



Hiap Huat

Holdings Berhad

200901038858 (881993-M)

2



2023

SUSTAINABILITY
ASPIRATION

ANNUAL REPORT 2023

TABLE OF CONTENTS

02

Corporate Information

42

Statement Of Directors'
Responsibility In Respect Of The
Audited Financial Statements

59

Statements Of Profit Or Loss
And Other Comprehensive
Income

03

Directors' Profiles

43

Statement On Risk Management
And Internal Control

60

Statements Of Changes In Equity

07

Profiles Of Key Senior
Management

46

Additional Compliance
Information

62

Statements Of Cash Flows

08

Group Structure

48

Directors' Report

65

Notes To The Financial
Statements

09

Management Discussion And
Analysis

52

Statement By Directors

105

List Of Properties

13

Corporate Sustainability
Statement

52

Statutory Declaration

111

Statistics Of Shareholdings

19

Corporate Governance
Overview Statement

53

Independent Auditors' Report
To The Members

113

Notice Of 14th Annual General
Meeting

38

Audit Committee Report

57

Statements Of Financial Position

118

Statement Accompanying Notice
Of Annual General Meeting

Proxy Form

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Chan Say Hwa
*Executive Chairman cum Group
Managing Director*

Datin Chow Pui Ling
Executive Director

Soo Kit Lin
Executive Director

Woo Yew Tim
Independent Non-Executive Director

Lee Yew Weng
Independent Non-Executive Director

Cheng Mun Mun
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Lee Yew Weng
Independent Non-Executive Director

Member
Woo Yew Tim
Independent Non-Executive Director

Cheng Mun Mun
Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairman
Lee Yew Weng
Independent Non-Executive Director

Member
Woo Yew Tim
Independent Non-Executive Director

Cheng Mun Mun
Independent Non-Executive Director

NOMINATION COMMITTEE

Chairman
Woo Yew Tim
Independent Non-Executive Director

Member
Lee Yew Weng
Independent Non-Executive Director

Cheng Mun Mun
Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Chairperson
Cheng Mun Mun
Independent Non-Executive Director

Member
Dato' Chan Say Hwa
*Executive Chairman cum Group
Managing Director*

Datin Chow Pui Ling
Executive Director

Soo Kit Lin
Executive Director

Woo Yew Tim
Independent Non-Executive Director

Lee Yew Weng
Independent Non-Executive Director

COMPANY SECRETARIES

Tan Tong Lang
*(MAICSA 7045482/SSM PC No.
202208000250)*

Thien Lee Mee
*(LS0010621/SSM PC No.
201908002254)*

Low Ven Sin
*(MAICSA 7076080/SSM PC No.
202208000340)*

REGISTERED OFFICE

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur
Tel no. : +603 9770 2200
Fax no. : +603 2201 7774
Email : boardroom@boardroom.com.my

HEAD OFFICE/PRINCIPAL PLACE OF BUSINESS

Lot 102521, Jalan Sungai Pinang 5/3
Kawasan Perindustrian Pulau Indah
Fasa 2, 42920 Pulau Indah
Selangor Darul Ehsan
Tel no : +603 3884 9368
Fax no : +603 3102 3110

AUDITORS

TGS TW PLT (AF002345)
E-16-2B, Level 16, Icon Tower (East)
No. 1, Jalan 1/68F, Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan
Tel no : +603 9771 4326
Fax no : +603 9771 4327

PRINCIPAL BANKERS

CIMB Bank Berhad
Public Bank Berhad
United Overseas Bank
(Malaysia) Berhad

SHARE REGISTRAR

Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur
Tel no. : +603 9770 2200
Fax no. : +603 2201 7774
Email : registrar@aldpro.com.my

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name : HHCORP
Stock Code : 0160

WEBSITE

www.hiaphuat.com

INVESTOR RELATIONS

Email : enquiry@hiaphuat.com
Tel no. : +603 3884 9368
Fax no. : +603 3102 3110



DIRECTORS' PROFILES



DATO' CHAN SAY HWA

45 Male Malaysian

Executive Chairman cum Group Managing Director
Member of Risk Management Committee

Dato' Chan Say Hwa was appointed to the Board of Directors of Hiap Huat Holdings Berhad ("Hiap Huat" or the "Company") as Group Managing Director on 9 December 2009 and he was re-designated as an Executive Chairman of Hiap Huat on 30 May 2023. He is mainly responsible for the overall strategy and development of the overall vision for Hiap Huat and its Group of Companies. In addition, he also oversees the development of the sales and marketing strategies and the implementation of sales plans and marketing of products to existing and new customers, the Company's growth, quality assurance, policy and strategy as well as monitoring the Company's overall profitability. He is also in charge of the production technology innovation and product's research and development for the Company. He has more than 20 years of experience in the recycling business mainly involved in manufacturing, marketing and general management.

He joined Hiap Huat Chemicals Sdn Bhd ("HHC") in year 2000 as the Factory Operation Supervisor. He was then promoted to Factory Manager in year 2002 and subsequently became the General Manager in year 2004. On 9 December 2009, he was appointed to the Board of Hiap Huat and was made the Group Managing Director in the same year.

He does not hold directorships in any other public companies and listed issuer. He is the spouse of Datin Chow Pui Ling and the son of Soo Kit Lin, both the Executive Directors and a major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanction nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 31 December 2023.

He has attended all six (6) Board Meetings held during the financial year ended 31 December 2023.

DATIN CHOW PUI LING

43 Female Malaysian

Executive Director
Member of Risk Management Committee

Datin Chow Pui Ling is an Executive Director of the Company. She is responsible for the daily operations of the business and reviewing the planning, operations and control of the business processes from time to time. She graduated with Masters in International Business in year 2012.

She joined Hiap Huat Chemicals Sdn Bhd ("HHC") as a Management Trainee in year 2004 and was initially assigned to the Administrative Department to work as an Administrative Executive. In the same year, she was promoted and assigned to the Logistic Department as an Assistant Logistic Manager. She was promoted to Accounts and Human Resources Manager in the following year. On 9 December 2009, she was appointed to the Board of Hiap Huat.

She does not hold directorships in any other public companies and listed issuer. She is the spouse of Dato' Chan Say Hwa, the Executive Chairman cum Group Managing Director, daughter-in-law of Soo Kit Lin, the Executive Director and a major shareholder of the Company. She has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanction or penalties imposed upon her by any relevant regulatory bodies for the financial year ended 31 December 2023.

She has attended all six (6) Board Meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILES

SOO KIT LIN

 69  Female  Malaysian


Executive Director
Member of Risk Management Committee

Madam Soo Kit Lin was appointed as a Non-Independent Non-Executive Director of the Company on 9 December 2009. Subsequently on 1 May 2013, she was re-designated as an Executive Director of Hiap Huat. She is one of the co-founders of Hiap Huat Manufacturing and Trading Co. and thereafter Hiap Huat and its subsidiaries. She has more than 32 years of experience in the business of waste recycling, paint manufacturing and distribution of environmental friendly products. Her expertise and contribution extend to resource planning and management where her prudent management has contributed to the continuing business success and growth of our Group.

She does not hold directorships in any other public companies and listed issuer. She is the mother of Dato' Chan Say Hwa, the Executive Chairman cum Group Managing Director, mother-in-law of Datin Chow Pui Ling, the Executive Director and a major shareholder of the Company. She has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanction or penalties imposed upon her by any relevant regulatory bodies for the financial year ended 31 December 2023.

She has attended five (5) out of six (6) Board Meetings held during the financial year ended 31 December 2023.

WOO YEW TIM

 46  Male  Malaysian

Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee, Remuneration Committee and Risk Management Committee

Mr. Woo Yew Tim was appointed as an Independent Non-Executive Director of the Company on 8 August 2012. He holds a Bachelor of Business majoring in Accounting and Finance from the University of Technology Sydney, Australia. He is a chartered accountant under the membership of CPA Australia as well as the Malaysian Institute of Accountants. He has over 20 years of combined experience in the areas of financial reporting, auditing, taxation and corporate finance advisory.

He began his career in 2002 with a local firm of chartered accountants. He continued his practice with SJ Grant Thornton from 2003 to 2007 where he gained wide exposure in financial due diligence and auditing of public listed companies in various industries. In 2008, he joined Public Investment Bank Berhad and he has involved in wide range of corporate exercises such as corporate restructuring, privatisation, fund raising, initial public offerings, joint venture, merger and acquisition. He was the former Chief Financial Officer of K-Star Sports Limited and was later redesignated as the special assistant to the Group CEO. Subsequently in 2022, he continued his public practice in an accountancy firm where he placed his emphasis on corporate governance, as well as accounting and financial management.

He does not hold directorships in any other public companies and listed issuer. He has no family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanction or penalties imposed upon him by any relevant regulatory bodies for the financial year ended 31 December 2023.

He has attended all six (6) Board Meetings held during the financial year ended 31 December 2023.

Mr. Woo Yew Tim, having served as an Independent Non-Executive Director of the Company for a cumulative period of more than nine (9) years since 8 August 2012, will reach the twelve (12) years term limit on 8 August 2024, has indicated that his resignation would take effect upon conclusion of the 14th AGM. His resignation is in line with the enhanced ACE Market Listing Requirements of Bursa Securities which limit the tenure of an independent director to not more than 12 years effective from 1 June 2023.



LEE YEW WENG

 47  Male  Malaysian

Independent Non-Executive Director
Chairman of Audit Committee and Remuneration Committee
Member of Nomination Committee and Risk Management Committee

Mr. Lee Yew Weng (“Mr. Lee”) was appointed to the Board as an Independent Non-Executive Director on 24 February 2021.

Mr. Lee obtained his Bachelor of Commerce degree in 1999 from the University of Adelaide, in Australia. He is a Chartered Accountant and has been a member of CPA Australia since 2003 and also a member of the Malaysian Institute of Accountants since 2014.

He began his career with KK Chow & Partners in March 1999 and then joined Crowe Horwath Malaysia (now known as Crowe Malaysia) in January 2000 as an Audit Assistant where he was involved in performing statutory audit. Subsequently, he joined KPMG Malaysia as an Audit Assistant in January 2001.

He ventured into the corporate sector when he joined Jotech Holdings Berhad as their Group Accountant in 2002 where he was responsible for their accounting and financial matters. From May 2003 to June 2010, he worked with AmlInvestment Bank Berhad, firstly in the Corporate Finance and Advisory Department and was promoted to Associate Director where he was involved in various corporate exercises, including corporate restructuring, reverse take-overs, mergers and acquisitions, fund raising and initial public offering. Subsequently in July 2008, he was relocated to their Corporate & Institutional Banking Department of AmlInvestment Bank Berhad as an Associate Director.

After he left AmlInvestment Bank Berhad in 2010, he setup his own firms that are principally engaged in provision of financial consulting and management consultancy services.

From June 2019 to February 2020, he joined Canfield Corporate Finance Company Limited (“Canfield”), an approved Corporate Finance Adviser in Hong Kong, licenced by the Securities and Futures Commission of Hong Kong, as a Responsible Officer where he was involved in marketing and structuring transactions for clients undertaking cross-border corporate exercises. Subsequently in September 2020, he joined Sorrento Capital Limited, Corporate Finance Adviser in Hong Kong, licenced by the Securities and Futures Commission of Hong Kong, as a Licenced Representative where he has similar responsibilities as his role in Canfield.

He holds directorship in Sunzen Biotech Berhad as Non-Independent Non-Executive Director, and as Independent Non-Executive Director in DS Sigma Holdings Berhad and Go Hub Capital Berhad.

He has no family relationship with any Director and/ or major shareholder of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanction or penalty imposed on him by the relevant regulatory bodies for the financial year ended 31 December 2023.

He has attended all six (6) Board Meetings of the Company held during the financial year ended 31 December 2023.

DIRECTORS' PROFILES

CHENG MUN MUN

 39  Female  Malaysian

Independent Non-Executive Director
Chairperson of Risk Management Committee
Member of Audit Committee, Remuneration Committee
and Nomination Committee

Ms. Cheng Mun Mun (“Ms. Cheng”) was appointed as an Independent Non-Executive Director of the Company on 18 April 2023. She received her Bachelor of Laws (LL.B Hons) from the University of London and is a qualified Advocate and Solicitor of the High Court of Malaya.

She began her career in 2008 with one of the largest steel producers in Malaysia, prior to joining private practice in medium-sized and large Malaysian law firms, focusing in mergers and acquisitions, joint ventures, foreign investment, corporate restructuring and equity capital markets. Following her in-house counsel role in DIGI Telecommunications, she headed the Commercial Legal Practice in PETRONAS Lubricants International for Greater China and Asia Pacific regions and subsequently joined Hong Leong Financial Group which expanded her role to compliance risk management, corporate governance and ethics.

Currently, Ms. Cheng oversees legal, compliance and governance matters of Grobest Group as the Group Legal and Compliance Director.

She does not hold directorships in any other public companies and listed issuer. She has no family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanction or penalties imposed upon her by any relevant regulatory bodies for the financial year ended 31 December 2023.

She has attended all four (4) Board Meetings held during the financial year ended 31 December 2023.

PROFILES OF KEY SENIOR MANAGEMENT



CHOW HOW FAI

 41  Male  Malaysian

General Manager Operations for Pulau Indah Plant

Chow How Fai is the General Manager Operations of Topmark Petroleum Products Sdn Bhd. He holds a Bachelor in Business Administration. He is responsible in overseeing factory operation and manufacturing processes as well as installation and commissioning of all machineries. He also involved in the management of production planning, scheduling and execution and is the competent person in Scheduled Waste Management.

He started his career in year 2001 where he joined Giordano Bhd as a Senior Sales Executive. In year 2006, he joined CNT Hardware and Petroleum Sdn Bhd (currently known as Hiap Huat Portal Solutions Sdn Bhd) as Production Supervisor. He was then promoted to Operation Manager in year 2010. In year 2011, he has been assigned to Hiap Huat Chemicals Sdn Bhd as a Production Manager and in year 2013, he became the Production Manager for Topmark Petroleum Products Sdn Bhd and was subsequently promoted to his current position in early 2017.

He is the brother and brother-in-law of Datin Chow Pui Ling and Dato' Chan Say Hwa. He does not hold directorship in any other public companies or listed issuer. He has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanction or penalties imposed upon him by any relevant regulatory bodies for the financial year ended 31 December 2023.

CHOW CHIAT WEE

 37  Male  Malaysian

General Manager Operations for Bentong Plant

Chow Chiat Wee is the General Manager Operations of Hiap Huat Chemicals Sdn Bhd. He is responsible in overseeing factory operation and manufacturing processes as well as production planning, scheduling and execution. He holds a Bachelor in Business Administration and is the competent person in Scheduled Waste Management and Scrubber Operations.

He joined Hiap Huat Chemicals Sdn Bhd in year 2010 as Safety Executives and involved in ISO internal auditing. In year 2012, he was promoted as Assistant Logistic Manager and in year 2013 he became the Production Manager and was subsequently promoted to his current position in early 2017.

He is the brother and brother-in-law of Datin Chow Pui Ling and Dato' Chan Say Hwa. He does not hold directorship in any other public companies or listed issuer. He has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanction or penalties imposed upon him by any relevant regulatory bodies for the financial year ended 31 December 2023.



GROUP STRUCTURE

AS AT 31 MARCH 2024



MANAGEMENT DISCUSSION AND ANALYSIS



The following Management Discussion and Analysis (“MD&A”) provide an analysis of the financial performance, a review of the business and operation of Hiap Huat Holdings Berhad and its group of companies (“Hiap Huat”, “the Company” or “the Group”). This MD&A should be read in conjunction with the Company’s audited financial statements and the accompanying notes for the financial year ended 31 December 2023 (“FY2023”).

BUSINESS AND OPERATION OVERVIEW

Hiap Huat is an investment holding company with subsidiaries involved in the scheduled waste management, recycling and refining petroleum-based products, petrochemicals and biofuel products.

The Company was listed on ACE Market, Bursa Malaysia in 2012 with its corporate head office in Pulau Indah, Port Klang, Selangor Darul Ehsan. The Group has two (2) recycling & refining facilities, in Pulau Indah, Selangor and Bentong, Pahang. Our recycling & refining processes are accredited by various certificates include ISO 9001, ISO 14001, ISO 17025, ISO 45001 and ISCC (International Sustainability Carbon Certificate).

VISION STATEMENT

Hiap Huat envisions being the preferred hazardous waste recycler in Malaysia. It aims to achieve this vision through the practice of sustainability and innovation in every aspect of business with absolute commitment, focus, passion and persistence.

Hiap Huat further aspires to become the preferred manufacturer and supplier of recycled petroleum and petrochemical products in South East Asia through optimisation of resources that are sustainable, living to the motto of “Green, build by Innovative and Sustainability.”

Hiap Huat believes sustainability is an integral part of the Company’s development that will enhance our competitive edge and together with our core competencies will further strengthen the barrier to entry. We are committed to achieving sustainable development through our technologies deployments, efficient resources utilisation, market knowledge and management ingenuity which enable the Company to be resilience in challenging business environment.

MISSION STATEMENT

“GREEN, BUILD BY INNOVATIVE AND SUSTAINABILITY” is the mission statement of Hiap Huat.

Hiap Huat operates in a strict international quality standard guidelines and operational procedures as well as to the recycling industry best standard practices with the aim to apply its expertise and experience to deliver the best solution for customers’ requirements. Our scheduled waste recycling services of hazardous waste management and innovative recycled petroleum and petrochemical products will enable our customers to increase their green credentials and to minimize the threats of hazardous waste to the environment as well as to further reduce the level of carbon footprint to the environment.

Hiap Huat strives to harness our core competencies and deploying up-to-date technologies and state of art facilities as far as it is commercially viable and financially feasible to produce value added products to complement and to substitute the dependence on limited raw natural resource – Crude Oil.

BUSINESS OBJECTIVES AND STRATEGIES

Hiap Huat’s primary objective is to be profitable through recycling & refining. The Group recognises that an unprofitable entity will not be able to further its mission of making a better tomorrow for all. We are committed to create long term value for our stakeholders, environment and society through best practice, compliance, innovation and overall operation excellence.

The major strategy of Hiap Huat is to optimize its raw material from multiple supply sources. The main challenge for the industry is low level of awareness on the waste petroleum and petrochemical handling had led to unnecessary amounts of hazardous waste being improperly disposed. In response to this, Hiap Huat continues to educate and to secure stable supplies of feedstock for our recycling activities. Diversification of its raw material supply allows Hiap Huat to produce more comprehensive range of products to cater for the existing and potential markets.

Hiap Huat continuously invests and upgrades its plant and machinery to increase product quality, efficiency and cost saving. Hiap Huat understands the importance of human capital and has undertaken various training programs to strengthen the Group’s human resources competencies as we will not be where we are today if without our dedicated and competent management and workforce. We have a comprehensive system and processes in regulatory compliance and environmental management that are certified. This is of utmost importance to us as our business is under a regulated environment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Gross Profit Margin

The Group achieved a revenue of RM87.18 million in FY2023, representing an increase of 8.93% as compared to RM80.03 million in FY2022. The increase was primarily attributable to the increase in sales in scheduled waste collection, recycled petrochemical and biofuel product segments by RM15.91 million, RM6.07 million and RM14.86 million respectively. Conversely, the recycled petroleum segment experienced lower sales by RM26.55 million. 34.04% of the total revenue was contributed by export sales, ranging across Asian countries.

In terms of product segment, recycled petroleum and petrochemical accounted for 54.06% of total revenue. Scheduled waste collection services posted a significant increase in revenue of approximately 133.48% this year with increased orders from local customers. Our new segment, the biofuel product segment contributed revenue of RM11.59 million in FY2023, marking a new stream of revenue for the Group.

The gross profit margin for FY2023 stood at 26.38%, indicating a slight increase of 0.53% compared to FY2022 at 25.85%.

Profit Before Tax

The Group registered a profit before tax of RM11.24 million for FY2023, a slight increase of 3.79% from FY2022. The higher profit before tax was subsequent to the higher amount of gross profit achieved at RM22.99 million during the year net-off with the operating expenses of the Group.

Total operating expenses of the Group incurred was RM13.26 million in FY2023 compared to RM10.58 million in FY2022, up by 25.33%. The increase was mainly due to an increase in administrative costs as well as higher labour costs incurred during the financial year. On selling and distribution expense, this expense increases by RM0.20 million mainly due to higher commission payout. Finance costs increase by RM0.41 million in FY2023 mainly due to the drawdown of term loan during the financial year.

Taxes

The effective tax rate of the Group was at 29.37% which was higher than the statutory tax rate, mainly due to the non-deductible expenses.

Expansion of Manufacturing Facility

During FY2023, the Group started to construct a new factory at Pulau Indah, Klang erected on industrial land of Lot PT159462 (HSD 165823) to expand the manufacturing facility as well as warehousing space. The estimated cost of construction is RM17 million.

Capital Commitment

The capital commitment of the Group was on the construction of new factory, purchase of vehicles and machinery which has been approved and contracted for amounting to RM9.72 million as at 31 December 2023. This capital expenditure will be funded by internally generated funds and/or external borrowings.

Financial Position

Total assets of the Group stood at RM129.08 million, an increase of RM4.33 million from RM124.75 million in FY2022. There was addition to the property, plant and equipment in particular expenditures on construction of new factory recorded as capital work-in-progress amounted to RM9.08 million, and the purchase of vehicles amounted to RM2.30 million.

On current assets, trade receivables balances stood at RM14.26 million with turnover days of 54 days (FY2022: 43 days). The increase was in line with the increase in sales during the year. Closing inventory stood at RM12.31 million with an increase of RM4.72 million from FY2022 which was mainly due to higher amount of finished goods at RM8.20 million as at 31 December 2023. Inventory turnover days were 57 days in FY2023 against 45 days in FY2022. Cash and bank balances have decreased from RM19.09 million to RM7.28 million mainly due to the purchase of property, plant and equipment during the current financial year under review.

On the liabilities side, the total liabilities of the Group in FY2023 were recorded at RM37.13 million compared to RM40.74 million in FY2022. It was mainly due to term loan balance decreases by RM3.59 million to RM20.90 million as at 31 December 2023.

As at the year ended 31 December 2023, the Group's shareholders' fund was registered at RM91.95 million with net assets per share of RM0.23.

Dividend

Dividend payout will be dependent on the Group's level of cash and sufficiency of retained earnings, its prospects of financial performance as well as projected net cash flow obligations. As at the date of this report, there was no dividend proposed, declared or paid by the Company. The Board of Directors does not recommend any dividend in respect of FY2023.

MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL REVIEW (CONT'D)

Financial Summary

5-Year Group Financial Highlights (2019-2023)

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Revenue	87,181	80,035	61,731	37,295	50,935
Profit/(Loss) before tax	11,240	10,826	5,751	(1,453)	3,148
Income tax expense/(income)	3,301	2,772	2,358	(155)	1,290
Profit/(Loss) after tax	7,939	8,054	3,393	(1,298)	1,858
Basic earnings/(loss) per share (sen)	1.94	2.06	0.96	(0.39)	0.56

RISK AND UNCERTAINTIES

i. Economic Environment

A high level of inflation and interest rate were the significant factors influencing the world economy which in turn has impacted the macro business environment in Malaysia and indirectly affected the supply chain and product pricing of the Group.

The fluctuation of international oil price coupled with the uncertainty of the USD foreign currency exchange rate drives the challenges on the material supply as well as the pricing of products to the Group.

ii. Competition from Existing Players who Provide Services of Waste Oil Recovery

Rivalry among industry players can affect industry profits through downward pressure on prices and profit margin. To improve the Group's market position, Hiap Huat constantly seeks to uphold and further improve our products and services to customers. We are confident that our technologies, know-how and ingenuity will enable us to provide world-class services and products to meet customers' requirements.

iii. Increasing Cost of Production/Manufacturing

The fluctuation of world crude oil prices in a way correlates with our raw material costs and our cost of sales. Any increase in costs that do not flow through to the prices of our products will have an impact on our gross profit margin. However, we are closely monitoring our cost of materials by working closely with our suppliers to secure a more stable supply with reasonable prices which is crucial to our profitability. Further, we strive to increase the productivity of the employees via training and workshops. Our investment in machinery will further enable us to optimise our processes effectively.

iv. Credit Risk

Slow payment and bad debt due to the deterioration in the economic conditions will have impact on our cash flow and losses with regard to credit provided to customers. The Company has a stringent credit control policy in place to monitor its receivables to minimise bad debt.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Management anticipates that the growth momentum of the economy will continue to decelerate in comparison to FY2023, largely due to the subdued global economic conditions.

Economic conditions remain challenging with inflation continuing to exert pressure on consumer and industrial spending. The impact of global economic slowdown resulting from weaker external demand would pare down overall Gross Domestic Product ("GDP") growth.

The oil price is expected to remain volatile which may affect the demand for the Group's products and services and further assert a downward pressure on the Group's revenue and margins.

While the group is mindful of the dynamic and challenging external environment, the Directors are seeking opportunity to expand the business of the Group by exploring new stream of revenue, diversification and complement our existing business model. The Group would invest in capital expenditure in the new financial year given its better footing in terms of financial position and contacts with external partner. Meanwhile, the Management would continue to focus on the efficient production processes and prudent financial management to sustain the Group's business.

Dato' Chan Say Hwa

Executive Chairman cum Group Managing Director

CORPORATE SUSTAINABILITY STATEMENT



INTRODUCTION

Hiap Huat aims to maintain positive relations with all stakeholders. Sustainability is an integral part of our business and to create value through sustainability will in turn result in long term sustainable return to all the Stakeholders. The existence and continue development of the Group was guided by the philosophy of Three R's of Sustainability; Reduced, Reused and Recycled. These Three R's ("3R") philosophy has become core culture of the organisation.

To most businesses, waste is a cost, but to us, waste is an opportunity for us to create value added products and services. However, in order to achieve these objectives, the Group need to comply with regulatory laws throughout its business activities. This Sustainability Statement will outline our Group efforts in upholding regulatory compliance, adopting best practices and human resource development. These values are intrinsic in helping us to avoid or mitigate risks that may have material financial impacts on our business.

SUSTAINABLE VISION

To envisions being the preferred hazardous waste recycler in Malaysia.

SUSTAINABILITY MISSION

"Green, Build by Innovative and Sustainability" is the mission Statement of Hiap Huat.

SUSTAINABILITY MATURITY

Our core area of sustainability is on Compliance & Risk Management with emphasis on value protection in relation to operation risk, regulatory compliance and reputation risk. However, this does not limit our view of what sustainability is and should be as sustainability was the core of our organisation way of doing things and the driver of our business decisions.

RISK MANAGEMENT

Risk Management is firmly embedded in the Group's Management System as the Board firmly believes that risk management is critical to the Group's Sustainability. Key management staff and Head of Department are delegated with the responsibility to manage sustainability risk by the Risk Management Committee. However, our first defense of sustainability risk does not lies solely on top-down approach, but also from all our staffs from various operations and functions. Thus, our risk management is a two-way flows approach. In addition, our outsourced independent Internal Auditor do plays a part as second line of defense on the issue of risk management.

GOVERNANCE

Our Board of Directors is the highest governing body of Hiap Huat and is responsible for determining the strategic direction of the Group. The Board has directors with unique skills and knowledge of our type of business and also other skills and qualifications such as banking, finance and accounting.

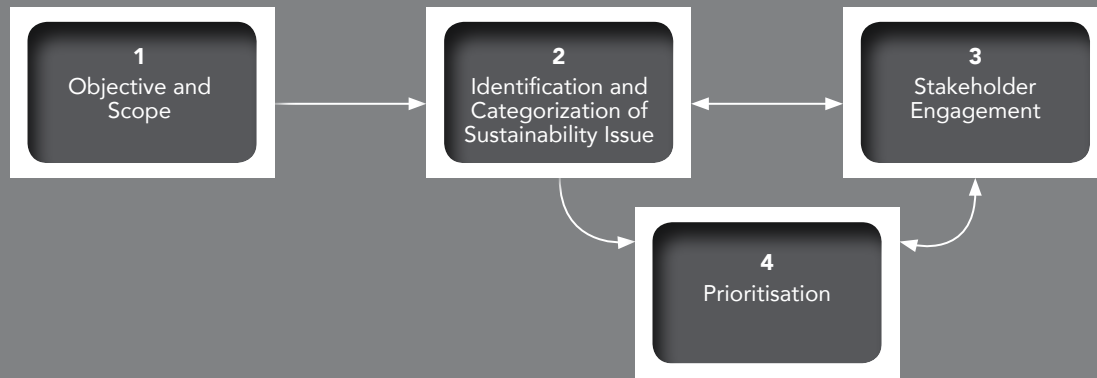
Currently, the Board consists of 6 members, comprising One (1) Executive Chairman cum Group Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors.

The Board has taken steps to integrate sustainability issues as core of its strategic formulation. The Board is supported by general managers, which enables the Board to assess and ensure that sustainability governance is structured and functioning through the various levels of management. For more information on our corporate governance practices, please refer to the Corporate Governance Overview Statement in this Annual Report.





CORPORATE SUSTAINABILITY STATEMENT

MATERIALITY PROCESS

Hiap Huat has adopted a materiality assessment process, which is guided by Bursa Malaysia’s Sustainability Reporting Guide and Toolkits. Our materiality assessment process was as illustrated.



STAKEHOLDER ENGAGEMENT

Stakeholders Group	Type of Engagement	Frequency	Key Topic
Customers 	<ul style="list-style-type: none"> • Site Visit • One-to-one meeting • Annual Review 	<ul style="list-style-type: none"> • Periodic • Periodic 	<ul style="list-style-type: none"> • Improvement in customer service • Feedback on products and services
Employees 	<ul style="list-style-type: none"> • Operations and Environment Management • Occupational Safety & Health Committee • Internal Training • Appraisal and feedback • Annual Review • Exit Meeting 	<ul style="list-style-type: none"> • Periodic • Periodic • Periodic • Annual • Resignation 	<ul style="list-style-type: none"> • Staff Performance • Career Advancement • Company Performance • Company Strategies
Government Agencies 	<ul style="list-style-type: none"> • One-to-one meeting 	<ul style="list-style-type: none"> • Periodic/As when required 	<ul style="list-style-type: none"> • Compliance to local laws and regulations
Suppliers 	<ul style="list-style-type: none"> • One-to-one meeting • Annual Review 	<ul style="list-style-type: none"> • Periodic • Annual 	<ul style="list-style-type: none"> • Assessment of goods and services provided by vendors

Stakeholder communication methods are regularly assessed, through information requests to ensure that they are transparent and effective. Based on the stakeholder engagement, the Group gains better understanding on what sustainability factor matters to each stakeholder, its significance and their impacts.

CORPORATE SUSTAINABILITY STATEMENT



MATERIALITY ASSESSMENT

Hiap Huat has a view on sustainability matters prior to Stakeholders Engagement and has identified a list of sustainability matters relating to economic, environmental and social that matters to Group business. Hiap Huat has considered, amongst others, the following:

1. The nature of Hiap Huat's business;
2. Laws and regulations;
3. Global and industrial trends.

Stakeholders Engagement enabled Hiap Huat to appreciate each stakeholder's sustainability concern, Material Assessment allows Hiap Huat to prioritise these concerns. This was aided through analysis of internal documents and our risk register. We also consider indicators in the Bursa Securities Sustainability Reporting Guide to better understand the scope and potential topics that may involve.

Based on this exercise, Hiap Huat came out with material theme topics on Environmental, Economic, and Social ("EES") analysis that matters to the Group.



ENVIRONMENT

Our products involve a set of production process flow that involves procedures from the time waste was collected from the Generator until it is cleaned, recovered and recycled. These process flows will turn waste into value added products and can be conveniently breakdown into as follows:

1. Process flows for Waste oil
2. Process flows for Waste Solvent
3. Process flows for Contaminated Container
4. Process flows for Recycled Contaminated Oil Filter

In addition, Hiap Huat provides Schedule Waste Collection and Waste Recycling Services to companies by charging a fee. This will allow scheduled waste to be recycled or reused and for those wastes that cannot be recycled, be properly disposed through the appropriate legal channel.

Hiap Huat adhered to a Standard Operating Procedures which is in compliance to the legal requirements to provide the best products and services.

In our business, many areas are constantly monitored according to legal requirements, regulations and the company policies such as air pollution & noise, health risk, chemical spillage, effluent from processes, segregation of solid waste and disposal of Scheduled Waste.

The Global Warming and Climate Change concern are for real, with further projected deterioration, more stringent law, regulations, standards, and requirements of local Government as well as the international bodies will be enacted. We at Hiap Huat has been continuously keeping ourselves updated on the changes in order to comply any regulatory requirements and standard in force, but also to potentially turning these regulatory risk into opportunities. Moving forward, more business are more ready to be associated with us, a licensed schedule waste management as a good corporate citizen and for better sustainability and accountability. On our part, we have the license and established standard operating procedures to deal with these scheduled waste responsibly and compliance to required laws and regulations.

CORPORATE SUSTAINABILITY STATEMENT

ENVIRONMENT (CONT'D)

Environmental Compliance

Healthy quality environment without pollution is the responsibility of everyone and for us, there is no exception. We are serious that our business will have a positive impact to the well-being of Environment, Economic and Social. Hiap Huat has been complying with ISO 14001:2015, Environment Quality Act (EQA) 1974 and Occupational Safety & Health Act ("OSHA") 1994 guidelines.

The monitoring services such as Boundary Noise, Stack Emission Monitoring, Ambient Air tests, Performance Evaluation Thermal Oil Heater were conducted throughout the year with satisfactory results and Hiap Huat has complied to prevailing rules and regulation.

A subsidiary of Hiap Huat, Lab Master Sdn. Bhd. has been consistently monitoring the environment parameters in and around our plant by sampling of river water upstream and one sample of industrial effluent during the year and the analysis results are reported satisfactory.

Monitoring and Compliance

Our Occupational Safety, Health & Environmental Committee ("OSHE") are responsible to create awareness related to chemical management. The Group has an established operational control procedure related to the purchasing, receiving, storage, labelling and handling of chemicals. All purchases must be accompanied by Safety Data Sheet and any spillage must be reported to the Admin & Compliance Department.

All our employees are educated to communicate their slightest discomfort in the environment where they work in and the effectiveness and quality in working environment is consistently monitored.

Managing Environmental Emergencies

Hiap Huat has an established Emergency, Preparedness and Response ("EPR") operating procedure to provide the necessary structures to manage critical incident on site. The EPR shall provide an organized structure for a chain action to be put into motion in the event of an emergency. This is in order to minimize potential impact of the incident.

ECONOMIC

Indirect Economic Impacts

Hiap Huat is proud to be a channel for scheduled waste recycling, to reuse and as a last resort for those part of waste that cannot be further recycled, be disposed of through the appropriate channel. The use of Recycled Petroleum and Petrochemical products will help to reduce the scarce resources needed to create a continuous flows of replacements of Petroleum and Petrochemicals products. The alternatives have enabled our customers in general to have a choice, stay competitive through relatively cheaper replacements and burning fuel. Our scheduled waste recycling services have enabled our customers to recycle and reused their recycled petroleum and petrochemical products which may have lowered their production costs.

Financial Results and Export Market

We do export our products, which currently consists of 34.04% of our total turnover which has positively contributed to foreign exchange inflows to our country.

For detailed financial results, please refer to the following sections in the Annual Report 2023:

1. Directors' Statement
2. Independent Auditors' Report
3. Statements of Financial Position
4. Statements of Profit or Loss and Other Comprehensive Income
5. Statements of Changes in Equity
6. Statements of Cash Flows
7. Notes to the Financial Statements



SOCIAL

Employment and Labour Practices

Employees are a vital component of a Hiap Huat, as their performance and commitment is one of the key components of survival but to also achieving the Group's objectives of sustainability and long-run return. Our meritocracy system enables us stay ahead and employees be rewarded based on their contribution to the Group. Our management and smaller workforce has enabled the Group to be agile and more competitive.

Training and Education

Hiap Huat subscribed to the idea of knowledgeable and continuously learning workforce. We have Annual Training Plan which covers the following area:-

1. ISO 9001, ISO 14001, ISO 45001 policy;
2. HIRARC & Significant Environmental Aspect;
3. Objective and Target;
4. Hazard at Workplace;
5. Housekeeping;
6. Standard Operation Procedure ("SOP");
7. Factory General Rules;
8. Personal Protective Equipment;
9. Classification, Labelling and Safety Data Sheet;
10. Emergency Drill – Fire & Spillage;
11. Scheduled Waste and Chemical Management;
12. Emergency Response Plan;
13. Safety Data Sheet;
14. Forklift Safety Briefing ("Theory and Practical");
15. First Aid Training;
16. Lorry Driver Training.

Occupational Safety, Health & Environmental (OSHE)

Hiap Huat has set up a Occupational Safety, Health & Environmental Committee ("OSHE") and an Emergency Response Team ("ERT") for its processing plants to further embed a safety culture within the Group. Employees are continuously trained and updated with safety procedures while business operations are subjected to regular safety and health reviews.

The Chemical Health Risk Assessment ("CHRA") is an assessment that has to be conducted by the employer arising from the use, handling, storage or transportation of chemicals hazardous to health in their workplace as required by the Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulation 2000. We have fully complied with the Act.

Further, our ISO 45001:2018 certification covers this area and help in reducing the risk by providing a framework to improve employee safety, reduce workplace risks and create better, safer working conditions.

SUSTAINABILITY IN PRACTICE

Our three-pronged approach in sustainability initiative therefore are:

Regulatory Compliance and Environmental Management

We are part of the supply value chain which turns hazardous waste into re-usable petroleum and petrochemical products. Waste of no value will be channeled to the appropriate channel for eventual disposal. Therefore, as far as practicable, nothing was left to waste but to be recycled and reused. This will play a part to reduce the impact of environmental issues to the society as a whole, especially to the local communities. Hiap Huat complies and has licenses from Department of Environment ("DOE") to recycle waste.

In addition, Hiap Huat has complied with Environment Quality Act ("EQA") 1974.

CORPORATE SUSTAINABILITY STATEMENT

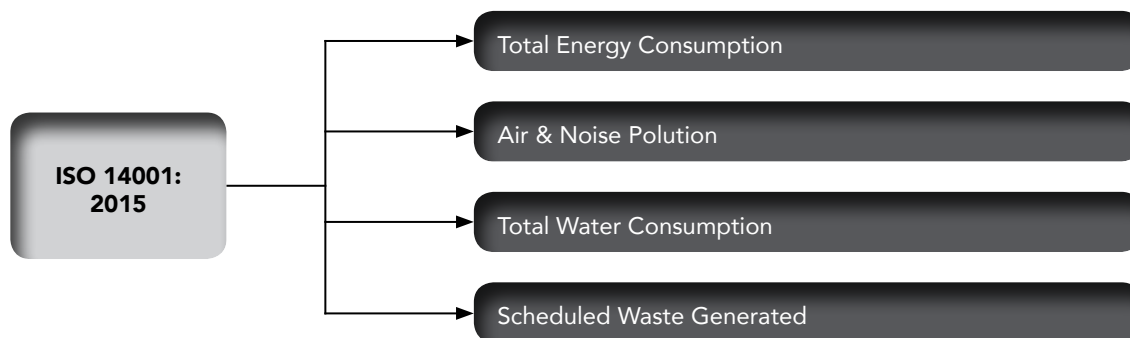
SUSTAINABILITY IN PRACTICE (CONT'D)

Human Resources Development

Hiap Huat is committed to meritocracy system and we treat each employee irrespective of race, age, gender, ethnicity, nationality, physical abilities and religion with respect. All employees were fairly paid according to their skills, performance and local market conditions. The Group also provides periodic training and opportunities for professional development. We have zero tolerance for harassment of any kind in the workplace.

Certification and Best Practice

Hiap Huat has ISO 14001:2015 certification. The scope of the ISO 14001:2015 certification can be illustrated as follows:



As quoted from the International Organisation for Standardisation, ISO 14001:2015 specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. ISO 14001:2015 is intended for use by an organization seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

ISO 14001:2015 helps an organization achieve the intended outcomes of its environmental management system, which provide value for the environment, the organization itself and interested parties. Consistent with the organization's environmental policy, the intended outcomes of an environmental management system include:

1. Enhancement of environmental performance;
2. Fulfilment of compliance obligations;
3. Achievement of environmental objectives.

In addition, we have ISO 9001 and ISO 45001 certifications as well.

ISO 9001:2015 sets out the criteria for a quality management system based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement. This is to ensure that our customers get consistent, quality products and services. ISO 45001 certification covers area of Health and occupation safety.

Department of Occupational Safety and Health ("DOSH") issued certificates of competency to individuals and firms with the necessary qualifications, experience, expertise, and knowledge in the relevant fields as required by the Act and regulations. We have DOSH's certificate on Unfired pressure vessel and boiler manufacturer/repairer/installer.

One of the main air pollution control systems widely used in the industries in Malaysia for the control of gaseous pollutants is scrubbers. We have competent personnel to operate the scrubber to ensure proper operation and continued optimal performance. Our personnel are Certified Environmental Professional in Scrubber Operation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board of Directors (“the Board”) of Hiap Huat Holdings Berhad (“Hiap Huat” or “the Company”) and its subsidiaries (“the Group”) believes that good corporate governance is fundamental to the Group continued success. Therefore, the Board remained committed in promoting high standard of corporate governance and transparency throughout the Group in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance the shareholders’ value and the financial position of the Group.

The Board recognises the importance of maintaining good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) to enhance business prosperity and maximise shareholders’ value. The Board will continuously make efforts and avail resources to strengthen the corporate governance framework and practices within the Group, and where appropriate will adopt and implement the best practices as enshrined in MCCG 2021 to the best interest of the shareholders of the Company.

This Statement sets out the commitment of the Board towards the MCCG 2021 and describes how the Group has applied the principles and complied with the best practice provisions as laid out in the MCCG 2021 throughout the financial year ended 31 December 2023 (“FY2023”) pursuant Rule 15.25 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Corporate Governance Report is available on the Company’s website www.hiaphuat.com as well as via an announcement on the website of Bursa Securities. This Statement should also be read in conjunction with the Statement on Risk Management and Internal Control (“SORMIC”) and the respective Board Committee reports in the ensuing pages. Details of how the Company has applied the CG Code principles and complied with its practices, are set out in the CG Report. The explanation for departure is further disclosed in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board Leadership on Objectives and Goals

Strategic Aims, Values and Standards

The Board is responsible in providing the overall governance, stewardship and oversight for the direction and management of the Group. The Board sets out the strategic directions and objectives, formulating the policies and executing the key strategic action plans of the Group. The Board regularly reviews the Group’s business operations, management performance and also ensure the necessary resources are in place.

In the Group, the Board and the Senior Management work cohesively to formulate and to implement the Group’s business strategy. The respective roles and responsibilities of the Board and management team are clearly set out and understood to ensure accountability and ownership by both parties. The Board will scrutinise the sustainability, effectiveness and implementation of the strategic plans for the financial year under review and provide guidance and input to the Senior Management.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group’s affairs. Hence, to develop corporate objectives and position descriptions including the limits to management’s responsibilities, which the management is aware of and is responsible for meeting.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Board Leadership on Objectives and Goals (Cont'd)

Strategic Aims, Values and Standards (Cont'd)

The principal roles and responsibilities assumed by the Board are as follows:

- Review and adopt strategic plans of the Group

The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board is presented with the short and long-term strategy of the Group together with its proposed business plans for the forthcoming year.

- Oversight of the Group's Business

The day-to-day management of the business operations of the Group is led by the Executive Chairman cum Group Managing Director, Executive Director and assisted by the Senior Management personnel. Their performance under the leadership of the Executive Chairman cum Group Managing Director and Executive Director is assessed by the Board based on the financial and management reports tabled during its quarterly meetings. The Board is also kept updated on the Group's strategic direction initiatives, significant operational and regulatory challenges faced by the Group during these meetings.

- Identifying principal risks and ensuring the implementation of internal compliance controls and justifies measures to address principal risks

The Board is fully alert of the responsibilities to maintain a proper internal control system. The Board is responsible for the Group's system of internal controls including financial condition of the business, operational, regulatory compliance as well as risk management matters.

- To formulate and have in place an appropriate succession plan

The Board is responsible to formulate and have in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors.

The Board has entrusted the Nomination Committee and Remuneration Committee with the duty to review candidates with required mix of skills and experience for the Board and to determine remuneration packages for these appointments and to formulate nomination, selection and remuneration for the Group.

- Developing and implementing an investor relations program or shareholder communications policy for the Group

The Board recognises that shareholders and other stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company website is the primary medium in providing information to all shareholders and stakeholders.

The Chairman of the Board, Dato' Chan Say Hwa which was redesignated from the Group Managing Director on 30 May 2023, is primarily responsible for the effective and efficient conduct and working of the Board. He leads the Board with a focus on governance and compliance and acts as a facilitator at Board meetings. He also responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, and is primarily responsible for leading the Board in setting the values and standards of the Company, including good corporate governance practices, the orderly and effective conduct of the meetings of the Board and shareholders, leading discussions, encouraging active and open participation, managing the interface and encouraging constructive relations between the Board and management, ensuring the provision of accurate, timely and clear information to Directors and effective communications with stakeholders and facilitating the effective contribution of Non-Executive Directors.



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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Board Leadership on Objectives and Goals (Cont'd)

Strategic Aims, Values and Standards (Cont'd)

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent Non-Executive Directors are independent from the Executive Directors, Management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Chairman

Dato' Chan Say Hwa assumed the position of Executive Chairman on 30 May 2023, and continued to carry on the role and responsibilities of the Group Managing Director to spearhead the business and day-to-day management of the Company concurrently. The dual position arrangement was a departure from MCCG which requires the positions of Chairman and Group Managing Director to be held by different individuals.

The Board is mindful of the dual role of Executive Chairman cum Group Managing Director held by Dato' Chan Say Hwa and is of the view that there are sufficient experienced and independent-minded Directors on the Board to provide sufficient checks and balances. Given that there are three (3) experienced Independent Directors representing 50% of the Board, the Board collectively would be able to provide effective and independent oversight of the management and to support objective and independent deliberation, review and decision making.

Additionally, the Chairman with the assistance from the two (2) Executive Directors and senior management team manages the business of the Group in accordance with the strategic plans, instructions and directions of the Board.

Dato' Chan Say Hwa joined the Company in 2009, has more than 20 years' experience in the Group's businesses and provides leadership for the Board in the setting of overall strategy and development for Hiap Huat and its Group of Companies. As such, the Board viewed that the above arrangement is essential for the commercial environment which the Group is currently operating. Such roles render creditability and confidence to third party on the authority of Executive Chairman cum Group Managing Director for a successful conclusion of commercial deals/transactions.

The Board therefore believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively.

The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available on the Company's website at www.hiaphuat.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Board Leadership on Objectives and Goals (Cont'd)

Chairman of the Board should not be a member of the Board Committees

Following Practice 1.4 of the MCCG 2021, the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee. The practice is to minimise the risk of self-review and increase the objectivity of the Chairman and the Board when deliberating observations and recommendations in the meeting. The Board is aware of the practice and is working towards to comply with the good practice of the governance.

Qualified and Competent Company Secretaries

In compliance with MCCG 2021, the Board is supported by qualified and competent Company Secretaries. The Company Secretaries of the Company are qualified to act as Company Secretary under Section 235 of the Companies Act, 2016 ("the Act").

Every Director has ready and unrestricted access to the advice and the services of the Company Secretaries in ensuring the effective functioning of the Board. The Company Secretaries provide the required support and assist the Board, Board Committee or Director individually on matters including but not limited to board procedures, rules and Constitution of the Company, legislations, regulations, codes, guidelines and operations matter within the Group.

The Board also regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements and the resultant implications to the Company and Directors in relations to their duties and responsibilities.

The Company Secretaries shall keep themselves abreast with the development and new changes in relation to any legislation and regulations concerning the corporate administration and to highlight the same to the Board of Directors accordingly.

The Company Secretaries attend all Board and all Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

Board Committees

In discharging its fiduciary duties effectively, the Board has delegated specific tasks to the following four Board Committees:-

- (a) Audit Committee;
- (b) Nomination Committee;
- (c) Remuneration Committee; and
- (d) Risk Management Committee

All the Board Committees have its own Terms of Reference and has the authority to act on behalf of the Board within the authority as lay out in each of its Terms of Reference. These Committees are formed to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the key matters deliberated and the outcome of the Committees meetings for the Board's considerations and approvals. The Board retains full responsibility for the direction and control of the Company and the Group.



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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Board Leadership on Objectives and Goals (Cont'd)

Access to Information and Support for Directors

Unless otherwise agreed, notice of each meeting confirming the venue, date, time and agenda of the meeting together with relevant meeting papers shall be forwarded to each Director no later than seven (7) days before the date of the meeting. This is to ensure that the meeting papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the meeting paper and seek for any clarification as and when they may need advice or further explanation from management and/or Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries and properly documented and maintained at the Registered Office of the Company.

The Board has access to all information within the Company to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters by way of meeting papers for informed decision making and meaningful discharge of its duties. It is also kept informed of the requirements and update issued by the regulatory from time to time.

In addition, 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. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. The senior management team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, 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, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

2. Demarcation of Responsibilities

Board Charter

As part of the governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available for reference at the Company's website at www.hiaphuat.com.

3. Good Business Conduct and Corporate Culture

Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Board has formalised the Code of Conducts and Ethics which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

3. Good Business Conduct and Corporate Culture (Cont'd)

Code of Conduct and Ethics (Cont'd)

The Code of Conduct and Ethics provides guidance for Directors and every employee of the Group regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Conduct and Ethics are available for reference at the Company's website at www.hiaphuat.com.

Whistle-blowing Policy and Procedures

The Board is committed in achieving and maintaining the highest standard of work ethics in the conduct of business to be in line with the Code of Conduct and Ethics and good corporate governance practices. The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

The main objectives of the policy are:

- (i) Be committed to the Company's business ethics of Honesty, Integrity and Transparency;
- (ii) To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and
- (iii) To uphold the moral duty being a Company by protecting the interest of all its stakeholders.

The Board will review the Whistle Blowing Policy when necessary to ensure it remains relevant and appropriate. The details of the Whistle-blowing Policy are available for reference at the Company's website at www.hiaphuat.com.

Anti-Bribery and Anti-Corruption Policy ("ABAC")

The Board has formalised an ABAC, including the setting up and strengthening of relevant policies and procedures designed to prevent and detect bribery, undertake control measures which are proportionate to the nature and size of the organisation as well as the proper training and communication of such policies and procedures. The Group has taken proactive actions to strengthen the Group's internal processes and practices to ensure that adequate procedures are in place to prevent persons associated with the Group from involving in corrupt practices. The Group reviews the ABAC and programme periodically to assess the performance, efficiency and effectiveness of the Group's ABAC processes and risk management system. The details of this Policy are published on the Company's website at www.hiaphuat.com.

Directors' Fit and Proper Policy

On 28 June 2022, the Board established the Directors' Fit and Proper Policy to ensure that any person to be appointed or elected/re-elected as a Director of the Company and its subsidiaries shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required for the position in the most effective manner. The Directors' Fit and Proper Policy is made available on the Company's website at www.hiaphuat.com.

4. Governing Sustainability

The Board of the Company has taken steps to integrate sustainability issues as core of its strategic formulation. The Board is supported by the general managers, which enables the Board to assess and ensure that sustainability governance is structured and functioning through the various level of management.



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

PART I – BOARD RESPONSIBILITIES (CONT'D)

4. Governing Sustainability (Cont'd)

The Board noted that the Company has adopted materiality assessment process, which is guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits to ensure that the stakeholder communication methods are regularly assessed, through information requests to ensure that the communication are transparent and effective.

The Group Risk Management Framework set out the approach to the identification, assessment, management, monitoring, and reporting of risks. The Board has formalised a Risk Management Policy and the last review on this policy was conducted in November 2023. The Board will then regularly review performance against the risk tolerance limits. The Board is briefed by the Risk Management Committee on the risk highlighted and ensure that the Management has put in place actions to mitigate risks and controls to maintain the risk exposures within the acceptable levels as approved by Board. The Board was informed by the Management that the Company has been complying with ISO 14001:2015, Environment Quality Act 1974 and Occupational Safety & Health Act (OSHA) 1994 guidelines.

PART II – BOARD COMPOSITION

5. Board's objectivity

Board Composition and Balance

The Board is committed in ensuring that its composition not only reflects the diversity as recommended by MCCG 2021, as best as it can, but also the right mix of skills and balance to contribute to the achievement of the Group's goal and business objectives.

The Board consists of six (6) members, comprising an Executive Chairman cum the Group Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The profiles of each Directors are set out in this Annual Report.

The present Board composition complies with Paragraph 15.02 of the MMLR which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors. Hiap Huat thus complies with Rule 15.02 of the Listing Requirements on board composition, where at least two or one-third, whichever is higher, of the Board members shall be Independent Directors.

The Board is satisfied with the current composition of Directors as they are of view that its composition provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct. The combination of professionals with diverse and varied backgrounds, wealth of experience and expertise in finance and corporate affairs also enables the Board to discharge its responsibilities effectively and efficiently. The Board through the Nomination Committee regularly reviews the composition of the Board and Board Committees to ensure that it is refreshed periodically.

Although Dato' Chan Say Hwa is not an independent member of the Board, but the Board is of the view that the Chairman could provides strong leadership and objective judgement with regard to ensuring the adequacy and effectiveness of the Board's governance process. As one of the pioneer members of the Group, the Chairman is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Group. At the same time, he is guided by the independent advice and views of the Independent Directors, who offer the necessary checks and balances in the decision-making process of the Board.

Tenure of Independent Directors and Policy of Independent Director's Tenure

The Non-Executive Directors are not employees of the Group and do not participate in the day-to-day management of the Group. All the Non-Executive Directors are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PART II – BOARD COMPOSITION (CONT'D)

5. Board's objectivity (Cont'd)

Tenure of Independent Directors and Policy of Independent Director's Tenure (Cont'd)

Currently, the Board does not have a policy to limit the tenure for Independent Director to nine (9) years without any further extension. The Board is of the view that a term of more than nine (9) years may not necessarily impair independence and judgement of an Independent Director and therefore the Board does not deem it appropriate to impose a fixed term limit for Independent Director at this juncture.

However, as recommended by the MCCG 2021, the tenure of an Independent Director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the re-designation of the said person as a Non-Independent Director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years or more, the Board must justify the decision and seek annual shareholders' approval through a two-tier voting process at a general meeting, normally the Annual General Meeting ("AGM") of the Company.

As at the date of this Statement, the tenure of the Independent Non-Executive Directors of the Company are as follows:

Directors	< 9 Years	> 9 Years
Woo Yew Tim	-	√
Lee Yew Weng	√	-
Cheng Mun Mun	√	-

In year 2023, the Board, upon assessment conducted by the Nomination Committee on the performance of the affected Independent Director, namely Mr Woo Yew Tim who have served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 8 August 2012, will reach the twelve (12) years term limit on 8 August 2024 and recommended him to continue to act as Independent Non-Executive Director until the conclusion of the next annual general meeting ("AGM"), subject to the approval from the shareholders of the Company.

At the 13th AGM held on 29 May 2023, shareholders' approval was obtained to retain Mr Woo Yew Tim who has served as Independent Non-Executive Director of the Company for a cumulative period of more than nine (9) years, until the conclusion of the next AGM. Justifications for the retention were set out in the notes to the 13th AGM Notice.

For the financial year ending 2024, Mr Woo Yew Tim, having served as an Independent Non-Executive Director of the Company for a cumulative period of more than nine (9) years since 8 August 2012, will reach the twelve (12) years term limit on 8 August 2024, has indicated that his resignation would take effect upon conclusion of the 14th AGM. His resignation is in line with the enhanced AMLR of Bursa Securities which limit the tenure of an independent director to not more than 12 years effective from 1 June 2023.

The Board assesses the independence of the independent directors annually, taking into account of the individual Directors' ability to exercise its independent judgement at all times and contribution to the effective functioning of the Board.

The Nomination Committee has reviewed the performance of the independent directors and is satisfied they have been able to discharge their responsibilities in an independent manner. Additionally, each of the Independent Non-Executive Directors has provided an annual confirmation of their independence to the Nomination Committee and the Board.



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

PART II – BOARD COMPOSITION (CONT'D)

5. Board's objectivity (Cont'd)

New Candidates for Board Appointment

The Board appoints its members through a formal and transparent selection process which is consistent with Constitution and the Directors' Fit and Proper Policy of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new Directors depending upon the circumstances and timing of the appointment. The Nomination Committee will help to assess and recommend to the Board, the candidature of Directors, appointment of Directors to Board Committees, review of Board's succession plans and training programmes for the Board.

Before any recommendation made to the Board, the Nomination Committee will ensure that an appropriate review is undertaken to ensure the requirement and qualification of the candidate nominated based on a prescribed set of criteria comprising but not limited to the following:

- i. consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters;
- ii. the extent to which the appointee is likely to work constructively with the existing Directors and contribute to the overall effectiveness of the Board;
- iii. in the case of candidates being considered for the position of Independent Director, he/she must fulfil the criteria used in the definition of "Independent Directors" prescribed by the AMLR of Bursa Securities and being able to bring independent and objective judgement to the Board;
- iv. the merit and outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
- v. professionalism and integrity.

In general, the process for the appointment of director to the Board is as follows:

- i. The Nomination Committee reviews the Board's composition through Board assessment/ evaluation;
- ii. The Nomination Committee determines skills matrix;
- iii. The Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
- iv. The Nomination Committee recommends to the Board for appointment; and
- v. The Board approves the appointment of the candidates.

Boardroom Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG 2021 to the establishment of boardroom and workforce gender diversity policy. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.

As of the date of this Statement, the Board currently has three (3) out of six (6) directors are female representing 50% of the board composition which in line with the country's aspirational target of 30% representation of women on boards. The Company will increase female representation on the Board if appropriate candidates are available when Board vacancies arise.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PART II – BOARD COMPOSITION (CONT'D)

5. Board's objectivity (Cont'd)

Boardroom Diversity (Cont'd)

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

AGE GROUP	31-40	41-50	51-60	61 & ABOVE
NUMBER OF DIRECTORS	1	4	-	1

The current diversity in the race/ethnicity and nationality of the existing Board is as follows:

NUMBER OF DIRECTORS	MALAY	CHINESE	INDIAN	OTHERS	MALAYSIAN	FOREIGN
	-	6	-	-	6	-

Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification will include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. All the Directors do not hold directorships at more than five (5) public listed companies as prescribed in Rule 15.06 of the AMLR.

Board Meetings and Attendance

There were six (6) Board of Directors' meetings held during FY2023. Details of the attendance of the Directors at the Board of Directors' meetings are as follow:

Name of Director	Total Meetings Attended	Percentage of Attendance
Dato' Chan Say Hwa	6/6	100%
Datin Chow Pui Ling	6/6	100%
Soo Kit Lin	5/6	80%
Woo Yew Tim	6/6	100%
Lee Yew Weng	6/6	100%
Cheng Mun Mun	4/4	100%
Zulkifly Bin Zakaria (Retired from the Board of Directors of the Company on 29 May 2023)	2/2	100%

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

All the Directors complied with the minimum 50% attendance in respect of Board Meetings held during the financial year under review as stipulated under Rule 15.05 of the AMLR of Bursa Securities.



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

PART II – BOARD COMPOSITION (CONT'D)

5. Board's objectivity (Cont'd)

Board Meetings and Attendance (Cont'd)

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings may be convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of written resolutions.

To facilitate the Directors' time planning, the tentative dates for Board and Board Committee meetings for the year will be circulated by the Company Secretaries well in advance towards the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the AGM. At the end of each Board and Audit Committee meetings, the date of the next meetings is to be re-confirmed.

Continuing Education Programs

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. Any Director so appointed to the Board is required to complete the MAP within four (4) months from the date of appointment.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes/ seminars/ conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

Details of seminars/conferences/training programmes attended by the Board members during FY2023 as listed below:

Name of Director	Seminars/Conferences/Training Programmes Attended
Dato' Chan Say Hwa	<ol style="list-style-type: none"> 1) Abu Dhabi International Progressive Energy Congress 2023 2) Oil and Gas Asia 2023 3) INCHEM Tokyo 2023 4) China International Petroleum & Petrochemical Technology and Equipment Exhibition 2023 5) Palm Oil Conference 2023
Datin Chow Pui Ling	<ol style="list-style-type: none"> 1) Taxmax - the 49th Series Sustaining Growth for a Better Tomorrow 2) Akta Kualiti Alam Sekeliling 1974 3) Seminar Orang Yang Berwibawa
Woo Yew Tim	Special Voluntary Disclosure Programme (SVDP) 2.0
Lee Yew Weng	<ol style="list-style-type: none"> 1) Anti-Corruption Training 2) Principal of Wealth
Cheng Mun Mun	Mandatory Accreditation Programme by Bursa in June 2023

Saved as disclosed above, other Director was not able to select any suitable training programme to attend during FY2023 due to busy working schedule.

The Board will on continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PART II – BOARD COMPOSITION (CONT'D)

5. Board's objectivity (Cont'd)

Continuing Education Programs (Cont'd)

In addition to the above, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the the Company Secretaries, External Auditors and the Internal Auditors during the Committee and/or Board meetings.

Nomination Committee

The Board has established a Nomination Committee which comprised exclusively of Independent Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

The present members of the Nomination Committee are:

Designation	Name of Director	Directorship
Chairman	Woo Yew Tim	Independent Non-Executive Director
Member	Lee Yew Weng	Independent Non-Executive Director
Member	Cheng Mun Mun	Independent Non-Executive Director
Member	Zulkifly Bin Zakaria (Retired from Board of Directors of the Company on 29 May 2023)	Independent Non-Executive Chairman/ Senior Independent Non-Executive Director

The Terms of Reference of the Nomination Committee can be viewed at the Company's website at www.hiaphuat.com.

The summary of activities undertaken by the Nomination Committee during FY2023 included the following:

- Reviewed the performance and effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
- Reviewed and recommended the retirement and re-election of Directors at the forthcoming AGM in accordance with the Company's Constitution;
- Reviewed and recommended the re-appointments of Independent Non-Executive Directors who have served a cumulative term of more than nine (9) years; and
- Reviewed the appointment of new independent director.

6. Overall Board Effectiveness

Evaluation for Board, Board Committees and Individual Directors

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and the contribution of individual Directors annually. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming AGM, with a view to meeting current and future requirements of the Group.

The criteria used by the Nomination Committee in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The independence of Independent Directors is assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the AMLR. The Board did not engage any external party to undertake an independent assessment of the Directors.



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

PART II – BOARD COMPOSITION (CONT'D)

6. Overall Board Effectiveness (Cont'd)

Evaluation for Board, Board Committees and Individual Directors (Cont'd)

All assessments and evaluations carried out will be documented and minuted by the Company Secretary. The results of all assessments and comments by Directors are summarised and deliberated at the Nomination Committee meeting and thereafter reported to the Board for deliberation.

Based on the assessment conducted for FY2023, the Board and the Nomination Committee is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees members and the level of independence demonstrated by all the Independent Non-Executive Directors and each of them continues to fulfil the definition of independence as set out in the AMLR.

Re-election of Directors

The procedure on the re-election of Directors by rotation is set out in the Company's Constitution. An election of Directors shall take place each year at the AGM of the Company, where 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 shall retire from office and be eligible for re-election. All Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. The Directors to retire shall be the Directors who have been serving in office for the longest duration since their appointment or last re-election. Any Director appointed during the year is required to retire and seek re-election by shareholders at the next Annual General Meeting following his appointment.

Upon the recommendation of the Nomination Committee and the Board, the Directors who are standing for re-election and re-appointment at the forthcoming AGM of the Company to be held in 2024 are as stated in the Notice of AGM together with the justification to support the re-appointment of the Directors at the Explanatory Notes to Notice of AGM.

PART III – REMUNERATION

7. Level and Composition of Remuneration

Remuneration Committee

In line with the best practices of MCCG 2021, the Board has set up a Remuneration Committee which comprise exclusively of Independent Non-Executive Directors in order to assist the Board in determining the Director's remuneration.

The present members of the Remuneration Committee are as follow:

Designation	Name of Director	Directorship
Chairman	Lee Yew Weng	Independent Non-Executive Director
Member	Woo Yew Tim	Independent Non-Executive Director
Member	Cheng Mun Mun	Independent Non-Executive Director
Member	Zulkifly Bin Zakaria (Retired from the Board of Directors of the Company on 29 May 2023)	Independent Non-Executive Chairman/ Senior Independent Non-Executive Director

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing executive remuneration, fixing and examining the remuneration packages and other benefits of individual Directors. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the Remuneration Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PART III – REMUNERATION (CONT'D)

7. Level and Composition of Remuneration (Cont'd)

Remuneration Committee (Cont'd)

The Terms of Reference of the Remuneration Committee can be viewed at the Company's website at www.hiaphuat.com.

The summary of activities undertaken by the Remuneration Committee during FY2023 included reviewed and recommended the payment of Directors' fees and other benefits payables to the Directors and Senior Management of the Company to the Board for approval.

Remuneration Policy

The Board believes that the Company has a fair remuneration policy to attract, retain and motivate Directors and Senior Management. The remuneration policy of the Board provides that all Executive Directors and Senior Management are remunerated based on the individual's performances and that of the Group, market conditions and their responsibilities, whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise that they bring to the Board. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board as a whole, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company.

It has established a Remuneration Committee to review and ensure that the remuneration of Directors and Senior Management fairly reflect their responsibilities, the expertise required by the Company and the complexity of its operations. The said remuneration should also be in line with the business strategy and long term objectives of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by the shareholders at the AGM based on the recommendations of the Board.

8. Remuneration of Directors and Senior Management

Directors' Remuneration

The remunerations of the Executive Directors were determined fairly based on the performance and the profitability of the Group as a whole. The Directors' remuneration is at the discretion of the Board, considering the comparative market rates that are commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the Remuneration Committee is to ensure that the Company attracts and retains the appropriate Directors of the calibre needed to run the Group successfully. The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



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

PART III – REMUNERATION (CONT'D)

8. Remuneration of Directors and Senior Management (Cont'd)

Directors' Remuneration (Cont'd)

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for FY2023 are as follows:

Director	Company		Group	
	Fees (RM)	Salaries and *other emoluments (RM)	Fees (RM)	Salaries and *other emoluments (RM)
Dato' Chan Say Hwa	-	1,345,159	24,000	1,345,159
Datin Chow Pui Ling	-	646,278	24,000	646,278
Soo Kit Lin	-	300,263	-	300,263
Lee Yew Weng	60,000	7,200	60,000	7,200
Woo Yew Tim	60,000	7,200	60,000	7,200
Zulkifly Bin Zakaria **	35,000	3,600	35,000	3,600
Cheng Mun Mun	42,167	4,800	42,167	4,800
Total	197,167	2,314,500	245,167	2,314,500

* other emoluments include the meeting allowances and other benefits and allowances received by the Directors of the Company.

** Retired from the Board of Directors of the Company on 29 May 2023.

Remuneration of Senior Management

The Company opts not to disclose the Senior Management's remuneration as it is not in the best interest of the Company and Senior Management personnel to disclose their personal data to the public at large.

There are only five (5) Senior Management staff in the group, of which three (3) are the Executive Directors of the Company and their remuneration components have been disclosed under the Directors' Remuneration as per the above table. Whereas for the other two (2) Senior Management, their total remuneration is about 5.5% of the overall salary of the Group and the range of the salary is in line with industrial practice.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

9. Audit Committee

The Audit Committee is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The Audit Committee also undertakes to provide oversight on the risk management framework of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PART I – AUDIT COMMITTEE (CONT'D)

9. Audit Committee (Cont'd)

Chairman of Audit Committee

The current composition of Audit Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors. The Audit Committee is chaired by an Independent Director. All members of the Audit Committee are relatively financially literate, therefore, meet the requirements of Rule 15.09 of the AMLR.

Former Key Audit Partner

None of the Board members nor the Audit Committee were former key audit partner of the External Auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

Assessment of Suitability and Independence of External Auditors

The Audit Committee has established a transparent and appropriate relationship with the Company's External Auditors, TGS TW PLT. From time to time, the Auditors will highlight to the Audit Committee and the Board on matters that require the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

To assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the following:

- the adequacy of the experience, competence and resources of the External Auditors;
- the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the AGM on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to respond and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

During FY2023, the Audit Committee has meet with the External Auditors without the presence of Executive Chairman cum Group Managing Director, Executive Directors and members of management at least once during the year regarding relevant audit and accounting issues and to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concern expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by them. In compliance with the Malaysian Institute of Accountants, the audit firm rotates its audit partners every five years to ensure objectivity, independence and integrity of the audit opinions.

Based on the assessment, the AC was satisfied with the independence and performance of TGS TW PLT and recommended to the Board to put forth a proposal for the re-appointment of TGS TW PLT at the forthcoming 14th AGM.



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

PART I – AUDIT COMMITTEE (CONT'D)

9. Audit Committee (Cont'd)

Composition of the Audit Committee

The current composition of Audit Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors, which meets the requirements of Rule 15.09(1)(a) and (b) of the AMLR and Practice 9.4 of the MCCG 2021.

The Audit Committee currently comprises the following members: -

Designation	Name of Director	Directorship
Chairman	Lee Yew Weng <i>(Redesignated as Chairman on 30 May 2023)</i>	Independent Non-Executive Director
Member	Woo Yew Tim	Independent Non-Executive Director
Member	Cheng Mun Mun	Independent Non-Executive Director
Chairman	Zulkifly Bin Zakaria <i>(Retired from the Board of Directors of the Company on 29 May 2023)</i>	Independent Non-Executive Chairman/ Senior Independent Non-Executive Director

All members of the Audit Committee are relatively financially literate and have relevant experience to carry out their duties. The summary of activities of the Audit Committee are set out in the Audit Committee Report in this Annual Report.

10. Effective Risk Management and Internal Control Framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal controls, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks and respond appropriately to the risks encountered.

As an effort to enhance the system of internal controls, the Board together with the assistance of external professional Internal Audit firm adopted on-going monitoring and review the existing of risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

The Board also has set up a Risk Management Committee which comprises half of the Independent Non-Executive Director to identify, evaluate and manage significant risks faced by the Group as well as report to the Board on significant risks affecting the Group's strategic and business plans, if any. As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The Statement on Risk Management and Internal Control is set out in the Annual Report which provides an overview of the management of risks and state of internal controls within the Group.

11. Internal Audit Function

The Group outsourced its internal audit function to an independent professional firm, namely GovernanceAdvisory.com Sdn Bhd ("IA Firm") to provide an independent assessment and assurance over the system of internal control of the Group to the Audit Committee and the Board.

Further details of the activities of the internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PART I – COMMUNICATION WITH STAKEHOLDERS

12. Continuous Communication between Company and Stakeholders

The Board recognises the need for transparency and accountability to the Company's shareholders as well as regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company. The Company ensures that timely releases of the quarterly financial results, press releases and corporate announcements are made to its shareholders and investors, which are clear, unambiguous, succinct, accurate and contain sufficient and relevant information.

In order to maintain its commitment of effective communication with shareholders, the Group embraces the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The communication channels used in the Company's engagement with its stakeholders include:

- The Company's website;
- Announcements via Bursa Link;
- Annual Reports and Circular to Shareholders;
- General Meetings; and
- Investor relations and press release.

The practice of disclosure of information is not established just to comply with the requirement of the AMLR of Bursa Securities, but also to adopt the best practices recommended in the MCCG 2021 with regard to strengthening engagement and communication with shareholders.

The Group also endeavour to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

Besides the above, shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the "Corporate Information" section of this Annual Report and the Company's Share Registrar is available to attend to administrative matters relating to shareholders' interests. The Company strived to provide a high level of transparency reporting in order to provide value for its shareholders and investors.

Whilst the Group endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

PART II – CONDUCT OF GENERAL MEETINGS

13. Encourage Shareholders' Participation at General Meeting

The AGM is an important forum where communications with shareholders are effectively conducted. As recommended by the MCCG 2021, the notice of AGM will be despatched to shareholders at least twenty-one (21) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution.

The Chairman and the Board members are prepared to respond to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The External Auditors are also present to provide their professional and independent clarification, if required, on issues highlighted by the shareholders. The status of all resolutions proposed at the AGM is submitted to Bursa Securities at the end of the meeting day.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II – CONDUCT OF GENERAL MEETINGS (CONT'D)

13. Encourage Shareholders' Participation at General Meeting (Cont'd)

Attendance of Directors at General Meetings

At the Thirteenth (13th) AGM of the Company held on 29 May 2023, all the Directors were present to engage directly with shareholders and be accountable for their stewardship of the Company.

Poll

In line with Rule 8.31A of the AMLR, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG 2021 and all other applicable laws, where applicable and appropriate. This Corporate Governance Overview Statement was approved by the Board on 23 April 2024.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of Hiap Huat Holdings Berhad ("Hiap Huat" or "the Company") is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2023 ("FY2023").

COMPOSITION OF AC AND ATTENDANCE

The Board has set up the AC which comprising exclusively of Independent Non-Executive Directors. The present members of the AC are as follows:

Designation	Name of Director	Directorship
Chairman	Lee Yew Weng <i>(Redesignated as Chairman on 30 May 2023)</i>	Independent Non-Executive Director
Member	Woo Yew Tim	Independent Non-Executive Director
Member	Cheng Mun Mun	Independent Non-Executive Director
Chairman	Zulkifly Bin Zakaria <i>(Retired from the Board of Directors of the Company on 29 May 2023)</i>	Independent Non-Executive Chairman/ Senior Independent Non-Executive Director

The composition of AC meets the requirements of Rules 15.09 and 15.10 of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Practice 9.4 of the Malaysian Code on Corporate Governance 2021 ("MCCG 2021").

In FY2023, the AC held five (5) meetings and had private discussion with External Auditor without the presence of the Executive Directors and Management. The Executive Chairman cum Group Managing Director, Executive Directors, Financial Controller, external auditors, internal auditors and other Board members will attend the AC meetings upon invitation, as and when necessary.

The attendance record of AC members was as follows:

Name of Director	Attendance	Percentage of Attendance
Lee Yew Weng	5/5	100%
Woo Yew Tim	5/5	100%
Cheng Mun Mun	3/3	100%
Zulkifly Bin Zakaria <i>(Retired from the Board of Directors of the Company on 29 May 2023)</i>	2/2	100%

During the FY2023, the AC had engaged with the external auditors to keep abreast with the key audit issues and audit concerns affecting the Company. The Chairman of the AC will highlight the key issues discussed in the AC meeting at each Board meeting.

Minutes of each meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation.

TERMS OF REFERENCE

The AC is governed by its Terms of Reference ("TOR") of the AC which laid down its duties and responsibilities are accessible via the Company's website at www.hiaphuat.com.



INDEPENDENCE OF THE AUDIT COMMITTEE

Hiap Huat recognised the need to uphold utmost independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC was a key audit partner of the external auditors of the Group.

TRAINING AND FINANCIAL LITERACY OF THE AUDIT COMMITTEE MEMBERS

Collectively, the members of the AC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the TOR of the AC. The qualification and experience of the individual AC members are disclosed in the Directors' Profiles in this Annual Report, and at least one member of the AC fulfils the financial expertise requirement of the AMLR.

During FY2023, all members of the AC had undertaken the relevant training programmes to keep themselves abreast of the latest development in business environment, statutory laws, regulations and best practices to enable them to effectively discharge their duties. The list of training attended is disclosed in the Corporate Governance Overview Statement in this Annual Report.

SUMMARY ACTIVITIES OF THE AC DURING FY2023

1. Ensuring Financial Statements comply with applicable Financial Reporting

- a) Reviewed all the four Quarter's Unaudited Financial Statements and the annual Audited Financial Statements of the Company and recommended the same for the Board's approval. Discussions focused particularly on any change in the accounting policies and its implementation; significant and unusual events arising from the audit; the going concern assumption; compliance with accounting standards and other legal requirements; significant matters highlighted in the financial statements; and significant judgements made by Management.
- b) Review matters highlighted by External Auditors and reported its findings on the financial and Management performance, and other material matters (if any) to the Board.
- c) Evaluated the performance of the Internal Auditors during FY2023 as well as the adequacy and competency of their resources to carry out internal audit engagement works.

2. Reviewing the Audit Findings of the Internal Auditors and assisting the Board in reviewing the effectiveness and adequacy of Systems of Internal Control in the Key Operation Processes:

- a) Reviewed and approved the Internal Audit Plan for FY2023 proposed by the Internal Auditors, Governance Advisory.com Sdn Bhd ("GASB") to ensure the adequacy of the audit scope, coverage of works of the Group's activities and that it has the necessary authority to carry out its works.
- b) Reviewed and discussed the Internal Audit Reports which outlined the recommendations towards correcting areas of weaknesses and ensured that management action plans were established for the implementation of the internal auditors' recommendations. Summary of internal auditors' reports presented to the AC provides status updates for management action plans to address the findings reported in the previous audit cycles from the internal auditors.
- c) Reviewed and evaluated the adequacy of the scope, functions and competency of the internal auditors' function, and the results of the internal auditors' process to ensure the appropriate actions are taken on the recommendations of the internal auditors' function.

AUDIT COMMITTEE REPORT

SUMMARY ACTIVITIES OF THE AC DURING FY2023 (CONT'D)

3. Reviewing the Audit Findings of the External Auditors and evaluate their performance, suitability, and independence of External Auditors:

- a) Discussed with the external auditors before the audit commences, the audit plan FY2023, significant audits findings, nature and scope of the audit and areas of audit emphasis, as well as the external auditors' evaluation of the system of internal controls and audit reports.
- b) Reviewed and discussed with the external auditors of their audit findings inclusive of potential key audit matters, audit recommendations and management's response to these recommendations.
- c) Discussed and deliberated on the external auditors' reports and recommendations regarding opportunities for improvement to the significant risk areas, internal controls and financial matters areas based on observations made in the course of interim and final audits.
- d) Noted that in response to an enquiry by the external auditors, the Management and AC members, verbally confirmed that they had no knowledge of any actual, suspected or alleged fraud and non-compliance with laws and regulations affecting the Group.
- e) Held private meetings with the external auditors without the presence of the Executive Chairman cum Group Managing Director, Executive Directors, and Management to discuss on the areas of audit concern.
- f) Evaluated the performance of the external auditors and considered the re-appointment of external auditors and their audit fees, after taking into consideration of the independence and objectivity of the external auditors and the cost effectiveness of their audit, before recommending to the Board for approval.

4. Overseeing the Governance Practices in the Group:

- a) Reviewed and recommended on quarterly basis the Related Party Transactions ("RPT") presented by Management to the Board for approval, to ensure that these transactions are undertaken in the best interest of the Company, fair, reasonable and on normal commercial terms as well as not detrimental to the interest of the minority shareholders.
- b) Reviewed the AC Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval.
- c) Reviewed the adequacy and effectiveness of the Group's internal control system and reported to the Board.
- d) Reviewed and recommended to the Board for approved the Circular to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority for Purchase of its own Ordinary Shares.



INTERNAL AUDIT FUNCTIONS AND ACTIVITIES

The Group has outsourced its Internal Audit Function to an external professional Internal Audit firm, GASB. The internal audit activities were reported directly to the AC based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all levels of operations within the Group.

The internal audit firm appointed by the Company is independent of activities related to business operations and performs its duties in accordance with standards set by relevant professional bodies, namely Institute of Internal Auditors. The internal audit provides independent assessment on the effectiveness and efficiency of internal controls system established by the management, 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 AC. With the internal audit function being put in place, remedial actions can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units.

The AC approves the internal audit plan during the first AC meeting each financial year. Any subsequent changes to the internal audit plan are approved by the AC. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement. The total cost incurred for the internal audit function during the financial year was approximately RM16,000.00.

During FY2023, the following activities were carried out by the internal auditors in discharge of its responsibilities:

1. Present the Internal Audit Plan for the year for review and evaluation by the AC;
2. Reviewed the Procurement Review conducted on the procurement department of the Company's subsidiary, Topmark Petroleum Products Sdn Bhd;
3. Recommend improvements to the existing systems of internal controls;
4. Follow up on implementation and disposition of audit findings and recommendation;
5. Identify opportunities to improve the operations of and processes in the Company and the Group; and
6. Identification of risks and implementation of recommendations to mitigate the risks.

The AC and the Board agree that the internal audit review was done in accordance with the audit plan and the coverage is adequate. The AC and the Board are satisfied with the performance of the outsourced internal auditors and have in the interest of greater independence and continuity in the internal audit function.

This AC Report was approved by the Board of Directors on 23 April 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

Statement of Directors' Responsibilities in relation to the preparation of audited financial statements pursuant to Paragraph 15.26(a) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring that the audited financial statements of the Group and of the Company are prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 2016 and the ACE Market Listing Requirements of Bursa Securities.

The Directors are also responsible for ensuring that the audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records which give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2023, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable judgements and estimates.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



The Board of Directors (“The Board”) of Hiap Huat Holdings Berhad (“Hiap Huat” or “the Company”) acknowledges the importance of a sound risk management and internal control system in Hiap Huat group of companies (“the Group”) to safeguard shareholders’ investments, stakeholders’ interests and the Group’s assets.

This Statement is prepared pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and is guided by the latest Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Statement provides an overview of the nature and state of risk management and internal control of Hiap Huat and its group of companies during the financial year under review and up to the date of approval of this statement by the Board.

BOARD RESPONSIBILITY

The Board recognises the importance of good risk management practices and sound internal control as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity.

The Board continually reviews the adequacy and integrity of the Group’s risk management and internal control system, which has been embedded in all aspects of the Group’s activities, aligned with its business objectives. The Board is aware that the risk management framework and internal control system are designed to manage the Group’s risks within an acceptable risk appetite, rather than eliminate the risk. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against fraud, material misstatement or errors.

The Board through its Audit Committee (“AC”) has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board and the AC on a periodic basis.

Management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced by the Group, and in the design and operation of suitable internal control to mitigate the risks identified.

KEY FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements that have been established in the Group’s risk management and internal control systems are described below:

1. Risk Management System

Risk management is firmly embedded in the Group’s management system as the Board firmly believes that risk management is critical for the Group’s sustainability and the enhancement of shareholder value. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards.

The Group’s established risk management practice is guided by ISO 31000: Risk Management – Principles and Guidelines. The key elements of this risk management process are as follows:

- Identify key risks associated with the Group’s external and internal risks;
- Identify the existing controls that manage the identified risks;
- Rate the identified risks in terms of likelihood of occurrence and the resulting impact on the organisation. The rating takes into account the effectiveness of existing controls put in place to manage the risks;
- Decide on the risk treatment and develop risk response to manage residual risks (if any); and
- Regular monitoring and updating of the Group’s existing key risk profile.

The above risk management process has been in place for the year under review and up to the date of the approval of this Statement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. Risk Management System (Cont'd)

The Board has set up a Risk Management Committee ("RMC") to identify, evaluate and manage significant risks faced by the Group as well as report to the Board on significant risks affecting the Group's strategic and business plans, if any. The Board will be presented with a detailed risk registers of the key risks been identified, with existing controls highlighted, the risk responses created and a risk profile for the Group have been developed. Risks identified were prioritised in terms of the likelihood of occurrence and its impact on the achievement of the Group's business objectives.

The RMC meets periodically to identify and manage risks; the risks are being continually monitored and appropriate actions taken to address any change in the existing risks or new risks identified as part of an on-going proactive risk management exercise.

The risk register of the Group was updated by the RMC. Through this update, which takes into consideration of the economic and business outlook, new risks were identified, assessed and rated, and existing risks are further re-evaluated. The updated risk register including additional mitigating action plans to be implemented were then presented to Audit Committee in the Risk Management Committee Meeting.

2. Internal Control System

- i) The Group has in place an organisational structure with defined lines of responsibilities and delegation of authority. A process of hierarchical reporting has been established, which provide for a documented and auditable trail of accountability and also facilitate the check and balance for proper decision making at the appropriate authority levels of Management including matters that require the Board's approval.
- ii) A documented delegation of limits of authority across the Group's operations that sets out decisions that need to be taken and the appropriate levels of Management involved including matters that require the Board's approval.
- iii) The Board of Directors and AC meet at least four (4) times during the financial year to review and deliberate on financial reports, annual financial statements, internal audit reports and etc. Discussions with Management were held to deliberate on the actions that are required to be taken to address internal control issues identified.

- iv) The Group has a budgeting process which establishes plans and targets for performances to be measured on an on-going basis. Budget variances are analysed and reported internally on a quarterly basis.
- v) Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performances and comparison are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Board for their review and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.
- vi) Internal policies and procedures had been established for key business units within the Group. Certain subsidiaries within the Group are also ISO accredited.
- vii) Comprehensive guidelines on employment, code of conduct and retention of employees are in place to ensure that the Group has a team of employees who are qualified and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.
- viii) A formal Whistle-blowing Policy has been established to forms part of the Group's Code of Conduct in achieving and maintaining the highest standard of work ethics in the conduct of business. The policy provide a platform to its employees to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group. The Whistle Blowing Policy is available at the corporate website at <https://www.hiaphuat.com>.
- ix) The Group has adopted an Anti-Bribery and Anti-Corruption Policy which in line with the Listing Requirements. The Group is committed to carry out its business honestly and openly and has a zero tolerance of bribery and corruption. The business of the Group is conducted with high level of integrity and ethics and complies with applicable laws.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



KEY FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

3. Internal Audit Function

The Group's Internal Audit Function assists the Board and AC by providing an independent assessment of the adequacy and effectiveness of the Group's internal control system.

The Group has outsourced its internal audit function to GovernanceAdvisory.com Sdn. Bhd., an independent professional internal audit firm. The Internal Auditors supports the AC, and by extension to the Board by providing independent assurance on the effectiveness of the Group's system of internal control.

The internal audit plan which reflects the identified risk was reviewed and approved by the AC. During the financial year under review, one key audit area reviewed was Procurement Review of the subsidiary of the Group. All reports from the internal audit reviews, and corrective actions undertaken by Management were presented to the AC. There are no significant weaknesses which may result in any material losses, contingencies or uncertainties that have any material impact to the financial statements of the Group.

Further details of the Internal Audit Function are set out in the Audit Committee Report of this Annual Report.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("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 ("MIA") for inclusion in the Annual Report of the Group for the financial year ended 31 December 2023, and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether this Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon.

REVIEW OF ADEQUACY AND EFFECTIVENESS

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and up to date of approval of this statement for inclusion in the Annual Report, and is of the view that the risk management and internal control system is satisfactory and there were no material losses incurred during the year under review as a result of internal control weakness or adverse compliance events.

This statement was approved by the Board of Directors on 23 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

EMPLOYEE SHARE OPTION SCHEME (“ESOS”)

The ESOS of the Company was approved by the shareholders at the Extraordinary General Meeting held on 24 May 2021, and it is governed by the By-Laws.

The ESOS was implemented on 28 July 2021 and shall be in force for a period of five (5) years and may be extended for a further period of up to 5 years immediately from the expiry of the first 5 years at the discretion of our Board upon the recommendation of the ESOS Committee. Any extension of the Proposed ESOS shall not, in aggregate with the initial term, exceed 10 years from the effective date of implementation of the ESOS, or such longer period as may be allowed by Bursa Securities and/or the relevant authorities.

As of 31 December 2023, the Company has not granted any option under the ESOS to the eligible Directors and employees of the Group.

UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

Private Placement of up to 20% of the total number of issued shares

On 24 May 2021, the Company proposed to undertake a private placement of up to 20% of the total number of issued shares of the Company to independent third-party investors (excluding treasury shares) (“Private Placement”). The Private Placement has been approved by Bursa Securities with conditional on the compliance of relevant provisions under listing requirements.

A total of 65,837,000 placement shares have been allotted and listed to third party investors at an issue price of RM0.135 with gross proceeds of RM8,887,995.

As of 30 September 2023, the proceeds from the Private Placement have been fully utilized as follows:

Purpose	Proposed Utilisation After Variation RM'000	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Revised intended timeframe for utilisation
Part finance the construction of a new waste treatment facility	3,000	3,000	-	Within 30 months
Purchase of new palm oil waste refining system	4,000	4,000	-	Within 18 months
Estimated expenses for the Private Placement	250	250	-	Within 1 month
Working capital requirements	1,638	1,638	-	Within 12 months
TOTAL	8,888	8,888	-	

ADDITIONAL COMPLIANCE INFORMATION



AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid or payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2023 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	35,000	106,000
Non-Audit Services Rendered Review of Statement on Risk Management and Internal Control	5,000	5,000

MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company and its subsidiary involving Directors' and major shareholders' interests.

CONTRACTS RELATING TO LOAN

During the financial year, there were no material contracts relating to loans entered into by the Company involving Directors and major shareholders.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING

Save for such disclosure made in Note 28 to the audited consolidated financial statements in this Annual Report, there were no material recurrent related party transactions of revenue nature during the financial year ended 31 December 2023.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	<u>7,939,134</u>	<u>396,676</u>
Attributable to:		
Owners of the Company	7,672,784	396,676
Non-controlling interests	<u>266,350</u>	<u>-</u>
	<u>7,939,134</u>	<u>396,676</u>

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors do not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

TREASURY SHARES

As at 31 December 2023, the Company held 4,113,000 treasury shares out of the total 399,138,330 issued ordinary shares. Further relevant details are disclosed in Note 13(b) to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT



DIRECTORS

The Directors in office during the financial year until the date of this report are:

Dato' Chan Say Hwa*
 Datin Chow Pui Ling*
 Soo Kit Lin*
 Woo Yew Tim
 Lee Yew Weng
 Cheng Mun Mun (Appointed on 18 April 2023)
 Zulkifly Bin Zakaria (Retired from the Board of Directors of the Company on 29 May 2023)

* *Director of the Company and of its subsidiaries*

The Director who held office in the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Soo Yat Sun

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2023
	At 1.1.2023	Bought	Sold	
Interests in the Company				
Direct interests				
Dato' Chan Say Hwa	69,026,460	-	-	69,026,460
Datin Chow Pui Ling	3,363,220	-	-	3,363,220
Soo Kit Lin	66,608,460	-	-	66,608,460
Lee Yew Weng	1,000	-	-	1,000
Indirect interests				
Dato' Chan Say Hwa (#)	3,363,220	-	-	3,363,220
Datin Chow Pui Ling (#)	69,026,460	-	-	69,026,460

(#) *Deemed interest by virtue of shares held by spouse*

By virtue of their interests in the shares of the Company, Dato' Chan Say Hwa, Datin Chow Pui Ling and Soo Kit Lin are also deemed interested 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.

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

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 23 and 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' remuneration for the Group and the Company are RM2,559,667 and RM2,511,667 respectively.

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM3,000,000 and RM6,150 respectively.

No indemnity was given to or insurance effected for auditors of the Group during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) 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.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.



OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the Directors:

- (i) 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;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) 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 the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 7 to the financial statements.

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 34 to the financial statements.

AUDITORS

The Auditors, TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

Auditors' remuneration for the Group and the Company as set out in Note 23 to the financial statements are RM106,000 and RM35,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 April 2024.

DATO' CHAN SAY HWA

DATIN CHOW PUI LING

KUALA LUMPUR

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 57 to 104 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 April 2024.

DATO' CHAN SAY HWA

DATIN CHOW PUI LING

KUALA LUMPUR

STATUTORY DECLARATION

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

I, Dato' Chan Say Hwa, being the Director primarily responsible for the financial management of Hiap Huat Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 57 to 104 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in the)
Federal Territory on 26 April 2024)

DATO' CHAN SAY HWA

Before me,

Commissioner for Oaths
SHI' ARATUL AKMAR BINTI SAHARI (W788)

INDEPENDENT AUDITORS' REPORT

HIAP HUAT HOLDINGS BERHAD [Registration No.: 200901038858 (881993-M)]
(Incorporated in Malaysia)



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Hiap Huat Holdings Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 57 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and of their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

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

Independence and other ethical responsibilities

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

KEY AUDIT MATTERS

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

Key audit matters	How we addressed the key audit matters
<p>1. Inventory net realisable value</p> <p>The Group estimated the net realisable value of the inventories based on an assessment of expected selling prices. The estimated net realisable value is involving significant judgement by management due to the nature of the inventories, which depending on the market condition of bunker oil price and consumers' bargaining and demands.</p>	<p>We discussed with the management on the basis used to determine the net realisable value.</p> <p>We assessed the reasonableness of the net realisable value of inventory balance by test checking to alignment of market price of bunker oil and expected margin pattern within the reasonable period.</p> <p>We test checked against the transacted price by inspecting related sales documents after the financial year end.</p>

INDEPENDENT AUDITORS' REPORT

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

KEY AUDIT MATTERS (CONT'D)

Key audit matters	How we addressed the key audit matters
<p>2. Impairment on trade receivables</p> <p>Please refer to significant accounting judgements, estimates and assumptions in Note 2(c) and the disclosures of trade receivables and credit risk in Note 10 to the financial statements respectively.</p> <p>We focused on this area given the use of significant estimates and judgement in determining the appropriate level of impairment for trade receivables</p>	<p>The focus of our work involved auditing the Group's credit analyses and associated impairment assessments of trade receivables that were either in default or significantly overdue as at 31 December 2023. Our procedures performed in relation to managements' impairment assessment and testing included the following:</p> <ul style="list-style-type: none">• We had developed understanding of the design and implementation of controls associated with monitoring of outstanding trade receivables and impairment calculation;• We had developed an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports or other collection reports;• We had reviewing receipts of collections subsequent to the financial year end, customer correspondence, and considering level of activity with the customer and explanation on recoverability with significantly past due balances;• We had assessed the reasonableness of impairment charges for identified credit exposure; and• We had assessed the adequacy and reasonableness of the disclosures in the financial statements.

We have determined that there are no key audit matters to communicate for Company level.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We having 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 the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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



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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

OTHER MATTER

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.

TGS TW PLT

202106000004 (LLP0026851-LCA) & AF002345

Chartered Accountants

KUAN JUN XIAN

03758/06/2025 J

Chartered Accountant

KUALA LUMPUR

26 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023



		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	38,073,467	30,338,439	228,031	340,108
Right-of-use assets	5	47,298,388	46,703,847	205,810	-
Investment properties	6	7,263,801	7,358,239	7,263,801	7,358,239
Investment in subsidiaries	7	-	-	43,189,110	39,435,026
Other receivables	8	55,052	128,455	-	-
		92,690,708	84,528,980	50,886,752	47,133,373
Current assets					
Inventories	9	12,308,835	7,585,653	-	-
Trade receivables	10	14,256,327	11,469,697	-	-
Other receivables	8	2,253,137	1,685,037	274,534	49,645
Amount due from subsidiaries	11	-	-	501,193	513,870
Tax recoverable		297,242	390,329	95,494	111,339
Fixed deposits with licensed banks	12	-	5,666,018	-	3,000,000
Cash and bank balances		7,277,503	13,427,247	271,743	3,186,751
		36,393,044	40,223,981	1,142,964	6,861,605
Total assets		129,083,752	124,752,961	52,029,716	53,994,978

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13(a)	49,980,636	49,980,636	49,980,636	49,980,636
Treasury shares	13(b)	(400,646)	(400,646)	(400,646)	(400,646)
Merger deficit	14	(9,535,114)	(9,535,114)	-	-
Revaluation reserves	15	8,881,351	8,881,351	687,219	687,219
Retained earnings		42,982,069	35,309,285	776,592	379,916
Total equity attributable to owners of the Company		91,908,296	84,235,512	51,043,801	50,647,125
Non-controlling interests ("NCI")		43,766	(222,584)	-	-
Total equity		91,952,062	84,012,928	51,043,801	50,647,125
LIABILITIES					
Non-current liabilities					
Lease liabilities	16	3,326,490	2,625,044	150,523	-
Loan and borrowings	17	18,905,701	22,645,461	36,494	2,742,433
Deferred tax liabilities	18	7,440,192	7,519,050	220,215	181,000
		29,672,383	32,789,555	407,232	2,923,433
Current liabilities					
Trade payables	19	1,894,062	3,459,905	-	-
Other payables	20	993,621	985,281	174,193	150,487
Lease liabilities	16	1,271,029	974,478	43,147	-
Loan and borrowings	17	1,993,231	1,847,940	361,343	273,933
Tax payable		1,307,364	682,874	-	-
		7,459,307	7,950,478	578,683	424,420
Total liabilities		37,131,690	40,740,033	985,915	3,347,853
Total equity and liabilities		129,083,752	124,752,961	52,029,716	53,994,978

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 DECEMBER 2023



	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	21	87,181,037	80,034,925	4,872,000	4,098,000
Cost of sales		(64,181,372)	(59,349,298)	-	-
Gross profit		22,999,665	20,685,627	4,872,000	4,098,000
Other income		1,433,084	729,787	738,265	319,925
Administrative expenses		(11,317,064)	(9,600,138)	(4,813,235)	(4,433,231)
Other expenses		(614,003)	(61,091)	(397,042)	(34,332)
Net gain/(loss) on impairment of financial assets		69,065	(9,497)	300,520	-
Profit/(Loss) from operation		12,570,747	11,744,688	700,508	(49,638)
Finance costs	22	(1,330,310)	(918,709)	(137,632)	(80,238)
Profit/(Loss) before tax	23	11,240,437	10,825,979	562,876	(129,876)
Taxation	24	(3,301,303)	(2,772,072)	(166,200)	(107,819)
Profit/(Loss) for the financial year		7,939,134	8,053,907	396,676	(237,695)
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		7,672,784	8,154,705	396,676	(237,695)
NCI		266,350	(100,798)	-	-
		7,939,134	8,053,907	396,676	(237,695)
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		7,672,784	8,154,705	396,676	(237,695)
NCI		266,350	(100,798)	-	-
		7,939,134	8,053,907	396,676	(237,695)
Earnings per share ("EPS")					
Basic EPS (sen)	25	1.94	2.06		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Attributable to owners of the Company							Total equity RM
	Share capital RM	Treasury shares RM	Merger deficit RM	Revaluation reserves RM	Retained earnings RM	NCI RM	Total equity RM	
At 1 January 2022	49,980,636	(400,646)	(9,535,114)	8,881,351	27,154,580	(121,786)	75,959,021	
Profit for the financial year representing total comprehensive income for the financial year	-	-	-	-	8,154,705	(100,798)	8,053,907	
At 31 December 2022	49,980,636	(400,646)	(9,535,114)	8,881,351	35,309,285	(222,584)	84,012,928	
At 1 January 2023	49,980,636	(400,646)	(9,535,114)	8,881,351	35,309,285	(222,584)	84,012,928	
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	7,672,784	266,350	7,939,134	
At 31 December 2023	49,980,636	(400,646)	(9,535,114)	8,881,351	42,982,069	43,766	91,952,062	

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023



	Non-distributable			Distributable	Total equity
	Share capital	Treasury shares	Revaluation reserves	Retained earnings	RM
	RM	RM	RM	RM	RM
Company					
At 1 January 2022	49,980,636	(400,646)	687,219	617,611	50,884,820
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(237,695)	(237,695)
At 31 December 2022	49,980,636	(400,646)	687,219	379,916	50,647,125
At 1 January 2023	49,980,636	(400,646)	687,219	379,916	50,647,125
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	396,676	396,676
At 31 December 2023	49,980,636	(400,646)	687,219	776,592	51,043,801

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities				
Profit/(Loss) before tax	11,240,437	10,825,979	562,876	(129,876)
Adjustments for:				
Depreciation of property, plant and equipment	4,913,775	5,197,937	123,702	198,884
Depreciation of right-of-use assets	2,572,065	1,673,304	41,162	-
Depreciation of investment properties	94,438	182,681	94,438	182,681
(Gain)/Loss on disposal of property, plant and equipment	(42,657)	(120,736)	-	1,947
Gain on disposal of right-of-use assets	(236,894)	-	-	-
Property, plant and equipment written off	28,883	33,093	8,897	6,589
Fair value loss on short-term investments	-	26,051	-	25,796
Dividend income on short-term investments	-	(137,611)	-	(101,463)
Net impairment loss on investment in subsidiaries	-	-	125,916	-
Provision for slow moving inventories	127,228	-	-	-
Net (gain)/loss on impairment of financial assets:				
- Trade receivables	(69,065)	9,497	-	-
- Amount due from subsidiaries	-	-	(300,520)	-
Unrealised loss/(gain) on foreign exchange	110,271	(37,511)	(100)	(112)
Bad debts written off	21,288	-	-	-
Interest expenses	1,330,310	918,709	137,632	80,238
Interest income	(376,049)	(3,285)	(171,586)	-
Operating profit before working capital changes	19,714,030	18,568,108	622,417	264,684
Changes in working capital:				
Inventories	(4,850,410)	(520,469)	-	-
Receivables	(3,233,550)	(5,212,965)	(224,889)	20,528
Payables	(1,557,503)	939,737	23,706	(58,709)
Subsidiaries	-	-	(412,468)	-
	(9,641,463)	(4,793,697)	(613,651)	(38,181)
Cash generated from operations	10,072,567	13,774,411	8,766	226,503
Tax refund	175,194	72,843	51,401	-
Tax paid	(2,837,778)	(1,935,734)	(162,541)	(232,889)
	(2,662,584)	(1,862,891)	(111,140)	(232,889)
Net cash from/(used in) operating activities	7,409,983	11,911,520	(102,374)	(6,386)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023



	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from investing activities					
Purchase of property, plant and equipment		(12,682,609)	(4,526,224)	(20,522)	(53,764)
Purchase of right-of-use assets	A	(599,126)	(2,614,500)	(18,972)	-
Additional investment in a subsidiary		-	-	(3,880,000)	-
Interest received		292,952	3,285	171,586	-
Proceeds from disposal of property, plant and equipment		47,580	132,200	-	-
Proceed from disposal of right-of-use assets		299,999	-	-	-
Withdrawal of short-term investment		83,097	6,727,534	-	6,691,641
Uplift/(Placement) of fixed deposits with licensed banks with maturity more than 3 months		5,500,000	(5,500,000)	3,000,000	(3,000,000)
Net cash (used in)/from investing activities		<u>(7,058,107)</u>	<u>(5,777,705)</u>	<u>(747,908)</u>	<u>3,637,877</u>
Cash flows from financing activities					
Interest paid		(1,330,310)	(918,709)	(137,632)	(80,238)
Repayment from/(Advance to) subsidiaries		-	-	725,665	(333,650)
Repayments of lease liabilities	B	(1,632,588)	(888,671)	(34,330)	-
Drawdowns of term loans		3,342,056	9,098,195	2,797,255	6,079,796
Repayments of term loans		(6,936,525)	(7,585,861)	(5,415,784)	(6,336,475)
Net cash used in financing activities		<u>(6,557,367)</u>	<u>(295,046)</u>	<u>(2,064,826)</u>	<u>(670,567)</u>
Net cash (decrease)/increase in cash and cash equivalents		(6,205,491)	5,838,769	(2,915,108)	2,960,924
Cash and cash equivalents at the beginning of the financial year		13,593,265	7,716,985	3,186,751	225,715
Effect of exchange translation differences on cash and cash equivalents		(110,271)	37,511	100	112
Cash and cash equivalents at the end of the financial year		<u>7,277,503</u>	<u>13,593,265</u>	<u>271,743</u>	<u>3,186,751</u>

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and cash equivalents at the end of the financial year comprises:				
Cash and bank balances	7,277,503	13,427,247	271,743	3,186,751
Fixed deposits with licensed banks	-	5,666,018	-	3,000,000
	7,277,503	19,093,265	271,743	6,186,751
Less: Fixed deposits with licensed banks with maturity more than 3 months	-	(5,500,000)	-	(3,000,000)
	7,277,503	13,593,265	271,743	3,186,751

NOTES TO THE STATEMENTS OF CASH FLOWS

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
A. Purchase of right-of-use assets					
Total purchase of right-of-use assets		3,229,711	5,529,440	246,972	-
Less: Purchase by lease liabilities		(2,630,585)	(2,914,940)	(228,000)	-
Total cash used in purchase of right-of-use assets		599,126	2,614,500	18,972	-
B. Cash outflows for leases as a lessee					
<u>Included in net cash from/ (used in) operating activities:</u>					
Payment relating to short-term leases	23	1,917,565	1,842,086	-	-
<u>Included in net cash used in financing activities:</u>					
Payment of lease liabilities		1,632,588	888,671	34,330	-
Payment on interest of lease liabilities		256,704	101,140	8,139	-
		1,889,292	989,811	42,469	-
		3,806,857	2,831,897	42,469	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1 Medan Syed Putra Utara, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 102521, Jalan Sungai Pinang 5/3, Kawasan Perindustrian Pulau Indah, Fasa 2, 42920 Pulau Indah, Selangor Darul Ehsan.

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

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

2. Basis of preparation

(a) 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 and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for the followings:

Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Company's accounting policies, it impacted the accounting policies information disclosure in the financial statements. The material accounting policy information is disclosed in the Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new and amendments to MFRSs when they become effective.

The initial applications of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Group and the Company have developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



2. Basis of preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Classification between investment properties and property, plant and equipment (Cont'd)

If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Satisfaction of performance obligations in relation to contracts with customers

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Company recognises revenue over time in the following circumstances:

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

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Company assesses each contract with customers to determine when the performance obligation of the Company under the contract is satisfied.

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Basis of preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment, right-of-use ("ROU") assets and investment properties

The Group and the Company regularly review the estimated useful lives of property, plant and equipment, ROU assets and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, ROU assets and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and investment properties. The carrying amounts at the reporting date for property, plant and equipment, ROU assets and investment properties are disclosed in Notes 4, 5 and 6 to the financial statements respectively.

Impairment of investment in subsidiaries

The Company reviews its investment in subsidiaries when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount at the reporting date for investment in subsidiaries is disclosed in Note 7 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of unrecognised deferred tax assets is disclosed in Note 18 to the financial statements.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 9 to the financial statements.

Determination of transaction prices

The Group and the Company are required to determine the transaction price in respect of each of their contracts with customers. In making such judgement, the Group and the Company assess the impact of any variable consideration in the contract due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



2. Basis of preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of their receivables, include trade receivables, other receivables and amount due from subsidiaries at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's and Company's past history, existing market conditions at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit loss for trade and other receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience. 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 expected credit loss is a significant estimate. The carrying amounts at the reporting date for receivables are disclosed in Notes 8, 10 and 11 to the financial statements respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the 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 recognise liabilities for expected tax issues 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 differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. Material accounting policies

The Company applies the material accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Investment in subsidiaries

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses.

(ii) Business combinations

Business combinations under common control are accounted for using the merger method, where the results of entities or businesses under common control are accounted for as if the combination had been effected throughout the current and previous financial periods. The assets, liabilities and reserves of these entities are recorded at their pre-combination carrying amounts or existing carrying amounts are accounted for from the perspective of the common shareholder. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of combination that would otherwise be done under the acquisition method. No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reserve on acquisition arising from common control.

(iii) Non-controlling interests

The Group recognises non-controlling interests in the acquiree by acquisition basis. The Group elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for freehold land and capital work-in-progress are stated at cost less impairment losses and not depreciated.

(i) Recognition and measurement

Property, plant and equipment, except for land and building, 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 benefit associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

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 land and buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases 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 land 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 other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



3. Material accounting policies (Cont'd)

(b) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and the cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Furniture and fittings and office equipment	10% - 50%
Motor vehicles	20%
Renovation	10%
Plant and machinery	10%
Laboratory equipment	10%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(c) Leases

(i) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account the lease and non-lease components as a single lease component.

(ii) Recognition exemption

The Group has elected not to recognise right-of-use assets and liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Depreciation

The ROU asset under cost model is amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land and factory lots	Over the remaining lease period
Buildings	Over the remaining lease period
Motor vehicles	20%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. Material accounting policies (Cont'd)

(d) Investment properties

Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

Investment properties are depreciated on straight line method to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold buildings	Over the remaining lease period
---------------------	---------------------------------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

(e) Financial instruments

At the reporting date, the Group and the Company carry only financial assets at amortised cost on their statements of financial position. The Group's financial assets at amortised cost include trade receivables, other receivables, fixed deposits with licensed banks and cash and bank balances. The Company's financial assets at amortised cost include other receivables, amount due from subsidiaries, fixed deposits with licensed banks and cash and bank balances.

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on their statements of financial position. The Group's financial liabilities at amortised cost include loan and borrowings, trade payables and other payables. The Company's financial liabilities at amortised cost include loan and borrowings and other payables.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using weighted average basis.

(g) Impairment of financial assets

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

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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



3. Material accounting policies (Cont'd)

(h) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group and the Company satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group and the Company recognise revenue from the following major sources:

(a) Sales of goods

The Group manufactures and sells all kinds of petroleum-based products and other related products in local and oversea markets. Revenue from sales of goods is recognised when control of the products has transferred, being the products are delivered to the customers.

Following delivery of the goods to the customers' location, the customers have full discretion over the manner of distribution and price to sell the goods, and bear the risk of obsolescence and loss in relation to the goods.

Revenue is recognised based on the price specified in the contract net of the rebates, discounts and taxes.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 0 to 60 days, which is consistent with market practice.

(b) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Company, and the Company has a present right to payment for the services.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(iv) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

4. Property, plant and equipment

Group	Furniture and fittings and office equipment RM	Motor vehicles RM	Renovation RM	Plant and machinery RM	Laboratory equipment RM	Capital work-in-progress RM	Total RM
Cost							
At 1 January 2022	643,070	3,957,008	2,501,997	43,701,578	1,353,613	7,451,873	59,609,139
Additions	-	-	-	-	-	4,526,224	4,526,224
Disposals	-	(322,617)	-	(410,837)	-	-	(733,454)
Written off	(35,316)	-	-	(71,009)	(5,000)	-	(111,325)
Reclassification	109,789	1,218,662	-	2,262,439	190,403	(3,781,293)	-
At 31 December 2022	717,543	4,853,053	2,501,997	45,482,171	1,539,016	8,196,804	63,290,584
Additions	5,948	-	-	-	-	12,676,661	12,682,609
Disposals	-	(89,420)	-	-	(27,580)	-	(117,000)
Written off	(32,668)	-	-	(18,816)	-	-	(51,484)
Reclassification	113,949	816,228	-	1,665,253	24,536	(2,619,966)	-
At 31 December 2023	804,772	5,579,861	2,501,997	47,128,608	1,535,972	18,253,499	75,804,709
Accumulated depreciation							
At 1 January 2022	321,842	1,507,102	1,962,907	23,790,682	971,897	-	28,554,430
Charge for the financial year	96,144	764,843	182,296	4,008,089	146,565	-	5,197,937
Disposals	-	(320,670)	-	(401,320)	-	-	(721,990)
Written off	(28,060)	-	-	(47,214)	(2,958)	-	(78,232)
At 31 December 2022	389,926	1,951,275	2,145,203	27,350,237	1,115,504	-	32,952,145
Charge for the financial year	94,694	845,939	144,944	3,712,004	116,194	-	4,913,775
Disposals	-	(89,420)	-	-	(22,657)	-	(112,077)
Written off	(14,519)	-	-	(8,082)	-	-	(22,601)
At 31 December 2023	470,101	2,707,794	2,290,147	31,054,159	1,209,041	-	37,731,242
Carrying amount							
At 31 December 2023	334,671	2,872,067	211,850	16,074,449	326,931	18,253,499	38,073,467
At 31 December 2022	327,617	2,901,778	356,794	18,131,934	423,512	8,196,804	30,338,439

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



4. Property, plant and equipment (Cont'd)

	Furniture and fittings and office equipment RM	Motor vehicles RM	Renovation RM	Capital work-in-progress RM	Total RM
Company					
Cost					
At 1 January 2022	172,826	651,157	521,385	52,708	1,398,076
Additions	-	-	-	53,764	53,764
Disposal	-	(7,300)	-	-	(7,300)
Written off	(16,721)	-	-	-	(16,721)
Reclassification	72,722	-	-	(72,722)	-
At 31 December 2022	228,827	643,857	521,385	33,750	1,427,819
Additions	-	-	-	20,522	20,522
Written off	(17,328)	-	-	-	(17,328)
Reclassification	54,272	-	-	(54,272)	-
At 31 December 2023	265,771	643,857	521,385	-	1,431,013
Accumulated depreciation					
At 1 January 2022	64,145	506,596	333,571	-	904,312
Charge for the financial year	36,382	110,364	52,138	-	198,884
Disposal	-	(5,353)	-	-	(5,353)
Written off	(10,132)	-	-	-	(10,132)
At 31 December 2022	90,395	611,607	385,709	-	1,087,711
Charge for the financial year	39,313	32,250	52,139	-	123,702
Written off	(8,431)	-	-	-	(8,431)
At 31 December 2023	121,277	643,857	437,848	-	1,202,982
Carrying amount					
At 31 December 2023	144,494	-	83,537	-	228,031
At 31 December 2022	138,432	32,250	135,676	33,750	340,108

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. Right-of-use assets

	← Cost →				Total RM
	<Valuation> Leasehold land and factory lots RM	Buildings RM	Motor vehicles RM	Capital work-in- progress RM	
Group					
Cost/Valuation					
At 1 January 2022	42,558,198	766,841	2,094,167	-	45,419,206
Additions	2,584,000	-	2,916,440	29,000	5,529,440
At 31 December 2022	45,142,198	766,841	5,010,607	29,000	50,948,646
Additions	523,044	404,625	2,302,042	-	3,229,711
Disposal	-	-	(1,041,655)	-	(1,041,655)
Reclassification	29,000	-	-	(29,000)	-
At 31 December 2023	45,694,242	1,171,466	6,270,994	-	53,136,702
Accumulated depreciation					
At 1 January 2022	1,449,094	287,565	834,836	-	2,571,495
Charge for the financial year	790,866	383,420	499,018	-	1,673,304
At 31 December 2022	2,239,960	670,985	1,333,854	-	4,244,799
Charge for the financial year	889,856	399,324	1,282,885	-	2,572,065
Disposal	-	-	(978,550)	-	(978,550)
At 31 December 2023	3,129,816	1,070,309	1,638,189	-	5,838,314
Carrying amount					
At 31 December 2023	42,564,426	101,157	4,632,805	-	47,298,388
At 31 December 2022	42,902,238	95,856	3,676,753	29,000	46,703,847

	Motor vehicles RM
Company	
Cost	
At 1 January 2022/31 December 2022	-
Additions	246,972
At 31 December 2023	246,972
Accumulated depreciation	
At 1 January 2022/31 December 2022	-
Charge for the financial year	41,162
At 31 December 2023	41,162
Carrying amount	
At 31 December 2023	205,810
At 31 December 2022	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



5. Right-of-use assets (Cont'd)

Assets pledged as securities

- (a) The carrying amount of right-of-use assets of the Group and of the Company pledged as securities to financial institutions for the related lease liabilities and loan and borrowings respectively are as follows:

	Group	
	2023 RM	2022 RM
Leasehold land and factory lots	38,582,674	39,370,031
Motor vehicles	4,632,805	3,676,753
	43,215,479	43,046,784

	Company	
	2023 RM	2022 RM
Motor vehicles	205,810	-

6. Investment properties

	Group and Company Leasehold buildings RM
Cost	
At 1 January 2022/31 December 2022/31 December 2023	8,276,070
Accumulated depreciation	
At 1 January 2022	735,150
Charge for the financial year	182,681
At 31 December 2022	917,831
Charge for the financial year	94,438
At 31 December 2023	1,012,269
Carrying amount	
At 31 December 2023	7,263,801
At 31 December 2022	7,358,239

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

6. Investment properties (Cont'd)

(a) Investment properties under leases

Certain investment properties comprise buildings that are leased to third parties. Each of the leases contains a cancellable period ranging from 1 to 2 years. Subsequent renewals are negotiated with the lessee on an average renewal period of 1 year. No contingent rents are charged. The remaining lease term of leasehold buildings of the Group and of the Company are 77 (2022: 78) years.

(b) Fair value basis of investment properties

The fair value of the investment properties of the Group and of the Company were estimated by the Directors based on the recent transacted prices in the market of properties with similar condition and location. In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

Fair value measurements of the investment properties were categorised as follows:

	Group and Company	
	2023 RM	2022 RM
Recurring fair value measurement		
Leasehold buildings	8,895,628	8,892,999

Level 3 fair value

Level 3 fair value of land and buildings have been generally derived by using sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property site. The most significant input into this valuation approach is price per square foot of comparable properties.

(c) Income and expenses recognised in profit or loss

	Group and Company	
	2023 RM	2022 RM
Rental income	293,350	218,350
Direct operating expenses:		
- Income generating investment properties	(14,258)	(12,504)
- Non-income generating investment properties properties	(963)	(2,551)

(d) Investment properties pledged as securities to financial institutions

The investment properties of the Group and of the Company have been pledged as securities for loan and borrowings as disclosed in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



7. Investment in subsidiaries

	Company	
	2023 RM	2022 RM
In Malaysia		
Unquoted shares, at cost	40,405,030	40,405,030
Addition	3,880,000	-
	44,285,030	40,405,030
Less: Accumulated impairment losses	(1,095,920)	(970,004)
	43,189,110	39,435,026

Movements in the allowance for impairment losses are as follows:

	Company	
	2023 RM	2022 RM
At beginning of the financial year	970,004	970,004
Recognised during the financial year	388,145	-
Reversal during the financial year	(262,229)	-
At end of the financial year	1,095,920	970,004

During the financial year, the Company recognised an impairment loss of RM388,145 (2022: RMNil) in respect of certain investment in subsidiaries as these subsidiaries are continuously loss making and the Company has determined the recoverable amount to be lower than the cost of investment by RM125,916 (2022: RMNil).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

7. Investment in subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective equity interest		Principal activities
		2023 %	2022 %	
Direct holding:				
SMachine Sdn. Bhd.	Malaysia	100	100	Distributor of paint, hardware and products, and leasing of machinery and equipment
Hiap Huat Chemicals Sdn. Bhd.	Malaysia	100	100	Manufacturing, recycling and refining all kinds of industrial paints, oils and solvent chemical products and to provide all kinds of transportation services
Topmark Petroleum Products Sdn. Bhd.	Malaysia	100	100	Manufacturing, recycling and refining all kinds of petroleum based products, industrial paints, oils and solvent chemical products and other related products and to provide all kinds of transportation services
Tradergy Sdn. Bhd.	Malaysia	100	100	Dormant
Hiap Huat Services Sdn. Bhd.	Malaysia	60	60	Physical refining, processing, pre-treatment, recovery, reuse and trading of waste and residues and by-products generated from oil palm and other oils and fats industry
Lab Master Sdn. Bhd.	Malaysia	100	100	Provide laboratory services including provide the products and services which involve in numerous research projects, provision of scientific or clinical advice, diagnostic testing services, dealing in all substance, apparatus and related services
S Logistics Sdn. Bhd.	Malaysia	100	-	Dormant

(a) Subscribe in subsidiaries

On 12 July 2023, the Company subscribed for 3,000,000 units of ordinary shares in Hiap Huat Chemicals Sdn. Bhd. by way of cash for total amount of RM3,000,000, resulting no changes in equity interest.

On 20 July 2023, the Company incorporated and subscribed 100% of the equity interest in S Logistics Sdn. Bhd., comprising 500,000 ordinary shares for a total cash consideration of RM500,000.

On 20 September 2023, the Company subscribed for 300,520 units of ordinary shares in Tradergy Sdn. Bhd. by way of capitalisation of amount due from the subsidiary amounted to RM300,520 and 79,480 units of ordinary shares by way of cash amounted to RM79,480 for a total consideration of RM380,000, resulting no changes in equity interest.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



7. Investment in subsidiaries (Cont'd)

(b) Material party-owned subsidiary

Set out below are the Group's subsidiary that have material NCI:

Name of company	Proportion of ownership interest and voting rights held by NCI		Profit allocated to NCI		Accumulated NCI	
	2023 %	2022 %	2023 RM	2022 RM	2023 RM	2022 RM
Hiap Huat Services Sdn.Bhd.	40	40	<u>266,350</u>	(100,798)	<u>43,766</u>	(222,584)

Summarised financial information for the subsidiary that have NCI that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statement of financial position

	2023 RM	2022 RM
Non-current asset	2,657	-
Current assets	1,364,570	103,154
Non-current liability	(151)	-
Current liabilities	<u>(1,257,660)</u>	(659,613)
Net assets/(liabilities)	<u>109,416</u>	(556,459)

(ii) Summarised statement of profit or loss and other comprehensive income

	2023 RM	2022 RM
Revenue	<u>14,953,435</u>	95,192
Profit/(Loss) for the financial year, representing total comprehensive income/ (loss) for the financial year	<u>665,875</u>	(251,994)

(iii) Summarised statement of cash flows

	2023 RM	2022 RM
Net cash from/(used in) operating activities	1,111,499	(256,008)
Net cash used in investing activity	(5,948)	-
Net cash (used in)/from financing activity	<u>(106,137)</u>	152,875
Net cash increase/(decrease) in cash and cash equivalents	<u>999,414</u>	(103,133)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

8. Other receivables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current asset				
Prepayments	<u>55,052</u>	<u>128,455</u>	<u>-</u>	<u>-</u>
Current assets				
Non-trade receivables	521,637	385,636	5,649	2,749
Deposits	808,583	428,832	234,482	25,482
Prepayments	917,707	870,569	34,403	21,414
Advance to a supplier	5,210	-	-	-
	<u>2,253,137</u>	<u>1,685,037</u>	<u>274,534</u>	<u>49,645</u>
	<u>2,308,189</u>	<u>1,813,492</u>	<u>274,534</u>	<u>49,645</u>

Non-trade receivables are unsecured, non-interest bearing and repayable on demand.

Included in deposits of the Company is an amount of RM210,000 (2022: RMNil) paid for acquisition of a subsidiary which disclosed as subsequent event in Note 34 to the financial statements.

9. Inventories

	Group	
	2023 RM	2022 RM
Raw materials	4,107,383	2,841,222
Packing materials	-	2,618
Finished goods	<u>8,201,452</u>	<u>4,741,813</u>
	<u>12,308,835</u>	<u>7,585,653</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	51,136,052	30,017,743
Provision for slow moving inventories	<u>127,228</u>	<u>-</u>

Provision for slow moving inventories is presented in cost of sales.

10. Trade receivables

	Group	
	2023 RM	2022 RM
Trade receivables	14,261,237	11,543,672
Less: Allowance for expected credit losses ("ECLs")	<u>(4,910)</u>	<u>(73,975)</u>
	<u>14,256,327</u>	<u>11,469,697</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



10. Trade receivables (Cont'd)

Trade receivables are non-interest bearing and are generally from cash term to 60 days (2022: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for ECLs are as follows:

	Group	
	2023 RM	2022 RM
At beginning of the financial year	73,975	64,478
Allowance for ECLs	-	15,002
Reversal of allowance for ECLs	(69,065)	(5,505)
At end of the financial year	4,910	73,975

The following table provides information about the exposure to credit risk and allowance for ECLs for trade receivables:

	Gross amount RM	ECLs RM	Net amount RM
Group			
2023			
Neither past due nor impaired	3,117,666	(1,783)	3,115,883
Past due but not impaired:			
Less than 30 days	3,835,202	(856)	3,834,346
31 to 60 days	5,220,305	(2,068)	5,218,237
61 to 90 days	1,320,392	(99)	1,320,293
More than 90 days	767,672	(104)	767,568
	11,143,571	(3,127)	11,140,444
	14,261,237	(4,910)	14,256,327
2022			
Neither past due nor impaired	4,657,108	-	4,657,108
Past due but not impaired:			
Less than 30 days	1,905,107	(26,783)	1,878,324
31 to 60 days	2,239,683	(22,967)	2,216,716
61 to 90 days	1,107,804	-	1,107,804
More than 90 days	1,609,745	-	1,609,745
	6,862,339	(49,750)	6,812,589
	11,519,447	(49,750)	11,469,697
Credit impaired:			
Individual impaired	24,225	(24,225)	-
	11,543,672	(73,975)	11,469,697

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

11. Amount due from subsidiaries

	Company	
	2023 RM	2022 RM
Trade	412,468	-
Non-trade	88,725	814,390
Less: Allowance for ECLs	-	(300,520)
	<u>501,193</u>	<u>513,870</u>

Amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

Movements in the allowance for ECLs are as follows:

	Company	
	2023 RM	2022 RM
At beginning of the financial year	300,520	300,520
Reversal of allowance of ECLs	(300,520)	-
At end of the financial year	<u>-</u>	<u>300,520</u>

12. Fixed deposits with licensed banks

The interest rate of fixed deposits with licensed banks of the Group and of the Company ranged from 2.70% to 4.05% (2022: 2.70% to 3.55%) and from 3.60% to 4.00% (2022: 3.60%) per annum. The maturities of fixed deposits with licensed banks of the Group and the Company ranged from 30 to 180 days (2022: 30 to 180 days) and at 180 days (2022: at 180 days).

The fixed deposits with licensed banks of the Group and of the Company amounted to RMNil and RMNil (2022: RM5,500,000 and RM3,000,000) are with maturity more than 3 months.

13. Share capital/Treasury shares

(a) Share capital

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

Issued and fully paid:

At beginning/end of the financial year	<u>399,138,330</u>	399,138,330	<u>49,980,636</u>	<u>49,980,636</u>
--	--------------------	-------------	-------------------	-------------------

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



13. Share capital/Treasury shares (Cont'd)

(b) Treasury shares

	Group and Company			
	Number of shares		Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
At beginning/end of the financial year	4,113,000	4,113,000	400,646	400,646

There was no repurchase of own shares occurred in the current financial year.

As at 31 December 2023, the total shares held as treasury shares amounted to 4,113,000 (2022: 4,113,000) ordinary shares at a total cost of RM400,646 (2022: RM400,646).

None of the treasury shares held were resold or cancelled during the financial year.

14. Merger deficit

The merger deficit represents the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries acquired under the merger method of accounting.

15. Revaluation reserves

The revaluation reserves arise from revaluation of leasehold land and factory lots, net of tax, and is not available for distribution as dividends to the shareholders.

16. Lease liabilities

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current	3,326,490	2,625,044	150,523	-
Current	1,271,029	974,478	43,147	-
	4,597,519	3,599,522	193,670	-

The maturity analysis of lease liabilities at the end of the reporting period:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Within 1 year	1,472,508	1,138,155	50,964	-
Between 1 - 2 years	1,324,833	921,530	50,964	-
Between 2 - 5 years	2,246,602	1,945,889	110,392	-
	5,043,943	4,005,574	212,320	-
Less: Future finance charges	(446,424)	(406,052)	(18,650)	-
Present value of lease liabilities	4,597,519	3,599,522	193,670	-

The Group leases warehouses, motor vehicles and factory equipment and the Company leases motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

17. Loan and borrowings

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Secured				
Term loans	20,898,932	24,493,401	397,837	3,016,366
Non-current				
Term loans	18,905,701	22,645,461	36,494	2,742,433
Current				
Term loans	1,993,231	1,847,940	361,343	273,933
	20,898,932	24,493,401	397,837	3,016,366

The term loans are repayable by 50 to 135 (2022: 50 to 135) monthly instalments.

The term loans are secured by the following:

- Legal charge over leasehold land, factory lots and leasehold buildings of the Group and of the Company as disclosed in Notes 5 and 6 to the financial statements;
- Asset purchase agreement as subsidiary's instruments;
- Corporate guarantee by the Company;
- Facility agreement; and
- Jointly and severally guaranteed by certain Directors of the Group and of the Company.

Maturity of term loans are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Within 1 year	1,993,231	1,847,940	361,343	273,933
Between 1 - 2 years	2,158,752	1,917,681	36,494	283,136
Between 2 - 5 years	5,796,378	7,625,178	-	1,234,703
After 5 years	10,950,571	13,102,602	-	1,224,594
	20,898,932	24,493,401	397,837	3,016,366

The average effective interest rates per annum are as follows:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Term loans	3.50 - 4.91	2.57 - 5.00	4.40 - 4.65	3.40 - 5.00

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



18. Deferred tax liabilities

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of the financial year	7,519,050	7,005,331	181,000	168,000
Recognised in profit or loss	(137,196)	677,495	8,811	13,000
Under/(Over) provision in prior financial years	58,338	(163,776)	30,404	-
At end of the financial year	<u>7,440,192</u>	<u>7,519,050</u>	<u>220,215</u>	<u>181,000</u>

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax liabilities	<u>7,440,192</u>	<u>7,519,050</u>	<u>220,215</u>	<u>181,000</u>

The components and movements of deferred tax liabilities are made up of temporary differences arising from:

	Accelerated capital allowances RM	Revaluation of assets RM	Total RM
Group			
At 1 January 2023	5,128,494	2,390,556	7,519,050
Recognised in profit or loss	(137,196)	-	(137,196)
Under provision in prior financial years	58,338	-	58,338
At 31 December 2023	<u>5,049,636</u>	<u>2,390,556</u>	<u>7,440,192</u>
At 1 January 2022	4,614,775	2,390,556	7,005,331
Recognised in profit or loss	677,495	-	677,495
Over provision in prior financial years	(163,776)	-	(163,776)
At 31 December 2022	<u>5,128,494</u>	<u>2,390,556</u>	<u>7,519,050</u>
Company			
At 1 January 2023	(13,215)	194,215	181,000
Recognised in profit or loss	8,811	-	8,811
Under provision in prior financial years	30,404	-	30,404
At 31 December 2023	<u>26,000</u>	<u>194,215</u>	<u>220,215</u>
At 1 January 2022	(26,215)	194,215	168,000
Recognised in profit or loss	<u>13,000</u>	-	<u>13,000</u>
At 31 December 2022	<u>(13,215)</u>	<u>194,215</u>	<u>181,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

18. Deferred tax liabilities (Cont'd)

Unrecognised deferred tax assets

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

	Group	
	2023 RM	2022 RM
Unutilised business losses	700,100	1,325,111
Unabsorbed capital allowances	33,800	33,800
	733,900	1,358,911

The expiry of the unutilised business losses is as follows:

	Group	
	2023 RM	2022 RM
Year of assessment 2029	700,100	700,100
Year of assessment 2030	-	12,149
Year of assessment 2031	-	236,888
Year of assessment 2032	-	114,158
Year of assessment 2033	-	261,816
	700,100	1,325,111

In accordance with the provision of Finance Act 2018, the unutilised business losses could be carried forward for a maximum of seven consecutive years of assessment. Any balance of the unutilised business losses at the end of the seventh year shall be disregarded.

The Finance Act 2021 stated that the time frame to carry forward unutilised business losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. The other temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries that have a recent history of losses.

19. Trade payables

The normal trade credit terms granted to the Group ranged from cash terms to 60 days (2022: 30 to 120 days) depending on the terms of the contracts.

20. Other payables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-trade payables	680,353	223,551	2,428	5,551
Deposits received	106,053	81,350	106,053	81,350
Accruals	201,726	677,139	65,712	63,586
Sales and services tax ("SST") payable	5,489	3,241	-	-
	993,621	985,281	174,193	150,487

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



21. Revenue

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers:				
- Sale of goods	87,166,497	80,032,565	-	-
- Management fees received from subsidiaries	-	-	4,872,000	4,098,000
- Services rendered	14,540	2,360	-	-
	87,181,037	80,034,925	4,872,000	4,098,000
Timing of revenue recognition:				
- At a point in time	87,181,037	80,034,925	-	-
- Over time	-	-	4,872,000	4,098,000
	87,181,037	80,034,925	4,872,000	4,098,000

Breakdown of the Group's revenue from contracts with customers based on location of customers:

	Group	
	2023 RM	2022 RM
Geographical market:		
Malaysia	57,503,831	61,758,257
Singapore	23,340,146	5,623,649
Vietnam	6,329,314	12,653,019
Finland	7,746	-
	87,181,037	80,034,925

22. Finance costs

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expenses on:				
- Lease liabilities	256,704	101,140	8,139	-
- Term loans	1,073,606	817,569	129,493	80,238
	1,330,310	918,709	137,632	80,238

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

23. Profit/(Loss) before tax

Profit/(Loss) before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
- statutory audit	106,000	95,000	35,000	32,000
- non-audit	5,000	5,000	5,000	5,000
Depreciation:				
- property, plant and equipment	4,913,775	5,197,937	123,702	198,884
- right-of-use assets	2,572,065	1,673,304	41,162	-
- investment properties	94,438	182,681	94,438	182,681
Fair value loss on short-term investments	-	26,051	-	25,796
Dividend income on short-term investments	-	(137,611)	-	(101,463)
Net (gain)/loss on impairment of financial assets:				
- Trade receivables	(69,065)	9,497	-	-
- Amount due from subsidiaries	-	-	(300,520)	-
Net impairment loss on investment in subsidiaries	-	-	125,916	-
Provision for slow moving inventories	127,228	-	-	-
Property, plant and equipment written off	28,883	33,093	8,897	6,589
Realised loss/(gain) on foreign exchange	326,333	(74,467)	-	-
Unrealised loss/(gain) on foreign exchange	110,271	(37,511)	(100)	(112)
(Gain)/Loss on disposal of property, plant and equipment	(42,657)	(120,736)	-	1,947
Bad debts written off	21,288	-	-	-
Interest income	(376,049)	(3,285)	(171,586)	-
Gain on disposal right-of-use assets	(236,894)	-	-	-
Non-executive Directors' remunerations:				
- Fees and allowances	219,967	231,000	219,967	207,000
Rental income	(293,350)	(218,350)	(293,350)	(218,350)
Short-term leases (a)	1,917,565	1,842,086	-	-

(a) The Group leases various property and equipment with contract terms of not more than one year. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



24. Taxation

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Tax expenses recognised in profit or loss				
Current tax				
Current financial year provision	3,406,314	2,267,006	111,931	81,725
(Over)/Under provision in prior financial years	(26,153)	(8,653)	15,054	13,094
	3,380,161	2,258,353	126,985	94,819
Deferred				
Origination and reversal of temporary differences	(137,196)	677,495	8,811	13,000
Under/(Over) provision in prior financial years	58,338	(163,776)	30,404	-
	(78,858)	513,719	39,215	13,000
	3,301,303	2,772,072	166,200	107,819

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	11,240,437	10,825,979	562,876	(129,876)
At Malaysian statutory tax rate of 24% (2022: 24%)	2,697,705	2,598,235	135,090	(31,170)
Expenses not deductible for tax purposes	898,999	378,370	97,261	125,895
Income not subject to tax	(177,583)	(69,661)	(111,609)	-
Movement of deferred tax assets not recognised	(150,003)	37,557	-	-
(Over)/Under provision of tax expenses in prior financial years	(26,153)	(8,653)	15,054	13,094
Under/(Over) provision of deferred tax in prior financial years	58,338	(163,776)	30,404	-
	3,301,303	2,772,072	166,200	107,819

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

25. Earnings per share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year. The weighted average number of shares in issue excludes the weighted average number of treasury shares held by the Company.

	Group	
	2023 RM	2022 RM
Profit attributable to owners of the Company	7,672,784	8,154,705
Weighted average number of ordinary shares in issue	399,138,330	399,138,330
Effect of treasury shares held	(4,113,000)	(4,113,000)
Weighted average number of ordinary shares at 31 December (units)	395,025,330	395,025,330
Basic earnings per share (in sen)	1.94	2.06

(b) Diluted earnings per share

The diluted earnings per shares of the Group is equal to the basic earnings per share as the Group does not have any dilutive potential ordinary shares in issue.

26. Staff costs

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages and other emoluments	9,707,028	7,426,988	3,231,708	2,772,599
Defined contribution plans	867,179	593,696	332,423	281,878
Social security contributions	100,764	104,855	14,825	11,943
Other benefits	723,529	664,875	360,667	272,551
	11,398,500	8,790,414	3,939,623	3,338,971

Included in staff costs is the aggregate amount of remuneration received and receivable by the Executive Directors of the Group and of the Company during the financial year as below:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive Directors				
Directors of the Company				
Salaries, fees, wages and other emoluments	2,112,000	1,780,000	2,064,000	1,732,000
Defined contribution plans	224,640	187,680	224,640	187,680
Social security contributions	3,060	2,646	3,060	2,646
	2,339,700	1,970,326	2,291,700	1,922,326

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



27. Reconciliation of liabilities arising from financing activities

The table below shows the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1.1.2023 RM	Drawdowns RM	Repayments RM	At 31.12.2023 RM
Group				
Lease liabilities	3,599,522	2,630,585	(1,632,588)	4,597,519
Term loans	<u>24,493,401</u>	<u>3,342,056</u>	<u>(6,936,525)</u>	<u>20,898,932</u>

	At 1.1.2022 RM	Drawdowns RM	Repayments RM	At 31.12.2022 RM
Lease liabilities	1,573,253	2,914,940	(888,671)	3,599,522
Term loans	<u>22,981,067</u>	<u>9,098,195</u>	<u>(7,585,861)</u>	<u>24,493,401</u>

	At 1.1.2023 RM	Drawdowns RM	Repayments RM	At 31.12.2023 RM
Company				
Lease liabilities	-	228,000	(34,330)	193,670
Term loans	<u>3,016,366</u>	<u>2,797,255</u>	<u>(5,415,784)</u>	<u>397,837</u>

	At 1.1.2022 RM	Drawdowns RM	Repayments RM	At 31.12.2022 RM
Term loans	<u>3,273,045</u>	<u>6,079,796</u>	<u>(6,336,475)</u>	<u>3,016,366</u>

28. Related party disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel 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. The key management personnel comprise the Directors and management personnel of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

28. Related party disclosures (Cont'd)

(b) Related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the related party transactions of the Group and of the Company are as follows:

	Group	
	2023 RM	2022 RM
Transaction with close family members of the Directors/substantial shareholder		
- Allowance paid for advisory services provided	<u>67,200</u>	<u>67,200</u>

	Company	
	2023 RM	2022 RM
Transaction with subsidiaries		
- Management fee received	<u>4,872,000</u>	<u>4,098,000</u>

(c) Compensation of key management personnel

Remuneration of other members of key management are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages, fee and other emoluments	551,382	421,796	-	-
Defined contribution plans	71,994	58,913	-	-
Social security contributions	2,318	2,004	-	-
	<u>625,694</u>	<u>482,713</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



29. Segment reporting

The Group has one operating segment comprises mainly the manufacturing, recycling and refining all kinds of petroleum based products. Segment information has not been separately presented because internal reporting uses the Group's financial statements.

Geographic information

Revenue information based on the geographical location of customers is as follows:

	Revenue	
	2023 RM	2022 RM
Group		
Malaysia	57,503,831	61,758,257
Singapore	23,340,146	5,623,649
Vietnam	6,329,314	12,653,019
Finland	7,746	-
	87,181,037	80,034,925

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, investment properties and other receivables.

Major customers

The following are major customers with revenue equal or more than 10% (2022: 10%) of the Group's total revenue:

	Revenue	
	2023 RM	2022 RM
Customer A	16,822,076	18,430,425
Customer B	8,895,039	7,651,558
	25,717,115	26,081,983

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

30. Financial instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At amortised costs				
Financial assets				
Trade receivables	14,256,327	11,469,697	-	-
Other receivables	1,330,220	814,468	240,131	28,231
Amount due from subsidiaries	-	-	501,193	513,870
Fixed deposits with licensed banks	-	5,666,018	-	3,000,000
Cash and bank balances	7,277,503	13,427,247	271,743	3,186,751
	22,864,050	31,377,430	1,013,067	6,728,852
At amortised costs				
Financial liabilities				
Loan and borrowings	20,898,932	24,493,401	397,837	3,016,366
Trade payables	1,894,062	3,459,905	-	-
Other payables	988,132	982,040	174,193	150,487
	23,781,126	28,935,346	572,030	3,166,853

(b) Net gain/(loss) on financial instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net gain/(loss) on impairment of financial instruments:				
- Financial assets at amortised cost	69,065	(9,497)	300,520	-

(c) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing their credit, liquidity and market risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy are not to engage in speculative transactions.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



30. Financial instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade receivables, other receivables, fixed deposits with licensed banks and cash and bank balances. The Company's exposure to credit risk arises principally from other receivables, amount due from subsidiaries, fixed deposits with licensed banks and cash and bank balances. There are no significant changes as compared to previous year.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and fixed deposits with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides advances to subsidiaries. It also provides financial guarantees to banks for banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine 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. Nevertheless, receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position as at the reporting date represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions for banking facilities.

There are no significant changes as compared to previous financial year.

Credit risk concentration

As at the end of the financial year, the Group has 4 (2022: 4) major customers and accounted for approximately 75% (2022: 68%) of the trade receivables outstanding.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimise liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

30. Financial instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2023						
<u>Non-derivative financial liabilities</u>						
Lease liabilities	1,472,508	1,324,833	2,246,602	-	5,043,943	4,597,519
Loan and borrowings	2,801,746	2,969,243	7,682,942	13,270,025	26,723,956	20,898,932
Trade payables	1,894,062	-	-	-	1,894,062	1,894,062
Other payables	988,132	-	-	-	988,132	988,132
	7,156,448	4,294,076	9,929,544	13,270,025	34,650,093	28,378,645
Financial guarantee	808,730	-	-	-	808,730	-
2022						
<u>Non-derivative financial liabilities</u>						
Lease liabilities	1,138,155	921,530	1,945,889	-	4,005,574	3,599,522
Loan and borrowings	2,730,252	2,777,290	10,160,515	15,750,099	31,418,156	24,493,401
Trade payables	3,459,905	-	-	-	3,459,905	3,459,905
Other payables	982,040	-	-	-	982,040	982,040
	8,310,352	3,698,820	12,106,404	15,750,099	39,865,675	32,534,868
Financial guarantee	68,100	-	-	-	68,100	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



30. Financial instruments (Cont'd)

- (c) Financial risk management objectives and policies (Cont'd)
- (ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company						
2023						
<u>Non-derivative financial liabilities</u>						
Lease liabilities	50,964	50,964	110,392	-	212,320	193,670
Loan and borrowings	372,240	36,638	-	-	408,878	397,837
Other payables	174,193	-	-	-	174,193	174,193
	597,397	87,602	110,392	-	795,391	765,700
Corporate guarantee*	42,853,832	-	-	-	42,853,832	-
2022						
<u>Non-derivative financial liabilities</u>						
Loan and borrowings	372,240	372,240	1,488,960	1,300,236	3,533,676	3,016,366
Other payables	150,487	-	-	-	150,487	150,487
	522,727	372,240	1,488,960	1,300,236	3,684,163	3,166,853
Corporate guarantee*	47,433,832	-	-	-	47,433,832	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

30. Financial instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

- * Being corporate guarantee granted for banking facilities of certain subsidiaries which will only be enclosed in the event of default by these companies.

The Company provides corporate guarantee to banks in respect of credit facilities granted to certain subsidiaries and monitors on an ongoing basis the performance of the subsidiaries. At end of the financial year, there was no indication that the subsidiaries would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiaries defaulting on their credit facilities is remote.

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Group. The currencies giving rise to this risk are United States Dollar ("USD"), Swiss Francs ("CHF") and Euro ("EUR").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by the management.

Foreign currency sensitivity analysis

Foreign currency risk arises from Group which have a RM functional currency. The exposure to currency risk of Group which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

(b) Interest rate risk

The Group's and the Company's fixed deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk of their fixed deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group and the Company manage their interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor their interest rate risk by reviewing their debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



30. Financial instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) 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 the end of the reporting period was:

	Group	
	2023 RM	2022 RM
Fixed rate instruments		
<u>Financial asset</u>		
Fixed deposits with licensed banks	-	5,666,018
<u>Financial liability</u>		
Lease liabilities	<u>(4,494,748)</u>	(3,500,286)
Net financial (liability)/asset	<u>(4,494,748)</u>	<u>2,165,732</u>
Floating rate instrument		
<u>Financial liability</u>		
Term loans	<u>(20,898,932)</u>	<u>(24,493,401)</u>

	Company	
	2023 RM	2022 RM
Fixed rate instruments		
<u>Financial asset</u>		
Fixed deposits with licensed banks	-	3,000,000
<u>Financial liability</u>		
Lease liabilities	<u>(193,670)</u>	-
Net financial (liability)/asset	<u>(193,670)</u>	<u>3,000,000</u>
Floating rate instrument		
<u>Financial liability</u>		
Term loans	<u>(397,837)</u>	<u>(3,016,366)</u>

Interest rate risk sensitivity analysis

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. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

30. Financial instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis (Cont'd)

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's profit/(loss) before tax by RM208,989 (2022: RM244,934) and RM3,978 (2022: RM30,164), arising mainly as a result of lower/higher interest expense on floating rate loan and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

(i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using 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).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023



31. Capital commitment

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Contracted and approved for:				
- Acquisition of a subsidiary	-	-	1,890,000	-
- Purchase of property, plant and equipment	<u>9,718,202</u>	<u>3,927,557</u>	<u>-</u>	<u>254,614</u>

32. Corporate guarantee

	Group	
	2023 RM	2022 RM
Bank guarantee for performance bond given to suppliers	<u>808,730</u>	<u>68,100</u>

	Company	
	2023 RM	2022 RM
Guarantee given to financial institutions and non-financial institutions for financing facilities granted to subsidiaries	<u>42,853,832</u>	<u>47,433,832</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

33. Capital management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Lease liabilities	4,494,748	3,500,286	193,670	-
Loan and borrowings	20,898,932	24,493,401	397,837	3,016,366
Less: Fixed deposits with licensed banks	-	(5,666,018)	-	(3,000,000)
Less: Cash and bank balances	(7,277,503)	(13,427,247)	(271,743)	(3,186,751)
Net debts/(cash)	18,116,177	8,900,422	319,764	(3,170,385)
Total equity	91,952,062	84,012,928	51,043,801	50,647,125
Gearing ratio (times)	0.20	0.11	0.01	N/A*

* N/A - the gearing ratio may not provide a meaningful indicator of the risk of borrowings.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

34. Subsequent event

On 15 December 2023, the Company entered into a Share Sales Agreement to acquire 60% in the share capital of KL Bunkering (M) Sdn. Bhd. for total consideration of RM2,100,000. The acquisition process was completed on 22 January 2024.

35. Date of authorisation for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 April 2024.

LIST OF PROPERTIES



No.	Address	Description of property / Existing use	Land area / Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2023 RM'000	Date of acquisition
1.	Lot No. A-1, Jalan MIEL, Kawasan Perindustrian MIEL, 28700 Bentong, Pahang Darul Makmur. <i>Title identification:</i> PN 11605 Lot 18211 (formerly held under HS(D) 12163, PT No. 15677), Mukim and District of Bentong, State of Pahang.	Industrial land with a 1½ storey semi-detached factory building used as factory and warehouse.	Land area: 2,088 Gross built-up area: 926.7	30 years	Leasehold for 66 years, expiring on 22.03.2053	994	10/12/2008
2.	Lot No. A-2, Jalan MIEL, Kawasan Perindustrian MIEL, 28700 Bentong, Pahang Darul Makmur. <i>Title identification:</i> PN11606 Lot 18212 (formerly held under HS(D) 12164, PT No. 15678), Mukim and District of Bentong, State of Pahang.	Industrial land with a 1½ storey semi-detached factory building used as factory and warehouse.	Land area:1,864 Gross built-up area: 926.7	30 years	Leasehold for 66 years, expiring on 22.03.2053	902	08/08/2007
3.	Lot No. A-3, Jalan MIEL, Kawasan Perindustrian MIEL, 28700 Bentong, Pahang Darul Makmur. <i>Title identification:</i> PN 11607 Lot 18213 (formerly held under HS(D) 12165, PT No. 15679), Mukim and District of Bentong, State of Pahang.	Industrial land with a 1½ storey semi-detached factory building used as factory and warehouse.	Land area:1,716 Gross built-up area: 926.7	30 years	Leasehold for 66 years, expiring on 22.03.2053	903	08/08/2007
4.	Lot No. A-4, Jalan MIEL, Kawasan Perindustrian MIEL, 28700 Bentong, Pahang Darul Makmur. <i>Title identification:</i> PN 11609 Lot 18214 (formerly held under HS(D) 12166, PT No. 15680), Mukim and District of Bentong, State of Pahang.	Industrial land with a 1½ storey semi-detached factory building used as factory and warehouse.	Land area:1,531 Gross built-up area: 926.7	30 years	Leasehold for 66 years, expiring on 22.03.2053	857	08/08/2007

LIST OF PROPERTIES

No.	Address	Description of property / Existing use	Land area / Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2023 RM'000	Date of acquisition
5.	Lot No. A-5, Jalan MIEL, Kawasan Perindustrian MIEL, 28700 Bentong, Pahang Darul Makmur. <i>Title identification:</i> PN 11610 Lot 18215 (formerly held under HS(D) 12167, PT No. 15681), Mukim and District of Bentong, State of Pahang.	Industrial land with a 1½ storey semi-detached factory building used as staff canteen, factory and warehouse.	Land area:1,538 Gross built-up area: 926.7	30 years	Leasehold for 66 years, expiring on 22.03.2053	854	10/12/2003
6.	Lot No. A-6, Jalan MIEL, Kawasan Perindustrian MIEL, 28700 Bentong, Pahang Darul Makmur. <i>Title identification:</i> PN 11611 Lot 18216 (formerly held under Pajakan Negeri 2486, Lot 15403), Mukim Bentong, Daerah Bentong, Negeri Pahang.	Industrial land with a 1½ storey semi-detached factory building used as factory and warehouse.	Land area:2,073 Gross built-up area: 926.7	30 years	Leasehold for 66 years, expiring on 22.03.2053	987	11/02/1998
7.	Lot No. B-1, Jalan MIEL, Kawasan Perindustrian MIEL, 28700 Bentong, Pahang Darul Makmur. <i>Title identification:</i> PN 11598 Lot No. 18210, Mukim Bentong, Daerah Bentong, Negeri Pahang.	Industrial land with a 1½ storey semi-detached factory building used as factory and warehouse.	Land area:1,582 Gross built-up area: 587	30 years	Leasehold for 66 years, expiring on 22.03.2053	910	25/05/2010
8.	Lot No. B2, Jalan MIEL, Kawasan Perindustrian MIEL, 28700 Bentong, Pahang Darul Makmur. <i>Title identification:</i> PN 11600 Lot 18209 Mukim and District of Bentong, State of Pahang.	Industrial land with a 1½ storey semi-detached factory building used as factory and warehouse.	Land area:1,261 Gross built-up area: 587	30 years	Leasehold for 66 years, expiring on 22.03.2053	636	19/09/2011

LIST OF PROPERTIES



No.	Address	Description of property / Existing use	Land area / Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2023 RM'000	Date of acquisition
9.	Lot No. B3, Jalan MIEL, Kawasan Perindustrian MIEL, 28700 Bentong, Pahang Darul Makmur. <i>Title identification:</i> PN 11602 Lot 18208 Mukim and District of Bentong, State of Pahang.	Industrial land with a 1½ storey semi-detached factory building used as administration office.	Land area:1,222 Gross built-up area: 587	30 years	Leasehold for 66 years, expiring on 22.03.2053	636	19/09/2011
10.	Lot No. B4, Jalan MIEL, Kawasan Perindustrian MIEL, 28700 Bentong, Pahang Darul Makmur. <i>Title identification:</i> PN 11603 Lot 18207 Mukim and District of Bentong, State of Pahang.	Industrial land with a 1½ storey semi-detached factory building used as factory and warehouse.	Land area:1,390 Gross built-up area: 587	30 years	Leasehold for 66 years, expiring on 22.03.2053	682	19/09/2011
11.	Lot No. 21, Jalan Sungai Pinang 5/3, Phase 2A Taman Perindustrian Pulau Indah, Klang, Selangor Darul Ehsan. <i>Title identification:</i> Individual Title PN 24351, Lot 102521, in the Mukim of Klang, District of Klang, State of Selangor.	Industrial land with a single storey refinery and recycling factory and a 2 stories office building used as administration office, factory and warehouse.	Land area:12,386 Gross built-up area: 5,748.57	10 years	Leasehold for 99 years, expiring on 24.02.2097	19,302	07/07/2009
12.	D-22-01, Sunway Nexis, No. 1, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan. <i>Title identification:</i> Strata Title PN 94193/ M1-C/23/182, Lot No. 65670, Bangunan No. M1-C, Tingkat No. 23, No. Petak 182, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan.	Soho Duplex Unit used as investment property.	Gross built-up area: 152.00	9 years	Leasehold for 99 years, expiring on 23.11.2100	1,127	10/05/2013

LIST OF PROPERTIES

No.	Address	Description of property / Existing use	Land area / Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2023 RM'000	Date of acquisition
13.	D-22-03, Sunway Nexis, No. 1, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan. <i>Title identification:</i> Strata Title PN 94193/ M1-C/23/184, Lot No. 65670, Bangunan No. M1-C, Tingkat No. 23, No. Petak 184, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan.	Soho Duplex Unit used as investment property.	Gross built-up area: 157.00	9 years	Leasehold for 99 years, expiring on 23.11.2100	1,295	10/05/2013
14.	D-22-03A, Sunway Nexis, No. 1, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan. <i>Title identification:</i> Strata Title PN 94193/ M1-C/23/185, Lot No. 65670, Bangunan No. M1-C, Tingkat No. 23, No. Petak 185, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor.	Soho Duplex Unit used as investment property.	Gross built-up area: 157.00	9 years	Leasehold for 99 years, expiring on 23.11.2100	1,295	10/05/2013
15.	D-22-05, Sunway Nexis, No. 1, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan. <i>Title identification:</i> Strata Title PN 94193/ M1-C/23/186, Lot No. 65670, Bangunan No. M1-C, Tingkat No. 23, No. Petak 186, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor.	Soho Duplex Unit used as investment property.	Gross built-up area: 152.00	9 years	Leasehold for 99 years, expiring on 23.11.2100	1,126	10/05/2013

LIST OF PROPERTIES



No.	Address	Description of property / Existing use	Land area / Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2023 RM'000	Date of acquisition
16.	D-22-06, Sunway Nexis, No. 1, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan. <i>Title identification:</i> Strata Title PN 94193/ M1-C/23/187, Lot No. 65670, Bangunan No. M1-C, Tingkat No. 23, No. Petak 187, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor.	Soho Duplex Unit used as investment property.	Gross built-up area: 152.00	9 years	Leasehold for 99 years, expiring on 23.11.2100	1,126	10/05/2013
17.	D-22-07, Sunway Nexis, No. 1, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan. <i>Title identification:</i> Strata Title PN 94193/ M1-C/23/188, Lot No. 65670, Bangunan No. M1-C, Tingkat No. 23, No. Petak 188, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor.	Soho Duplex Unit used as investment property.	Gross built-up area: 157.00	9 years	Leasehold for 99 years, expiring on 23.11.2100	1,295	10/05/2013
18.	Pulau Indah Industrial Land, Jalan Sungai ChongDong 33/KS11, Taman Perindustrian Pulau Indah Fasa 3, Klang, Selangor Darul Ehsan. <i>Title identification:</i> Individual Title Lot PT 159462 (HSD 165823) in the Mukim of Klang, District of Klang, State of Selangor.	Construction in progress, for factory & office	Land area: 16,591.72	-	Leasehold for 78 years, expiring on 14.04.2099	20,932	30/12/2019

LIST OF PROPERTIES

No.	Address	Description of property / Existing use	Land area / Built-up area sq m	Approximate age of building	Tenure	Audited net book value as at 31.12.2023 RM'000	Date of acquisition
19.	Lot 60, Kawasan Perindustrian Gebeng, 26080, Kuantan, Pahang Darul Makmur. <i>Title identification:</i> Individual Title H.S. (D) 7468, PT 14524, Mukim Sungai Karang, Daerah Kuantan, Pahang Darul Makmur.	Industrial land	Land area: 2,699.656	-	Leasehold for 66 years, expiring on 26.11.2050	1,792	13/06/2022
20.	Lot 61, Jalan Gebeng 1/10, Kawasan Perindustrian Gebeng, 26080, Kuantan, Pahang Darul Makmur. <i>Title identification:</i> Individual Title PN 6994, Lot 8956, Mukim Sungai Karang, Daerah Kuantan, Pahang Darul Makmur.	Industrial land	Land area: 2,700	-	Leasehold for 66 years, expiring on 22.02.2064	1,258	13/06/2022

STATISTICS OF SHAREHOLDINGS

AS AT 29 MARCH 2024



SHARE CAPITAL

Total Number of Issued Shares	:	399,138,330 (including treasury shares of 4,113,000)
Issued Share Capital	:	RM49,980,636.00
Class of Shares	:	Ordinary Share
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 29 MARCH 2024

Size of Holding	No. of shareholders	% of shareholders*	No. of holdings	% of shares*
1 – 99	38	1.98	1,033	0.00
100 - 1,000	182	9.50	90,100	0.02
1,001 - 10,000	499	26.06	3,379,798	0.86
10,001 - 100,000	885	46.21	38,563,400	9.76
100,001 to less than 5% of issued shares	309	16.14	217,356,079	55.02
5% and above of issued shares	2	0.10	135,634,920	34.34
Total	1,915	99.99	395,025,330	100.00

* Calculated based on 395,025,330 excluding treasury shares of 4,113,000

SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2024

No.	Name of Substantial Shareholder	No. of Shares held		No. of Shares held	
		Direct	%*	Indirect	%*
1	Dato' Chan Say Hwa	69,026,460	17.47	3,363,220 ^(a)	0.85
2	Soo Kit Lin	66,608,460	16.86	-	-
3	Datin Chow Pui Ling	3,363,220	0.85	69,026,460 ^(b)	17.47

^(a) Deemed interested through direct holding of spouse, Datin Chow Pui Ling.

^(b) Deemed interested through direct holding of spouse, Dato' Chan Say Hwa.

* Calculated based on 395,025,330 excluding treasury shares of 4,113,000

DIRECTORS' INTERESTS IN SHARES AS AT 29 MARCH 2024

No.	Name of Director	No. of Shares held		No. of Shares held	
		Direct	%*	Indirect	%*
1	Dato' Chan Say Hwa	69,026,460	17.47	3,363,220 ⁽¹⁾	0.85
2	Datin Chow Pui Ling	3,363,220	0.85	69,026,460 ⁽²⁾	17.47
3	Soo Kit Lin	66,608,460	16.86	-	-
4	Lee Yew Weng	1,000	0 ⁽³⁾	-	-
5	Woo Yew Tim	-	-	-	-
6	Cheng Mun Mun	-	-	-	-

⁽¹⁾ Deemed interested through direct holding of spouse, Datin Chow Pui Ling.

⁽²⁾ Deemed interested through direct holding of spouse, Dato' Chan Say Hwa.

⁽³⁾ Negligible

* Calculated based on 395,025,330 excluding treasury shares of 4,113,000

STATISTICS OF SHAREHOLDINGS

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 29 MARCH 2024)

No.	NAME OF SHAREHOLDERS	No. of Shares	%
1	DATO' CHAN SAY HWA	69,026,460	17.47
2	SOO KIT LIN	66,608,460	16.86
3	CHOW HOW FAI	12,923,600	3.27
4	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG SIOW HU (SEGAMAT-CL)	10,333,300	2.62
5	LEE MEE YOKE	9,837,000	2.49
6	KONG KOK SING	8,000,000	2.03
7	SOUTHERN REALTY RESOURCE SDN. BHD.	8,000,000	2.03
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	7,000,000	1.77
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (SRB/PMS)	7,000,000	1.77
10	KONG KOK CHOY	5,400,000	1.37
11	PROPEL ENERGY HOLDING SDN BHD	5,330,700	1.35
12	SUA TIEN FONG	3,983,000	1.01
13	LEE BEE GEOK	3,910,900	0.99
14	TEOH HIN HENG	3,869,000	0.98
15	LAU KIM SAN	3,815,000	0.97
16	DATIN CHOW PUI LING	3,363,220	0.85
17	ONG BOK LIM	3,200,000	0.81
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD YAU YOKE LAN	2,600,000	0.66
19	SUA YONG CHIN	2,600,000	0.66
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD SEK YONG WEE	2,302,500	0.58
21	CHIN KA WONG	2,297,000	0.58
22	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG AIK KEE (SMART)	2,000,000	0.51
23	JAG CAPITAL EQUITY SDN BHD	2,000,000	0.51
24	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG MEOW GIAK	2,000,000	0.51
25	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOSEPH GOH KA KEE	2,000,000	0.51
26	TEE CHEE CHIANG	1,857,300	0.47
27	LEE CHAY YEW	1,725,200	0.44
28	TYE LIM HUAT	1,700,000	0.43
29	CHONG KIM LIAN	1,600,000	0.41
30	LIOW SIN CHOW	1,600,000	0.41
	Total	257,882,640	65.32

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting (“14th AGM”) of Hiap Huat Holdings Berhad (“Hiap Huat” or “the Company”) will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (“RPV”) facilities at <https://hiaphuat-agm.digerati.com.my> (Domain registration number D1A119533) provided by Digerati Technologies Sdn. Bhd in Malaysia at the Broadcast Venue at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia on Wednesday, 29 May 2024 at 9.00 a.m. or at any adjournment thereof for the following purposes:-

A G E N D A

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**
2. To approve the payment of Directors’ fees of up to RM250,000 for the financial year ending 31 December 2024 and other benefits payable of up to RM50,000 commencing from the conclusion of the 14th AGM up to the next AGM of the Company. **Ordinary Resolution 1**
3. To re-elect the following Directors, who retire by rotation in accordance with Clause 105(1) of the Company’s Constitution and who being eligible, have offered themselves for re-election:
 - (a) Madam Soo Kit Lin **Ordinary Resolution 2**
 - (b) Mr Lee Yew Weng **Ordinary Resolution 3**
4. To re-appoint TGS TW PLT (“TGS”) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

AS SPECIAL BUSINESS:

To consider and if thought fit, with or without modifications to pass the following resolutions:

5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Ordinary Resolution 5**

“THAT pursuant to Section 85 of the Companies Act 2016, read in conjunction with Clause 61 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from the allotment and issuance of shares.

THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”), the Constitution of the Company, the Ace Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby authorised and empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time

AND THAT authority under this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or when it is required by law to be held, whichever is earlier, AND THAT the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.”

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

6. **PROPOSED RENEWAL OF SHARES BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)** Ordinary Resolution 6

“THAT, subject always to the Act, the provisions of the Constitution of the Company, the AMLR of Bursa Securities and the approvals of all relevant authorities (if any), the Board of Directors of the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase and/or hold 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 maximum aggregate number of shares which may be purchased and/or held as treasury shares by the Company pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase including the shares previously purchased and retained as treasury shares (if any);
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate 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 purchase; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends or in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse, unless by an ordinary resolution passed at the general meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but shall not prejudice the completion of the purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company”.

7. To transact any other ordinary business for which due notice shall have been given in accordance with the Act.

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING



BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482 / SSM PC No. 202208000250)

Thien Lee Mee (LS 0010621 / SSM PC No. 201908002254)

Low Ven Sin (MAICSA 7076080 / SSM PC No. 202208000340)

Company Secretaries

Kuala Lumpur

Dated this 30 April 2024

Notes:

- (1) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act, which stipulates that the Chairman of the meeting shall be present at the main venue of the AGM and in accordance with Clause 66 of the Company's Constitution which allows a meeting of members to be held at more than one venue, using any technology or method that enables the members of the Company to participate and exercise their right to speak and vote at the general meeting. Members, proxies and/or corporate representatives will not be allowed to be physically present nor admitted at the Broadcast Venue on the day of the 14th AGM.
- (2) Members are to attend, posing questions to the Board via real time submission of typed texts and vote (collectively, "participate") remotely at the 14th AGM via the RPV facilities provided by Digerati Technologies Sdn. Bhd via its website at <https://hiaphuat-agm.digerati.com.my> ("Digerati Portal"). Please read the Administrative Details for the 14th AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 14th AGM of the Company.
- (3) A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not, be a member of the Company. Where a member/shareholder appoints two (2) or more proxies to attend and vote at the meeting, such appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- (4) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) or more proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (5) Where a member of the Company is an exempt authorised nominee defined under the SICDA 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 nominees may appoint in respect of each omnibus account it holds.
- (6) Where the authorised nominee or an exempt authorised nominee 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.
- (7) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hands of an officer or attorney duly authorised.
- (8) The appointment of a proxy may be made in a physical 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 AGM or any adjournment thereof at which the person named in the appointment proposes to vote:
 - (i) In physical copy form
In the case of an appointment made in physical copy form, the proxy form must be deposited to Aldpro Corporate Services Sdn. Bhd.'s office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan.
 - (ii) By electronic form
The proxy form can be electronically lodged via the Digerati Portal at <https://hiaphuat-agm.digerati.com.my>
- (9) The purposes of determining a member who shall be entitled to attend the meeting, the Company shall be requesting the Record of Depositors as at 20 May 2024. Only a depositor whose name appears on the Record of Depositors as at 20 May 2024 shall be entitled to attend, speak and vote at the meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/her stead.
- (10) Pursuant to Rule 8.31A of the AMLR of Bursa Securities, all resolutions set out above will be put to vote by way of poll.

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS:

1. Audited Financial Statements for the Financial Year Ended 31 December 2023

This Agenda no.1 is meant for discussion only as Section 340(1)(a) of the Act provide that the audited financial statements are to be laid in the general meeting and does not require a formal approval of the shareholders. Hence, this Agenda item is not put forward to the shareholders for voting.

2. Ordinary Resolution 1: Payment of Directors' Fees and Other Benefits Payable

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of public company or a listed company and its subsidiaries shall be approved by shareholders at a general meeting. The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held for the period commencing from 14th AGM until the next AGM of the Company.

In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

3. Ordinary Resolutions 2 and 3: Re-election of Directors

Clause 105(1) of the Company's Constitution states that an election of Directors shall take place each year at the annual general meeting of the Company, where one-third 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 shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Madam Soo Kit Lin and Mr Lee Yew Weng are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 14th AGM, the Nomination Committee has considered the requirements under Rule 2.20A of AMLR of Bursa Securities and recommended Madam Soo Kit Lin and Mr Lee Yew Weng for re-election as Directors pursuant to Clause 105(1) of the Company's Constitution.

Director not seeking for retention at 14th AGM

Mr Woo Yew Tim, having served as an Independent Non-Executive Director of the Company for a cumulative period of more than nine (9) years since 8 August 2012, will reach the twelve (12) years term limit on 8 August 2024, has indicated that his resignation would take effect upon conclusion of the 14th AGM. His resignation is in line with the enhanced AMLR of Bursa Securities which limit the tenure of an independent director to not more than 12 years effective from 1 June 2023.

4. Ordinary Resolution 4: Reappointment of Auditors

The Audit Committee and the Board have considered the re-appointment of TGS as auditor of the Company and collectively agreed that TGS have met the relevant criteria prescribed by Rule 15.21 of AMLR of Bursa Securities.

5. Ordinary Resolution 5: Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 5, if passed, will empower the Directors of the Company to issue and allot shares up to an amount not exceeding 10% of the total number of issued share of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next annual general meeting of the Company ("General Mandate").

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING



EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS: (Cont'd)

5. **Ordinary Resolution 5: Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 (Cont'd)**

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

This General Mandate is a renewal of the mandate that was approved by the shareholders at the Company's 13th Annual General Meeting held on 29 May 2023.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the General Mandate is in the best interest of the Company and its subsidiaries.

6. **Ordinary Resolution 6: Proposed Renewal of Share Buy-Back Authority**

The Ordinary Resolution 6, if passed, will renew the authority given to the Directors of the Company to purchase its own ordinary shares of up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total amount 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 purchase of the Company's shares. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first.

Further information on the Proposed Renewal Share Buy-Back Authority is set out in the Share Buy-Back Statement to Shareholders dated 30 April 2024.

STATEMENT ACCOMPANYING NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

- (a) Details of persons who are standing for election as Directors (excluding Directors standing for re-election)

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the 14th AGM of the Company. There is therefore no individual standing for election as Director, save for the above Directors who are standing for re-election.

- (b) Statement relating to general mandate for issue of securities

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Rule 6.04 of the AMLR of Bursa Securities. Please refer to the proposed Ordinary Resolution 5 as stated in the Notice of Annual General Meeting of the Company for the details.

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

PROXY FORM

(Before completing this form please refer to the notes below)

I / We (Full Name in Block Letters) _____
 NRIC No. / Passport No. / Registration No. _____
 of _____
 Email Address: _____ Contact No.: _____ being a member members of **HIAP HUAT HOLDINGS BERHAD [Registration No. 200901038858 (881993-M)]**, hereby appoint _____
 NRIC / Passport No. _____ of _____
 Email Address: _____ Contact No. _____ and/or _____
 NRIC / Passport No. _____ of _____
 Email Address: _____ Contact No. _____

(#you are required to fill in the contact no. and email address in order to participate the Fourteenth Annual General Meeting ("14th AGM"), otherwise, we are unable to register you as the participant of the meeting)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Fourteenth Annual General Meeting ("14th AGM") of the Company will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities at <https://hiaphuat-agm.digerati.com.my> (Domain registration number D1A119533) provided by Digerati Technologies Sdn. Bhd. at the Broadcast Venue at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia on Wednesday, 29 May 2024 at 9.00 a.m. and at any adjournment thereof in the manner as indicate below:

No.	Resolutions		For	Against
1.	To approve the payment of Directors' fees and other benefits payable for the financial year ending 31 December 2024	Ordinary Resolution 1		
2.	To re-elect Madam Soo Kit Lin as Director	Ordinary Resolution 2		
3.	To re-elect Mr Lee Yew Weng as Director	Ordinary Resolution 3		
4.	To re-appoint TGS TW PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 4		
5.	To approve the authority to Issue and Allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016	Ordinary Resolution 5		
6.	To approve the Proposed Renewal of Share Buy-Back Authority	Ordinary Resolution 6		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as *he/she may think fit.)

Signed this _____ day of _____, 2024

Signature: _____
 (If shareholder is a corporation, this form should be executed under seal)

<p>The proportions of *my/our holdings to be represented by *my/our proxies are as follows:-</p> <p>First Proxy No. of Shares: Percentage:%</p> <p>Second Proxy No. of Shares: Percentage:%</p>

Notes:

- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act, which stipulates that the Chairman of the meeting shall be present at the main venue of the AGM and in accordance with Clause 66 of the Company's Constitution which allows a meeting of members to be held at more than one venue, using any technology or method that enables the members of the Company to participate and exercise their right to speak and vote at the general meeting. Members, proxies and/or corporate representatives will not be allowed to be physically present nor admitted at the Broadcast Venue on the day of the 14th AGM.
- Members are to attend, posing questions to the Board via real time submission of typed texts and vote (collectively, "participate") remotely at the 14th AGM via the RPV facilities provided by Digerati Technologies Sdn. Bhd via its website at <https://hiaphuat-agm.digerati.com.my> ("Digerati Portal"). Please read the Administrative Details for the 14th AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 14th AGM of the Company.
- A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not, be a member of the Company. Where a member/shareholder appoints two (2) or more proxies to attend and vote at the meeting, such appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) or more 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 defined under the SICDA 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 nominees may appoint in respect of each omnibus account it holds.
- Where the authorised nominee or an exempt authorised nominee 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 instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hands of an officer or attorney duly authorised.
- The appointment of a proxy may be made in a physical 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 AGM or any adjournment thereof at which the person named in the appointment proposes to vote:
 - In physical copy form
 In the case of an appointment made in physical copy form, the proxy form must be deposited to Aldpro Corporate Services Sdn. Bhd.'s office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan.
 - By electronic form
 The proxy form can be electronically lodged via the Digerati Portal at <https://hiaphuat-agm.digerati.com.my>
- The purposes of determining a member who shall be entitled to attend the meeting, the Company shall be requesting the Record of Depositors as at 20 May 2024. Only a depositor whose name appears on the Record of Depositors as at 20 May 2024 shall be entitled to attend, speak and vote at the meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/her stead.
- Pursuant to Rule 8.31A of the AMLR of Bursa Securities, all resolutions set out above will be put to vote by way of poll.



Fold this flap for sealing

Affix Stamp

**THE SHARE REGISTRAR OF
HIAP HUAT HOLDINGS BERHAD**
[REGISTRATION NO. 200901038858 (881993-M)]
c/o Aldpro Corporate Services Sdn. Bhd.
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur, Wilayah Persekutuan

2nd fold here

Main office

Lot 102521, Jalan Sungai Pinang 5/3
Kawasan Perindustrian Pulau Indah, Fasa 2
42920 Pulau Indah, Selangor Darul Ehsan

Tel : +603-3884 9368

Fax : +603-3102 3110

Email : enquiry@hiaphuat.com

www.hiaphuat.com