordance with the accounting policy set out in note to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

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 the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

**3.11 Sales and Service Tax (“SST”)**

Expenses and assets are recognised net of the amount of SST, except:

- Where the SST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- When receivables and payables are stated with the amount of SST included.

The amount of SST payable to taxation authority is included as part of payables in the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.12 Foreign Currency Transactions and Balances

Transactions in foreign currencies are recorded in the respective functional currency of the Company and its subsidiaries at exchange rates approximating those ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at reporting date. Non-monetary items that are measured at historical cost are translated at the dates of the initial transactions and those items measured at fair value in foreign currency are translated at the date when the fair value was determined.

Gains and losses resulting from settlement of such transactions and conversion of short term assets and liabilities, whether realised or unrealised, are included in profit or loss as they arise.

### 3.13 Equity, Reserves and Distributions to Owners

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

The revaluation reserve within equity comprises gains and losses due to revaluation of right-of-use assets.

Retained earnings include all current and prior years' accumulated profits.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

All transactions with owners of the Company are recorded separately within equity.

### 3.14 Treasury Shares

When issued shares of the Company are repurchased, the consideration paid, including directly attributable costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, reissuance or cancellation of treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are reissued by resale, the difference between the sale consideration net of directly attributable costs and the carrying amount of the treasury shares is shown as a movement in equity.

### 3.15 Revenue

Revenue from contracts with customers is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise in a contract with a customer to transfer to the customer either:-

- (a) good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.15 Revenue (cont'd)**

Revenue from contracts with customers is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome.

If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative standalone selling prices of the goods or services promised in the contract.

The amount of variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:-

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- (b) the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

For performance obligations where any one of the above conditions not met, revenue is recognised at a point in time at which the performance obligation is satisfied.

**3.15.1 Sales of Goods**

Revenue relating to sales of goods is recognised net of sales returns and discount upon the transfer of control of the goods to the customers. Revenue is not recognised to extent there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**3.15.2 Dividend Income**

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

**3.15.3 Interest Income**

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis using effective interest method in profit or loss.

**3.15.4 Rental Income**

Rental income is recognised on an accrual basis unless collectability is in doubt.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.15 Revenue (cont'd)

#### 3.15.5 Joint Property Development Income

Revenue from joint property development project is recognised when the right to receive distribution is established.

#### 3.15.6 Contract Balances

##### Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

##### Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group perform under the contract.

### 3.16 Employee Benefits

#### 3.16.1 Short-term Employee Benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 3.16.2 Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

### 3.17 Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.18 Operating Segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, results, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, results, assets and liabilities are determined after elimination of intragroup balances and intragroup transactions as part of the consolidation process.

**3.19 Earnings per Ordinary Share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of ordinary shares in issue during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of shares in issue, for the effects of all dilutive potential ordinary shares during the period.

**3.20 Contingencies**

**3.20.1 Contingent Liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**3.20.2 Contingent Assets**

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.21 Provision

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

If the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 3.22 Related Parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:-
  - (i) Has control or joint control over the Group and the Company;
  - (ii) Has significant influence over the Group and the Company; or
  - (iii) Is a member of the key management personnel of the corporate shareholders of the Group or the Company.
  
- (b) An entity is related to the Group and the Company if any of the following conditions applies:-
  - (i) The entity and the Group or the Company are members of the same group;
  - (ii) The entity is an associate or joint venture of the other entity;
  - (iii) Both the Group or the Company and the entities are joint ventures of the same third party;
  - (iv) The Group and the Company is a joint venture of a third entity and the other entity is an associate of the same third entity;
  - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or the Company for an entity related to the Group or the Company;
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above;
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the corporate shareholders of the Group or the entity; and
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the corporate shareholders of the Group or to the Group.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
31 OCTOBER 2023 (CONT'D)

**4. PROPERTY, PLANT AND EQUIPMENT**

Group	Staff quarters	Plant and machinery	Motor vehicles	Office equipment, furniture and fittings	Warehouse	Renovations	Electrical installation	Tools and utensils	Bearer plants	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Cost</b>										
At 1 November 2021	575,775	32,802,429	5,049,795	5,952,200	886,880	1,286,731	1,694,833	4,445,075	7,412,902	60,106,620
Additions	1,800	12,200	910,832	39,268	280,000	44,920	-	-	-	1,289,020
Disposal	-	-	(536,455)	-	-	-	-	-	-	(536,455)
At 31 October 2022	577,575	32,814,629	5,424,172	5,991,468	1,166,880	1,331,651	1,694,833	4,445,075	7,412,902	60,859,185
Additions	-	625,620	401,916	52,376	23,208	-	-	-	-	1,103,120
Disposal	-	(175,000)	(130,000)	-	-	-	-	-	-	(305,000)
Reclassification	-	-	-	-	-	-	-	-	(45,892)	(45,892)
Written off	-	-	(441,284)	(12,498)	-	-	-	-	-	(453,782)
Transferred from right-of-use assets	-	-	889,918	-	-	-	-	-	-	889,918
At 31 October 2023	577,575	33,265,249	6,144,722	6,031,346	1,190,088	1,331,651	1,694,833	4,445,075	7,367,010	62,047,549

**NOTES TO THE  
FINANCIAL STATEMENTS**  
31 OCTOBER 2023 (CONT'D)

**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Group	Staff quarters	Plant and machinery	Motor vehicles	Office equipment, furniture and fittings	Warehouse	Renovations	Electrical installation	Tools and utensils	Bearer plants	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Accumulated depreciation</b>										
At 1 November 2021	465,790	32,010,247	4,560,043	5,770,141	813,329	1,249,369	1,174,294	4,254,864	1,533,788	51,831,865
Charge for the financial year	76,947	228,801	314,843	66,232	45,816	19,972	62,154	16,425	332,217	1,163,407
Disposal	-	-	(500,870)	-	-	-	-	-	-	(500,870)
At 31 October 2022	542,737	32,239,048	4,374,016	5,836,373	859,145	1,269,341	1,236,448	4,271,289	1,866,005	52,494,402
Charge for the financial year	28,411	271,808	421,558	59,911	50,910	20,538	61,161	10,519	332,217	1,257,033
Disposal	-	(175,000)	(129,999)	-	-	-	-	-	-	(304,999)
Reclassification	-	-	-	-	-	-	-	-	(45,892)	(45,892)
Written off	-	-	(441,283)	(5,623)	-	-	-	-	-	(446,906)
Transferred from right-of-use assets	-	-	563,615	-	-	-	-	-	-	563,615
At 31 October 2023	571,148	32,335,856	4,787,907	5,890,661	910,055	1,289,879	1,297,609	4,281,808	2,152,330	53,517,253
<b>Net carrying amount</b>										
At 31 October 2023	6,427	929,393	1,356,815	140,685	280,033	41,772	397,224	163,267	5,214,680	8,530,296
At 31 October 2022	34,838	575,581	1,050,156	155,095	307,735	62,310	458,385	173,786	5,546,897	8,364,783



# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 5. RIGHT-OF-USE ASSETS

Group	Buildings RM	Leasehold land RM	Leased land RM	Motor vehicles RM	Total RM
<b>Cost or valuation</b>					
At 1 November 2021					
- Cost	-	3,132,050	9,306,265	889,918	13,328,233
- Valuation	13,562,251	-	-	-	13,562,251
Revaluation adjustment	1,490,000	10,017,950	-	-	11,507,950
At 31 October 2022	15,052,251	13,150,000	9,306,265	889,918	38,398,434
<b>Representing:</b>					
- Cost	-	-	9,306,265	889,918	10,196,183
- Valuation	15,052,251	13,150,000	-	-	28,202,251
At 31 October 2022	15,052,251	13,150,000	9,306,265	889,918	38,398,434
Additions	289,900	-	-	-	289,900
Lease modification	-	-	196,587	-	196,587
Transferred to property, plant and equipment	-	-	-	(889,918)	(889,918)
Revaluation adjustment	(210,000)	1,090,000	-	-	880,000
	15,132,151	14,240,000	9,502,852	-	38,875,003
<b>Representing:</b>					
- Cost	-	-	9,502,852	-	9,502,852
- Valuation	15,132,151	14,240,000	-	-	29,372,151
At 31 October 2023	15,132,151	14,240,000	9,502,852	-	38,875,003
<b>Accumulated depreciation</b>					
At 1 November 2021	-	832,977	342,966	222,480	1,398,423
Charge for the financial year	271,600	33,319	171,483	177,983	654,385
Revaluation adjustment	(271,600)	(866,296)	-	-	(1,137,896)
At 31 October 2022	-	-	514,449	400,463	914,912
Charge for the financial year	302,850	190,580	231,816	163,152	888,398
Revaluation adjustment	(302,850)	(190,580)	-	-	(493,430)
Transferred to property, plant and equipment	-	-	-	(563,615)	(563,615)
At 31 October 2023	-	-	746,265	-	746,265
<b>Net carrying amount</b>					
At 31 October 2023	15,132,151	14,240,000	8,756,587	-	38,128,738
At 31 October 2022	15,052,251	13,150,000	8,791,816	489,455	37,483,522

Leased land represent the tenancy contracts entered by the subsidiary for lease term of 60 years. Generally, the subsidiary is restricted from assigning and sub-leasing the leased land.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 5. RIGHT-OF-USE ASSETS (CONT'D)

The leasehold land and buildings are stated at the revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses. The leasehold land and buildings were revalued on 31 October 2023, based on valuation carried out by independent professional valuers, on an open market value basis to reflect the market value of existing use. There have been no changes to the valuation technique during the financial year. The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown in "Revaluation Reserve" under equity.

Leasehold land and buildings at valuation are categorised at Level 2 fair value. There was no transfer between Level 1 and Level 2 during the financial year.

### Level 2 fair value

Level 2 fair values of leasehold land and buildings have been generally derived using the sales comparison approach. Sales price 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 price per square feet of comparable properties.

At the reporting date, had the revalued leasehold land and buildings of the Group carried under the cost model, the carrying amount would have been as follows:-

	2023 RM	2022 RM
Leasehold land	1,140,431	1,157,452
Buildings	3,667,520	3,614,831
	<u>4,807,951</u>	<u>4,772,283</u>

### **As a lessee**

The above motor vehicles are acquired under finance lease arrangement.

## 6. INVESTMENT PROPERTIES

Group	Freehold land RM	Leasehold land RM	Freehold buildings RM	Leasehold buildings RM	Total RM
<b>Fair value</b>					
At 1 November 2021	28,900,000	12,480,000	14,200,000	270,000	55,850,000
Additions	5,446,960	-	9,033,380	-	14,480,340
Fair value adjustment	1,453,040	110,000	966,620	40,000	2,569,660
At 31 October 2022	<u>35,800,000</u>	<u>12,590,000</u>	<u>24,200,000</u>	<u>310,000</u>	<u>72,900,000</u>
Fair value adjustment	4,300,000	195,000	400,000	5,000	4,900,000
At 31 October 2023	<u>40,100,000</u>	<u>12,785,000</u>	<u>24,600,000</u>	<u>315,000</u>	<u>77,800,000</u>

The title deed of the Group's leasehold land with net carrying amount of RM800,000 (2022: RM910,000) is yet to be issued by the relevant authority.

Freehold land and building and leasehold land and building of a subsidiary with net carrying amount of RM54,500,000 (2022: RM50,100,000) and RM1,200,000 (2022: RM1,200,000) respectively have been charged to financial institutions for credit facilities granted to the subsidiaries as disclosed in Note 17 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 6. INVESTMENT PROPERTIES (CONT'D)

### Income and expenses recognised in profit or loss:-

	Group	
	2023	2022
	RM	RM
Rental income from investment properties	3,173,472	3,019,869
Direct operating expenses:		
- income generating investment properties	(218,941)	(203,650)
- non-income generating investment properties	(261)	-
	<u>3,173,472</u>	<u>3,019,869</u>

The operating lease payments to be received are as follows:-

	Group	
	2023	2022
	RM	RM
Within 1 year	3,011,464	2,425,357
Between 1 to 2 years	2,485,818	597,046
Between 2 to 5 years	1,618,816	54,600
	<u>7,116,098</u>	<u>3,077,003</u>

### Fair value basis of investment properties

Investment properties are stated at fair value, which has been determined based on valuations during the financial year. The fair values of the investment properties are based on valuations performed by accredited independent valuers with recent experience in the location and category of properties being valued. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the financial year.

Fair value measurement of the investment properties were categorised as follows:-

	Group	
	Level 2	Level 2
	2023	2022
	RM	RM
<b>Recurring fair value measurements:-</b>		
Freehold land	40,100,000	35,800,000
Leasehold land	12,785,000	12,590,000
Freehold buildings	24,600,000	24,200,000
Leasehold buildings	315,000	310,000
	<u>87,800,000</u>	<u>82,900,000</u>

### Level 2 fair value

Level 2 fair values of freehold and leasehold land and buildings have generally derived using the sales comparison approach. Sales price 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 price per square feet of comparable properties.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 7. SUBSIDIARIES

### Investment in subsidiaries

	Company	
	2023	2022
	RM	RM
Unquoted shares, at cost	27,416,971	27,416,971

Details of the subsidiaries at the end of the reporting year are as follows:-

Name of company	Principal place of business	Effective interest		Principal activities
		2023	2022	
		%	%	
H & L High-Tech Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of precision engineering moulds, dies, jigs, fixtures, tools and other precision machine parts.
Plastik STC Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of customised precision engineering plastic injection moulding parts and components for electrical and electronic, medical, automotive, furniture and other industries.
H & L High-Tech Deco Sdn. Bhd.	Malaysia	100	100	Oil palm cultivation.
H & L High-Tech Properties Sdn. Bhd.	Malaysia	100	100	Letting of properties and property investment.
H & L High-Tech Properties Development Sdn. Bhd.	Malaysia	100	100	Property development.
HLH Desa Coalfields Sdn. Bhd.	Malaysia	100	100	Dormant.
STC Technology Sdn. Bhd.	Malaysia	100	100	Dormant.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 7. SUBSIDIARIES (CONT'D)

### Amount due from subsidiaries

	Company	
	2023	2022
	RM	RM
<b>Non-current</b>		
Amount due from a subsidiary	7,200,000	6,200,000
<b>Current</b>		
Amount due from subsidiaries	134,508	117,728
Less: Allowance for ECLs	(134,508)	(117,728)
	-	-
	<u>7,200,000</u>	<u>6,200,000</u>

The movements in the allowances for ECLs in respect of amount due from subsidiaries during the financial year were as follows:-

	Company	
	2023	2022
	RM	RM
Brought forward	117,728	107,074
Additions	16,780	10,654
Carried forward	<u>134,508</u>	<u>117,728</u>

The amount due from subsidiaries is non-trade related, unsecured, non-interest bearing and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 8. INVENTORIES

	Group	
	2023	2022
	RM	RM
<b>Non-current</b>		
Land held for property development (Note 8.1)	48,521	76,693
<b>Current</b>		
Property development costs (Note 8.2)	-	56,514
Raw materials	1,778,587	2,031,064
Work-in-progress	474,449	391,328
Finished goods	1,439,679	1,277,577
Land held for property development (Note 8.2)	-	129,907
	<u>3,692,715</u>	<u>3,886,390</u>
	<u>3,741,236</u>	<u>3,963,083</u>
<b>Recognised in profit or loss:-</b>		
Inventories recognised as cost of sales	<u>11,280,351</u>	<u>10,176,284</u>

### 8.1 Land held for Property Development

	Group	
	2023	2022
	RM	RM
<b>Freehold land</b>		
<b>Cost</b>		
Brought forward	76,693	237,135
Transferred to property development costs	(28,172)	(160,442)
Carried forward	<u>48,521</u>	<u>76,693</u>

### 8.2 Property Development Costs

	Group	
	2023	2022
	RM	RM
<b>Freehold land</b>		
<b>Cost</b>		
Brought forward	186,421	81,210
Transferred from land held for property development	28,172	160,442
Transferred to profit or loss	(214,593)	(55,231)
Carried forward	<u>-</u>	<u>186,421</u>

Title deeds of the freehold land are currently surrendered to Perak state authority as part of the conditions for the property development project entered by a subsidiary.

The subsidiary has entered into a joint venture agreement with a joint venture partner to develop two pieces of land. The subsidiary is entitled to 21% and 23% of the profit earned from the properties sold for each land respectively. All the development cost is operated and financed by the joint venture partner.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 9. OTHER INVESTMENTS

	Group	
	2023	2022
	RM	RM
<b>FVTPL:-</b>		
<b>Non-current assets</b>		
Golf club membership	49,000	49,000
Unquoted shares in Malaysia	1,924	1,924
	50,924	50,924
<b>Current asset</b>		
Quoted shares in Malaysia	1,013,058	1,080,630
	1,063,982	1,131,554

## 10. BEARER BIOLOGICAL ASSETS

	Group	
	2023	2022
	RM	RM
<b>At fair value:-</b>		
<b>Fresh fruit bunches</b>		
Brought forward	230,351	279,014
Changes in fair value less costs to sell	(2,873)	(48,663)
Carried forward	227,478	230,351

The biological assets of the Group comprise fresh fruit bunches (“FFB”) prior to harvest. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB. To arrive at the fair value, the management has considered the oil content of the unripe FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 15 days to harvest is negligible, therefore quantity of unripe FFB on bearer plant of up to 15 days prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 80% of the ripe FFB, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from the laboratory tests. Costs to sell include harvesting cost and transport.

During the financial year, the Group harvested approximately 8,728 metric tonnes (2022: 8,291 metric tonnes) of FFB. The fair value measurement of the Group’s biological assets, which are estimated using unobservable inputs, are categorised within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

There were no transfers between all three (3) levels of the fair value hierarchy during the financial year 2023 and 2022.

None of the biological assets are pledged as securities for liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 11. TRADE RECEIVABLES

	Group	
	2023	2022
	RM	RM
Trade receivables	2,955,683	3,568,594

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

The credit terms granted by the Group to the trade receivables range from 7 to 75 days (2022: 7 to 75 days). Other credit terms are assessed and approved on a case-by-case basis.

## 12. OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-trade receivables	58,990	34,287	-	-
Deposits	52,640	48,840	1,000	1,000
Prepayments	302,806	265,683	12,133	9,102
	<u>414,436</u>	<u>348,810</u>	<u>13,133</u>	<u>10,102</u>

## 13. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The average interest rates for deposits with licensed financial institutions of the Group and of the Company ranged from 0.06% to 4.52% (2022: 0.09% to 2.72%) and 0.06% to 2.50% (2022: 1.32% to 2.05%) per annum and the average maturity period are ranged from 30 to 365 days (2022: 30 to 365 days) and 30 to 90 days (2022: 30 to 90 days) respectively.

Included in deposits with licensed financial institutions of the Group is an amount of RM102,255 (2022: RM100,034) which has been pledged for bank guarantee facility granted to a subsidiary.

## 14. SHARE CAPITAL

	Group and Company	
	2023	2022
	RM	RM
<b>Issued and fully paid with no par value:-</b>		
121,836,255 units of ordinary shares	40,612,085	40,612,085

The holders of ordinary 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 15. TREASURY SHARES

	----- Group and Company -----			
	2023		2022	
	Number of treasury shares Unit	Amount RM	Number of treasury shares Unit	Amount RM
Brought forward	2,169,580	1,901,175	152,980	44,915
Purchase of treasury shares	1,513,200	1,365,071	2,016,600	1,856,260
Carried forward	<u>3,682,780</u>	<u>3,266,246</u>	<u>2,169,580</u>	<u>1,901,175</u>

The shareholders of the Company, by a special resolution passed at an Annual General Meeting held on 28 March 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed in the last Annual General Meeting held on 18 April 2023. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

The shares purchased were retained as treasury shares. The Company has the right to cancel or to resell these shares and/or distributes as dividends at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

During the financial year, the Company purchase 1,513,200 units of treasury shares for total consideration of RM1,365,071.

As at the reporting date, the Company held 3,682,780 (2022: 2,169,580) of the Company's shares and the number of ordinary shares in issue after setting off against treasury shares is 118,153,475 (2022: 119,666,675).

## 16. REVALUATION RESERVE

	Group	
	2023 RM	2022 RM
Brought forward	18,391,960	8,781,118
Revaluation surplus during the financial year	1,373,430	12,645,846
Transferred to deferred tax liabilities	(329,622)	(3,035,004)
Carried forward	<u>19,435,768</u>	<u>18,391,960</u>

The revaluation reserve is not available for distribution.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 17. BORROWINGS

	Group	
	2023	2022
	RM	RM
<b>Secured:-</b>		
<b>Non-current</b>		
Term loans	11,919,255	13,517,014
<b>Current</b>		
Term loans	1,643,656	1,600,081
	<u>13,562,911</u>	<u>15,117,095</u>
Repayment terms:		
- Not later than 1 year	1,643,656	1,600,081
- Later than 1 year but not later than 5 years	6,869,896	7,116,968
- More than 5 years	5,049,359	6,400,046
	<u>11,919,255</u>	<u>13,517,014</u>
	<u>13,562,911</u>	<u>15,117,095</u>

The effective interest rate of term loans ranged from 3.90% to 4.52% (2022: 3.27% to 4.02%) per annum.

The term loans are secured by way of:-

- (i) Fixed charge against freehold land and building and leasehold land and building of a subsidiary as disclosed in Note 6 to the financial statements;
- (ii) Assignment of rental proceeds; and
- (iii) Corporate guarantee by the Company.

## 18. LEASE LIABILITIES

	Group	
	2023	2022
	RM	RM
Non-current	9,306,908	9,158,973
Current	48,470	229,145
	<u>9,355,378</u>	<u>9,388,118</u>

The total cash outflows for leases amounted to RM655,122 (2022: RM599,270).

The effective interest rate of the lease liabilities ranged from 4.14% to 4.65% (2022: 4.14% to 4.65%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 19. DEFERRED TAX LIABILITIES

The deferred tax liabilities are made up of the following:-

	----- Group -----					
	2023		Net RM	2022		Net RM
	Assets RM	Liabilities RM		Assets RM	Liabilities RM	
Brought forward	(594,000)	10,946,000	10,352,000	(1,493,413)	8,204,413	6,711,000
Recognised in profit or loss	216,300	583,794	800,094	899,413	83,758	983,171
Recognised in other comprehensive income	-	329,622	329,622	-	3,035,004	3,035,004
Crystallisation of deferred tax upon depreciation of revalued assets	-	(140,506)	(140,506)	-	(377,175)	(377,175)
Carried forward	(377,700)	11,718,910	11,341,210	(594,000)	10,946,000	10,352,000

The components of deferred tax liabilities/assets are made up of temporary difference arising from:-

### Deferred tax assets

	Unabsorbed capital allowances RM	Unabsorbed reinvestment allowance RM	Unutilised business losses RM	Total RM
At 1 November 2021	991,352	76,000	426,061	1,493,413
Recognised in profit or loss	(858,352)	(14,000)	(27,061)	(899,413)
At 31 October 2022	133,000	62,000	399,000	594,000
Recognised in profit or loss	48,100	-	(264,400)	(216,300)
At 31 October 2023	181,100	62,000	134,600	377,700

### Deferred tax liabilities

	Property, plant and equipment, investment properties and right-of-use assets RM	Revaluation surplus RM	Fair value gain on investment properties RM	Total RM
At 1 November 2021	2,811,600	2,277,813	3,115,000	8,204,413
Recognised in profit or loss	(177,242)	(377,175)	261,000	(293,417)
Recognised in other comprehensive income	-	3,035,004	-	3,035,004
At 31 October 2022	2,634,358	4,935,642	3,376,000	10,946,000
Recognised in profit or loss	69,496	(140,506)	514,298	443,288
Recognised in other comprehensive income	-	329,622	-	329,622
At 31 October 2023	2,703,854	5,124,758	3,890,298	11,718,910

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 20. TRADE PAYABLES

The trade payables of the Group are non-interest bearing and the normal credit terms granted by suppliers to the Group ranged from 30 to 60 days (2022: 30 to 60 days).

## 21. OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-trade payables	133,236	129,663	-	-
Sundry deposits	929,481	913,795	-	-
Accrual of expenses	943,230	877,106	44,400	38,349
SST payable	-	15	-	-
	<u>2,005,947</u>	<u>1,920,579</u>	<u>44,400</u>	<u>38,349</u>

Included in the sundry deposits of the Group is an amount of RM150,000 (2022: RM150,000) that is in relation with a subsidiary entering into an arrangement with a joint venture partner for the purpose of developing the subsidiary's lands into a mixed residential project with the usual amenities.

## 22. CONTRACT LIABILITIES

	Group	
	2023	2022
	RM	RM
Deposit received	<u>95,363</u>	<u>6,655</u>

Contract liabilities comprised of advance deposit from customers for delivery of goods.

When the Company received advances before the activity commences, this will give rise to contract liabilities at the start of a contract. The advances will be reversed and recognised as revenue upon satisfying the performance obligation within the contract. The Company expects to fulfil the performance obligation and recognise the revenue within 1 year (2022: 1 year).

## 23. DERIVATIVE FINANCIAL LIABILITIES

Group	Contract/ Notional Amount	Assets	Liabilities	Net
	RM	RM	RM	RM
<b>Current</b>				
<b>Forward currency contracts</b>				
2022	<u>459,925</u>	<u>459,925</u>	<u>(472,600)</u>	<u>(12,675)</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 23. DERIVATIVE FINANCIAL LIABILITIES (CONT'D)

The Group uses forward currency contracts to manage transaction exposure and they have maturity period of less than 12 months.

These contracts are not designated as cash flow hedge or fair value hedge as they are not qualified for hedge accounting. The contract period is consistent with the currency transaction exposure and fair value changes exposure.

## 24. REVENUE

	Group	
	2023	2022
	RM	RM
<b>Revenue from contracts with customers</b>		
Manufacturing and sales of goods	16,854,608	14,778,789
Plantation	6,152,768	8,567,860
Distribution from joint property development project	1,225,890	498,032
	24,233,266	23,844,681
<b>Other revenue</b>		
Rental income	3,009,472	2,842,269
	27,242,738	26,686,950

### Timing of revenue recognition from contracts with customers

	Group	
	2023	2022
	RM	RM
At a point of time	23,197,200	22,788,552
Over time	1,036,066	1,056,129
	24,233,266	23,844,681

### Primary geographical markets

	Group	
	2023	2022
	RM	RM
Malaysia	10,955,576	11,579,864
European	9,070,853	8,167,372
United States	2,575,462	2,226,185
China	1,631,375	1,869,954
Others	-	1,306
	24,233,266	23,844,681

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 25. FINANCE INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income from deposits with licensed financial institutions	1,190,305	651,245	442,456	352,296

## 26. FINANCE COSTS

	Group	
	2023 RM	2022 RM
Interest expenses:		
- Lease liabilities	425,795	368,135
- Term loans	612,125	510,550
	<u>1,037,920</u>	<u>878,685</u>

## 27. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/(crediting), amongst other items, the followings:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration:				
- statutory audit	143,600	119,600	35,000	29,000
- other services	6,000	5,300	6,000	5,300
Depreciation of property, plant and equipment	1,257,033	1,163,407	-	-
Depreciation of right-of-use assets	888,398	654,385	-	-
Dividend from financial assets at fair value through profit or loss:				
- quoted shares in Malaysia	(38,037)	(29,750)	-	-
Directors' fees	85,670	84,000	85,670	84,000
Fair value (gain)/loss on derivative financial instruments	(12,675)	12,675	-	-
Fair value loss on other investments	39,873	27,669	-	-
Fair value gain on investment properties	(4,900,000)	(2,569,660)	-	-
Fair value loss on bearer biological assets	2,873	48,663	-	-
Gain on disposal of property, plant and equipment	(13,171)	(265,415)	-	-
(Gain)/Loss on disposal of other investments	(99,969)	48,829	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 27. PROFIT/(LOSS) BEFORE TAX (CONT'D)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Impairment loss on amount due from subsidiaries	-	-	16,780	10,654
Property, plant and equipment written off	6,876	-	-	-
Rental income	(262,306)	(252,056)	-	-
Realised foreign exchange:				
- loss	35,576	80,096	-	-
Unrealised foreign exchange:				
- gain	-	(120,508)	-	-
- loss	62,286	-	-	-
	<u>62,286</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 28. TAX EXPENSE/(INCOME)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Current tax</b>				
- Current year	1,587,137	1,177,840	840	840
- Over provision in prior financial year	(25,454)	(4,534)	(881)	(631)
	<u>1,561,683</u>	<u>1,173,306</u>	<u>(41)</u>	<u>209</u>
<b>Deferred tax</b>				
- Current year	742,694	1,182,093	-	-
- Crystallisation of deferred tax upon depreciation of revalued assets	(140,506)	(377,175)	-	-
- Under/(Over) recognised in prior financial year	57,400	(198,922)	-	-
	<u>659,588</u>	<u>605,996</u>	<u>-</u>	<u>-</u>
	<u>2,221,271</u>	<u>1,779,302</u>	<u>(41)</u>	<u>209</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 28. TAX EXPENSE/(INCOME) (CONT'D)

A reconciliation of income tax expense applicable to profit/(loss) 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 is as follow:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	12,408,716	10,950,505	(15,092)	(40,169)
Tax at statutory tax rate of 24%	2,978,092	2,628,121	(3,622)	(9,641)
Tax effects in respect of:-				
Income not subject to tax	(1,358,388)	(686,127)	(105,511)	(84,087)
Expenses not deductible for tax purposes	229,929	181,041	109,973	94,568
Crystallisation of deferred tax upon depreciation of revalued assets	(140,506)	(377,175)	-	-
Additional deferred tax on real property gain tax	480,198	236,898	-	-
Under/(Over) recognised of deferred tax in prior financial year	57,400	(198,922)	-	-
Over provision of tax expense in prior financial year	(25,454)	(4,534)	(881)	(631)
	<u>2,221,271</u>	<u>1,779,302</u>	<u>(41)</u>	<u>209</u>

### Tax recognised in other comprehensive income

	Group	
	2023 RM	2022 RM
Revaluation of land and buildings	329,622	3,035,004

Deferred tax assets are not recognised for the following temporary differences (stated at gross amount):-

	Group	
	2023 RM	2022 RM
Unutilised business losses	18,000	18,000
Unabsorbed capital allowances	2,000	2,000
	<u>20,000</u>	<u>20,000</u>

Deferred tax assets are not recognised for the above temporary differences as it is not probable that future taxable profits will be available against which the unutilised business losses and unabsorbed capital allowances can be utilised by the subsidiary.

Effective Year of Assessment ("YA") 2019 as announced in the Annual Budget 2022, the unutilised business losses of the subsidiary as at 31 October 2019 and thereafter will only be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unutilised business losses will be disregarded.



# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 28. TAX EXPENSE/(INCOME) (CONT'D)

Tax losses for which no deferred tax asset was recognised expire as follows:-

	Group	
	2023 RM	2022 RM
YA 2028	18,000	18,000

## 29. EARNINGS PER SHARE

### Group

The basic/diluted earnings per ordinary share have been calculated based on the net profit attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year:-

	Group	
	2023	2022
Net profit attributable to ordinary equity holders of the Company (RM)	10,187,445	9,171,203
Weighted average number of ordinary shares in issue	119,126,961	121,054,884
Basic/Diluted earnings per share (sen)	8.55	7.58

## 30. DIVIDENDS

	Group and Company	
	2023 RM	2022 RM

### In respect of the financial year ended 31 October 2023:-

First interim single tier dividend of RM0.01 per ordinary share, paid on 10 March 2023	1,195,039	-
Second interim single tier dividend of RM0.02 per ordinary share, paid on 23 October 2023	2,366,275	-

### In respect of the financial year ended 31 October 2022:-

First interim single tier dividend of RM0.01 per ordinary share, paid on 3 March 2022	-	1,216,833
Second interim single tier dividend of RM0.02 per ordinary share, paid on 28 October 2022	-	2,395,033
	<u>3,561,314</u>	<u>3,611,866</u>

The Directors do not recommend any final dividend payment for the current and previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 31. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages and other emoluments	6,039,816	5,394,326	33,000	20,000
Defined contribution plans	571,531	580,664	-	-
Social security contribution	86,205	76,172	-	-
	<u>6,697,552</u>	<u>6,051,162</u>	<u>33,000</u>	<u>20,000</u>

Included in the employee benefits expense is the Directors' remuneration as below:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Executive Directors:-</u>				
<b>Directors of the Company</b>				
Salaries and other emoluments	1,044,188	934,108	-	-
Defined contribution plans	135,122	124,329	-	-
Social security contribution	7,377	5,356	-	-
Executive Directors' remuneration	<u>1,186,687</u>	<u>1,063,793</u>	-	-
<u>Non-Executive Directors:-</u>				
<b>Directors of the Company</b>				
Salaries and other emoluments	<u>33,000</u>	<u>20,000</u>	<u>33,000</u>	<u>20,000</u>
Total	<u>1,219,687</u>	<u>1,083,793</u>	<u>33,000</u>	<u>20,000</u>

The estimated monetary value of benefits-in-kind received by the Directors of the Company other than cash from the Group is RM43,067 (2022: RM34,304).

## 32. RELATED PARTY DISCLOSURES

### Related party transactions and balances

The significant related party transactions during the financial year were as follows:-

	Company	
	2023 RM	2022 RM
Advances to subsidiaries	1,010,000	5,000,000
Payment made on behalf from a subsidiary	<u>6,780</u>	<u>6,311</u>

The outstanding balances arising from the related party transactions as at the reporting date are disclosed in Note 7 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 32. RELATED PARTY DISCLOSURES (CONT'D)

### Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly and entity that provides key management personnel services to the Group and the Company.

The remuneration of key management personnel is same with the Directors' remuneration as disclosed in Notes 27 and 31 to the financial statements. The Group and the Company have no other members of key management personnel apart from the Board of Directors.

## 33. FINANCIAL INSTRUMENTS

### 33.1 Categories of Financial Instruments

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

- (i) Amortised costs ("AC"); and
- (ii) Financial assets and financial liabilities at fair value through profit or loss ("FVTPL").

Group	Carrying amount RM	AC RM	FVTPL RM
<b>2023</b>			
<b>Financial assets</b>			
Trade receivables	2,955,683	2,955,683	-
Other receivables	111,630	111,630	-
Deposits with licensed financial institutions	35,740,602	35,740,602	-
Cash and bank balances	4,090,902	4,090,902	-
Other investments	1,063,982	-	1,063,982
	43,962,799	42,898,817	1,063,982
<b>Financial liabilities</b>			
Trade payables	365,897	365,897	-
Other payables	2,005,947	2,005,947	-
Borrowings	13,562,911	13,562,911	-
	15,934,755	15,934,755	-
<b>2022</b>			
<b>Financial assets</b>			
Trade receivables	3,568,594	3,568,594	-
Other receivables	83,127	83,127	-
Deposits with licensed financial institutions	33,410,534	33,410,534	-
Cash and bank balances	5,790,553	5,790,553	-
Other investments	1,131,554	-	1,131,554
	43,984,362	42,852,808	1,131,554

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### 33.1 Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

- (i) Amortised costs ("AC"); and
- (ii) Financial assets and financial liabilities at fair value through profit or loss ("FVTPL").

Group	Carrying amount RM	AC RM	FVTPL RM
<b>2022</b>			
<b>Financial liabilities</b>			
Trade payables	1,031,621	1,031,621	-
Other payables	1,920,564	1,920,564	-
Borrowings	15,117,095	15,117,095	-
Derivative financial liabilities	12,675	-	12,675
	<u>18,081,955</u>	<u>18,069,280</u>	<u>12,675</u>

Company	Carrying amount RM	AC RM	FVTPL RM
<b>2023</b>			
<b>Financial assets</b>			
Other receivables	1,000	1,000	-
Amount due from a subsidiary	7,200,000	7,200,000	-
Deposits with licensed financial institutions	9,391,001	9,391,001	-
Cash and bank balances	94,332	94,332	-
	<u>16,686,333</u>	<u>16,686,333</u>	<u>-</u>

<b>Financial liability</b>			
Other payables	<u>44,400</u>	<u>44,400</u>	<u>-</u>

<b>2022</b>			
<b>Financial assets</b>			
Other receivables	1,000	1,000	-
Amount due from a subsidiary	6,200,000	6,200,000	-
Deposits with licensed financial institutions	15,148,569	15,148,569	-
Cash and bank balances	275,924	275,924	-
	<u>21,625,493</u>	<u>21,625,493</u>	<u>-</u>

<b>Financial liability</b>			
Other payables	<u>38,349</u>	<u>38,349</u>	<u>-</u>

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### 33.2 Financial Risk Management

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing its credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policy of the Group and of the Company in respect of the major areas of treasury activity are set out as follows:-

##### 33.2.1 Credit Risk

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the Group and the Company. For other financial assets, the Group and the Company adopt the policy of dealing with reputation institutions.

Following are the areas where the Group and the Company are exposed to credit risk.

##### Exposure to credit risk

The Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of the financial assets recognised in the statements of financial position.

##### Receivables

##### **Recognition and measurement of impairment loss**

In managing credit risk of trade receivables, the Group manages its debtors and take appropriate actions to recover long overdue balances. For trade receivables' credit term that are past due but not impaired, the Group's debt recovery process is the Group will initiate a structured debt recovery process which is monitored via management reporting procedures.

The Group applies the simplified approach under MFRS 9 to measure expected credit losses, which uses a lifetime expected credit losses for all trade receivables. The Group evaluates the credit losses on a case-by-case basis.

The Group assesses the expected loss rates based on historical payment profiles of the trade receivables and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the financial capability of the debtor and default or significant delay in payments. No significant changes to estimation techniques or assumptions were made during the reporting period.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired. The gross carrying amounts of credit impaired trade receivables are written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Trade receivables that are written off are still subjected to enforcement activities.

None of the Group's financial assets are secured by collateral or other credit enhancements.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### 33.2 Financial Risk Management (cont'd)

#### 33.2.1 Credit Risk (cont'd)

Receivables (cont'd)

#### Recognition and measurement of impairment loss (cont'd)

Set out below is the information about the credit risk exposure and ECLs on the Company's trade receivables are as follows:-

Group	----- Days past due -----					Total RM
	Current RM	1 to 30 days RM	31 to 60 days RM	61 to 90 days RM	More than 90 days RM	
<b>2023</b>						
Gross carrying amount	2,211,731	449,212	118,035	159,805	16,900	2,955,683
<b>2022</b>						
Gross carrying amount	1,950,628	1,073,389	499,297	42,880	2,400	3,568,594

#### Credit risk concentration profile

The credit risk concentration profile by geographical on trade receivables of the Group as at the reporting date is as follows:-

	2023		2022	
	RM	%	RM	%
<b>By country</b>				
Malaysia	1,501,275	51	1,055,157	30
European	1,078,946	36	1,397,750	39
United States	120,175	4	319,016	9
China	255,287	9	796,671	22
	<u>2,955,683</u>	<u>100</u>	<u>3,568,594</u>	<u>100</u>

As at the reporting date, 42% (2022: 46%) of the Group's trade receivables are due from 3 customers (2022: 2 customers).

The Group continuously monitors credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. External credit ratings and/or reports on customers and other counterparties may also be used.

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 Financial Risk Management (cont'd)**

**33.2.1 Credit Risk (cont'd)**

Other investments

As at reporting date, the Group only invested in domestic shares and golf club membership. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

Investments are mostly in liquid securities and only with counterparties that have a good credit rating to or better than the Group.

In view of the sound credit rating of counterparties, management does not expect any counterparty fail to meet its obligations.

Financial guarantee/Corporate guarantee

The maximum exposure to credit risk of RM13,562,911 (2022: RM15,117,095) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting year.

The Company provides financial guarantees to banks in respect of banking facilities granted to subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting year, there was no indication that the subsidiaries would default on repayment.

The corporate guarantee does not have a determinable effect on the term of the credit facilities due to the bank requiring parent's guarantees as a pre-condition for approving the banking facilities granted to the subsidiaries. The actual terms of credit facilities are likely to be the best indicator of "at market" term and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

Intercompany balances

The Company provides advances to subsidiaries and monitors the ability of the subsidiaries to repay the advances on an individual basis.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers the advances to be credit impaired when the subsidiaries are unlikely to repay the advance to the Company in full, the advance is overdue for more than a year, or the subsidiaries are continuously loss making and having deficit in shareholders' funds.

The Company determines the probability of default for these advances individually using internal information available.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### 33.2 Financial Risk Management (cont'd)

#### 33.2.1 Credit Risk (cont'd)

##### Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default. Consequently, the Group and the Company are of the view that the allowance is not material and hence, it is not provided for.

#### 33.2.2 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 as a result of shortage of funds.

In managing its exposure to liquidity risk arises principally from its various payables, the Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows:-

Group	-- Current --		----- Non-current -----		Total contractual cash flows RM
	Within 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	
<b>2023</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	365,897	-	-	-	365,897
Other payables	2,005,947	-	-	-	2,005,947
Borrowings	2,188,416	2,188,416	6,101,700	5,975,603	16,454,135
Lease liabilities	482,470	482,470	1,501,850	21,788,372	24,255,162
Total undiscounted financial liabilities	5,042,730	2,670,886	7,603,550	27,763,975	43,081,141
<b>2022</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	1,031,621	-	-	-	1,031,621
Other payables	1,920,564	-	-	-	1,920,564
Borrowings	2,144,609	2,135,712	6,407,136	7,321,289	18,008,746
Lease liabilities	635,880	472,510	1,417,528	21,776,992	24,302,910
	5,732,674	2,608,222	7,824,664	29,098,281	45,263,841



# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### 33.2 Financial Risk Management (cont'd)

#### 33.2.2 Liquidity Risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows (cont'd):-

Group	-- Current --		----- Non-current -----		Total contractual cash flows RM
	Within 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	
<b>2022</b>					
<b>Derivative financial liabilities</b>					
Forward currency contracts					
- outflow	472,600	-	-	-	472,600
- inflow	(459,925)	-	-	-	(459,925)
	<u>12,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,675</u>
Total undiscounted financial liabilities	<u>5,745,349</u>	<u>2,608,222</u>	<u>7,824,664</u>	<u>29,098,281</u>	<u>45,276,516</u>

Company	----- Current -----		Total contractual cash flows RM
	Within 1 year RM		
<b>2023</b>			
<b>Non-derivative financial liabilities</b>			
Other payables	44,400		44,400
Total undiscounted financial liabilities	<u>44,400</u>		<u>44,400</u>
Corporate guarantee*		13,562,911	13,562,911

<b>2022</b>			
<b>Non-derivative financial liabilities</b>			
Other payables	38,349		38,349
Total undiscounted financial liabilities	<u>38,349</u>		<u>38,349</u>
Corporate guarantee*		15,117,095	15,117,095

\* This exposure of liquidity risk is included for illustration purpose only as related financial guarantee has not crystallised.

The above amounts reflect the contractual undiscounted cash flows, which differ from the carrying values of financial liabilities at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### 33.2 Financial Risk Management (cont'd)

#### 33.2.3 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are primarily Euro ("EURO"), United States Dollar ("USD") and Singapore Dollar ("SGD").

The Group's exposure to foreign currency risk, based on carrying amounts as at the reporting date are as follows (foreign currency balances are unhedged):-

Group	----- Denominated in -----		
	EURO RM	USD RM	SGD RM
<b>2023</b>			
Trade receivables	321,726	1,132,682	-
Cash and bank balances	256,011	751,328	3,327
Trade payables	-	(47,493)	-
	<u>577,737</u>	<u>1,836,517</u>	<u>3,327</u>
<b>2022</b>			
Trade receivables	354,751	2,158,686	-
Cash and bank balances	702,735	296,257	7,039
Trade payables	-	(20,708)	-
Other payables	-	(6,162)	-
Derivative financial liabilities	-	(12,675)	-
	<u>1,057,486</u>	<u>2,415,398</u>	<u>7,039</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### 33.2 Financial Risk Management (cont'd)

#### 33.2.3 Foreign Currency Risk (cont'd)

The following table demonstrates the sensitivity of the Group's profit/equity for the financial year to a reasonably possible change in the EURO, USD and SGD exchange rates against the functional currency of the Group, with all other variables held constant.

Group	Increase/(Decrease) on profit/equity for the financial year	
	2023 RM	2022 RM
EURO/RM		
- Strengthened 1%	5,777	10,575
- Weakened 1%	(5,777)	(10,575)
USD/RM		
- Strengthened 1%	18,365	24,154
- Weakened 1%	(18,365)	(24,154)
SGD/RM		
- Strengthened 1%	33	70
- Weakened 1%	(33)	(70)

This percentage has been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

#### 33.2.4 Interest Rate Risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flows of financial instruments of the Group and of the Company. The Group's and the Company's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### 33.2 Financial Risk Management (cont'd)

#### 33.2.4 Interest Rate Risk (cont'd)

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

	Group	
	2023 RM	2022 RM
<b>Fixed rate instruments</b>		
<u>Financial asset</u>		
Deposits with licensed financial institutions	35,740,602	33,410,534
<u>Financial liability</u>		
Lease liabilities	(9,355,378)	(9,388,118)
Net financial assets	<u>26,385,224</u>	<u>24,022,416</u>
<b>Floating rate instrument</b>		
<u>Financial liability</u>		
Term loans	<u>13,562,911</u>	<u>15,117,095</u>

	Company	
	2023 RM	2022 RM
<b>Fixed rate instrument</b>		
<u>Financial asset</u>		
Deposits with licensed financial institutions	<u>9,391,001</u>	<u>15,148,569</u>

#### Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting year would not affect profit or loss and equity.

#### Fair value sensitivity analysis for floating rate instruments

At the reporting date, if interest rate had been 50 (2022: 50) basis points lower/higher, with all the other variable held constant, the Group's profit/equity for the financial year would have been RM67,815 (2022: RM75,585) higher/lower, arising mainly from lower/higher interest expense on floating rate borrowings.

**33. FINANCIAL INSTRUMENTS (CONT'D)**

**33.2 Financial Risk Management (cont'd)**

**33.2.5 Market Price Risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than foreign exchange or interest rates). Equity price risk arises from the Group's investments in equity securities quoted in Bursa Malaysia Securities Berhad.

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the authorised person of the Group.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and all the Group's equity investments moved in percentage of the share price.

A 3% (2022: 7%) increase in share price of each counter at the reporting date would have increase the Group's profit/equity for the financial year by RM30,392 (2022: RM75,644). A 3% (2022: 7%) weakening in the share price of each counter would have equal but opposite effect on the Group's profit/equity for the financial year.

**33.3 Fair Value Measurement of Financial Instruments**

The carrying amounts of financial assets and financial liabilities at the reporting date approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The following method and assumptions summarised below are used to determine the fair values of each class of financial instruments:-

Quoted securities

The fair value of quoted securities is determined by reference to their closing prices or quoted closing bid prices at the reporting date.

Club membership

The fair value of the club membership is determined based on the fair value obtained from the club membership's website whereby the quote obtained reflected transactions in similar instruments.

Derivative financial liabilities

The fair values of forward exchange contracts are estimated by discounting the difference between the contractual forward price and current price for the residual materiality of the contract using risk-free rate.

Unquoted investment

The fair value of the unquoted investment is determined based on the adjusted net asset method which derives the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities. Fair value of its assets and liabilities are the significant unobservable inputs used in the valuation method and the higher the net assets, the higher the fair value of the unquoted investment.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### 33.4 Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from 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 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2023</b>				
<b>Financial assets at FVTPL</b>				
Other investments				
- Golf club membership	-	49,000	-	49,000
- Unquoted shares	-	-	1,924	1,924
- Quoted shares	1,013,058	-	-	1,013,058
	<u>1,013,058</u>	<u>49,000</u>	<u>1,924</u>	<u>1,063,982</u>
<b>2022</b>				
<b>Financial assets at FVTPL</b>				
Other investments				
- Golf club membership	-	49,000	-	49,000
- Unquoted shares	-	-	1,924	1,924
- Quoted shares	1,080,630	-	-	1,080,630
	<u>1,080,630</u>	<u>49,000</u>	<u>1,924</u>	<u>1,131,554</u>
<b>Financial liability at FVTPL</b>				
Derivative financial liabilities	-	(12,675)	-	(12,675)
	<u>1,080,630</u>	<u>36,325</u>	<u>1,924</u>	<u>1,118,879</u>

There were no transfers between of levels in financial year 2023 and 2022.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### 33.5 Reconciliation of Liabilities Arising from Financing Activities

Group	1 2022	November RM	Lease modification RM	Cash flows RM	31 October 2023 RM
Term loans		15,117,095	-	(1,554,184)	13,562,911
Lease liabilities		9,388,118	196,587	(229,327)	9,355,378
		<u>24,505,213</u>	<u>196,587</u>	<u>(1,783,511)</u>	<u>22,918,289</u>

Group	1 2021	November RM	Drawdown RM	Cash flows RM	31 October 2022 RM
Term loans		8,875,761	8,000,000	(1,758,666)	15,117,095
Lease liabilities		9,619,253	-	(231,135)	9,388,118
		<u>18,495,014</u>	<u>8,000,000</u>	<u>(1,989,801)</u>	<u>24,505,213</u>

## 34. CAPITAL MANAGEMENT

The Group's and the Company's objective when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal gearing ratio that complies with debt covenants and regulatory requirements.

The Group monitors capital using a gearing ratio measured in percentage, which are the total interest bearing borrowings over owners' equity. The Group's policy is to keep the gearing ratio below 50%. The borrowings include term loans and lease liabilities while owners' equity refers to the equity attributable to the owners of the Company.

	Group	
	2023 RM	2022 RM
Term loans	13,562,911	15,117,095
Lease liabilities	9,355,378	9,388,118
	<u>22,918,289</u>	<u>24,505,213</u>
Owners' equity	<u>135,626,029</u>	<u>129,321,161</u>
Gearing ratio	<u>17%</u>	<u>19%</u>

There were no changes in the Group's approach to capital management during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 35. OPERATING SEGMENT

### Business segment

For management purposes, the Group is organised into four major business units based on their products and services which comprises the following:-

- (a) Manufacturing and trading - Manufacturing and sales of precision engineering moulds and other precision machine parts
- (b) Investment - Investment holding, letting of properties and properties investment
- (c) Plantation - Cultivation of oil palm
- (d) Joint property development - Property development

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain aspects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on negotiated basis.

	Note	Manufacturing and trading RM	Investment RM	Plantation RM	Joint property development RM	Elimination RM	Total RM
<b>2023</b>							
<b>Revenue:-</b>							
External revenue		16,854,608	3,009,472	6,152,768	1,225,890	-	27,242,738
Inter-segment revenue	(a)	-	21,600	-	-	(21,600)	-
Total revenue		<u>16,854,608</u>	<u>3,031,072</u>	<u>6,152,768</u>	<u>1,225,890</u>	<u>(21,600)</u>	<u>27,242,738</u>
<b>Results:-</b>							
Finance income		486,555	444,677	138,784	120,289	-	1,190,305
Finance costs		(3,660)	(579,367)	(454,893)	-	-	(1,037,920)
Depreciation		(1,297,589)	-	(847,842)	-	-	(2,145,431)
Other non-cash income/ (expenses)	(b)	203,640	4,650,000	(112,873)	60,000	-	4,800,767
Tax expense		(876,116)	(695,400)	(447,897)	(201,858)	-	(2,221,271)
Segment profit		<u>3,177,523</u>	<u>4,785,932</u>	<u>1,455,207</u>	<u>751,002</u>	<u>17,781</u>	<u>10,187,445</u>
<b>Assets:-</b>							
Segment assets	(c)	64,441,099	114,831,742	21,859,519	6,610,625	(35,049,632)	172,693,353
Additions to non- current assets	(d)	<u>1,381,620</u>	<u>-</u>	<u>11,400</u>	<u>-</u>	<u>-</u>	<u>1,393,020</u>
<b>Liabilities:-</b>							
Segment liabilities	(e)	<u>1,598,797</u>	<u>8,036,381</u>	<u>270,877</u>	<u>184,063</u>	<u>(7,622,911)</u>	<u>2,467,207</u>



# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 35. OPERATING SEGMENT (CONT'D)

### Business segment (cont'd)

	Note	Manufacturing and trading RM	Investment RM	Plantation RM	Joint property development RM	Elimination RM	Total RM
<b>2022</b>							
<b>Revenue:-</b>							
External revenue		14,778,789	2,842,269	8,567,860	498,032	-	26,686,950
Inter-segment revenue	(a)	-	21,600	-	-	(21,600)	-
Total revenue		<u>14,778,789</u>	<u>2,863,869</u>	<u>8,567,860</u>	<u>498,032</u>	<u>(21,600)</u>	<u>26,686,950</u>
<b>Results:-</b>							
Finance income		231,226	355,732	13,384	50,903	-	651,245
Finance costs		(11,644)	(480,344)	(386,697)	-	-	(878,685)
Depreciation		(966,200)	-	(851,592)	-	-	(1,817,792)
Other non-cash income/ (expenses)	(b)	280,164	2,369,660	(48,663)	-	-	2,601,161
Tax expense		(293,648)	(609,299)	(822,000)	(54,355)	-	(1,779,302)
Segment profit		<u>2,792,508</u>	<u>3,328,347</u>	<u>2,810,800</u>	<u>216,894</u>	<u>22,654</u>	<u>9,171,203</u>
<b>Assets:-</b>							
Segment assets	(c)	60,199,697	115,045,572	20,141,668	5,798,457	(33,993,610)	167,191,784
Additions to non- current assets	(d)	793,870	14,480,340	495,150	-	-	15,769,360
<b>Liabilities:-</b>							
Segment liabilities	(e)	1,889,783	7,009,512	439,400	181,943	(6,549,108)	2,971,530

#### Notes:-

- (a) Intersegment revenues are eliminated on consolidation.
- (b) Notes to other non-cash income/(expenses) consist of the following items:-

	2023 RM	2022 RM
Fair value gain on investment properties	4,900,000	2,569,660
Fair value loss on bearer biological assets	(2,873)	(48,663)
Fair value loss on other investments	(39,873)	(27,669)
Fair value gain/(loss) on derivative financial instruments	12,675	(12,675)
Net unrealised (loss)/gain on foreign exchange	(62,286)	120,508
Property, plant and equipment written off	(6,876)	-
	<u>4,800,767</u>	<u>2,601,161</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 35. OPERATING SEGMENT (CONT'D)

### Business segment (cont'd)

Notes (cont'd):-

- (c) The following items are added to segment assets to arrive at total assets reported in the statements of financial position:-

	2023 RM	2022 RM
Segment assets	172,693,353	167,191,784
Tax recoverable	159,103	136,120
Total assets	<u>172,852,456</u>	<u>167,327,904</u>

- (d) Additions to non-current assets consist of:-

	2023 RM	2022 RM
Property, plant and equipment	1,103,120	1,289,020
Right-of-use assets	289,900	-
Investment properties	-	14,480,340
	<u>1,393,020</u>	<u>15,769,360</u>

- (e) The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:-

	2023 RM	2022 RM
Segment liabilities	2,467,207	2,971,530
Borrowings	13,562,911	15,117,095
Lease liabilities	9,355,378	9,388,118
Tax payable	499,721	178,000
Deferred tax liabilities	11,341,210	10,352,000
Total liabilities	<u>37,226,427</u>	<u>38,006,743</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023 (CONT'D)

## 35. OPERATING SEGMENT (CONT'D)

### Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets are as follows:-

	2023		2022	
	Revenue RM	Non-current Assets RM	Revenue RM	Non-current Assets RM
Malaysia*	13,965,048	124,507,555	14,422,133	118,824,998
European	9,070,853	-	8,167,372	-
United States	2,575,462	-	2,226,185	-
China	1,631,375	-	1,869,954	-
Others	-	-	1,306	-
	<u>27,242,738</u>	<u>124,507,555</u>	<u>26,686,950</u>	<u>118,824,998</u>

Non-current assets excluding financial instruments, i.e. other investments.

\* The Company's home country

### Information about major customers

The following are major customers with revenue equal or more than 10 percent of the Group's revenue:-

	RM	%	Operating Segment
<b>2023</b>			
Customer A	2,940,781	11	Manufacturing and trading
Customer B	3,523,149	13	Manufacturing and trading
Customer C	5,038,908	19	Plantation
	<u>11,502,838</u>	<u>43</u>	
<b>2022</b>			
Customer A	4,585,423	17	Plantation
Customer B	3,116,371	12	Plantation
	<u>7,701,794</u>	<u>29</u>	

## 36. CAPITAL COMMITMENT

	Group	
	2023 RM	2022 RM
Authorised and contracted for in respect of:		
- Purchase of building	<u>270,000</u>	-

# ANALYSIS OF SHAREHOLDINGS

AS AT 31 JANUARY 2024

Issued & Fully Paid-Up Capital	:	RM40,612,085
No. of Shareholders	:	3,935
Class of share	:	Ordinary share
Voting Rights	:	One vote for each ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders		No. of Shares*		% of Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	160	-	5,849	-	0.00	-
100 to 1,000	732	4	448,506	642	0.38	0.00
1,001 to 10,000	2,195	12	10,293,028	65,975	8.72	0.06
10,001 to 100,000	762	9	20,309,997	309,300	17.21	0.26
100,001 to less than 5% of issued shares	57	2	35,615,440	330,100	30.18	0.28
5% and above of issued shares	2	-	50,628,738	-	42.90	-
<b>TOTAL</b>	<b>3,908</b>	<b>27</b>	<b>117,301,558</b>	<b>706,017</b>	<b>99.40</b>	<b>0.60</b>

\* Treasury shares excluded

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares Held	% of Shares*
1.	AFFLUENT FUTURE SDN BHD	34,440,003	29.18
2.	TAN LYE HUAT HOLDINGS SDN BHD	16,188,735	13.72
3.	TAN YAW BIN	2,729,970	2.31
4.	NG TIONG KANG	2,687,089	2.28
5.	TAN LYE HUAT	2,578,316	2.18
6.	TAN KIM LAI	2,346,557	1.99
7.	TAN AH HENG	2,273,520	1.93
8.	TAN AI NEE	2,162,000	1.83
9.	TAN SOOK YEE	1,956,484	1.66
10.	TAN LAY HOOI	1,631,100	1.38
11.	TAN AI LENG	1,500,000	1.27
12.	TAN FUNG YING	1,350,000	1.14
13.	TAN ENG LOON	1,170,147	0.99
14.	TAN YAW TUNG	1,056,264	0.90
15.	TAN YAW BIN	974,469	0.83
16.	YAYASAN TERENGGANU	922,500	0.78
17.	TAN AI LING	841,000	0.71
18.	TAN ENG YIK	660,400	0.56
19.	KHOO KIM WEE	600,000	0.51
20.	TAN YAW TUNG	554,115	0.47

# ANALYSIS OF SHAREHOLDINGS

AS AT 31 JANUARY 2024 (CONT'D)

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Names	No. of Shares Held	% of Shares*
21.	LEE KOK HIN	387,300	0.33
22.	NG TIONG KANG	352,000	0.30
23.	TAN SOOK YEE	347,784	0.29
24.	LIANG CHEE FONG	342,000	0.29
25.	LEE KHIM NGIE	305,400	0.26
26.	TAN PEI KAH	297,200	0.25
27.	TAN HWA	290,475	0.25
28.	TAN PEI WEI	288,875	0.24
29.	PERBADANNAN KEMAJUAN NEGERI KEDAH	281,274	0.24
30.	TAN HO FOOT	279,706	0.24
		<b>81,794,683</b>	<b>69.31</b>

\* Treasury shares excluded

## LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Names	No. of Shares Held	% of Shares*
1.	AFFLUENT FUTURE SDN BHD	34,440,003	29.18
2.	TAN LYE HUAT HOLDINGS SDN BHD	16,188,735	13.72

\* Treasury shares excluded

## DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares Held	% of Shares*	No. of Shares Held	% of Shares*
1.	TAN LYE HUAT	2,578,316	2.18	59,597,824	50.50
2.	TAN SOOK YEE	2,304,268	1.95	50,628,738	42.90
3.	LIM HOCK AUN	-	-	-	-
4.	YOON HIN YEOW	-	-	-	-
5.	THONG CHEE THIM	-	-	-	-
6.	MAK WAI CHIN	-	-	-	-

\* Treasury shares excluded

# LIST OF PROPERTIES

AS AT 31 OCTOBER 2023

Location	Date of Acquisition (A)/ Valuation (V)	Description/ Existing use	Land area/ built-up area (sq metres)	Tenure/age of buildings (years)	Net Book Value RM
Lot 546013 No. 2, Lebuhr Lapangan Perdana 2 Panorama Lapangan Perdana 31350 Ipoh Perak	31/10/2023 (V)	One-and-a-half storey Hypermarket/ rented out	16,088 / 7,150	Freehold / 6	16,500,000
Lot No. Pt 1539 52, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2023 (V)	2-storey Terrace Factory (Corner unit) /rented out	481.2 / 987.8	Freehold / 36	4,200,000
Lot No. Pt 1540 50, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2023 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 36	1,500,000
Lot No. Pt 1541 48, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2023 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 36	1,500,000
Lot No. Pt 1542 46, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2023 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 36	1,500,000
Lot No. Pt 1543 44, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2023 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 36	1,500,000
Lot No. Pt 20033* 6, Jalan TSB 1 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	31/10/2023 (V)	Industrial building/factory	3715 / 5183	99 year leasehold (24/03/2091) Leasehold / 26	15,600,000
Lot No. Pt 19770* 7, Jalan TSB 9 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	31/10/2023 (V)	Factory, Warehouse and office space	3,633 / 3,189	99 year leasehold (24/03/2091) Leasehold / 26	12,240,000
Lot 14, Lorong Keluli 1C Kaw Perindustrian Bukit Raja Seksyen 8, Shah Alam Selangor	31/10/2023 (V)	Warehouse cum office /rented out	16,489/13,383	Freehold / 28	38,000,000

\* Leasehold land reclassified as Right-of-Use Assets

# LIST OF PROPERTIES

AS AT 31 OCTOBER 2023 (CONT'D)

Location	Date of Acquisition (A)/ Valuation (V)	Description/ Existing use	Land area/ built-up area (sq metres)	Tenure/age of buildings (years)	Net Book Value RM
Lot 2581, 2582, 2583, 2584	31/10/2023 (V)	} Land for development	47,063	99 year leasehold (22/08/2081)	} 11,050,000
AND Lot 2573, 2574, 2575	31/10/2023 (V)		35,354	99 year leasehold (26/10/2081)	
AND Lot 2592 and PT47 Mukim of Ijuk Daerah Kuala Selangor Negeri Selangor	31/10/2023 (V)		22,250	99 year leasehold (22/08/2081)	

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Ninth Annual General Meeting (“**29<sup>th</sup> AGM**”) of Kumpulan H & L High-Tech Berhad (“**the Company**”) will be held at ClubHouse, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 18 April 2024 at 11.00 a.m., to transact the following businesses:

## AGENDA

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 October 2023 together with the Reports of the Directors and Auditors thereon. *[Please refer to Explanatory Note 1 on Ordinary Business]*
2. To approve the payment of Directors’ fees of up to RM99,000 for the financial year ending 31 October 2024. **(Ordinary Resolution 1)**  
*[Please refer to Explanatory Note 2 on Ordinary Business]*
3. To approve the payment of Directors’ benefits of up to RM130,000 for the period immediately after the 29<sup>th</sup> AGM until the next AGM of the Company to be held in 2025. **(Ordinary Resolution 2)**  
*[Please refer to Explanatory Note 2 on Ordinary Business]*
4. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Constitution of the Company:  
(i) Ms Tan Sook Yee **(Ordinary Resolution 3)**  
(ii) Mr Lim Hock Aun **(Ordinary Resolution 4)**  
*[Please refer to Explanatory Note 3 & 4 on Ordinary Business]*
5. To re-elect the following Director who retires in accordance with Clause 78 of the Company’s Constitution:  
(i) Mr Thong Chee Thim **(Ordinary Resolution 5)**  
(ii) Ms Mak Wai Chin **(Ordinary Resolution 6)**  
*[Please refer to Explanatory Note 5 & 6 on Ordinary Business]*
6. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 7)**  
*[Please refer to Explanatory Note 7 on Ordinary Business]*

### SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions:

7. **SPECIAL RESOLUTION**  
**WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT, 2016** **(Special Resolution 1)**  
*[Please refer to Explanatory Note 1 on Special Business]*

“THAT pursuant to Section 85 of the Companies Act, 2016 (“**the Act**”) read together with Clause 12(3) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company to the allottees subject to passing Ordinary Resolution – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act.

THAT 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 subject to passing Ordinary Resolution 8 – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act.



# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

THAT 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 subject to passing Ordinary Resolution 6 – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act.

8. **ORDINARY RESOLUTION**  
**AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

**(Ordinary Resolution 8)**  
*[Please refer to Explanatory Note 2 on Special Business]*

“THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 (“**the Act**”) and subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, from time to time, at such price, upon such terms and conditions, and for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be 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 hereby also empowered to obtain the approval for the listing of and quotation for additional shares so issued from Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting.”

9. **ORDINARY RESOLUTION**  
**PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

**(Ordinary Resolution 9)**  
*[Please refer to Explanatory Note 3 on Special Business]*

“THAT subject always to the Companies Act 2016 (“**the Act**”), the Constitution of the Company, Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**Listing Requirements**”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of issued shares in the Company (“**Shares**”) purchased (“**Purchased Shares**”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“**Proposed Share Buy-Back**”).

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-

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

- (a) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees’ share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or
- viii. To deal with the treasury shares in the manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.”

- 10. To transact any other business of which due notice shall have been given.

By Order Of the Board

**TAN LAI HONG [SSM PC NO. 202008002309 (MAICSA 7057707)]**

**LAW MEE POO [SSM PC NO. 201908002275 (MAICSA 7033423)]**

Company Secretaries

Kuala Lumpur

29 February 2024

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## NOTES:

1. For the purpose of determining who shall be entitled to attend this 29<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 5 April 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 29<sup>th</sup> AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this 29<sup>th</sup> AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Listing Requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“**Central Depositories Act**”), 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.
6. 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 Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:-
  - (i) In hard copy form

In the case of an appointment made in hard copy form, this proxy form must be deposited at the Share Registrar of the Company at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.
  - (ii) By electronic means via facsimile

In the case of an appointment made via facsimile transmission, this proxy form must be received at 03-7890 4670.For options (ii), the Company may request any member to deposit original executed proxy form to its Share Registrar before or on the day of meeting for verification purpose.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure **ALL** the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is **Tuesday, 16 April 2024 at 11.00 a.m.**
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
  - (a) Identity card (NRIC) (Malaysian), or
  - (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
  - (c) Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this 29<sup>th</sup> AGM, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company’s Share Registrar office earlier.

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## EXPLANATORY NOTES ON ORDINARY BUSINESS

### 1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 October 2023

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this item on the Agenda is not being put forward for voting by shareholders of the Company.

### 2. Ordinary Resolutions 1 and 2 – Payment of Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 1 is to facilitate the payment of Directors' fees for the current financial year basis, calculated based on the size of the current Board of Directors ("**Board**").

The proposed Ordinary Resolution 2 for the Directors' benefits are benefits payable to the Executive Directors and meeting allowances payable to Non-Executive Directors and in determining the estimated amount, the Board has considered various factors including the current Board size and the number of scheduled Board and Committee meetings as well as additional two Board/Committee meetings (if required) for the period immediately after the 29<sup>th</sup> AGM until the next AGM.

In the event the proposed amount of Directors' fees and/or benefits are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for the under-provision.

### 3. Ordinary Resolution 3 – Re-election of Director pursuant to Clause 76(3) of the Company's Constitution – Ms Tan Sook Yee

Ms Tan Sook Yee ("**Ms Tan**") is standing for re-election as Director of the Company and being eligible, has offered herself for re-election at the 29<sup>th</sup> AGM.

Pursuant to Practice 5.7 of the Malaysian Code on Corporate Governance, the profile of Ms Tan is set out in the Directors' profile of the Annual Report 2023. The Board has through the Nomination Committee ("**NC**"), considered her assessment of and agreed that she meets the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on character, experience, integrity, competence and time commitment to effectively discharge her role as Director. The justifications to support the Board's recommendation to re-elect Ms Tan is as follows:

- (a) Ms Tan, the Executive Director of the Company, is primarily responsible for managing daily operations which include driving profitability, managing the company organisational structure, strategy and communicating with the Board. She assures the Board that the management team is carrying out their duties in line with the long-term strategies and targets set by the Board and ensures the Board's decisions are executed effectively. She has exercised her due care and carried out her professional duties proficiently during her tenure as the Executive Director of the Company.

Based on the above, the Board collectively agreed that she had met the criteria as prescribed by Paragraph 2.20A of the Listing Requirements of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge her role as Director and recommended her be re-elected as Directors of the Company.

### 4. Ordinary Resolution 4 – Re-election of Director pursuant to Clause 76(3) of the Company's Constitution – Mr Lim Hock Aun

Mr Lim Hock Aun ("**Mr Lim**") is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at the 29<sup>th</sup> AGM.

Pursuant to Practice 5.7 of the Malaysian Code on Corporate Governance, the profile of Mr Lim is set out in the Directors' profile of the Annual Report 2023. The Board has through the NC, considered his assessment of and agreed that he meets the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on character, experience, integrity, competence and time commitment to effectively discharge his role as Director.

The Board has also through the NC conducted an assessment on the independence of Mr Lim Hock Aun and satisfied that he has complied with the criteria on independence as prescribed by the Listing Requirements of Bursa Securities.

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## 5. Ordinary Resolution 5 – Re-election of Director pursuant to Clause 78 of the Company’s Constitution – Mr Thong Chee Thim

Mr Thong Chee Thim (“**Mr Thong**”) who was appointed as Directors of the Company on 6 June 2023 will retire at this AGM. He has offered himself for re-election at this AGM.

The Board has through the NC, considered his assessment and agreed that he meets the criteria as prescribed by Paragraph 2.20A of the Listing Requirements of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge his role as Director.

The Board has also through the NC conducted an assessment of his independence and is satisfied that he has complied with the criteria on independence as prescribed by the Listing Requirements of Bursa Securities.

## 6. Ordinary Resolution 6 – Re-election of Director pursuant to Clause 78 of the Company’s Constitution – Ms Mak Wai Chin

Ms Mak Wai Chin (“**Ms Mak**”) who was appointed as Directors of the Company on 27 December 2023 will retire at this AGM. She has offered herself for re-election at this AGM.

The Board has through the NC, considered her assessment and agreed that she meets the criteria as prescribed by Paragraph 2.20A of the Listing Requirements of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge her role as Director.

The Board has also through the NC conducted an assessment of her independence and is satisfied that she has complied with the criteria on independence as prescribed by the Listing Requirements of Bursa Securities.

## 7. Ordinary Resolution 7 – Re-appointment of Auditors

The Board has through the Audit and Risk Management Committee (“**ARMC**”), considered the re-appointment of Messrs Grant Thornton Malaysia PLT as External Auditors of the Company. The factors considered by the ARMC in making recommendation to the Board to table the re-appointment of Messrs Grant Thornton Malaysia PLT at the forthcoming AGM, included assessment of the Auditors’ independence and objectivity, calibre and quality process/performance.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### 1. Special Resolution – Waiver of Pre-emptive Rights

The Special Resolution is pertaining to the waiver of pre-emptive rights pursuant to Section 85 of the Act. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive right. The Special Resolution if passed, would allow the Directors to issue new shares to any person without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

### 2. Ordinary Resolution 8 – Authority to issue and allot shares pursuant to Sections 75 and 76 of The Companies Act 2016

Subject to the passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Act, the proposed Ordinary Resolution, if passed, would renew the mandate granted to the Directors at the 28th AGM held on 18 April 2023 and provide flexibility to the Directors to undertake fundraising activities including but not limited to placement of shares for the purpose of funding the Company’s future investment project(s), business expansion, working capital and/or acquisition(s) at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

As at the date of this Notice, the Company did not allot any shares pursuant to the shareholders’ mandate granted to the Directors at the 28<sup>th</sup> AGM as there were no requirements for such fundraising activities.

### 3. Ordinary Resolution 9 – Proposed Renewal of Authority for the Company to purchase its own shares

The proposed Ordinary Resolution 9, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company.

Please refer to the Statement to Shareholders dated 29 February 2024 in relation to the Proposed Renewal of Authority for Share Buy-Back for further information.

*- This page has been left blank intentionally -*

**KUMPULAN H & L HIGH-TECH BERHAD**[Registration No. 199401032123 (317805-V)]  
(Incorporated in Malaysia)

<b>CDS Account No.</b>	
<b>No. of Shares held</b>	

**PROXY FORM**I/We, \_\_\_\_\_ Tel: \_\_\_\_\_  
[Full name in block and as per NRIC/Passport/Company Registration No.]of \_\_\_\_\_  
(Address)being a member of **Kumpulan H & L High-Tech Berhad**, hereby appoint:-

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or\* (\*delete as appropriate)

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as ^my/our proxy to vote for ^me/us and on ^my/our behalf, at the Twenty-Ninth Annual General Meeting ("29<sup>th</sup> AGM") of the Company to be held at **ClubHouse, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan** on **Thursday, 18 April 2024 at 11.00 a.m.** or any adjournment thereof, and to vote as indicated below:-

RESOLUTIONS	DESCRIPTION OF RESOLUTION	#FOR	#AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees of up to RM99,000 for the financial year ending 31 October 2024.		
Ordinary Resolution 2	To approve the payment of Directors' benefits of up to RM130,000 for the period immediately after the conclusion of the 29th AGM until the next Annual General Meeting of the Company.		
Ordinary Resolution 3	To re-elect Ms Tan Sook Yee, who retires pursuant to Clause 76(3) of the Company's Constitution, as Director.		
Ordinary Resolution 4	To re-elect Mr Lim Hock Aun, who retires pursuant to Clause 76(3) of the Company's Constitution, as Director.		
Ordinary Resolution 5	To re-elect Mr Thong Chee Thim, who retires pursuant to Clause 78 of the Company's Constitution, as Director.		
Ordinary Resolution 6	To re-elect Ms Mak Wai Chin, who retires pursuant to Clause 78 of the Company's Constitution, as Director.		
Ordinary Resolution 7	To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Special Resolution 1	To approve the waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016.		
Ordinary Resolution 8	To grant authority to Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 9	To approve the Proposed Renewal of Authority for Share Buy-Back.		

# Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_

Signature\*  
Member

\*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:-

- For the purpose of determining who shall be entitled to attend this 29th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 5 April 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 29th AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
- A member entitled to attend and vote at this 29<sup>th</sup> AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Listing Requirements of the stock exchange.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), 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.
- 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 Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:-
  - In hard copy form  
In the case of an appointment made in hard copy form, this proxy form must be deposited at the Share Registrar of the Company at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.
  - By electronic means via facsimile  
In the case of an appointment made via facsimile transmission, this proxy form must be received at 03-7890 4670.  
For options (ii), the Company may request any member to deposit original executed proxy form to its Share Registrar before or on the day of meeting for verification purpose.
- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- Last date and time for lodging this proxy form is Tuesday, 16 April 2024 at 11.00 a.m.
- Please bring an ORIGINAL of the following identification papers (where applicable) and present it to the registration staff for verification:-
  - identity card (NRIC) (Malaysian), or
  - Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
  - Passport (Foreigner).
- For a corporate member who has appointed a representative instead of a proxy to attend this 29<sup>th</sup> AGM, please bring the ORIGINAL certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

Fold this flap for sealing

Then Fold Here

AFFIX  
STAMP

**KUMPULAN H & L HIGH-TECH BERHAD**

[199401032123 (317805-V)]

**c/o Boardroom Share Registrars Sdn Bhd**

11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan.

1st Fold Here







**KUMPULAN H & L HIGH-TECH BERHAD**

[199401032123 (317805-V)]

No. 6, Jalan TSB 1, Taman Industri Sungai Buloh  
47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia.  
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