



KUMPULAN H & L HIGH-TECH BERHAD

(317805-V)

Incorporated in Malaysia



ANNUAL REPORT

2018

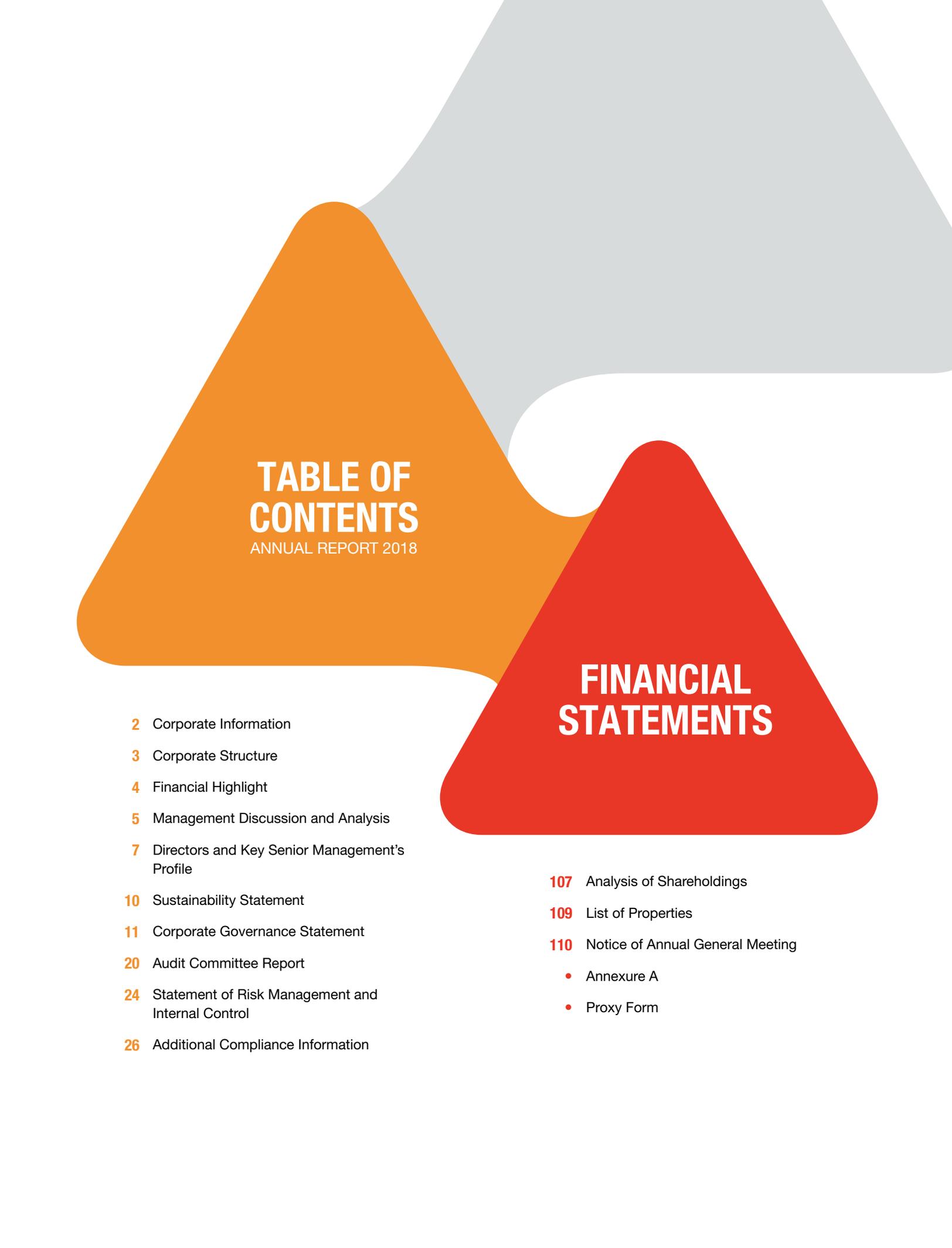


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Corporate Information

BOARD OF DIRECTORS

Tan Lye Huat

Group Executive Chairman and Managing Director

Tan Sook Yee

Executive Director

Chu Kan

Independent Non-Executive Director

Hau Hock Khun

Independent Non-Executive Director

Rita Tai Lai Ling

Independent Non-Executive Director

Chew Yock Fat

Independent Non-Executive Director

AUDIT COMMITTEE

Chew Yock Fat

Chairman/Independent Non-Executive Director

Chu Kan

Independent Non-Executive Director

Hau Hock Khun

Independent Non-Executive Director

Rita Tai Lai Ling

Independent Non-Executive Director

COMPANY SECRETARIES

Ng Bee Lian
Wong Wai Foong
Yap Sit Lee

REGISTERED OFFICE

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

WEBSITE AND INVESTOR RELATIONS

www.insage.com.my/ir/HIGHTEC
www.hlhightech.com

PRINCIPAL PLACE OF BUSINESS

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

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya,
Selangor Darul Ehsan
Tel : (03) 7841 8000
Fax : (03) 7841 8151

AUDITORS

Messrs. Grant Thornton Malaysia
Chartered Accountants

PRINCIPAL BANKERS

Hong Leong Bank Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

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

Corporate Structure



Investment Holdings

100%

H & L High-Tech Sdn. Bhd.

Manufacture and sale of precision engineering moulds, jigs, fixtures, tools and other machine parts

100%

Plastik STC Sdn. Bhd.

Manufacture and sale of customised precision engineering plastic injection moulded thermoplastic and thermosett parts and components for electrical and electronic industry.

100%

H & L High-Tech Deco Sdn. Bhd.

Oil palm plantation

100%

H & L High-Tech Properties Development Sdn. Bhd.

Properties development.

100%

H & L High-Tech Properties Sdn. Bhd.

Letting of properties and property investment

100%

HLH Desa Coalfields Sdn. Bhd.

(Formerly known as H & L Mould Solution Sdn Bhd)
Dormant

100%

STC Technology Sdn. Bhd.

Dormant

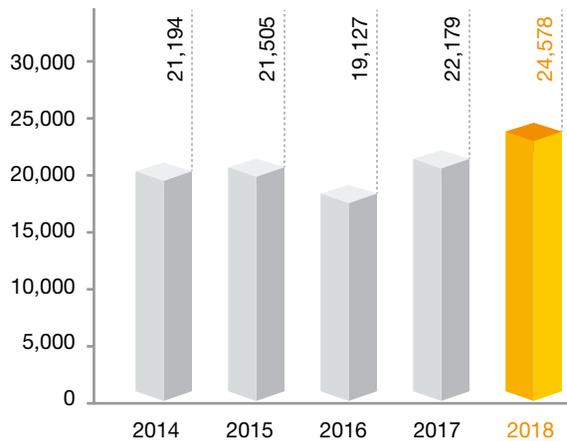
5 Years' Financial Highlights

FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER 2018

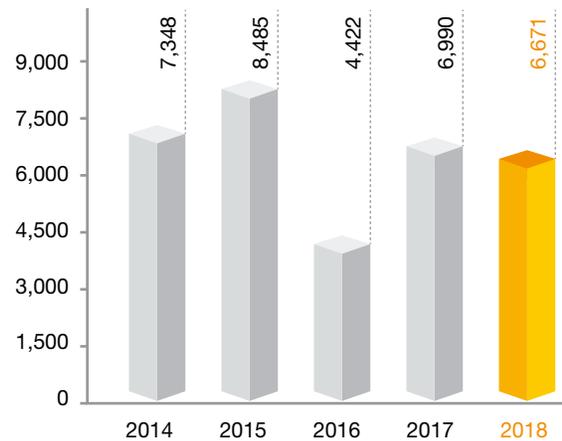
	2014 RM 000	2015 RM 000	2016 RM 000	2017 RM 000	2018 RM 000
Group Revenue	21,194	21,505	19,127	22,179	24,578
Profit Before Tax	7,348	8,485	4,422	6,990	6,671
Profit Attributable To Shareholder	6,198	6,971	3,458	5,570	3,566
Paid Up Capital	40,612	40,612	40,612	40,612	40,612
Total Assets	89,442	95,350	96,100	103,226	106,473
Shareholders' Equity	75,288	80,821	83,763	90,092	92,098
Net Earnings Per Share (Sen) *	16.95	19.06	9.45	15.23	9.75
Net Tangible Assets Per Share (RM) *	2.06	2.21	2.29	2.46	2.52
Dividend (Sen)	3.50	3.50	3.50	3.50	3.50

* Excluding Treasury Shares

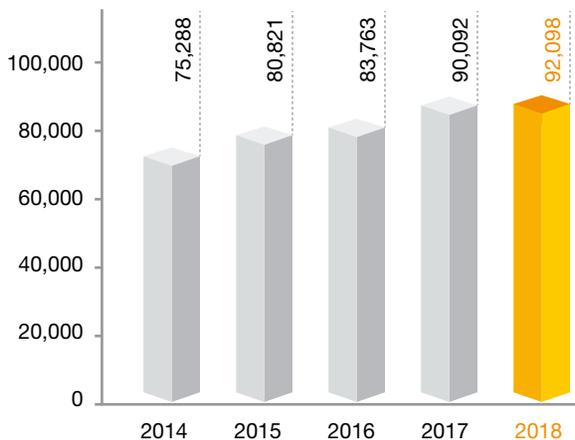
Revenue (RM'000)



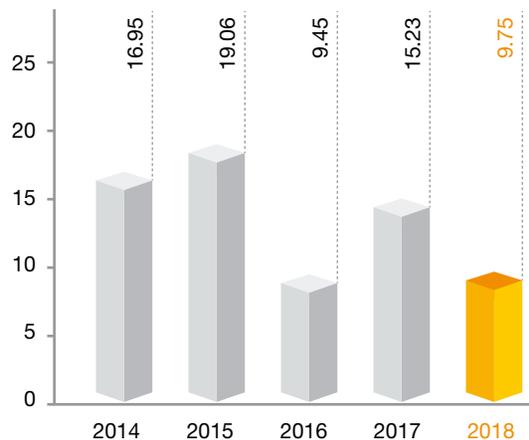
Profit Before Tax (RM'000)



Shareholders' Equity (RM'000)



Net Earnings Per Share (Sen)



Management Discussion And Analysis

DESCRIPTION OF BUSINESS

Kumpulan H & L High-Tech Bhd group of companies' activities in 2018 remain unchanged as listed below:

- Manufacturing precision engineering moulds and machine parts and customized precision engineering plastic injection moulds and components
- Property investment and property development
- Cultivation of Oil Palm plantation

BUSINESS STRATEGIES IN 2018

The business strategies were as follow:

- To focus on increasing FFB production and yield.
- Enhance the manufacturing business in particular the precision moulds targeting 10% growth.

OVERVIEW IN 2018

Achievements in 2018

- Manufacturing segment registered more than 13% growth with segment profit up by more than 70% to RM2.6 million.
- Production of fresh fruit bunches (FFB) surpassed 5,000 metric tons.

FINANCIAL AND OPERATION PERFORMANCE REVIEW

The group achieved total revenue of RM24.6 million and an increase of RM2.4 million or 10% growth over 2017. However profit after tax (PAT) suffered a drop of RM2.0 million or 36%. PAT suffered a decline due to lower fair value adjustment and a one time substantial deferred tax charge on real property gain tax. Total operating expenses saw a marginal increase in 2018.

For the financial year ended 31 October 2018, the precision moulds manufacturing segment was the bright spot with revenue and PAT increasing by 13% and more than 70% respectively. Precision moulds category outperformed the plastic category with both sale and PAT increasing by more than 70% and 84% respectively.

In the manufacturing of precision plastic category, revenue was flat but however PAT was lower by more than 30%. The lower PAT was due to depressed selling price that affected the gross margin which declined by about 6% in 2018 compared to 2017.

In the property investment and property development segment, revenue increased by 17%. But PAT suffered double impact due to lower fair value adjustment and an additional one time deferred tax charge caused by increase in real property gain tax.

Overall fair value adjustment declined by more than RM2.0 million and additional one time deferred tax charge of RM1.8 million reduced the PAT by RM3.8 million.

In the plantation segment despite higher FFB production, revenue declined by more than RM0.2 million or 10% lower. Production of FFB increased by 18% but the average selling price of FFB declined by more than 20%. The increase in production of FFB was not enough to offset the decline in average FFB price. This resulted in a loss of RM0.4 million in comparison to a profit of RM0.3 million.

WORKING CAPITAL

Total current working capital ratio is 4.3 times compared to 5.0 times in 2017. The decline is due to higher current liabilities. Current liabilities were

impacted by the one time deferred tax charge mentioned above.

Cash and cash equivalent at the end of October was RM17.6 million, an increase of RM1.6 million in comparison to October 2017. Total long term and short term borrowings for the same period was RM3.6 million or a reduction of RM1.1 million compared to last year.

CAPITAL STRUCTURE AND CAPITAL RESOURCES

In 2018, total investment in non-current assets stood at RM2.8 million with RM1.7 million going to the plantation business and the remaining balance of RM1.1 million into the manufacturing segment. Although plantation suffered a small loss in 2018, the directors believe it still holds potential. Most of the investment was incurred in the new planting area next to existing site. In the long run, this will help to bring down the cost of FFB production due to economic of scale and close proximity to current site.

Total equity at the end of October 2018 stood at RM92.0 million compared to RM90.0 million in year 2017. The increase of RM2.0 million was contributed by profit generated in 2018 and less dividends paid in the year.

Total long & short term borrowings stood at RM3.6 million at the end of October 2018 in comparison to RM4.7 million in 2017. Cash and cash equivalent for year 2018 was at RM17.6 million compared to RM16.0 million for year 2017.

The gearing ratio remains unchanged at 14% as of 31 October 2018.

Management Discussion And Analysis (cont'd)

OUTLOOK & PROSPECT IN 2019

In the manufacturing segment, precision moulds orders remain healthy but there are challenges in the precision plastic category. Margin is still under pressure. We are hoping to repeat the growth rate achieved in 2018. However this may be derailed by the trade war between China and USA which can dampen business sentiments and affect our exports.

Outlook for property investment remains satisfactory as all the investment properties has been leased out. This has provided stable income for the group. In property development, as of the end of October 2018, there were a few units that remain unsold. Demand for new units remains subdued. According to the Valuation and Property Services Department's (JPPH) figures released in December 2018, the total value of unsold units was RM19.54bil, a 56.44% rise from RM12.49bil a year ago. If service apartments and small offices home offices (SoHos) are included, the overhang value rose to 40,916 units, valued at RM27.38bil. We will remain watchful in 2019.

In the plantation segment, we anticipate FFB production to marginally increase compared to 2018. However the FFB

price by and large is expected to remain soft due to the EU - in particular France - taking steps to reduce usage of biofuel. The CPO inventory remains very high with 3.2 million tons at end of December 2018.

Bearing any unforeseen circumstances, we expect 2019 results to be satisfactory.

ANTICIPATED RISK

FFB Price

In 2018 saw the price of FFB declined by more than 20% in line with the drop in CPO price. Average CPO price per ton in 2017 and 2018 were RM2,800 and RM2,200 respectively. To compound the depressed prices, inventory of CPO remains high at end of December 2018. The performance of the plantation by and large depends on the prices of CPO and FFB.

Currency risks

As the Group manufacturing business is involved in exports, we are exposed to currency movement risks. Although we benefited in 2018 due to weak Ringgit, the trend may not continue.

Trade War between USA and China

The tension between the two biggest economies in the world will affect our exports of precision moulds and precision plastic. We are affected indirectly even if we are not exporting directly to both countries.

Unstable workforce in plantation

In the plantation segment, shortage and unstable workforce continues, this has affected productivity and disrupted harvesting. This situation will likely to remain in 2019.

CHANGE IN REAL PROPERTY GAIN TAX (RPGT).

The 2019 National budget proposed to increase the RPGT tax rate from the existing 5% to 10% for properties held for more than 5 years is likely to dampen the property development sector in coming years.

Profile of the Board of Directors and Key Senior Management

TAN LYE HUAT

Group Executive Chairman and Managing Director

- Key Senior Management

Tan Lye Huat, Malaysian, Male, aged 65, was appointed as Group Executive Chairman and Managing Director of Kumpulan H&L High-Tech Berhad (H&L) on 2 September 1997. Mr Tan is also one of the Key Senior Management and he is a businessman by profession and the founder of H&L High-Tech Sdn Bhd (HHT), Plastik

STC Sdn Bhd (PSSB), H&L High-Tech Deco Sdn Bhd (HHTD), H&L High-Tech Properties Sdn Bhd (HHTP) and H&L High-Tech Properties Development Sdn Bhd (HHPD).

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

With more than 40 years experience of closely managing the production and marketing operations of HHT and HLEW, he possess in-depth knowledge and experience in the

overall operations of HHT as well as the industry in general.

He sits on the Board of all companies under the H&L Group and also holds directorships in a number of other private limited companies. He has no conflict of interest with the Company. His daughter Tan Sook Yee is a Director of H&L.

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

TAN SOOK YEE

Executive Director

- Key Senior Management

Tan Sook Yee, Malaysian, Female, aged 38 was appointed as Non-Independent Executive Director of H&L on 30 June 2006. She is also one of the Key Senior Management.

She graduated with a Bachelor of Manufacturing Engineering (Honours)

and Bachelor of Commerce from the University of Melbourne.

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

has no conflict of interest with the Company. She is the daughter of Mr. Tan Lye Huat, Chairman and Managing Director of H&L. She has no conflict of interest with the Company.

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

CHU KAN

Independent Non – Executive Director

Chu Kan, Malaysian, Male, aged 75, was appointed as an Independent Non-Executive Director of Kumpulan H&L High-Tech Berhad on 2 September 1997. He has been a member of the Institute of Internal Auditors since 1980 and he became a professional member of the National Institute of Accountants, Australia in 2003. In 1969, he began his career as an office

manager cum accountant with General Ceramic Bhd (now known as General Corporation Bhd).

He left in 1986 as the assistant group internal auditor. In 1987, he joined Redland Prestige Ceramic Sdn Bhd, a wholly owned subsidiary of Johan Holdings Bhd, which is principally involved in manufacturing of ceramic tiles, as a finance and administration manager. He retired from employment in early 1997 and currently sits on the Board of several private limited companies.

He also sits on Audit Committee, Nomination Committee and Remuneration Committee. He does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

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

Profile of the Board of Directors and Key Senior Management (cont'd)

RITA TAI LAI LING

Independent Non-Executive Director

Rita Tai, Malaysian, Female, aged 53, was appointed as an Independent Non-Executive Director of H & L on 23 June 2009. She is a Chartered Accountant of the Malaysian Institute of Accountants, a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a holder of Capital Market Services License issued by the Securities Commission.

She began her career in 1989 as an Accountant with MST Industrial System Sdn Bhd. In 1990, she joined Coopers & Lybrand (now known as PriceWaterHouseCoopers) as an audit

assistant and thereafter was promoted to the position of an Audit Manager. Subsequently in 1994, she joined a licensed Asset Management company as the Head of Finance and Corporate Affairs. In 1997, she joined Hwang DBS Securities Sdn. Bhd. (now known as Hwang DBS Investment Bank Bhd.) as a Dealer's Representative. Later in 2001, she transferred her Dealer's Representative licence to Kenanga Investment Bank Berhad and has been with the company until end of 2011. In January 2012, she transferred her Dealer's Representative licence to Malacca Securities Sdn Bhd. The years of experience that she gained in the audit and business advisory services as well as in the securities industry has equipped her with extensive knowledge in the operations

of the stockbroking, manufacturing, banking, insurance, trading and plantation sectors.

She is the chairperson of Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company.

She does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

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

HAU HOCK KHUN

Independent Non-Executive Director

Hau Hock Khun, Malaysian, Male, aged 46, was appointed as an Independent Non-Executive Director of H&L on 5 August 2009. He holds a Bachelor of Law (L.L.B.) from Bond University, Australia, MBA (Total Quality Management) from Newport University, USA and International Diploma Computer Science NCC, UK.

He was called to the Malaysian Bar on 31 May 1998 and is admissible to the Queensland Solicitors' Board

(Australia), and currently is the Advocate & Solicitor of the High Court of Malaya. He is also a Mediator registered with the panel of Malaysia Mediation Centre and the Associate Member of the U. K. Chartered Institute of Arbitrators

He is currently a Managing Partner in Messrs H K Hau, Advocates and Solicitors and also a Consultant for various organisation for property and project development planning, property investment & development and real estate related matters.

He is proficient and well versed in various law fields with specialization and experience in shipping, company

restructuring, franchising, trade mark, patents, industry design, corporate and commercial law, banking and civil litigation as well as in the property and real estate related matters.

He does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

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

Profile of the Board of Directors and Key Senior Management (cont'd)

CHEW YOCK FAT **Independent Non-Executive Director**

Chew Yock Fat, Malaysian, Male, aged 60, was appointed as Independent Non-Executive Director of H&L on 4 February 2015. He was Member of Malaysian Institute of Accountant, and was a Fellow member of Association of Chartered Certified Accountants UK and was a Licensed GST Agent.

He worked as Accountant in 1985 with Fung Keong Rubber Manufactory Sdn Bhd and subsequently in 1988 as

Finance Manager with Don Eastern Sdn Bhd .Later he joined one of the subsidiaries of Southern Steel Berhad as the Group Financial Controller until 1994. He was the Financial Controller with a Japanese MNC from 1994 until 2008 and later as Financial Controller in a Swedish company until 2013.

He has wide ranging experience in finance, accounting, corporate and indirect taxes. He is also well verse with compliance matters such as Sarbanes Oxley, Foreign Corrupt Practice, Anti Money Laundering. In addition, he had experience conducting GST training and providing consultancy services to Small Medium Enterprises.

He is the Chairman of Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company.

He does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

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

Sustainability Statement

Our Group has recognised and acknowledged the importance of a corporate culture that emphasizes good corporate social responsibility (“CSR”) and corporate citizenship. While delivering sustainable and growing stakeholders value through the core business, our Group also contributes and provides for the betterment of the employee welfare, market place and community.

ENVIRONMENT

Our Group promotes environmentally-conscious work practices in order to reduce environmental impact, enhance energy efficiency and recycling whenever possible. Our manufacturing wastes are relatively minor impact to the environment, and we can easily eliminate such waste in orderly manner and in accordance with guidelines and regulations as stipulated by the Department of Environment (“DOE”).

MARKET PLACE

Our Group recognises that our ability to produce consistently high quality products is critical to the success of our business. As such, we place extensive and substantial emphasis on the ultimate quality of our products and maintain stringent quality control throughout our manufacturing processes. This enables us to produce high quality products to satisfy the demands and expectations of highly-demanding international customers. Being a manufacturer of export goods, we are required to adhere to the product quality requirements of countries in which we export to. In addition, we also work closely with our customers to ensure that our products are in proper compliance with prevailing local and international requirements or quality standards.

WORKPLACE

Our Group believes that human capital development is very important to ensure that we have the right and relevant skill set and knowledge in ensuring business sustainability and

growth. As such, we have conducted trainings with emphasis on quality for the staff to improve further their quality of work and workplace. Health and Safety at the workplace is also another area of importance to us. Regular inspections are taken to ensure the Company’s equipment and infrastructures are well-maintained. In addition, local employees are offered subsidy to be covered by Group Personal Accident insurance, Group Hospitalisation and Surgical insurance, or Foreign Worker Compensation Scheme. Other employee benefits like medical benefits, working hours, overtime and off days are clearly outlined.

SOCIAL: SOCIETY

We view investment in communities as an instrument for contributing to the development of the societies where we operate. During the financial year, we participated in local community event with direct financial support and voluntary participation by employees.

Statement of Corporate Governance

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

This CG Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance (“MCCG”) except where stated otherwise.

Details of the Group’s application of each practice set out in the MCCG are disclosed in the Corporate Governance Report, which is available together with this Report in Bursa website and the Company’s website at www.hlhightech.com

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

Board Charter and Board Committees

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

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

Company Secretary

The Board is supported by Company Secretaries in discharging its duties and functions who are the members of the Malaysia Institute of Chartered Secretaries & Administrators (“MAICSA”). The appointment of Company Secretary is based on the capability and proficiency as determined by the Board. The Directors have unrestricted access to the advice and services of the Company Secretaries to enable the Directors to discharge their duties effectively. The Company Secretaries ensures that the Board is regularly updated on their obligations under relevant regulatory requirements such as Main Market Listing Requirements (“MMLR”) of Bursa, codes or new statutes issued from time to time and are fulfilled in a timely manner.

Statement of Corporate Governance (cont'd)

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

Board Responsibilities (Cont'd)

Company Secretary (Cont'd)

The Company Secretary also attends all Board, Board Committee and general meetings, and ensure that deliberations at the meetings are accurately minuted and kept in the minutes books. Such minutes of meetings are confirmed by the respective Board Committees and signed by the Chairman of the meetings. All Directors have unrestricted access to the advice and services of the Company Secretaries for the purposes of the Board's affairs and the business of the Group.

Information and Support for Directors

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

Code of Conduct and Ethics

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

Whistle-blowing Policy

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

Board Composition

The Board recognizes the importance of having a diverse Board in terms of age, ethnicity and gender as this provides the necessary range of perspectives, experience and expertise in bringing value to the Company and achieve effective stewardship. The present Board consist of six (6) members, comprising two (2) executive Directors and four (4) Independent non-executive Directors.

Statement of Corporate Governance (cont'd)

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

Board Composition (Cont'd)

This composition fulfills the requirements as set out in the MMLR, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent. The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as engineering, entrepreneurship, finance, taxation, accounting and audit, legal and economics. The Executive Directors are responsible for the running of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the Management. The Independent non-executive Directors bring the objective and independent views, advice and judgment on interest, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent non-executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. The Board is satisfied that its current size and composition reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations

During the financial year ended 31 October 2018, five (5) Board meetings were held with attendance as follows:

Name of Director	Designation	No of meetings attended
Tan Lye Huat	Group Executive Chairman and Managing Director	5 out of 5
Tan Sook Yee	Executive Director	5 out of 5
Chew Yock Fat	Independent Non-Executive Director	5 out of 5
Chu Kan	Independent Non-Executive Director	5 out of 5
Rita Tai Lai Ling	Independent Non-Executive Director	5 out of 5
Hau Hock Khun	Independent Non-Executive Director	5 out of 5

Diversity on Board and Senior Management

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

The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two directors or one third of the Board of the Company, whichever is higher are independent directors. The Board comprised 4 males and 2 females to ensure good mix of gender as well. This composition and combination of different skills ensures an effective Board decision-making process and enables the Board to efficiently lead and control the Group. During the financial year ended 31 October 2018, no new Director was appointed. The optimal size would enable effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.

Gender Diversity

The Board has formalized a Diversity Policy and takes into account the benefits of having different facets of diversity including gender, age, ethnicity, nationality, professional, background, skills and experience.

While the Company does not have a specific target for female Directors on the Board, suitably qualified female Directors who can contribute to the diversity of the Board will be considered for appointment in the event that vacancies for Directors arise or when a decision is made to increase the size of the Board.

Statement of Corporate Governance (cont'd)

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

Gender Diversity (Cont'd)

The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The Nomination Committee will however continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.

Nomination Committee

The Nomination Committee conducted an assessment of the performance of the Board, as a whole, the Audit Committee, Nomination Committee and Remuneration Committee and individual Directors, based on a self and peer assessment approach. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considered and approved the recommendations on the re-election of Directors at the Company's forthcoming Annual General Meeting.

Full details of the Nomination Committee's duties and responsibilities are stated in its Term of Reference which is available on the Company's website. The Nomination Committee comprises exclusively of Independent Non-Executive Directors and chaired by the Independent Director. The Committee meets as and when required, at least once a year. During the financial year ended 31 October 2018, two (2) meetings were held, with attendance as follows:

Name of Director	Position	No of meetings attended
Chu Kan	Member	2 out of 2
Rita Tai Lai Ling	Member	2 out of 2
Hau Hock Khun	Chairman	2 out of 2
Chew Yock Fat	Member	Not Applicable

During the financial year ended 31 October 2018, Mr Chew Yock Fat has been appointed as a member of Nomination Committee and the Nomination Committee had carried out the following activities:

- i. Review the Board Diversity Policy of the Company;
- ii. Review the training needs/training programs for the Board;
- iii. Implement an annual assessment on the effectiveness and performance of the Board as a whole, the committees of the Board, as well as the contribution/performance of each individual Director, including Non-Executive Directors and Executive Director(s);
- iv. Review the Terms of Reference of the Nomination Committee.
- v. Assessed the independence of the Independent Directors.
- vi. Reviewed and recommended the re-election of Mr Chu Kan and Ms Rita Tai Lai Ling who shall retire by rotation at the forthcoming Annual General Meeting.

Evaluation of Board, Board Committees and Individual Directors

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

The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices. Based on the assessment carried out during the financial year ended 31 October 2018, the Nomination Committee had concluded the following:-

Statement of Corporate Governance (cont'd)

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

Gender Diversity (Cont'd)

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

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

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact of such regulatory requirements have on the Group. All directors have attended the Mandatory Accreditation programme ("MAP") as required by the MMLR on all directors of listed companies and the Board will continue to evaluate and determine the training needs of its Directors on an on-going basis. During the financial year, the Directors have attended various seminars or briefings which they have collectively or individually considered it useful in discharging their stewardship responsibilities.

The Company Secretary circulates the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefs the Board on these updates, where applicable. The Accountant and external Auditors also brief the Board members on any changes to the Financial Reporting Standards that affect the Group's financial statement during the financial year under review. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role. For the financial year ended 31 October 2018, all the Directors have attended training program. Particulars of the seminars and courses attended are as follows:

Name of Director	Date	Programme / Seminar
Tan Lye Huat	03.08.2018	Share Structure Workshop
	10.10.2018	Duties and Responsibilities of Directors
Tan Sook Yee	10.03.2018	Dynamic Communication Skills (Part 1)
	21.04.2018	Dynamic Communication Skills (Part 2)
	14.07.2018	5S Effective Housekeeping
Chew Yock Fat	10.10.2018	Duties and Responsibilities of Directors
Chu Kan	03.08.2018	Share Structure Workshop
	10.10.2018	Duties and Responsibilities of Directors
Rita Tai Lai Ling	14.04.2018	Market Professional Enrichment (MPE) Program
	04.08.2018	Challenges to Trading in Digital Economy
	08.08.2018	Digital Economy and Capital Market Series: Alibaba and Tencent's success Guide
Hau Hock Khun	10.10.2018	Duties and Responsibilities of Directors

The Nomination Committee had assessed the training needs of each Director during the financial year ended 31 October 2018 by determining areas that would strengthen their contribution to the Board.

Statement of Corporate Governance (cont'd)

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

Remuneration

Remuneration Policy

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

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

Remuneration Committee

The Remuneration Committee, established by the Board, is responsible for setting the policy framework and recommending to the Board the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of executive Directors. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual non-executive Director concerned. Directors do not participate in discussion of their individual remuneration. All Remuneration Committee Members are Independent Non-Executive Directors. During the financial year ended 31 October 2018, three (3) meetings were held with attendance as follows:

Name of Director	Position	No of meetings attended
Chu Kan	Member	3 out of 3
Rita Tai Lai Ling	Chairperson	3 out of 3
Hau Hock Khun	Member	3 out of 3
Chew Yock Fat	Member	Not Applicable

During the financial year ended 31 October 2018, Mr Chew Yock Fat was appointed as a member of Remuneration Committee.

The responsibilities of Remuneration Committee are as follows:-

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

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

Statement of Corporate Governance (cont'd)

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

Remuneration (Cont'd)

Remuneration Committee (Cont'd)

Remuneration to be disclosed on a named basis:-

Group Level

Non-Executive Directors	Fee / Salaries and other emoluments (RM '000)	Bonus (RM '000)	EPF (RM '000)	Allowance / Benefit in kind (RM '000)	Total (RM '000)
Chu Kan	15	0	0	5	20
Chew Yock Fat	18	0	0	22	40
Rita Tai Lai Ling	15	0	0	5	20
Hau Hock Khun	15	0	0	5	20

Executive Directors

Tan Lye Huat	576	288	75	18	957
Tan Sook Yee	120	38	15	5	178

Company Level

Non-Executive Directors	Fee / Salaries and other emoluments (RM '000)	Bonus (RM '000)	EPF (RM '000)	Allowance / Benefit in kind (RM '000)	Total (RM '000)
Chu Kan	15	0	0	5	20
Chew Yock Fat	18	0	0	22	40
Rita Tai Lai Ling	15	0	0	5	20
Hau Hock Khun	15	0	0	5	20

Remuneration of Senior Management

The details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents.

The total remuneration paid to each senior management reflects the time and effort devoted to fulfil his or her responsibilities on the Board and linked to the Group's performance.

Statement of Corporate Governance (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Audit Committee comprise exclusively of Independent Non-Executive Directors. During the financial year ended 31 October 2018, five (5) meetings were held with attendance as follows:

Name of Director	Position	No of meetings attended
Chew Yock Fat	Chairman	5 out of 5
Chu Kan	Member	5 out of 5
Rita Tai Lai Ling	Member	5 out of 5
Hau Hock Khun	Member	5 out of 5

The Audit Committee comprises wholly of Independent Non- Executive Directors. The Audit Committee Report is set out separately in this Annual Report. Full details of the Audit and Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

II. Risk Management and Internal Control Framework

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

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

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

Internal Audit Functions

The Group has appointed an established external professional Internal Audit firm namely NGL Tricor Governance Sdn Bhd, who reports to the Audit Committee ("AC") and assist the AC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilizing 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.

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

Statement of Corporate Governance (cont'd)

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

Communication with shareholders

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

Conduct of General Meetings

Notice of general meeting

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

Attendance of directors at general meetings

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

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

Audit Committee Report

The Board of Directors is pleased to present the report on the Audit Committee and its activities for the financial year ended 31 October 2018 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. MEMBER

The Audit Committee currently comprises the following members, all of which are Independent Non-Executive Directors. A summary of their respective attendance at the Audit Committee meetings held during the financial year is as follows:-

Members and Meetings Attendance

Name	Membership status	No of meetings attended
Chew Yock Fat	Audit Committee Chairman, Independent Non-Executive Director	5 out of 5
Rita Tai Lai Ling	Independent Non-Executive Director	5 out of 5
Hau Hock Khun	Independent Non-Executive Director	5 out of 5
Chu Kan	Independent Non-Executive Director	5 out of 5

Date, Time and Place of the Audit Committee Meetings held

Date	Time	Place
19 December 2017	3.00 p.m.	Boardroom
24 January 2018	2.50 p.m.	No.6 Jalan TSB 1
28 March 2018	1.35 p.m.	Taman Industri Sg Buloh
27 June 2018	2.05 p.m.	47000 Sg Buloh
26 September 2018	3.05 p.m.	Selangor Darul Ehsan

2. TERMS OF REFERENCE

Objective

- To serve as a focal point for communication between Non-Committee Directors and external auditors, internal auditors and the management on matters in connection with financial accounting, reporting and controls.
- To assist the Board of Directors in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls, management and financial reporting practices of the Group.
- To enhance the independence of the functions of the Company's external auditors and internal auditors through active participation in the audit progress.

Membership

The Committee shall be appointed by the Board from amongst its members and shall consist of not less than three (3) members, all of whom must be Independent Non-Executive Directors.

Audit Committee Report (cont'd)

2. TERMS OF REFERENCE (CONT'D)

Membership (Cont'd)

At least one (1) member of the Audit Committee:-

1. must be a member of the Malaysian Institute of Accountants; or
2. if he is not a member of the Malaysian Institute of Accountants, must have at least three (3) years working experience and
 - a. either have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - b. a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
3. fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The Chairman of the Committee shall be appointed by the members of the Audit Committee who shall be an Independent Non-Executive Director.

Members of the Committee may relinquish their membership with prior written notice to the Company Secretary and may continue to serve as Director of the Company.

In the event of any vacancy in the Committee, the vacancy shall be filled within 3 months and the Nomination Committee shall review and recommend for the Board's approval another appropriate Director to fill the vacancy.

The Board must ensure that no Alternate Director is appointed as a member of the Audit Committee.

A former key audit partner of the Company or any entity within the Group shall not be appointed as a member of the Committee until the expiry of a cooling-off period of at least two (2) years from the date he ceases to be the key audit partner.

Authority & Rights

The Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:

- a. has authority to investigate any activity within its Terms of Reference;
- b. has the resources which are required to perform its duties;
- c. has full and unrestricted access to any information pertaining to the Group;
- d. has direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity(if any);
- e. has authority to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- f. be able to convene meetings with External Auditors, excluding the attendance of executive members of the Group, whenever deemed necessary.

Duties and Responsibilities

- a. To consider the appointment and re-appointment of the external auditors, the audit fee and questions of resignation or dismissal;
- b. To discuss with the external auditors before the annual audit commences, the nature and scope of the audit plan;
- c. To review the quarterly, and annual financial statements of the Company and the Group focusing particularly on:
 - (i) Any changes in accounting policies and practices
 - (ii) Significant adjustments arising from the audit
 - (iii) The going concern assumption
 - (iv) Compliance with accounting standards and other legal requirements

Audit Committee Report (cont'd)

2. TERMS OF REFERENCE (CONT'D)

Duties and Responsibilities (Cont'd)

- d. To discuss problems and reservations arising from the final and any interim audits, evaluation of the system of internal controls and any matters the external auditors may wish to discuss including assistance given by the employees of the Group to the auditors; and to review the auditors' audit report, management letter and management's response.
- e. To consider any related party, inter company transactions and conflict of interest that may arise within the Company/Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- f. To review the scope, functions, procedures of internal audit and results of any internal audit conducted and whether or not appropriate actions, where necessary have been taken:
- g. Such other functions as may be agreed by the Audit Committee and the Board of Directors.
- h. The adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.

Meeting and Minutes

The meeting shall be held not be less than four (4) times a year. Additionally, the Chairman shall convene a meeting of the Committee if requested to do so by its member, management or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee. The external auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee. The Committee may invite any Board member or any member of the Senior Management or any relevant employee within the Company who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matters raised in audit reports. Any two (2) members of the Committee present at the meeting shall constitute a quorum. If at any meeting the Chairman of the Committee is not present within 10 minutes after the time appointed for holding the meeting, the Members present may choose one of their numbers who is an Independent Non-Executive Director to be Chairman of the meeting.

The Chairman of the Audit Committee shall engage on a continuous basis with the senior management, internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

An Agenda shall be sent to all the members of the Committee and any persons that may be required to attend. Minutes of each meeting shall be kept and distributed to each member of the Company and also the members of the Board of Directors.

The Company Secretary shall be Secretary of the Committee.

A resolution in writing signed by a majority of the Committee members for the time being entitled to receive notice of meeting of the Committee, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more Committee members. Any such document may be accepted as sufficiently signed by a Committee member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of a Committee member.

Review

The Committee will review the Terms of Reference periodically, and discuss any changes that may be required and recommend any such changes to the Board for consideration and approval.

Audit Committee Report (cont'd)

3. SUMMARY OF ACTIVITIES

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

Five (5) meetings of the Committee were held during the financial year ended 31 October 2018,

- a. At each of these Audit Committee's meetings, the Group's finance manager were invited to brief the Audit Committee on specific issues.
- b. The reviews of the Group's quarterly and year-to-date unaudited financial statements were made before submission to the Board for their consideration and approval. During the respective Board Meetings, the Chairman of the Audit Committee briefed the Board on issues raised in respect of the financial statements and the recommendations of the Committee thereon.
- c. During the review of the Group's twelve-month's financial results, representatives of the External Auditors, Messrs Grant Thornton Malaysia was invited to discuss the Group financial statements for the financial year ended 31 Oct 2018. Management's response to all pertinent issues and findings had been raised and noted by the External Auditors during their examination of the said Group Accounts; together with recommendations in respect of the findings; and
- d. Reviewed, deliberated the internal audit reports presented and considered the significant findings of internal audit in the Group's operating subsidiaries through the review of internal audit reports tabled and management responses thereto and ensuring significant findings were adequately addressed by Management.
- e. Evaluated the performance and independence of the external auditors and made recommendations to the Board on their re-appointment and audit fees.
- f. Reviewed the Directors' Statement on Risk Management and Internal Control for the inclusion in the 2018 Annual Report.
- g. Reviewed and confirmed with the Management that the Group did not enter into any related-party transaction during the financial year.
- h. Conducted an annual assessment on the performance of the Internal Auditors.
- i. Reviewed the Terms of Reference of the Audit Committee.

4. INTERNAL AUDIT FUNCTION

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

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

During the financial year the audit committee has reviewed internal audit activity that covered oil palm plantation management and did not reveal any material weaknesses which would be required disclosure in the annual report. The costs incurred for the Internal Audit function in respect of the financial year ended 31 October 2018 was approximately RM 18,000.

Statement of Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance (“MCCG”) requires the Board of Directors (“the Board”) to maintain a sound system of risk management and internal control to safeguard the Shareholders’ interests and the Group’s assets. The Board, in compliance with Paragraph 15.26(b) of Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements, is pleased to provide the following Statement on Risk Management and Internal Control (“the Statement”).

The Board is pleased to provide the following statements that have been prepared accordingly.

THE BOARD’S RESPONSIBILITIES

The Board acknowledges their responsibility for the Group’s system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system is designed to meet the Group’s particular needs and to manage the risks exposure.

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

KEY ELEMENTS OF THE GROUP’S INTERNAL CONTROL

- Clearly defined delegation of responsibilities of the Board, Committee and Management of the Group including authorization levels for all aspect of business. Subsidiary companies have clear accountabilities to ensure appropriate risk management and control procedures are in place;
- Clearly documented internal procedures in the ISO 9001, where applicable, for its subsidiaries;
- Detailed budgeting process whereby subsidiary companies prepare budgets for the coming year which are approved by their respective Boards and endorsed by the Board of H&L;
- Regular and comprehensive information provided to Board of Directors and Management, covering operational and financial performance;
- Monitoring actual results against budget. Significant variances are investigated and followed up, and where necessary management actions are taken;
- Internal audit visit by outsourced internal auditors are to review and appraise the internal control system within the Group in accordance with the approved internal audit plan;
- The Group Chairman and Managing Director provide briefing to the Board on significant changes in the business and external environment, which affect the operation of the Group at large;
- Where areas of improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the Management; and
- There is an ongoing process for identifying, evaluating and managing the significant risk faced by the Company.
- The Board engages an independent firm of consultants to assist the Board in reviewing and appraising the internal control system within the Group.

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

RISK MANAGEMENT FRAMEWORK

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

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

BOARD COMMENTARY

During the financial year, the results of findings by the internal audit function, including the recommended corrective actions, were reported directly to the Audit Committee.

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

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

Additional Compliance Information

1. AUDIT AND NON AUDIT FEES

The amount of audit and non audit-fees paid/payable to external auditors and its affiliates for the financial year ended 31 October 2018 were as below:

Company	Audit Fee (RM)	Non-Audit Fee (RM)
Listed issuer	23,300	5,000
Group	100,800	5,000

2. REVALUATION POLICY ON LANDED PROPERTIES

The revaluation policy on landed properties is as disclosed in the financial statement.

3. MATERIAL CONTRACTS

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

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

The Directors are legally required to prepare financial statements which present a true and fair view of the state of affairs of the Company and the Group and are pleased to announce that in preparing the financial statements for the financial year ended 31 October 2018, the Group has:

- ensured compliance with applicable accounting standards enforced in Malaysia;
- adopted and consistently applied appropriate accounting policies; and
- made judgements and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that proper accounting records are maintained, which disclose with reasonable accuracy, the financial position of the Group and also to ensure that the financial statements comply with the Companies Act 2016. In addition, the Board is responsible for the proper safeguarding of the assets of the Group and to take reasonable steps for the prevention and detection of fraud and other irregularities.



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Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding whilst those of its subsidiaries are disclosed in Note 24 to the financial statements.

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

RESULTS

	Group RM	Company RM
Net profit for the financial year	3,566,022	539,404

DIVIDENDS

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

	RM
In respect of the financial year ended 31 October 2017	
Interim single tier dividend of 1.5 cent per ordinary share for total ordinary shares of 36,576,525, paid on 8 November 2017	548,651
Final single tier dividend of 2.0 cent per ordinary share for total ordinary shares of 36,576,525, paid on 13 April 2018	731,531
In respect of the financial year ended 31 October 2018	
Interim single tier dividend of 1.5 cent per ordinary share for total ordinary shares of 36,576,525, paid on 30 October 2018	548,651
	1,828,833

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

RESERVES AND PROVISIONS

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

Directors' Report (cont'd)

DIRECTORS

The name of the Director of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are as follows:-

Tan Lye Huat*
Tan Sook Yee*
Chu Kan
Rita Tai Lai Ling
Hau Hock Khun
Chew Yock Fat

* Directors of the Company and all the subsidiaries

The name of the Director of the subsidiaries in office during the financial year and during the period commencing from the end of the financial year to the date of this report, not including those Directors listed above are as follow:-

Tan Kim Lai (Resigned on 16.4.2018)

In accordance with Article 97 of the Company's Article of Association, Mr. Chu Kan and Ms. Rita Tai Lai Ling will retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

According to the register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at year end are as follows:-

Company	At	Number of ordinary shares		At
	1.11.2017	Bought	Sold	31.10.2018
<u>Direct interests</u>				
Tan Lye Huat	1,739,272	-	-	1,739,272
Tan Sook Yee	804,756	-	-	804,756
<u>Indirect interests</u>				
Tan Lye Huat*	24,488,869	-	-	24,488,869
Tan Sook Yee*	20,887,124	-	-	20,887,124

* Deemed interest by virtue of the shareholdings in Company in which Directors have interest and members of the Director's family.

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

Other than abovementioned, no other Directors at the end of the financial year held any interest in shares of the Company or its related corporations during the financial year.

Directors' Report (cont'd)

DIRECTORS' REMUNERATION AND BENEFITS

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

	Incurred by the Company RM	Incurred by the subsidiaries RM	Group RM
Directors' fees	63,000	-	63,000
Salaries and other emoluments	37,000	1,048,399	1,085,399
Defined contribution plan	-	91,792	91,792
Social security contribution	-	3,673	3,673
	100,000	1,143,864	1,243,864

The estimate monetary value of benefits-in-kind received by the Directors other than cash from the Company amounted to RM16,325.

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

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

The shareholders of the Company, by a special resolution passed at an Annual General Meeting held on 28 March 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed in the last Annual General Meeting held on 28 March 2018. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

The Company has the right to cancel or to resell these shares and/or distributes as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased during the financial year had been sold as at the reporting date.

As at the reporting date, the number of ordinary shares in issue after deducting treasury shares against equity is 36,576,525 ordinary shares.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION

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

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

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

- (a) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

In the opinion of the Directors:-

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There is no indemnity coverage and insurance premium paid for the Directors and Officers of the Group and of the Company during the financial year.

Directors' Report (cont'd)

SUBSIDIARIES

Details of subsidiaries are set out in Note 24 to the financial statements.

EVENT AFTER THE REPORTING PERIOD

The event after the reporting period are disclosed in Note 37 to the financial statements.

AUDITORS

The total amount of audit fees paid to or receivable by the Auditors, Messrs Grant Thornton Malaysia, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 31 October 2018 are RM100,800 and RM23,300 respectively.

There was no indemnity given to or insurance effected for the auditors of the Company.

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

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

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

KUMPULAN H & L HIGH-TECH BERHAD
(Incorporated in Malaysia)

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 38 to 106 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2018 and 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 Board of Directors.

.....
TAN LYE HUAT

.....
TAN SOOK YEE

Kuala Lumpur
23 January 2019

STATUTORY DECLARATION

I, Chong Kong Hui, being the Officer primarily responsible for the financial management of Kumpulan H & L High-Tech Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 38 to 9106 and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Kuala Lumpur)
in the Federal Territory this day of)
23 January 2019)

CHONG KONG HUI
(MIA: 25067)
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths

Independent Auditors' Report To The Member Of KUMPULAN H & L HIGH-TECH BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kumpulan H & L High-Tech Berhad, which comprise statements of financial position of the Group and of the Company as at 31 October 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 38 to 106.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 October 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("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 for the current year. Those matter were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon and we do not express an opinion on these individual matters.

Biological assets

The risk

Refer to Note 6 to the financial statements. The Group's oil palm plantation development expenditure which total carrying amount is RM5,603,714. The determination of the net cash flow margin over 22 years is a key judgement area as assumptions made, notably in respect of the future performance of the business and the discount rates applied to feasibility study can result in different outcomes. Improvement in profitability is dependent on oil palm prices and maintaining the nutrition of the land in order to maintain the quantity of harvest.

Our response

We evaluated the Directors' feasibility study and the process by which they were drawn up, including testing the underlying calculations and comparing them to the latest approved segment budgets. We tested the sensitivity of the impairment calculations to changes in key assumptions used by the Directors, evaluate the feasibility study results and assess the reasonableness of the disclosures made. We challenged:-

- (a) The Directors' key assumptions for long term growth rates in the forecasts by comparing them to historical results and economic and industry forecasts, and
- (b) The discount rate used by assessing the cost of capital and cost of debt for the Group.

Independent Auditors' Report To The Member Of KUMPULAN H & L HIGH-TECH BERHAD (cont'd)

Our finding

We found the assumptions to be consistent.

Recoverability of trade receivables

The risk

Refer to Note 13 to the financial statements. We focused on this area because the Group has material amounts of trade receivables that are past due but not impaired. The key associate risk was recoverability of billed trade receivables due to management judgement is required in determining the completeness of the trade receivables provision and in assessing its adequacy through considering the expected recoverability of the year-end trade receivables.

Our response

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

Our finding

As a result, we satisfied ourselves that impairment for receivables have been provided in line with the policy and we found the estimates to be in line with our expectation.

Inventories valuation

The risk

Refer to Note 11 to the financial statements. The Group holds a significant amount of inventory which is subject to a risk that the inventories become slow-moving or obsolete, such that they could not be sold or only be sold for selling prices that are less than the carrying value. There is inherent subjectivity and estimation required in determining the accuracy of inventory obsolescence provision and in making an assessment of its adequacy due to consist of risks such as inventory prices not valid and inventory not stated at the lower of cost or net realisable value.

Our response

For both finished goods and raw materials, we tested the methodology for calculating the provisions, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historic data used in estimating the provisions. In doing so, we obtained understanding on the ageing profile of inventory, the process for identifying specific problem inventory and historical loss rates.

Our finding

As a result, we satisfied ourselves that both finished goods and raw materials have been prepared in line with the policy and we found the estimates to be in line with our expectation.

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

Independent Auditors' Report To The Member Of KUMPULAN H & L HIGH-TECH BERHAD (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 of Auditing, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of 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 entity's internal control.

Independent Auditors' Report To The Member Of KUMPULAN H & L HIGH-TECH BERHAD (cont'd)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the consolidated 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 and business activities within the Group in order to express an opinion on the consolidated financial statements.

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

We have provided to the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determined those matters that were of most significant in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We described these matters in our auditors' report.

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.

GRANT THORNTON MALAYSIA
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

FOO LEE MENG
(NO: 03069/07/2019(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
23 January 2019

Statements Of Financial Position

As At 31 October 2018

Group	Note	2018 RM	2017 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	17,234,976	16,176,287
Investment properties	5	55,845,731	55,016,281
Biological assets	6	5,603,714	4,958,719
Land held for property development	7	293,503	293,503
Prepaid land lease payments	8	1,788,542	1,796,424
Other investments	9	165,000	165,000
Total non-current assets		80,931,466	78,406,214
CURRENT ASSETS			
Property development costs	10	221,880	510,603
Inventories	11	3,946,996	4,019,730
Derivative financial assets	12	5,781	8,706
Trade receivables	13	3,054,727	3,453,281
Other receivables	14	310,670	325,930
Other investments	9	385,458	461,600
Tax recoverable		-	39,375
Deposits with licensed financial institutions	15	12,942,611	10,823,211
Cash and bank balances		4,673,449	5,177,166
Total current assets		25,541,572	24,819,602
TOTAL ASSETS		106,473,038	103,225,816
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	40,612,085	40,612,085
Treasury shares	17	(3,554,493)	(3,554,493)
Revaluation reserve	18	8,310,830	8,041,790
Retained earnings		46,729,800	44,992,611
Total equity		92,098,222	90,091,993
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	19	2,340,043	3,535,320
Deferred tax liabilities	20	6,126,376	4,257,925
Government grants	21	-	59,857
Total non-current liabilities		8,466,419	7,853,102
CURRENT LIABILITIES			
Trade payables	22	537,919	602,338
Other payables	23	3,609,137	3,022,915
Borrowings	19	1,235,354	1,212,525
Government grants	21	59,857	59,856
Tax payable		466,130	383,087
Total current liabilities		5,908,397	5,280,721
Total liabilities		14,374,816	13,133,823
TOTAL EQUITY AND LIABILITIES		106,473,038	103,225,816

Statements Of Financial Position

As At 31 October 2018 (cont'd)

Company	Note	2018 RM	2017 RM
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiaries	24	22,407,054	23,416,971
Total non-current assets		22,407,054	23,416,971
CURRENT ASSETS			
Other receivables	14	6,513	4,872
Amount due from subsidiaries	24	14,519,343	13,404,211
Deposits with licensed financial institutions	15	662,464	1,334,990
Cash and bank balances		251,802	964,037
Total current assets		15,440,122	15,708,110
TOTAL ASSETS		37,847,176	39,125,081
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	40,612,085	40,612,085
Treasury shares	17	(3,554,493)	(3,554,493)
Retained earnings		693,254	1,982,683
Total equity		37,750,846	39,040,275
LIABILITIES			
CURRENT LIABILITIES			
Other payables	23	96,250	84,590
Tax payable		80	216
Total current liabilities/Total liabilities		96,330	84,806
TOTAL EQUITY AND LIABILITIES		37,847,176	39,125,081

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

Statements Of Profit Or Loss And Other Comprehensive Income For The Financial Year Ended 31 October 2018

	Note	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Revenue	25	24,578,289	22,179,165	1,800,000	1,884,000
Cost of sales		(14,643,202)	(14,088,148)	-	-
Gross profit		9,935,087	8,091,017	1,800,000	1,884,000
Other income		1,697,056	3,741,887	25,612	29,983
Selling and distribution expenses		(497,725)	(537,009)	-	-
Administration expenses		(3,228,012)	(3,074,353)	(145,492)	(121,494)
Other expenses		(1,023,888)	(979,728)	(1,139,832)	(130,377)
Finance costs		(211,219)	(251,530)	-	-
Profit before tax	26	6,671,299	6,990,284	540,288	1,662,112
Tax expense	27	(3,105,277)	(1,420,322)	(884)	(3,137)
Profit for the financial year		3,566,022	5,569,962	539,404	1,658,975
Other comprehensive income, net of tax					
<i>Item that will not be subsequently reclassified to profit or loss</i>					
- Revaluation of buildings		269,040	2,038,776	-	-
Total comprehensive income for the financial year		3,835,062	7,608,738	539,404	1,658,975
Profit for the financial year attributable to:-					
Owners of the Company		3,566,022	5,569,962	539,404	1,658,975
Total comprehensive income attributable to:-					
Owners of the Company		3,835,062	7,608,738	539,404	1,658,975
Earnings per share attributable to the owners of the Company (sen)					
- Basic	28	9.75	15.23		
- Diluted	28	-	-		

Statements Of Changes In Equity For The Financial Year Ended 31 October 2018

	← Non-distributable →			Distributable Retained earnings RM	Total RM
	Share capital RM	Revaluation reserve RM	Treasury shares RM		
Group					
Balance at 1 November 2016	40,612,085	6,003,014	(3,554,493)	40,702,831	83,763,437
Total comprehensive income:-					
Profit for the financial year	-	-	-	5,569,962	5,569,962
Revaluation during the financial year	-	2,038,776	-	-	2,038,776
Transaction with owners:-					
Dividends (Note 29)	-	-	-	(1,280,182)	(1,280,182)
Balance at 31 October 2017	40,612,085	8,041,790	(3,554,493)	44,992,611	90,091,993
Total comprehensive income:-					
Profit for the financial year	-	-	-	3,566,022	3,566,022
Revaluation during the financial year	-	269,040	-	-	269,040
Transaction with owners:-					
Dividends (Note 29)	-	-	-	(1,828,833)	(1,828,833)
Balance at 31 October 2018	40,612,085	8,310,830	(3,554,493)	46,729,800	92,098,222
Company					
Balance at 1 November 2016	40,612,085	-	(3,554,493)	1,603,890	38,661,482
Total comprehensive income	-	-	-	1,658,975	1,658,975
Transaction with owners:-					
Dividends (Note 29)	-	-	-	(1,280,182)	(1,280,182)
Balance at 31 October 2017	40,612,085	-	(3,554,493)	1,982,683	39,040,275
Total comprehensive income	-	-	-	539,404	539,404
Transaction with owners:-					
Dividends (Note 29)	-	-	-	(1,828,833)	(1,828,833)
Balance at 31 October 2018	40,612,085	-	(3,554,493)	693,254	37,750,846

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

Statements Of Cash Flows

For The Financial Year Ended 31 October 2018

	Note	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
OPERATING ACTIVITIES					
Profit before tax		6,671,299	6,990,284	540,288	1,662,112
Adjustments for:-					
Amortisation of biological assets		226,535	226,535	-	-
Amortisation of prepaid land lease payments		7,882	33,320	-	-
Amortisation on government grants		(59,856)	(59,856)	-	-
Depreciation of property, plant and equipment		1,176,635	1,235,698	-	-
Gross dividend income from other investments		(45,268)	(31,520)	-	-
Fair value gain on investment properties		(765,550)	(2,810,550)	-	-
Impairment loss on investment in a subsidiary		-	-	1,009,917	-
Interest income		(439,578)	(379,534)	(25,612)	(29,983)
Interest expenses		211,219	251,530	-	-
Net unrealised (gain)/loss on foreign exchange		(26,022)	175,364	-	-
(Gain)/Loss on disposal of property, plant and equipment		(5,672)	6,278	-	-
Fair value loss/(gain) on derivative financial instruments		2,925	(32,586)	-	-
Net fair value loss/(gain) on other investments		76,142	(51,320)	-	-
Operating profit before working capital changes		7,030,691	5,553,643	1,524,593	1,632,129
Changes in working capital:-					
Inventories		72,734	(907,125)	-	-
Receivables		447,477	1,433,881	(1,641)	(1,950)
Payables		521,614	844,368	11,660	1,900
Property development costs		288,723	250,979	-	-
Cash generated from operations		8,361,239	7,175,746	1,534,612	1,632,079
Tax refunded		62,635	157,937	-	-
Tax paid		(1,262,003)	(1,053,718)	(1,020)	(3,061)
Net cash from operating activities		7,161,871	6,279,965	1,533,592	1,629,018

Statements Of Cash Flows

For The Financial Year Ended 31 October 2018 (cont'd)

	Note	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
INVESTING ACTIVITIES					
Dividend received from other investments		45,268	31,520	-	-
Advances to subsidiary companies		-	-	(1,115,132)	(935,348)
Biological assets expenditure		(871,530)	(428,010)	-	-
Interest received		439,578	379,534	25,612	29,983
Proceeds from disposal of property, plant and equipment		5,672	8,000	-	-
Purchase of property, plant and equipment		(1,881,324)	(262,928)	-	-
Purchase of investment properties		(63,900)	(2,379,056)	-	-
Net cash used in investing activities		(2,326,236)	(2,650,940)	(1,089,520)	(905,365)
FINANCING ACTIVITIES					
Interest paid		(211,219)	(251,530)	-	-
Dividend paid		(1,828,833)	(1,280,182)	(1,828,833)	(1,280,182)
Placement of deposit with licensed financial institutions		(2,541)	(2,636)	-	-
Repayment of borrowings		(1,172,448)	(1,132,107)	-	-
Net cash used in financing activities		(3,215,041)	(2,666,455)	(1,828,833)	(1,280,182)
CASH AND CASH EQUIVALENTS					
Net changes		1,620,594	962,570	(1,384,761)	(556,529)
Effect of exchange rate changes		(7,452)	(206,422)	-	-
Brought forward		15,914,558	15,158,410	2,299,027	2,855,556
Carried forward	A	17,527,700	15,914,558	914,266	2,299,027

NOTE TO THE STATEMENTS OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

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

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Cash and bank balances	4,673,449	5,177,166	251,802	964,037
Deposits with licensed financial institutions (Note 15)	12,942,611	10,823,211	662,464	1,334,990
	17,616,060	16,000,377	914,266	2,299,027
Less: Deposit pledged with licensed financial institutions	(88,360)	(85,819)	-	-
	17,527,700	15,914,558	914,266	2,299,027

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

Notes To The Financial Statements

31 OCTOBER 2018

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding whilst those of its subsidiaries are disclosed in Note 24 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 January 2019.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for certain properties that are measured at revalued amounts or fair values at the end of each reporting period as indicated in the summary of significant accounting policies.

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

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

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

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

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

Notes To The Financial Statements (cont'd)

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

2.2 Basis of Measurement (Cont'd)

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

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

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

2.3 Functional and Presentation Currency

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

2.4 Financial Reporting Standards (“FRSs”)

2.4.1 Adoption of Amendments/Improvements to FRSs and IC Interpretations (“IC Int”)

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

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to FRSs and IC Int which are mandatory for the financial periods beginning on or after 1 November 2017.

Initial application of the amendments/improvements to FRSs and IC Int did not have material impact on the financial statements of the Group and of the Company.

Amendments to FRS 107 Statement of Cash Flows: Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require entities to provide disclosure of changes in its liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The information is provided in Note 33. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period.

Notes To The Financial Statements (cont'd)

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

2.4 Financial Reporting Standards ("FRSs") (Cont'd)

2.4.2 Standards Issued but Not Yet Effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the Malaysian Accounting Standards Board ("MASB") but are not yet effective, and have not been early adopted by the Group and the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the Group's and the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have material impact on the Group's and the Company's financial statements.

Malaysian Financial Reporting Standards ("MFRSs")

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual financial periods beginning on or after 1 January 2013. On 4 July 2012, the MASB has decided to allow Transitioning Entities to defer the adoption of the MFRS Framework for another year. On 7 August 2013, the MASB has again decided to allow Transitioning Entities to defer the adoption of the MFRS Framework for another one year. On 2 September 2017, the MASB had announced that the Transitioning Entities shall be required to apply the MFRS Framework for annual financial periods beginning on or after 1 January 2018. On September 2018, MASB announced that the effective date of MFRS 15 will be deferred to annual financial periods beginning on or after 1 January 2018, following the recent press release by the International Accounting Standards Board confirming a one-year deferral of IFRS 15-Revenue from Contracts with Customers. Consequently, the effective date for Transitioning Entities to apply the MFRS will also be deferred to annual financial period beginning on or after 1 January 2018.

The Group falls within the scope of definition of Transitioning Entities and has opted to defer the adoption of the new MFRS Framework. Accordingly, the Group has opted to defer the adoption of the new MFRS framework and will be required to prepare its first set of financial statements using the MFRS Framework for the financial year ending 31 October 2019.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, First-time Adoption of Malaysian Financial Reporting Standard, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1.

The initial application of the standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:-

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

As provided in MFRS 1, first time adopters of MFRS can elect optional exemptions from full retrospective application of MFRSs. The Group has elected the exemption on the adoption of MFRS 141 Agriculture.

When the Group uses fair value in its opening MFRS statements of financial position as deemed cost for prepaid land lease payments, the amortisation of prepaid land lease payments previously recognised will be reversed to retained earnings.

Notes To The Financial Statements (cont'd)

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

2.4 Financial Reporting Standards ("FRSs") (Cont'd)

2.4.2 Standards Issued but Not Yet Effective (Cont'd)

Malaysian Financial Reporting Standards ("MFRSs") (Cont'd)

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (cont'd)

Prior to the adoption of MFRS 141 "Agriculture" and the revised standard, Agriculture: Bearer Plants (Amendment to MFRS 116 "Property, Plant and Equipment" and MFRS 141 "Agriculture"), produce growing on bearer plants was not recognised. Following the adoption of these MFRSs, produce growing on bearer plants are measured at fair value less costs to sell with fair value changes recognised in profit or loss as the produce grows. The produce growing on bearer plants of the Group comprises fresh fruit bunches ("FFB") prior to harvest. The fair value of unharvested FFB is computed based on market approach which takes into consideration the market prices of such unharvested FFB less harvesting, transport and other costs to sell.

In summary, the impact of the adoption of the above standard is expected to be as follows:-

	As previously reported RM	Effects of MFRS 1 adoption RM	As restated RM
Group			
1.11.2018			
Property, plant and equipment	17,234,976	5,603,714	22,838,690
Biological assets	5,603,714	(5,484,302)	119,412
Prepaid land lease payments	1,788,542	610,489	2,399,031
<hr/>			
Net impact on equity, including			
AFS fair value reserve	-	119,412	119,412
Retained earnings	46,729,800	610,489	47,340,289
<hr/>			
1.11.2017			
Property, plant and equipment	16,176,287	4,958,719	21,135,006
Biological assets	4,958,719	(4,860,082)	98,637
Prepaid land lease payments	1,796,424	635,926	2,432,350
<hr/>			
Net impact on equity, including			
AFS fair value reserve	-	98,637	98,637
Retained earnings	44,992,611	635,926	45,628,537
<hr/>			

The quantitative information disclosed in this note may be subject to further changes in 2019 when the Group adopts MFRS 1.

Notes To The Financial Statements (cont'd)

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

2.4 Financial Reporting Standards ("FRSs") (Cont'd)

2.4.2 Standards Issued but Not Yet Effective (Cont'd)

Malaysian Financial Reporting Standards ("MFRSs") (Cont'd)

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is also excepted that the Company's investment in golf club membership will be measured at fair value through profit or loss.

This standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will result in a change in accounting policy. Overall, the Group and the Company expect no significant impact on their financial statements.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transaction Involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This standard will come into effect on or after 1 January 2018 with early adoption permitted. The adoption of MFRS 15 will result in a change in accounting policy. Overall, the Group and the Company expect no significant impact on their financial position.

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Notes To The Financial Statements (cont'd)

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

2.4 Financial Reporting Standards ("FRSs") (Cont'd)

2.4.2 Standards Issued but Not Yet Effective (Cont'd)

Malaysian Financial Reporting Standards ("MFRSs") (Cont'd)

MFRS 16 Leases (Cont'd)

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

This standard will come into effect on or after 1 January 2019 with early adoption permitted. The adoption of MFRS 16 will result in a change in accounting policy. The Group plans to assess the potential effect of MFRS 16 on the financial statements in 2019.

2.5 Significant Accounting Estimates and Judgements

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

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

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Inventories

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to valuation of inventories.

Notes To The Financial Statements (cont'd)

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

2.5 Significant Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

Impairment of Loans and Receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. Factors such as probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments are considered in determining whether there is objective evidence of impairment.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

Impairment of Plant and Equipment

The Group carried out impairment tests where there are indications of impairment based on a variety of estimation including value-in-use of cash-generating unit to which the plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows.

Impairment of Non-Financial Assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

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

Income Tax and Deferred Tax

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

Fair Value of Derivatives Financial Instruments

The fair values of outstanding derivative transactions are based on fair values obtained from major financial institutions. Changes in the underlying assumptions could materially impact in the profit or loss.

Notes To The Financial Statements (cont'd)

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

2.5 Significant Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

Revaluation of Property, Plant and Equipment

The Group measures its factory and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engages independent valuation specialists to determine the fair values.

Fair Value Valuation of Investment Properties

The Group measures its investment properties at fair value with changes in fair value being recognised in profit or loss. The Group engages independent valuation specialists to determine the fair values.

Significant Management Judgement

The significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements are as follows:-

Leases

In applying the classification of leases in FRS 117, management considers some of its leases of leasehold land as operating lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred and others in accordance with FRS 117 Leases.

Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

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. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts 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 so significant that a property does not qualify as an investment property.

Notes To The Financial Statements (cont'd)

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

2.5 Significant Accounting Estimates and Judgements (Cont'd)

Significant Management Judgement (Cont'd)

Available-for-sale Investment

The Group reviews its available-for-sale investments at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. No further impairment loss has been provided for available-for-sale investment during the financial year.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of Consolidation

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

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

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

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

Business Combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received (for all the acquisition took place after 1 November 2009).

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (Cont'd)

Business Combinations (Cont'd)

All the subsidiaries within the Group are acquired before 1 November 2009. Thus, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

If business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. For instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

3.2 Subsidiaries

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

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

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

3.3 Loss of Control

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

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, Plant and Equipment

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

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

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, to ensure that the carrying amount does not differ materially from the fair value of the 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 buildings is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of 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.

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

Factory and buildings	2%
Plant and machinery	10% - 20%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 20%
Warehouse	10%
Renovations	10%
Tools and utensils	10% - 14%
Electrical installation	10%
Staff quarters	25%

Capital work-in-progress consists of tools and utensils under construction/installation for intended use as production facilities. The amount is stated at cost until the property, plant and equipment are ready for their intended use. Assets under construction are not depreciated until it is completed and ready for their intended use.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, Plant and Equipment (Cont'd)

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

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

3.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or asset) or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Group as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased assets is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a Lessor

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

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (Cont'd)

3.5.1 Finance Lease

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For lease of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact the land normally has an indefinite economic life.

3.5.2 Operating Lease

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance are expensed as incurred.

3.6 Investment Properties

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

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

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

3.7 Biological Assets

Plantation Development Expenditure – Oil Palm Plantation

Planting expenditure of new oil palm plantations and leasehold land rental attributable to the plantation incurred up to the time of maturity have been capitalised as biological assets.

Any other costs related to the development of new plantation are included as part of the capitalisation of immature planting cost.

As and when the new oil palm plantation mature, the planting expenditure will be taken to the profit or loss as revenue expenditure.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Biological Assets (Cont'd)

Plantation Development Expenditure – Oil Palm Plantation (Cont'd)

The capitalised pre-cropping cost is not amortised, which represents costs incurred in planting in the original estates, as their values are maintained through replanting programmes.

The capitalised costs will be amortised to the profit or loss and the amortisation is on a straight-line basis over the economic useful lives of the trees as follows:-

Biological assets	22 years
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3.8 Land Held for Property Development

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

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

3.9 Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in the profit or loss by using the percentage of completion method. The percentage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on development units sold are recognised as an expense in the period in which they are incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset and are stated at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Inventories

Inventories comprising raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

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

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

3.11 Financial Instruments

3.11.1 Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

3.11.2 Financial Assets - Categorisation and Subsequent Measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

- a) financial assets at fair value through profit or loss;
- b) held-to-maturity investments;
- c) loans and receivables; and
- d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (Cont'd)

3.11.2 Financial Assets - Categorisation and Subsequent Measurement (Cont'd)

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

The Group does not have held-to-maturity investments and the Company does not have financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments. Other categories of financial assets are described below.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments (including separated embedded derivatives) which are acquired principally for the purpose of selling in the near term fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Subsequent to initial recognition, assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other expenses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current assets.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (Cont'd)

3.11.2 Financial Assets - Categorisation and Subsequent Measurement (Cont'd)

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include the equity instruments.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Interest calculated using the effective interest method and dividends are recognised in profit or loss. Dividends on an available-for-sale equity are recognised in profit or loss when the Group's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

3.11.3 Financial Liabilities - Categorisation and Subsequent Measurement

After the initial recognition, financial liability is classified as:-

- a) financial liability at fair value through profit or loss;
- b) other financial liabilities measured at amortised cost using the effective interest method; and
- c) financial guarantee contracts.

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

The Group's financial liabilities include borrowings, trade and other payables. The Company's financial liabilities include other payables.

Other Financial Liabilities Measured at Amortised Cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial Instruments (Cont'd)

3.11.3 Financial Liabilities - Categorisation and Subsequent Measurement (Cont'd)

Financial Guarantee Contracts

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

3.11.4 Offsetting of Financial Instruments

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

3.11.5 Derivative Financial Instruments

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

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

3.12 Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of Financial Assets (Cont'd)

Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost (Cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Unquoted Equity Securities Carried at Cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment of Non-Financial Assets

At each reporting date, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication of impairment. Non-financial asset is tested for impairment annually at financial year end or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value-in-use.

In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An impairment loss is recognised as an expense in profit and loss immediately except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial years.

All reversals of impairment losses are recognised as income immediately in profit or loss unless the asset is measured at revalued amount, in which case the reversal as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

3.14 Foreign Currency Transactions and Balances

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

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

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Cash and Cash Equivalents

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

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

3.16 Tax Expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current Tax

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

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

Deferred Tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Government Grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that the Group and the Company will comply with the conditions attaching to them and the grants will be received.

Government grant used for financial support, assistance or to reimburse costs incurred by the Group and the Company are recognised in the profit or loss on the straight line basis over the expected lives of 5 years of the related products.

3.18 Revenue Recognition

Revenue is recognised when it is probable that the economic benefits with the transaction will flow to the Group and the Company and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable net of discounts and rebates.

- a) Revenue from joint property development project is recognised when the right to receive distribution is established.
- b) Revenue from sale of goods is recognised as income upon delivery of goods and customers' acceptance, net of discounts and sales returns.
- c) Rental income is recognised on accrual basis unless collectibility is in doubt.
- d) Dividend income is recognised when the shareholders' right to receive payment is established.
- e) Interest income is recognised on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity when it is determined that such income will accrue to the Group and the Company.

3.19 Employee Benefits

Short Term Employee Benefits

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

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

Defined Contribution Plans

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

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

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Equity, Reserves and Distributions to Owners

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Share capital are recorded at the proceeds from ordinary shares issued net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

The revaluation reserve within equity comprises gains and losses due to revaluation of property, plant and equipment.

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

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

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

3.21 Treasury Shares

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

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

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

3.22 Borrowing Costs

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

3.23 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 35 to the financial statements.

3.24 Earnings per Ordinary Share

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

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

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

Notes To The Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.25 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.26 Provision

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.27 Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

- a) A person or a close member of that person's family is related to the reporting entity if that person:-
 - (i) Has control or joint control over the reporting entity;
 - (ii) Has significant influence over the reporting entity; or
 - (iii) Is a member of the key management personnel of the reporting entity.

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

Notes To The Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	----- At cost -----										Total RM	
	Factory and buildings RM	Staff quarters RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fixtures RM	Warehouse RM	Renovations RM	Electrical installation RM	Tools and utensils construction RM	Tools and utensils under construction RM		
Cost or valuation												
At 1.11.2016	11,436,200	-	33,416,134	4,637,604	5,668,593	867,200	1,286,731	1,090,388	4,889,349	4,633	63,296,832	
Reclassification	(193,949)	193,949	-	-	-	-	-	-	-	-	-	
Additions	-	42,647	26,725	135,700	47,586	-	-	10,270	-	-	262,928	
Disposal	-	-	(231,240)	-	(18,486)	-	-	-	-	-	(249,726)	
Revaluation adjustment	2,440,000	-	-	-	-	-	-	-	-	-	2,440,000	
At 31.10.2017	13,682,251	236,596	33,211,619	4,773,304	5,697,693	867,200	1,286,731	1,100,658	4,889,349	4,633	65,750,034	
Additions	-	73,969	927,740	712,099	117,902	-	-	16,470	33,144	-	1,881,324	
Disposal	-	-	(479,694)	-	-	-	-	-	-	-	(479,694)	
Revaluation adjustment	80,000	-	-	-	-	-	-	-	-	-	80,000	
At 31.10.2018	13,762,251	310,565	33,659,665	5,485,403	5,815,595	867,200	1,286,731	1,117,128	4,922,493	4,633	67,231,664	

Notes To The Financial Statements (cont'd)

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

Group (Cont'd)	----- At cost -----										
	Factory and buildings RM	Staff quarters RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Warehouse Renovations RM	Electrical installation RM	Tools and utensils construction RM	Tools and utensils under construction RM	Total RM	
Accumulated depreciation											
At 1.11.2016	96,855	-	32,299,557	3,861,186	5,431,901	614,758	1,035,490	1,089,124	4,387,226	-	48,816,097
Reclassification Charge for the financial year	(96,855)	96,855	-	-	-	-	-	-	-	-	-
Revaluation adjustment	242,600	43,570	349,692	283,400	75,124	68,305	66,331	1,990	104,686	-	1,235,698
Disposal	(242,600)	-	(218,115)	-	(17,333)	-	-	-	-	-	(242,600)
At 31.10.2017	-	140,425	32,431,134	4,144,586	5,489,692	683,063	1,101,821	1,091,114	4,491,912	-	49,573,747
Charge for the financial year	274,000	53,782	213,342	349,388	73,985	56,880	60,045	2,704	92,509	-	1,176,635
Revaluation adjustment	(274,000)	-	-	-	-	-	-	-	-	-	(274,000)
Disposal	-	-	(479,694)	-	-	-	-	-	-	-	(479,694)
At 31.10.2018	-	194,207	32,164,782	4,493,974	5,563,677	739,943	1,161,866	1,093,818	4,584,421	-	49,996,688
Net carrying amount											
At 31.10.2018	13,762,251	116,358	1,494,883	991,429	251,918	127,257	124,865	23,310	338,072	4,633	17,234,976
At 31.10.2017	13,682,251	96,171	780,485	628,718	208,001	184,137	184,910	9,544	397,437	4,633	16,176,287

Notes To The Financial Statements (cont'd)

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

- (a) The buildings were revalued in the financial year 2018, based on valuation carried out by an independent professional valuer, on an open market value basis to reflect the market value of existing use. The comparison method was adopted in arriving at the market value of the buildings. There have been no changes to the valuation technique during the financial year. The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown in "Revaluation Reserve" under equity.

Buildings at valuation are categorised at Level 2 fair value. There were no transfer between Level 1 and Level 2 during the financial year.

Level 2 Fair Value

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

At the reporting date, had the revalued factory and buildings of the Group carried under the cost model, the carrying amount would have been at RM3,046,673 (2017: RM3,181,709).

- (b) The cost of motor vehicles of the Group amounted to RM510,451 (2017: RM510,451) is held in trust in the name of a Director of the Group. The net carrying amount of the motor vehicles is RMNil (2017: RMNil).

5. INVESTMENT PROPERTIES

Group	Freehold lands RM	Leasehold lands RM	Freehold buildings RM	Leasehold buildings RM	Total RM
Fair value					
At 1 November 2016	26,646,675	8,930,000	13,980,000	270,000	49,826,675
Additions	1,200,000	1,179,056	-	-	2,379,056
Fair value adjustment	2,500,000	-	310,550	-	2,810,550
At 31 October 2017	30,346,675	10,109,056	14,290,550	270,000	55,016,281
Additions	-	-	63,900	-	63,900
Fair value adjustment	1,020,000	-	(254,450)	-	765,550
At 31 October 2018	31,366,675	10,109,056	14,100,000	270,000	55,845,731

The title deed of the Group's leasehold land amounting to RM1,179,056 (2017: RM1,179,056) is yet to be issued by the relevant authority.

Notes To The Financial Statements (cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

Freehold land and building and leasehold land and building of a subsidiary with net carrying amount of RM33,500,000 (2017: RM33,810,550) and RM1,050,000 (2017: RM1,050,000) respectively have been charged to a financial institution for credit facility granted to the subsidiary as disclosed in Note 19 to the financial statements.

Income and expenses recognised in profit or loss:-

	2018 RM	Group 2017 RM
Rental income from investment properties	2,218,290	1,303,866
Direct operating expenses for investment properties	(111,817)	(111,810)

Fair value basis of investment properties

Investment properties are stated at fair value, which has been determined based on valuations at the end of the reporting period. As at 31 October 2018, the fair values of the investment properties are based on valuations performed by accredited independent valuers with recent experience in the location and category of properties being valued. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the financial year.

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

	Level 2 2018 RM	Group Level 2 2017 RM
Recurring fair value measurements:-		
Freehold lands	31,366,675	30,346,675
Leasehold lands	10,109,056	10,109,056
Freehold buildings	14,100,000	14,290,550
Leasehold buildings	270,000	270,000

Level 2 Fair Value

Level 2 fair values of freehold and leasehold land and buildings have generally derived using the sales comparison approach. Sales price comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Notes To The Financial Statements (cont'd)

6. BIOLOGICAL ASSETS

Biological assets consist of plantation development expenditure in relation to oil palm plantations.

	2018 RM	Group 2017 RM
Cost		
At 1 November 2017/2016	5,470,020	5,042,010
Additions	871,530	428,010
At 31 October	6,341,550	5,470,020
Accumulated amortisation		
At 1 November 2017/2016	511,301	284,766
Amortisation for the financial year	226,535	226,535
At 31 October	737,836	511,301
Net carrying amount		
At 31 October	5,603,714	4,958,719

7. LAND HELD FOR PROPERTY DEVELOPMENT

	2018 RM	Group 2017 RM
Freehold land		
Cost		
At 1 November 2017/2016	293,503	546,630
Transferred to property development costs	-	(253,127)
At 31 October	293,503	293,503

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

Notes To The Financial Statements (cont'd)

9. OTHER INVESTMENTS

	Golf club membership RM	Unquoted shares in Malaysia RM	Quoted shares in Malaysia RM	Total RM
Group				
2018				
Non-current				
Available-for-sale financial assets	180,000	50,000	-	230,000
Less: Impairment loss	(65,000)	-	-	(65,000)
	115,000	50,000	-	165,000
Current				
Financial assets at fair value through profit or loss	-	-	385,458	385,458
	115,000	50,000	385,458	550,458
Representing items:-				
At cost	115,000	50,000	-	165,000
At fair value	-	-	385,458	385,458
	115,000	50,000	385,458	550,458
Market value of quoted investments	-	-	385,458	385,458
2017				
Non-current				
Available-for-sale financial assets	180,000	50,000	-	230,000
Less: Impairment loss	(65,000)	-	-	(65,000)
	115,000	50,000	-	165,000
Current				
Financial assets at fair value through profit or loss	-	-	461,600	461,600
	115,000	50,000	461,600	626,600
Representing items:-				
At cost	115,000	50,000	-	165,000
At fair value	-	-	461,600	461,600
	115,000	50,000	461,600	626,600
Market value of quoted investments	-	-	461,600	461,600

Notes To The Financial Statements (cont'd)

10. PROPERTY DEVELOPMENT COSTS

	2018 RM	Group 2017 RM
Freehold land		
At 1 November 2017/2016	510,603	508,455
Transferred from land held for property development	-	253,127
Transferred to profit and loss	(288,723)	(250,979)
At 31 October	221,880	510,603

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

11. INVENTORIES

	2018 RM	Group 2017 RM
Raw materials	1,169,254	1,058,530
Work-in-progress	524,907	837,614
Finished goods	2,252,835	2,123,586
	3,946,996	4,019,730
Recognised in profit or loss:-		
Inventories recognised in cost of sales	13,327,233	11,045,319

12. DERIVATIVE FINANCIAL ASSETS

Group	Contract/ Notional Amount RM	Assets RM	Liabilities RM	Net RM
Current				
Forward currency contracts				
31 October 2018	1,699,936	1,699,936	(1,694,155)	5,781
31 October 2017	922,239	922,239	(913,533)	8,706

Notes To The Financial Statements (cont'd)

13. TRADE RECEIVABLES

	2018 RM	Group 2017 RM
Trade receivables	3,054,727	3,453,281

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

The ageing analysis of trade receivables are as follows:-

	Gross RM	Individually Impaired RM	Net RM
Group 2018			
Within credit terms	1,375,497	-	1,375,497
Past due 1-30 days but not impaired	840,492	-	840,492
Past due 31-120 days but not impaired	813,334	-	813,334
Past due more than 120 days but not impaired	25,404	-	25,404
	3,054,727	-	3,054,727

	Gross RM	Individually Impaired RM	Net RM
2017			
Within credit terms	2,115,652	-	2,115,652
Past due 1-30 days but not impaired	919,691	-	919,691
Past due 31-120 days but not impaired	363,699	-	363,699
Past due more than 120 days but not impaired	54,239	-	54,239
	3,453,281	-	3,453,281

The normal credit terms given to the customers range from 30 to 75 days (2017: 30 to 75 days). Other credit terms are assessed and approved on a case-by-case basis.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

As at 31 October 2018, trade receivables of RM1,679,230 (2017: RM1,337,629) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Notes To The Financial Statements (cont'd)

14. OTHER RECEIVABLES

	Group	
	2018 RM	2017 RM
Non-trade receivables	35,647	78,423
Deposits	18,000	32,098
Prepayments	187,152	176,345
GST recoverable	45,724	39,064
Accrued revenue	24,147	-
	310,670	325,930

	Company	
	2018 RM	2017 RM
Deposits	1,000	1,000
Prepayments	5,513	3,872
	6,513	4,872

15. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

Group and Company

The interest rates for deposits with licensed financial institutions ranged from 2.00% to 3.78% (2017: 2.37% to 3.81%) and 2.54% to 3.78% (2017: 2.56% to 3.81%) per annum and the average maturity period are 30 to 150 days (2017: 30 to 150 days) and 30 days (2017: 30 days) respectively.

Group

Included in deposits with licensed financial institutions is an amount of RM88,360 (2017: RM85,819) which has been pledged for banking facilities granted to a subsidiary.

16. SHARE CAPITAL

	Group and Company	
	2018 RM	2017 RM
Issued and fully paid-up:-		
40,612,085 ordinary shares	40,612,085	40,612,085

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

Notes To The Financial Statements (cont'd)

17. TREASURY SHARES

	Group and Company			
	2018		2017	
	Number of treasury shares	RM	Number of treasury shares	RM
At beginning of financial year/ At end of financial year	4,035,560	3,554,493	4,035,560	3,554,493

The shareholders of the Company, by a special resolution passed at an Annual General Meeting held on 28 March 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed in the last Annual General Meeting held on 28 March 2018. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

The shares purchased were retained as treasury shares. The Company has the right to re-issue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

As at the reporting date, the Company held 4,035,560 (2017: 4,035,560) of the Company's shares and the number of ordinary shares in issue after setting off against treasury shares is 36,576,525 (2017: 36,576,525).

No treasury shares were sold during the current and previous financial year.

18. REVALUATION RESERVE

	Group	
	2018 RM	2017 RM
At 1 November 2017/2016	8,041,790	6,003,014
Revaluation surplus during the financial year	354,000	2,682,600
Transferred to deferred tax liabilities	(84,960)	(643,824)
At 31 October	8,310,830	8,041,790

The revaluation reserve is not available for distribution.

Notes To The Financial Statements (cont'd)

19. BORROWINGS

	2018 RM	Group 2017 RM
Secured:-		
Current		
Term loans	1,235,354	1,212,525
Non-current		
Term loans	2,340,043	3,535,320
	3,575,397	4,747,845
Repayment terms:		
- not later than one year	1,235,354	1,212,525
- later than one year but not later than five years	2,003,931	3,187,661
- later than five years	336,112	347,659
	2,340,043	3,535,320
	3,575,397	4,747,845

The effective interest rate of term loans ranging from 4.72% to 4.96% (2017: 4.72%) per annum.

The term loans are secured by way of:-

- (i) Fixed charge against freehold land and building and leasehold land and building of a subsidiary as disclosed in Note 5 to the financial statements;
- (ii) Assignment of rental proceeds; and
- (iii) Corporate guarantee by the Company.

Notes To The Financial Statements (cont'd)

20. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities is made up of the following:-

	Group					
	Assets RM	2018 Liabilities RM	Net RM	Assets RM	2017 Liabilities RM	Net RM
At 1 November 2017/2016	(512,271)	4,770,196	4,257,925	(627,608)	3,946,096	3,318,488
Recognised in profit or loss	295,092	1,540,166	1,835,258	115,337	242,958	358,295
Crystallisation of deferred tax upon depreciation of revalued assets	-	(51,767)	(51,767)	-	(62,682)	(62,682)
Revaluation reserve	-	84,960	84,960	-	643,824	643,824
At 31 October	(217,179)	6,343,555	6,126,376	(512,271)	4,770,196	4,257,925

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

	Group	
	2018 RM	2017 RM
Carrying amount of qualifying property, plant and equipment and investment properties in excess of their tax base	1,173,564	1,168,617
Inventories written down	(1,279)	(1,279)
Revaluation surplus	2,182,865	2,149,672
Unabsorbed capital allowances	-	(301,404)
Unutilised business losses	(11,714)	(11,714)
Unutilised industrial building allowance	(197,874)	(197,874)
Fair value gain on investment properties	2,980,814	1,451,907
	6,126,376	4,257,925

Notes To The Financial Statements (cont'd)

20. DEFERRED TAX LIABILITIES (CONT'D)

- (b) As at the reporting date, deferred tax benefits for the following temporary differences have not been recognised in the financial statements:-

	2018 RM	Group 2017 RM
Carrying amount of qualifying plant and equipment and biological assets in excess of their tax base	(4,752,700)	(4,151,800)
Unabsorbed agriculture allowance	5,142,700	4,725,400
Unutilised business losses	1,504,388	1,504,388
Unabsorbed capital allowances	34,396	34,396
	1,928,784	2,112,384

Potential deferred tax assets are not recognised in financial statements as it is anticipated that the tax effects of such deferrals will not reverse in the near future.

21. GOVERNMENT GRANTS

	2018 RM	Group 2017 RM
At 1 November 2017/2016	119,713	179,569
Amortised during the financial year	(59,856)	(59,856)
At 31 October	59,857	119,713
Current		
- amortised within the next 12 months	59,857	59,856
Non-current		
- amortised after the next 12 months	-	59,857
	59,857	119,713

The government grant received is in respect of the purchase of an asset under the scheme of Malaysia Investment Development Authority (MIDA) by the government principal agency for promotion of the manufacturing and services sectors in Malaysia.

Notes To The Financial Statements (cont'd)

22. TRADE PAYABLES

The trade payables of the Group are non-interest bearing and the normal credit term granted by suppliers of the Group ranges from 30 to 60 days (2017: 30 to 60 days).

23. OTHER PAYABLES

	Group	
	2018	2017
	RM	RM
Sundry deposits	776,202	1,273,274
Non-trade payables	1,280,034	342,606
Accrual of expenses	1,552,741	1,378,248
GST payable	-	28,787
Services tax payable	160	-
	3,609,137	3,022,915

	Company	
	2018	2017
	RM	RM
Accrual of expenses	96,250	84,590
	96,250	84,590

Included in deposit of RM150,000 (2017: RM150,000) is in relation with a subsidiary entering into an arrangement with PYHomes Realty Sdn. Bhd. for the purpose of developing the subsidiary's lands into a mixed residential project with the usual amenities.

24. INVESTMENT IN SUBSIDIARIES/AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2018	2017
	RM	RM
<u>Investment in subsidiaries</u>		
Unquoted shares, at cost	23,416,971	23,416,971
Less: impairment loss on investment in subsidiary	(1,009,917)	-
	22,407,054	23,416,971

Notes To The Financial Statements (cont'd)

24. INVESTMENT IN SUBSIDIARIES/AMOUNT DUE FROM SUBSIDIARIES (CONT'D)

Name of company	Place of incorporation	Effective interest		Principal activities
		2018 %	2017 %	
1. H & L High-Tech Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of precision engineering moulds, dies, jigs, fixtures, tools and other precision machine parts.
2. Plastik STC Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of customised precision engineering plastic injection moulded thermoplastic and thermosett parts and components for electrical and electronic industry.
3. H & L High-Tech Deco Sdn. Bhd.	Malaysia	100	100	Oil palm plantation.
4. H & L High-Tech Properties Sdn. Bhd.	Malaysia	100	100	Letting of properties and property investment.
5. H & L High-Tech Properties Development Sdn. Bhd.	Malaysia	100	100	Property development.
6. HLH Desa Coalfields Sdn. Bhd. (formerly known as H & L Mould Solution Sdn. Bhd.)	Malaysia	100	100	Dormant.
7. STC Technology Sdn. Bhd.	Malaysia	100	100	Dormant.

Amount due from subsidiaries

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

25. REVENUE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Dividend income	-	-	1,800,000	1,884,000
Sales of goods	19,751,046	18,389,077	-	-
Rental income	2,070,450	1,158,266	-	-
Distribution from joint property development project	2,756,793	2,631,822	-	-
	24,578,289	22,179,165	1,800,000	1,884,000

Notes To The Financial Statements (cont'd)

26. PROFIT BEFORE TAX

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Amortisation of biological assets	226,535	226,535	-	-
Amortisation of prepaid land lease payments	7,882	33,320	-	-
Amortisation on government grants	(59,856)	(59,856)	-	-
Auditors' remuneration				
- statutory audit	100,800	96,000	23,300	22,300
- other services	5,300	5,000	5,300	5,000
Depreciation of property, plant and equipment	1,176,635	1,235,698	-	-
Fair value gain on investment properties	(765,550)	(2,810,550)	-	-
Impairment loss on investment in subsidiary	-	-	1,009,917	-
Interest expenses				
- term loans	211,219	251,530	-	-
Interest income	(439,578)	(379,534)	(25,612)	(29,983)
Rental expenses	334,546	271,696	-	-
(Gain)/Loss on disposal of property, plant and equipment	(5,672)	6,278	-	-
Unrealised foreign exchange				
- loss	5,236	175,364	-	-
- gain	(31,258)	-	-	-
Realised foreign exchange				
- loss	205,432	-	-	-
- gain	-	(96,988)	-	-
Gross dividend from financial assets at fair value through profit or loss:-				
- quoted in Malaysia	(45,268)	(31,520)	-	-
Net fair value loss/(gain) on other investments	76,142	(51,320)	-	-
Fair value loss/(gain) on derivative financial instruments	2,925	(32,586)	-	-

Notes To The Financial Statements (cont'd)

27. TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current year's tax provision	1,431,650	1,139,920	850	1,000
(Over)/Under provision of tax expense in prior financial years	(109,864)	(15,211)	34	2,137
Transferred from deferred tax liabilities	1,767,644	278,613	-	-
Under provision of deferred tax in prior financial years	15,847	17,000	-	-
	3,105,277	1,420,322	884	3,137

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profits for the financial year.

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	6,671,299	6,990,284	540,288	1,662,112
Tax at statutory tax rate of 24%	1,601,112	1,677,668	129,669	398,907
Tax effects in respect of:-				
Income not subject to tax	(216,377)	(650,941)	(432,000)	(452,160)
Expenses not deductible for tax purposes	381,483	406,522	303,181	54,253
Crystallisation of deferred tax upon depreciation charged for revalued asset	(51,767)	(62,682)	-	-
Addition deferred tax liabilities on real property gain	1,528,907	125,000	-	-
Under provision of deferred tax in prior financial year	15,847	17,000	-	-
(Over)/Under provision of tax expense in prior financial years	(109,864)	(15,211)	34	2,137
Deferred tax assets not recognised	(44,064)	(77,034)	-	-
	3,105,277	1,420,322	884	3,137

The Group unutilised business losses, unabsorbed capital allowances, unabsorbed agriculture allowance and unutilised industrial building allowance which can be carried forward to offset against future taxable profit amounted to approximately RM1,553,195 (2017: RM1,553,195), RM34,396 (2017: RM1,290,246), RM4,700,400 (2017: RM4,725,400) and RM824,474 (2017: RM824,474) respectively.

Notes To The Financial Statements (cont'd)

27. TAX EXPENSE (CONT'D)

The availability of the unutilised business losses, unabsorbed capital allowances, unabsorbed agriculture allowance and unutilised industrial building allowance which can be carried forward to offset against future taxable profit on the respective subsidiary companies are subject to no substantial changes in shareholdings of the respective subsidiary companies under Section 44(5A) & (5B) of Income Tax Act, 1967.

28. EARNINGS PER SHARE

Group

- (a) The basic earnings per share has been calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company of RM3,566,022 (2017: RM5,569,962) to the weighted average number of shares issued during the financial year of 36,576,525 (2017: 36,576,525), excluding treasury shares held by the Company.
- (b) There is no diluted earnings per share as the Company does not have any convertible financial instruments as at reporting date.

29. DIVIDENDS

	Group and Company	
	2018	2017
	RM	RM
In respect of the financial year ended 31 October 2018:-		
Interim single tier dividend of 1.5 cent per ordinary share for total ordinary shares of 36,576,525, paid on 30 October 2018	548,651	-
In respect of the financial year ended 31 October 2017:-		
Interim single tier dividend of 1.5 cent per ordinary share for total ordinary shares of 36,576,525, paid on 8 November 2017	548,651	-
Final single tier dividend of 2.0 cent per ordinary share for total ordinary shares of 36,576,525, paid on 13 April 2018	731,531	-
In respect of the financial year ended 31 October 2016:-		
First interim single tier dividend of 1.5 cent per ordinary share for total ordinary shares of 36,576,525, paid on 10 February 2017	-	548,651
Second interim single tier dividend of 2.0 cent per ordinary share for total ordinary shares of 36,576,525, paid on 30 October 2018	-	731,531
	1,828,833	1,280,182

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

Notes To The Financial Statements (cont'd)

30. EMPLOYEE BENEFITS EXPENSE

The employee benefits expense included the following:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, wages and other emoluments	6,584,673	6,180,013	100,000	88,500
Defined contribution plan	472,552	442,757	-	-
Social security contribution	61,118	56,602	-	-
	7,118,343	6,679,372	100,000	88,500

Directors' Remuneration

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<u>Executive Directors:-</u>				
Directors of the Company				
Salaries and other emoluments	1,026,399	864,320	-	-
Defined contribution plan	89,290	87,240	-	-
Social security contribution	3,436	3,436	-	-
Executive Directors' remuneration	1,119,125	954,996	-	-
<u>Executive Directors:-</u>				
Past Director of the Subsidiary				
Salary and other emoluments	22,000	52,000	-	-
Defined contribution plan	2,502	5,460	-	-
Social security contribution	237	455	-	-
Executive Directors' remuneration	24,739	57,915	-	-
<u>Non-Executive Directors:-</u>				
Directors of the Company				
Salaries and other emoluments	37,000	37,500	37,000	37,500
Fees	63,000	51,000	63,000	51,000
Non-Executive Directors' remuneration	100,000	88,500	100,000	88,500
	1,243,864	1,101,411	100,000	88,500

The estimated monetary value of benefits-in-kind received by Directors of the Company other than cash from the Company amounted to RM16,325 (2017: RM16,325).

Notes To The Financial Statements (cont'd)

31. COMMITMENTS

Capital commitment

	2018 RM	Group	2017 RM
Capital expenditure			
Authorised and contracted for:-			
- Property, plant and equipment	-		64,900

Lease commitment

The Group had entered into a total of seven non-cancellable Renting Agreements with various parties to lease the land for venturing into business of the oil palm plantation, comprising an area of approximately 1,276 (2017: 1,276 acres) acres for a renting period of sixty years.

The payment terms of the leasing are as follows:-

- (i) For the first six months (2017: first six months), no rental charges for tenor to land mobilisation.
- (ii) After the first six months, (2017: first six months), no rental charges for tenor on oil palm plantation process for three years.
- (iii) After the three years and six months, RM0.50 of rental charges will be apply on each oil palm tree planted on monthly basis for a period of two years.
- (iv) After the five years and six months, RM0.60 of rental charges will be apply on each oil palm tree planted on monthly basis until the end of the tenancy period.
- (v) If the oil palm tree plant is infected by disease, rental charges will be exempted for three years.

As at the reporting date, the lease commitments are as follows:-

	2018 RM	2017 RM
Within one year	334,440	334,440
Between one to five year	1,477,200	1,477,200
More than five years	18,981,540	19,315,980
	20,793,180	21,127,620

Notes To The Financial Statements (cont'd)

32. RELATED PARTY DISCLOSURES

The Group and the Company have related party relationship with its subsidiaries, companies in which Directors have interest and key management personnel.

Related party transactions and balances

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

	2018	2017
	RM	RM
Group and Company		
- Dividend paid to companies in which Directors have interest	843,812	590,669
Company		
- Dividend received from subsidiaries	1,800,000	1,884,000

The outstanding balances arising from the related party transactions as at the reporting date are disclosed in Note 24 to the financial statements.

Transactions with key management personnel

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

The remuneration of key management personnel is same with the Directors' remuneration as disclosed in Note 30 to the financial statements. The Group and the Company have no other members of key management personnel apart from the Board of Directors.

Notes To The Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

- (i) Loan and receivables (“L&R”);
- (ii) Fair value through profit or loss (“FVTPL”);
- (iii) Available for sale financial assets (“AFS”); and
- (iv) Other financial liabilities measured at amortised cost (“AC”).

	Carrying Amount RM	L & R RM	FVTPL RM	AFS RM	AC RM
Group					
2018					
Financial assets					
Other investments	550,458	-	385,458	165,000	-
Derivative financial assets	5,781	-	5,781	-	-
Trade receivables	3,054,727	3,054,727	-	-	-
Other receivables	53,647	53,647	-	-	-
Deposits with licensed financial institutions	12,942,611	12,942,611	-	-	-
Cash and bank balances	4,673,449	4,673,449	-	-	-
	21,280,673	20,724,434	391,239	165,000	-
Financial liabilities					
Trade payables	537,919	-	-	-	537,919
Other payables	3,608,977	-	-	-	3,608,977
Borrowings	3,575,397	-	-	-	3,575,397
Government grants	59,857	-	-	-	59,857
	7,782,150	-	-	-	7,782,150
2017					
Financial assets					
Other investments	626,600	-	461,600	165,000	-
Derivative financial assets	8,706	-	8,706	-	-
Trade receivables	3,453,281	3,453,281	-	-	-
Other receivables	110,521	110,521	-	-	-
Deposits with licensed financial institutions	10,823,211	10,823,211	-	-	-
Cash and bank balances	5,177,166	5,177,166	-	-	-
	20,199,485	19,564,179	470,306	165,000	-
Financial liabilities					
Trade payables	602,338	-	-	-	602,338
Other payables	2,994,128	-	-	-	2,994,128
Borrowings	4,747,845	-	-	-	4,747,845
Government grants	119,713	-	-	-	119,713
	8,464,024	-	-	-	8,464,024

Notes To The Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (Cont'd)

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

	Carrying Amount RM	L & R RM	FVTPL RM	AFS RM	AC RM
Company					
2018					
Financial assets					
Other receivables	1,000	1,000	-	-	-
Amount due from subsidiaries	14,519,343	14,519,343	-	-	-
Deposits with licensed financial institutions	662,464	662,464	-	-	-
Cash and bank balances	251,802	251,802	-	-	-
	15,434,609	15,434,609	-	-	-
Financial liability					
Other payables	96,250	-	-	-	96,250
2017					
Financial assets					
Other receivables	1,000	1,000	-	-	-
Amount due from subsidiaries	13,404,211	13,404,211	-	-	-
Deposits with licensed financial institutions	1,334,990	1,334,990	-	-	-
Cash and bank balances	964,037	964,037	-	-	-
	15,704,238	15,704,238	-	-	-
Financial liability					
Other payables	84,590	-	-	-	84,590

Financial Risks Management Objective and Policies

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

Notes To The Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (Cont'd)

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

(a) Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

The areas where the Group is exposed to credit risk are as follows:-

Receivables

As at reporting date, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Group. The Group uses aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

The ageing analysis for trade receivables is disclosed in Note 13 to the financial statements.

Notes To The Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (Cont'd)

(a) Credit Risk (Cont'd)

Receivables (Cont'd)

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

	2018		2017	
	RM	%	RM	%
By country				
Malaysia	924,212	30	1,404,137	41
European countries	1,984,874	64	1,983,770	56
Taiwan	82,189	3	35,981	1
Singapore	12,668	1	10,154	1
China	13,849	1	-	-
Others *	36,935	1	19,239	1
	3,054,727	100	3,453,281	100

* Less than 1% for each of the country.

In respect of trade and other receivables, the Group has no significant concentration of credit risk with any single counterparty except as disclosed below:-

Credit Risk Concentration Profile

The Group determines concentration of credit risk by comparing the amount due from each individual customer against the total trade receivables. The credit risk concentration profile of the Group's trade receivables at the reporting date as:

	2018		2017	
	RM	%	RM	%
Customer A	1,009,836	33	753,023	22
Customer B	454,677	15	408,490	12
Customer C	-	-	357,849	10

Investments and Other Financial Assets

As at reporting date, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

Notes To The Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (Cont'd)

(a) Credit Risk (Cont'd)

Investments and Other Financial Assets (Cont'd)

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

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations except for the impairment loss recognised in respect of unquoted investments as disclosed in Note 9 to the financial statements.

Financial Guarantee/Corporate Guarantee

The maximum exposure to credit risk RM3,665,397 (2017: RM4,837,845) representing the outstanding banking facilities of the subsidiary as at end of the reporting period.

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

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

Intercompany Balances

The maximum exposure to credit risk of the Company is represented by their carrying amounts in the statements of financial position.

The outstanding balances with intercompany are trade and non-trade related and there were no indication that the balances are not recoverable.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit rating.

Notes To The Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (Cont'd)

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due as a result of shortage of funds.

In managing its exposures to liquidity risk, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The liquidity risks arise principally from its payables and loans. The repayment term of loans is disclosed in Note 19 to the financial statements respectively.

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below:-

	Current	Non-current			Total contractual cash flows RM
	On demand/less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	
Group					
<u>2018</u>					
Non-derivative financial liabilities Secured:-					
Borrowings	1,384,188	1,482,194	680,943	449,367	3,996,692
Unsecured:-					
Trade payables	537,919	-	-	-	537,919
Other payables	3,608,977	-	-	-	3,608,977
Total undiscounted financial liabilities	5,531,084	1,482,194	680,943	449,367	8,143,588
<u>2017</u>					
Non-derivative financial liabilities Secured:-					
Borrowings	1,384,188	1,384,188	1,670,431	404,300	4,843,107
Unsecured:-					
Trade payables	602,338	-	-	-	602,338
Other payables	2,994,128	-	-	-	2,994,128
Total undiscounted financial liabilities	4,980,654	1,384,188	1,670,431	404,300	8,439,573

Notes To The Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (Cont'd)

(b) Liquidity Risk (Cont'd)

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below:-

	Current	Non-current			Total contractual cash flows RM
	On demand/less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	
Company					
<u>2018</u>					
Non-derivative financial liabilities					
Corporate Guarantee*	3,665,397	-	-	-	3,665,397
Unsecured:-					
Other payables	96,250	-	-	-	96,250
Total undiscounted financial liabilities	3,761,647	-	-	-	3,761,647
<u>2017</u>					
Non-derivative financial liabilities					
Corporate Guarantee*	4,837,845	-	-	-	4,837,845
Unsecured:-					
Other payables	84,590	-	-	-	84,590
Total undiscounted financial liabilities	4,922,435	-	-	-	4,922,435

* This exposure is included in liquidity risk for illustration only. No financial guarantee was upon by the holders as at the end of the reporting period as at Note 33(a).

The above amounts reflect the contractual undiscounted cash flows, which differ from the carrying values of financial liabilities at the reporting date.

Notes To The Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (Cont'd)

(c) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the subsidiaries. The currencies giving rise to this risk are primarily EURO Dollar ("EURO"), US Dollar ("USD"), Singapore Dollar ("SGD") and Japanese Yen ("JPY").

The Group's exposure to foreign currency risk, based on carrying amounts as at the reporting date are as follows (foreign currency balances are unhedged):-

	← Denominated in →			
	EURO	USD	SGD	JPY
Group				
2018				
Trade receivables	643,938	1,112,516	354,843	-
Cash and bank balances	205,349	173,205	287,612	-
Other payables	(525,250)	-	-	(355,490)
	324,037	1,285,721	642,455	(355,490)
2017				
Trade receivables	530,080	1,235,022	284,042	-
Cash and bank balances	220,276	506,837	316,138	-
Trade payables	-	(20,296)	(4,444)	-
Other payables	(480,624)	-	-	-
	269,732	1,721,563	595,736	-

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the EURO, USD, SGD and JPY exchange rates against the functional currency of the Group, with all other variables held constant.

Notes To The Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (Cont'd)

(c) Foreign Currency Risk (Cont'd)

	Increase/(Decrease) on profit for the financial years	
	2018 RM	2017 RM
Group		
EURO/RM		
- Strengthened 1%/2%	3,240	5,395
- Weakened 1%/2%	(3,240)	(5,395)
USD/RM		
- Strengthened 2%/2%	25,714	34,431
- Weakened 2%/2%	(25,714)	(34,431)
SGD/RM		
- Strengthened 1%/1%	6,425	5,957
- Weakened 1%/1%	(6,425)	(5,957)
SGD/RM		
- Strengthened 2%	(7,110)	-
- Weakened 2%	7,110	-

The assumed movement in the above foreign currency exchange rate for the foreign currency exchange rate sensitivity analysis is based on the prudent estimate of the current market environment.

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposures to foreign currency risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

Notes To The Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (Cont'd)

(d) Interest Rate Risk (Cont'd)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fixed rate instruments				
<u>Financial asset</u>				
Deposits with licensed financial institutions	12,942,611	10,823,211	662,464	1,334,990
Floating rate instruments				
<u>Financial liability</u>				
Term loans	3,575,397	4,747,845	-	-

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting date would not affect profit or loss.

Fair Value Sensitivity Analysis for Floating Rate Instruments

At the reporting date, if interest rate had been 50 (2017: 50) basis points lower/higher, with all the other variable held constant, the Group's profit for the financial year would have been RM17,877 (2017: RM23,739) higher/lower, arising mainly from lower/higher interest expense on floating rate borrowings.

(e) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than foreign exchange or interest rates). Equity price risk arises from the Group's investments in equity securities quoted in Bursa Malaysia Securities Berhad.

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the authorised person of the Group.

Equity Price Risk Sensitivity Analysis

This analysis assumes that all other variables remain constant and all the Group's equity investments moved in percentage of the share price.

A 8% (2017: 5%) decrease in share price of each counter at the reporting date would have increase the Group's profit for the financial year by RM30,837 (2017: RM23,080). A 8% (2017: 5%) weakening in the share price of each counter would have equal but opposite effect on the Group's profit for the financial year.

Notes To The Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Fair Value of Financial Instruments

The carrying amounts of short term receivables and payable, cash and cash equivalents and borrowings approximate their fair values due to the relatively short term nature of these financial instruments and insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Group does not intend to dispose of these investments in the near future.

The following summarises the methods used in determining the fair value of financial instruments reflected above:-

Investment in Equity Instruments

The fair value of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the reporting period.

Non-derivatives Financial Liabilities

Fair value, which is determined for disclosures 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.

The interest rates used to discount estimated cash flows, where applicable, are as follows:-

	2018	Group	2017
	%		%
Term loans	4.72 – 4.96		4.72

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes To The Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Fair Value Hierarchy (Cont'd)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable (cont'd).

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
<u>2018</u>				
Financial assets at FVTPL				
Non-derivative financial assets held				
for trading	385,458	-	-	385,458
Derivative financial assets	-	5,781	-	5,781
Available-for-sale financial assets				
Unquoted shares and golf club membership	-	-	165,000	165,000
	385,458	5,781	165,000	556,239
<u>2017</u>				
Financial assets at FVTPL				
Non-derivative financial assets held				
for trading	461,600	-	-	461,600
Derivative financial assets	-	8,706	-	8,706
Available-for-sale financial assets				
Unquoted shares and golf club membership	-	-	165,000	165,000
	461,600	8,706	165,000	635,306

There were no transfers between Level 1 and 2 in the reporting period.

Reconciliation of Liabilities Arising from Financing Activity

	1 November 2017 RM	Cash flows RM	31 October 2018 RM
Group			
Borrowings	4,747,845	(1,172,448)	3,575,397

Notes To The Financial Statements (cont'd)

34. CAPITAL MANAGEMENT

The Group's and the Company's objective when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal gearing ratio that complies with debt covenants and regulatory requirements.

The Group monitors capital using a gearing ratio, which are the total interest bearing borrowings over owners' equity. The Group's policy is to keep the gearing ratio below 0.50. The borrowings include term loans and other loan while owners' equity refers to the equity attributable to the owners of the Company.

	2018 RM	Group	2017 RM
Total borrowings			
- term loans	3,575,397		4,747,845
Owners' equity	92,098,222		90,091,993
Debt-to-equity ratio	0.04		0.05

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

35. OPERATING SEGMENT

(i) Business segment

For management purposes, the Group is organised into four major business units based on their products and services which comprises the following:-

- | | |
|--------------------------------|-------------------------------------------------------------------------------|
| (a) Manufacturing and trading | - Manufacturing and sales of precision engineering moulds and other precision |
| (b) Investment | - Investment holding, letting of properties and properties investment |
| (c) Plantation | - Cultivation of oil palm |
| (d) Joint property development | - Property development |

Management monitors the operating results to its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Notes To The Financial Statements (cont'd)

37. OPERATING SEGMENT (CONT'D)

(i) Business segment (Cont'd)

Transfer prices between operating segments are on negotiated basis.

2018	Note	Manufacturing and trading RM	Investment RM	Plantation RM	Joint property development RM	Elimination RM	Total RM
Revenue:-							
External revenue		17,383,747	2,070,450	2,367,299	2,756,793	-	24,578,289
Inter-segment revenue		1,321,462	1,821,600	-	-	(3,143,062)	-
Total revenue		18,705,209	3,892,050	2,367,299	2,756,793	(3,143,062)	24,578,289
Results:-							
Interest income		387,661	28,153	-	23,764	-	439,578
Finance costs		-	(211,219)	-	-	-	(211,219)
Depreciation and amortisation		(831,772)	-	(554,861)	(26,000)	61,437	(1,351,196)
Other non-cash income/(expenses)	(a)	495,552	222,625	-	-	-	718,177
Tax expense		(943,502)	(1,742,256)	-	(419,519)	-	(3,105,277)
Segment profit		2,640,106	466,902	(358,727)	1,517,228	(699,487)	3,566,022
Assets:-							
Additions to non-current assets	(b)	1,078,786	63,900	1,674,068	-	-	2,816,754
Segment assets		43,918,742	86,660,869	8,491,692	5,444,453	(38,042,718)	106,473,038
Liabilities:-							
Segment liabilities		6,386,375	13,999,330	8,519,402	307,548	(14,837,839)	14,374,816

Notes To The Financial Statements (cont'd)

37. OPERATING SEGMENT (CONT'D)

(i) Business segment (Cont'd)

Transfer prices between operating segments are on negotiated basis (cont'd).

2017	Note	Manufacturing and trading RM	Investment RM	Plantation RM	Joint property development RM	Elimination RM	Total RM
Revenue:-							
External revenue		15,802,033	1,136,666	2,608,644	2,631,822	-	22,179,165
Inter-segment revenue		664,188	1,905,600	-	-	(2,569,788)	-
Total revenue		16,466,221	3,042,266	2,608,644	2,631,822	(2,569,788)	22,179,165
Results:-							
Interest income		343,866	32,619	-	3,049	-	379,534
Finance costs		-	(251,530)	-	-	-	(251,530)
Depreciation and amortisation		(932,623)	-	(477,074)	(26,000)	-	(1,435,697)
Other non-cash income/(expenses)	(a)	(181,642)	2,894,456	-	-	-	2,712,814
Tax expense		(743,177)	(191,621)	-	(485,524)	-	(1,420,322)
Segment profit		1,513,788	4,195,413	255,832	1,488,929	(1,884,000)	5,569,962
Assets:-							
Additions to non-current assets	(b)	49,086	2,379,056	641,852	-	-	3,069,994
Segment assets		42,033,562	87,655,402	7,456,199	4,030,672	(37,950,019)	103,225,816
Liabilities:-							
Segment liabilities		5,610,341	13,631,932	7,125,182	410,995	(13,644,627)	13,133,823

Notes To The Financial Statements (cont'd)

37. OPERATING SEGMENT (CONT'D)

(i) Business segment (Cont'd)

Notes:-

(a) Notes to other non-cash income/(expenses) consist of the following items:-

	2018 RM	2017 RM
Fair value gain on investment properties	765,550	2,810,550
Gain/(loss) on disposal of property, plant and equipment	5,672	(6,278)
Net fair value (loss)/gain on other investments	(76,142)	51,320
Net fair value (loss)/gain on derivative financial instruments	(2,925)	32,586
Net unrealised gain/(loss) on foreign exchange	26,022	(175,364)
	718,177	2,712,814

(b) Additions to non-current assets consist of:-

	2018 RM	2017 RM
Investment properties	63,900	2,379,056
Property, plant and equipment	1,881,324	262,928
Biological assets	871,530	428,010
	2,816,754	3,069,994

(ii) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	2018		2017	
	Revenue RM	Non-current Assets RM	Revenue RM	Non-current Assets RM
Malaysia*	11,297,372	80,931,466	11,152,656	78,406,214
South East Asia	667,875	-	127,972	-
European countries	12,201,754	-	10,044,106	-
Others	411,288	-	854,431	-
	24,578,289	80,931,466	22,179,165	78,406,214

* The Company's home country

Notes To The Financial Statements (cont'd)

35. OPERATING SEGMENT (CONT'D)

(iii) Information about major customers

The following are major customers with revenue equal or more than 10 percent of the Group's revenue:-

	RM	%	Operating Segment
<u>31.10.2018</u>			
Customer A	3,282,912	13	Manufacturing and trading
Customer B	2,856,149	12	Manufacturing and trading
Customer C	2,367,299	10	Plantation
	8,506,360	35	
<u>31.10.2017</u>			
Customer A	3,027,937	13	Manufacturing and trading
Customer B	2,605,430	12	Plantation
	5,633,368	25	

36. COMPARATIVE INFORMATION

Certain comparative figures in the financial statements have been reclassified on the face of statements of profit or loss to confirm the current year presentation due to change in reclassification.

	Previously stated 31.10.2017 RM	Increase/ (Decrease) RM	As reclassified 31.10.2017 RM
<u>Statements of profit or loss and other comprehensive income</u>			
Cost of sales	13,846,918	241,230	14,088,148
Other expenses	1,220,958	(241,230)	979,728

37. EVENT AFTER THE REPORTING PERIOD

On 19 November 2018, the subsidiary had successfully obtained a loan amounted RM10,000,000 from Public Islamic Bank Berhad. The term loan is secured by way of fixed charge over the freehold building, assignment of rental proceeds and guaranteed by holding company.

Analysis Of Shareholdings

ANALYSIS OF SHAREHOLDINGS AS AT AS AT 04 FEB 2019

Issued & Fully Paid-Up Capital	:	RM 40,612,085
No. of Shareholders	:	1,244
Class of share	:	Ordinary share
Volting Rights	:	One vote for each ordinary share

DISTRIBUTION SCHEDULE OF SHARE AS AT 04 FEB 2019

Size of Shareholdings	No. of Holders		No. of Shares *		Percentage(%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
less than 100	283	5	9,614	264	0.03	0.00
100 to 1,000	99	0	49,452	-	0.14	-
1,001 to 10,000	712	1	2,193,437	1,600	6.00	0.00
10,001 to 100,000	111	4	2,683,727	145,525	7.34	0.40
100,001 to less than 5% of issued shares	27	0	14,616,660	-	39.96	-
5% and above of issued shares	2	0	16,876,246	-	46.14	-
TOTAL	1,234	10	36,429,136	147,389	99.60	0.40

* Treasury shares excluded

LIST OF THIRTY (30) LARGEST SHAREHOLDINGS AS AT 04 FEB 2019

Names	No. of Share Held	% of Shares *
1. AFFLUENT FUTURE SDN BHD	11,480,001	31.39
2. TAN LYE HUAT HOLDINGS SDN BHD	5,396,245	14.75
3. TAN AH HENG	1,791,040	4.90
4. TAN LYE HUAT	1,739,272	4.76
5. NG TIONG KANG	1,462,363	4.00
6. TAN KIM LAI	1,075,519	2.94
7. TAN YAW BIN	959,990	2.62
8. TAN ENG LOON	917,149	2.51
9. TAN AI NEE	900,000	2.46
10. TAN SOOK YEE	688,828	1.88
11. TAN HWA	601,925	1.65
12. TAN HO FOOT	560,202	1.53
13. TAN FUNG YING	450,000	1.23
14. TAN ENG YIK	403,300	1.10
15. TAN AI LING	394,600	1.08

Analysis Of Shareholdings (cont'd)

Names	No. of Share Held	% of Shares *
16. TAN YAW TUNG	352,088	0.96
17. TAN YAW BIN	324,823	0.89
18. YAYASAN TERENGGANU	307,500	0.84
19. TAN JIN TUAN	245,000	0.67
20. TAN PEI WEI	200,125	0.55
21. TAN YAW TUNG	184,705	0.50
22. KHOO KIM WEE	171,900	0.47
23. TAN JIN TUAN	167,700	0.46
24. KOAY LAY PENG	153,750	0.42
25. TAN PEI KAH	120,000	0.33
26. TAN SOOK YEE	115,928	0.32
27. NG CHAI TEE	113,223	0.31
28. CHEANG KAM HONG	108,457	0.30
29. LOW SAW HOON	107,273	0.29
30. PUBLIC NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR SEOW HOON HIN>	100,000	0.27
	31,592,906	86.37

* Treasury shares excluded

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 04 FEB 2019

Names	Direct Interest		Indirect Interest	
	No. of Share Held	% of Shares *	No. of Share Held	% of Shares *
1. AFFLUENT FUTURE SDN BHD	11,480,001	31.39	0	0.00
2. TAN LYE HUAT HOLDINGS SDN BHD	5,396,245	14.75	0	0.00
3. TAN LYE HUAT	1,739,272	4.76	24,488,869	66.95
4. TAN SOOK YEE	804,256	2.20	20,887,124	57.11
5. TAN HO FOOT	569,702	1.56	17,813,731	48.70

* Treasury shares excluded

INFORMATION ON DIRECTORS SHAREHOLDINGS AS AT 04 FEB 2019

NAME OF DIRECTORS	Direct Holdings		Indirect Holdings	
	No	% *	No	% *
1. TAN LYE HUAT	1,739,272	4.76	24,488,869	66.95
2. TAN SOOK YEE	804,756	2.20	20,887,124	57.11
3. CHU KAN	-	-	-	-
4. HAU HOCK KHUN	-	-	-	-
5. RITA TAI LAI LING	-	-	-	-
6. CHEW YOCK FAT	-	-	-	-

* Treasury shares excluded

List Of Properties (As At 31 October 2018)

Location	Date of Acquisition (A)/ Valuation (V)	Description/ Existing use	Land area/ built-up area (sq metres)	Tenure/ age of buildings (years)	Net Book Value RM
Lot No Pt 1539 52, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2018 (V)	2-storey Terrace Factory (Corner unit) / rented out	481.2 / 987.8	Freehold / 31	3,700,000
Lot No Pt 1540 50, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2018 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 31	1,450,000
Lot No Pt 1541 48, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2018 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 31	1,450,000
Lot No Pt 1542 46, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2018 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 31	1,450,000
Lot No Pt 1543 44, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2018 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 31	1,450,000
Lot No Pt 20033 6, Jalan TSB 1 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	31/10/2018 (V)	Prepaid lease payment Industrial building/ factory	3715 / 5183	99 year leasehold (24/03/2091) Leasehold / 21	1,173,494 <u>7,900,000</u> 9,073,494
Lot No Pt 19770 7, Jalan TSB 9 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	31/10/2018 (V)	Prepaid lease payment Factory, Warehouse and office space	3,633 / 3,189	99 year leasehold (24/03/2091) Leasehold / 21	1,225,537 <u>4,700,000</u> 5,925,537
Lot 14, Lorong Keluli 1C Kaw Perindustrian Bukit Raja Seksyen 8, Shah Alam Selangor	31/10/2018 (V)	Warehouse cum office / rented out	16,489/13,383	Freehold / 23	33,500,000
Lot 2581, 2582, 2583, 2584 AND Lot 2573, 2574, 2575 AND Lot 2592 and PT47 Mukim of Ijuk Daerah Kuala Selangor Negeri Selangor	31/10/2018 (V) 31/10/2018 (V) 31/10/2018 (V)	Land for development	47,063	99 year leasehold (22/08/2081)	10,550,000
			35,354	99 year leasehold (26/10/2081)	
			22,250	99 year leasehold (22/08/2081)	

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of Kumpulan H & L High-Tech Berhad (“the Company”) will be held at Green I, ClubHouse, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 23 April 2019 at 11:00 a.m., for the following purposes:-

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 October 2018 together with the Reports of the Directors and Auditors thereon. *(Please see Note 2)*
2. To approve the payment of Directors’ fees of up to an amount of RM76,000 for the financial year ending 31 October 2019. *(Resolution 1)
(Please see Note 3)*
3. To approve the payment of Directors’ benefits of up to an amount of RM150,000 for the period from 23 April 2019 until the next Annual General Meeting of the Company. *(Resolution 2)
(Please see Note 3)*
4. To re-elect the following Directors who retire pursuant to Article 97 of the Articles of Association of the Company:- *(Please see Note 4)*
 - (i) Mr Chu Kan *(Resolution 3)*
 - (ii) Ms Rita Tai Lai Ling *(Resolution 4)*
5. To re-appoint Messrs Grant Thornton Malaysia as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 5)
(Please See Note 5)*

SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION** *(Please see Note 6)*
AUTHORITY TO ALLOT AND ISSUE SHARES

“THAT subject always to the Companies Act, 2016 (“the Act”), the Articles of Association of the Company (and the Constitution of the Company being adopted upon the passing of the Special Resolution in Resolution 11 below), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act to allot shares in the Company, from time to time, at such price, upon such terms and conditions, and for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for additional shares so issued from Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting.”

(Resolution 6)

Notice Of Annual General Meeting (cont'd)

7. ORDINARY RESOLUTION PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

(Please see Note 7)

“THAT subject always to the Companies Act 2016 (“the Act”), the Articles of Association of the Company (and the Constitution of the Company being adopted upon the passing of the Special Resolution in Resolution 11 below), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

(Resolution 7)

- (i) the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“Proposed Share Buy-Back”).

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

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

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;

Notice Of Annual General Meeting (cont'd)

- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) To resell all or part of the treasury shares;
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration;
- (vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- (viii) To deal with the treasury shares in the manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities.”

8. **ORDINARY RESOLUTIONS** **CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS**

(Please see Note 8)

“THAT, subject to the passing of Resolution 3, approval be and is hereby given for Mr Chu Kan who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company.”

(Resolution 8)

“THAT, subject to the passing of Resolution 4, approval be and is hereby given for Ms Rita Tai Lai Ling who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company.”

(Resolution 9)

“THAT approval be and is hereby given for Mr Hau Hock Khun who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company.”

(Resolution 10)

9. **SPECIAL RESOLUTION** **PROPOSED ALTERATION OF THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION BY REPLACING WITH A NEW CONSTITUTION (“PROPOSED ALTERATION”)**

(Please see Note 9)

“THAT the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution as set out in the Annexure A attached to the Annual Report 2018 with effect from the date of passing this special resolution.

(Resolution 11)

Notice Of Annual General Meeting (cont'd)

AND THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities.”

10. To transact any other business of which due notice shall have been given.

By Order Of the Board

WONG WAI FOONG (MAICSA 7001358)

NG BEE LIAN (MAICSA 7041392)

YAP SIT LEE (MAICSA 7028098)

Company Secretaries

Kuala Lumpur

28 February 2019

Notes:

1. APPOINTMENT OF PROXY

- (a) A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy.
- (b) To be valid, the form of proxy, duly completed must be deposited at the Registered office of the Company located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- (c) A Member shall not appoint more than two (2) proxies to attend at the same meeting, where a member appoints two proxies, the appointment shall not be valid unless the member specifies the proportion of the shareholding to be represented by each proxy. Where a Member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (d) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (e) Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (f) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (g) Only members whose name appear in the Record of Depositors as at 15 April 2019 will be entitled to attend, vote and speak at the Meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. They do not require shareholders’ approval and hence, will not be put forward for voting by shareholders of the Company.

Notice Of Annual General Meeting (cont'd)

3. PAYMENT OF DIRECTORS' FEES AND BENEFITS

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The proposed Resolution 1 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current Board of Directors ("Board") size. In the event the proposed amount is insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

The benefits under proposed Resolution 2 comprise benefits payable to Executive Directors and allowances payable to Non-Executive Directors which are calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period from 23 April 2019 up to the next Annual General Meeting. 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 Annual General Meeting for the shortfall.

4. RE-ELECTION OF DIRECTORS

Mr Chu Kan and Ms Rita Tai Lai Ling are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Twenty-Fourth Annual General Meeting.

The Board has through the Nomination Committee, considered the assessment of the Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

The Board has also through the Nomination Committee conducted an assessment on the independence of Mr Chu Kan and Ms Rita Tai Lai Ling and satisfied that they have complied with the criteria on independence as prescribed by the Listing Requirements of Bursa Securities.

5. RE-APPOINTMENT OF AUDITORS

The Audit Committee had assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs Grant Thornton Malaysia as External Auditors of the Company for the financial year ending 31 October 2019. The Board has in turn reviewed the recommendation of the Audit Committee and recommended the same be tabled to the shareholders for approval at the forthcoming Annual General Meeting of the Company under Resolution 5.

EXPLANATORY NOTES TO SPECIAL BUSINESS

6. AUTHORITY TO ALLOT AND ISSUE SHARES

The proposed Resolution 6 is the renewal of the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the Twenty-Third Annual General Meeting held on 28 March 2018 as there were no requirements for such fund raising activities.

The proposed Resolution 6, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier.

Notice Of Annual General Meeting (cont'd)

7. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The proposed Resolution 7, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 28 February 2019 in relation to the Proposed Renewal of Authority for Share Buy-Back for further information.

8. CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

Mr Chu Kan, Ms Rita Tai Lai Ling and Mr Hau Hock Khun were appointed to the Board on 2 September 1997, 23 June 2009 and 5 August 2009 respectively as Independent Directors. They have therefore served on the Board for more than nine (9) years.

The Board has through the Nomination Committee assessed the independence of Mr Chu Kan, Ms Rita Tai Lai Ling and Mr Hau Hock Khun and recommended them to continue to act as Independent Directors of the Company based on the following justifications:-

- (i) they fulfilled the criteria under the definition on Independent Director as stated in the Listing Requirements of Bursa Securities and, therefore, were able to bring independent and objective judgement to the Board;
- (ii) they have been with the Company for many years and were familiar with the Company's business operations and the plastic mould injection industry market, thus enabling them to contribute actively and effectively during deliberations or discussions at Board meetings.
- (iii) their length of services on the Board does not in any way interfere with their exercise of independent judgement. They have remained objective and independent in expressing their views and participating in deliberation and decision making of the Board and Board Committees;
- (iv) their vast experience in audit, finance and laws enable them to provide the Board, as the case may be, with pertinent expertise, skills and competence;
- (v) they have continued to exercise their independence and due care during their tenure as Independent Directors of the Company and carried out their duties in the interest of the Company and shareholders; and
- (vi) they have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors.

The proposed Resolutions 8, 9 and 10, if passed, will enable Mr Chu Kan, Ms Rita Tai Lai Ling and Mr Hau Hock Khun to continue to act as Independent Directors of the Company until the conclusion of next Annual General Meeting of the Company.

9. SPECIAL RESOLUTION ON PROPOSED ALTERATION

This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the Listing Requirements of Bursa Securities and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to the Annexure A attached to the Annual Report 2018 of the Company.



ANNEXURE A

Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a New Constitution.

**COMPANIES ACT 2016
MALAYSIA**

PUBLIC COMPANY LIMITED BY SHARES

CONSTITUTION

OF

KUMPULAN H & L HIGH-TECH BERHAD

INCORPORATED IN MALAYSIA ON 27 SEPTEMBER 1994



Companies Act 2016

Public Company Limited by Shares

Constitution of

KUMPULAN H & L HIGH-TECH BERHAD

Name of Company

1. The name of the Company is Kumpulan H & L High-Tech Berhad.

*Company
name*

Registered Office

2. The registered office of the Company is situated in Malaysia.

*Registered
office*

DEFINITIONS AND INTERPRETATION

Definitions

3. In this Constitution:

Definitions

“Act”	Means the Companies Act 2016, as amended, substituted or re-enacted from time to time.
“Annual General Meeting”	Means a meeting of the Company required to be held pursuant to Section 340 of the Act.
“Auditors”	Means the auditors of the Company.
“Board” or “Board of Directors”	Means the board of directors for the time being of the Company.
“Board Meeting”	Means a meeting of the Directors of the Company.
“Bursa Securities”	Means Bursa Malaysia Securities Berhad.
“Central Depositories Act”	Means the Securities Industry (Central Depositories) Act 1991 and regulations made thereunder, as amended or re-enacted from time to time.
“Company”	Means Kumpulan H & L High-Tech Berhad.



“Company’s Documents”

Including, but not limited to any of the following documents that may be issued by the Company from time to time:

- (a) In respect of a Member and person entitled to a Security in consequence of an Event of Transmission:
 - (i) Notices relating to General Meetings, instrument appointing a proxy (including electronic proxy appointment and voting manner), annual reports, audited financial statements, circular to shareholders, notices to holders of Securities, prospectus, information memorandum, notice of resolution, statement and other documents relating thereto;
 - (ii) All other documents as required under the Act, the Listing Requirements, applicable laws, guidelines, practice directives etc;
 - (iii) Other publication concerning the Company; and/or
 - (iv) All written communications.
- (b) In respect of a Director:
 - (i) Notices relating to meetings of Board and Board committees and other documents relating thereto;
 - (ii) Notices relating to General Meetings, annual reports, audited financial statements, circular to shareholders, and other documents relating thereto;
 - (iii) All other documents as required under the Act, the Listing Requirements, applicable laws, guidelines, practice directives etc;
 - (iv) Other publication concerning the Company; and/or
 - (v) All written communications.
- (c) In respect of the Auditors:
 - (i) Notices relating to General Meetings, audited financial statements, and other documents relating thereto;
 - (ii) All other documents as required under the Act, the Listing Requirements, applicable laws, guidelines, practice directives etc; and/or
 - (iii) All written communications.



(d) In respect of a holder of Debt Securities:

- (i) Notices relating to meeting of Debt Securities holders, audited financial statements, notices to Debt Securities holders and other documents relating thereto;
- (ii) All other documents as required under the trust deed governing an issue of Debt Securities, Act, the Listing Requirements, applicable laws, guidelines, practice directives etc; and/or
- (iii) All written communications.

“Constitution”	The constitution of the Company as constituted by this document, or as altered from time to time by a special resolution.
“Debt Securities”	Means debentures, loan stocks or other similar instruments representing or evidencing indebtedness, whether secured or unsecured, and whether convertible or not.
“Deposited Security”	Means a security standing to the credit of a Securities Account and includes a security in a Securities Account that is in suspense.
“Depositor”	Means a holder of a Securities Account.
“Depository”	Means Bursa Malaysia Depository Sdn Bhd.
“Directors”	Means the directors for the time being of the Company (inclusive of alternate or nominee directors).
“Event of Transmission”	Means the death, bankruptcy or insolvency of a Member or debenture holder which would result in the Member or debenture holder being unable to remain as the registered holder of a share or debenture or such other transmission by operation of law.
“General Meeting”	Means a meeting of Members of the Company.
“Joint Holder”	In respect of a Security (other than Deposited Security), means two (2) or more persons are jointly entitled to any Security in the Company.
“Jumbo Certificate”	In relation to a Deposited Security, means a certificate comprising not less than fifty thousand (50,000) units of Securities of the Company or such denominations as may be directed by the Depository which is registered in the name of the Depository or its nominee company, as nominee for Depositors.



“Listed Deposited Security”	Means a Deposited Security quoted on the official list of Bursa Securities.
“Listing Requirements”	Means Main Market Listing Requirements of Bursa Securities, including any amendment that may be made from time to time.
“Member”	Means: (a) a person whose name is entered in the Register of Members as the holder for the time being of one or more shares in the Company; and/or (b) a Depositor whose name appears in the Record of Depositors as the holder for the time being of one or more shares in the Company. Shares include ordinary shares, preference shares or other type of shares that may be issued and allotted by the Company from time to time.
“Office”	Means the registered office of the Company.
“Officer”	Means any Director, Secretary or employee of the Company.
“Record of Depositors”	Means a record provided by the Depository to the Company under Chapter 24.0 of the Rules.
“Register of Members”	Means the record of members of the Company kept and maintained pursuant to Section 50 of the Act.
“Registrar”	Means the Registrar of Companies designated under Section 20A(1) of the Companies Commission of Malaysia Act 2001.
“Representative of Member”	Includes any of the following persons: (a) Representative appointed by a corporation which is a Member; or (b) Attorney appointed by the Member by a power of attorney.
“Rules”	Means the Rules of Depository, including any amendment that may be made from time to time.
“Seal”	Means the common seal of the Company.
“Secretary”	Means a secretary of the Company appointed under Section 236 of the Act.
“Security” or “Securities”	Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007.



“Securities Account”	Means an account established by the Depository for a Depositor for the recording of deposit of Securities and for dealing in such Securities by the Depositor.
“Shareholder”	Means a holder of one or more share(s) in the Company.
“Unlisted Deposited Security”	Means a Deposited Security other than Listed Deposited Security.

Interpretation

4. (1) Expressions referring to writing include, unless the contrary intention appear, references to printing, lithography, photography and other modes of representing or reproducing words in a visible form. *Interpretation*
- (2) Words importing the singular number only shall include the plural number, and vice versa.
- (3) Words importing the masculine gender only shall include the feminine gender.
- (4) Words importing persons shall include corporations.
- (5) Unless the context requires otherwise, other words and expressions contained in this Constitution shall bear the same meaning as in the Act when this Constitution becomes effective and binding on the Company.

TYPE AND PURPOSE OF COMPANY

Type of Company

5. (1) The Company is a public company limited by shares. *Public company*
- (2) The liability of the Members is limited to the amount, if any, unpaid on shares held by the Members. *Members' liability*

Purpose of Company

6. (1) The principal objects for which the Company is established are: *Objects*
- (i) To carry on business as concessionaires and merchants and to undertake, and carry on, and execute all kinds of commercial trading and other operations.
- (ii) To undertake any of the business of a holding company and to acquire and hold for investment shares, stock, debentures, debenture stock, bonds, obligations and securities issued or guaranteed by any company or private undertaking or any syndicate or persons constituted or carrying on business in Malaysia or elsewhere.
- (2) Without derogating from the generality of this Clause, the Company shall have the full capacity to carry on or undertake any business or activity that is in the best interest of the Company with full rights, powers and privileges for such purpose in accordance with Section 21 of the Act, subject always to the requirements of any applicable laws and regulations. *Legal capacity and powers of the Company*



SECURITIES

Classes of Shares

7. (1) The capital of the Company shall consist of ordinary shares. *Ordinary shares*
- (2) A holder of ordinary share(s) shall have the following voting rights: *Rights of ordinary shares*
- (a) Right to vote on a show of hands to one (1) vote on any resolution of the Company; and
- (b) Right to vote on a poll to one (1) vote for every share held on any resolution of the Company.

Variation of Rights

8. (1) If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied: *Variation of rights*
- (a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or
- (b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.
- (2) The provisions of this Constitution relating to General Meetings apply with the necessary modifications to every separate meeting of the holders of the shares of the class referred to in Clause 8(1), except that: *Quorum for Class Meeting*
- (a) for a meeting other than an adjourned meeting, a quorum is constituted by two (2) persons present holding at least one-third (1/3) of the number of issued shares of such class, excluding any shares of that class held as treasury shares; *Class Meeting*
- (b) if that class of shares only has one holder, a quorum is constituted by one (1) person present holding shares of such class; and
- (c) for an adjourned meeting, a quorum is constituted by one (1) person present holding share(s) of such class. *Adjourned Class Meeting*
- (3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by: *Variation of rights of existing preference shares*
- (a) the terms of the issue of the existing preference shares; or
- (b) this Constitution of the Company as in force at the time when the existing preference shares were issued.



Records of Members

9. (1) The records of Members of the Company comprise the following: *Records of Members*
- (a) Record of Depositors; and/or
 - (b) Register of Members.
- (2) In relation to Deposited Securities, a Depositor whose name appears in the Record of Depositors maintained by the Depository in accordance with Section 34 of the Central Depositories Act in respect of the Securities of the Company which have been deposited with the Depository shall be deemed to be a shareholder, debenture holder or option holder of the Company, as the case may be, and shall, subject to the provisions of the Central Depositories Act and any regulations made under that Act, be entitled to the number of securities stated in the Record of Depositors. *Record of Depositors*
- (3) In relation to non-Deposited Securities, the Company shall: *Register of Members*
- (a) maintain a Register of Members at its Office or such other place as may be determined by the Directors from time to time; and
 - (b) record the particulars of the Members as prescribed under Section 50 of the Act in the Register of Members.
- (4) The Company shall use the address of a Member in the Record of Depositors or Register of Members (as applicable) for the purpose of delivering Company's Documents and such address may be any one or more of the following: *Address*
- (a) a residential address;
 - (b) a postal address;
 - (c) a registered office (if the Member is a corporation);
 - (d) a business address;
 - (e) an email address;
 - (f) a facsimile number; and/or
 - (g) contact details as provided by the Depositor to the Depository.
- (5) (a) In relation to Deposited Securities, a Depositor must notify the Depository from time to time of any change of his particulars or such information as required under the Rules. *Notification of change of particulars of Record of Depositors*
- (b) In relation to non-Deposited Securities, each Member must notify the Company as soon as practicable (in any event no later than fourteen (14) days) of any change of his particulars to enable the Company to record such change in the Register of Members and notify the Registrar within the aforesaid timeline as stipulated in the Act. *Notification of change of particulars of Register of Members*



Certificates of Shares or Debentures

10. (1) The Company may, as required by the Depository, issue a Jumbo Certificate in the name of the Depository or its nominee company, as nominee for Depositors, for the Deposited Securities issued by the Company from time to time. *Issuance of Jumbo Certificate*
- (2) In relation to non-Deposited Securities:
- (a) every person whose name is entered as member in the Register of Members or holder in the register of debenture holders shall be entitled without payment to receive a certificate in respect of the shares or debentures issued under the Seal in accordance with the Act. *Issuance of share / debenture certificate*
- (b) in respect of shares or debentures held jointly by several persons, the Company is not bound to issue more than one (1) certificate for such shares or debentures, and delivery of a certificate for shares or debentures to one (1) of several Joint Holders is sufficient delivery to all such holders. *Issuance of share / debenture certificate to Joint Holders*
- (c) if a certificate of shares or debentures is worn out, defaced, lost or destroyed, it may be re-issued on payment of a fee not exceeding RM50.00 on the application by the Shareholder or debenture holder. The Directors may, at its absolute discretion and as they think fit, impose such terms and requirements (if any) as to evidence and indemnity and payment of out-of-pocket expenses of the Company incidental to the investigation, and in the case of defacement or wearing out, on delivery of the old certificate. *Loss or destruction of share / debenture certificate*

Beneficial Ownership of Shares

11. (1) Except as required by law, the Central Depositories Act, the Rules or pursuant to any order of the Court, no person is to be recognised by the Company as holding any share upon any trust. *Trust*
- (2) Except as required by law, this Constitution, the Central Depositories Act, the Rules or pursuant to any order of the Court, the Company is not bound by or compelled in any way to recognise or enter into the Register of Members or Record of Depositors: *Not compelled to recognise trust*
- (a) any equitable, contingent, future or partial interest in any share or unit of a share; or
- (b) any other rights in respect of any share or unit of share,
- other than the registered holder's rights to the entirety of the share or unit of share.
- (3) Clause 11(2) applies even when the Company has notice of any interest or right (including notice of any trust expressed, implied or constructive in this regard) referred to in Clauses 11(2)(a) or (b). *Notice of interest or right*

DEALING IN SECURITIES

Issue of Securities

12. (1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to: *Allotment of shares or grant of rights*
- (a) issue and allot shares in the Company; and



- (b) grant rights to subscribe for shares or options over unissued shares in the Company.
- (2) Subject to the Act, the Listing Requirements, this Constitution and the relevant Shareholders' approval being obtained, the Directors may issue any shares (including rights or options over subscription of such shares): *Pre-emptive rights shall not apply*
- (a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine;
 - (b) to any person, whether a Member or not, in such numbers or proportions as the Directors may determine; and
 - (c) for such consideration as the Directors may determine.
- (3) (a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. *Issue of new shares or securities to Members*
- (b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.
 - (c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.
- (4) Subject to Paragraph 6.06 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue. *General mandate for issue of securities*
- (5) (a) The Company may pay commission (including brokerage) subject to the following: *Permitted commission*
- (i) the commission shall not exceed the rate of ten percent (10%) of the price at which the shares in respect whereof the same is paid are issued; or
 - (ii) the commission shall not exceed an amount equal to ten percent (10%) of that price, whichever is lesser;
- (b) The rate of commission shall be disclosed in the manner prescribed in the Act; and



(c) The said commission may be satisfied by payment in cash or shares (fully or partly paid shares) or partly in one way and partly in the other. For the purpose of Clause 12(5), commission includes brokerage and the rates referred to in Clause 12(5)(a) shall not apply to brokerage.

(6) Subject to Section 130 of the Act, where any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest or returns on the amount of such share capital as is for the time being paid up and charge the interest or returns paid to share capital as part of the cost of construction of the works, buildings or the provision of any plant.

Power of Company to pay interest out of capital in certain cases

Transfer and Transmission of Securities under the Central Depository System

13. Clauses 14 and 15 shall apply to Deposited Securities.

Application

Transfer of Securities

14. The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

Transfer of securities

Transmission of Securities

15. Where:

Transmission of securities

- (a) the Securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

Transfer and Transmission of Shares or Debentures

16. Clauses 17 to 23 shall apply to non-Deposited Securities.

Application

Transfer of Shares or Debentures

17. (1) Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.

Instrument of transfer

(2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee.

Execution of instrument of transfer



- (3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively. *Effect the transfer of shares or debentures*
18. (1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor to the Office of the Company: *Items for transfer of shares or debentures*
- (a) the instrument of transfer duly executed and stamped;
 - (b) the certificate of the shares or debentures which the instrument of transfer relates; and
 - (c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.
- (2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as applicable). *Approval of registration*
19. (1) The Directors may decline or delay to register the transfer of shares within thirty (30) days from the receipt of the instrument of transfer if: *Refusal of registration*
- (a) the shares are not fully paid shares;
 - (b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;
 - (c) the Company has a lien on the shares; and/or
 - (d) the Shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the Shareholder in accordance with this Constitution.
- (2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1) (b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors. *Notification to transferor and transferee*
20. On giving at least fourteen (14) days' notice to the Registrar to close the Register of Members or register of debenture holders, the Company may close the Register of Members or register for any class of members or register of debenture holders (collectively, the "Registers") for the purpose of updating the Registers. The registration of transfer may be suspended at such time and for such period as the Directors may from time to time determine, provided that no part of the relevant Register(s) be closed for more than thirty (30) days in aggregate in any calendar year. *Closing the Register of Members or Register of Debenture Holders*

Transmission on Death

21. In case of the death of a Member or debenture holder, the only persons recognised by the Company as having any title to the interest of the deceased Member or debenture holder in the shares or debentures respectively shall be: *Transmission on death*
- (1) the survivor(s), where the deceased Member or debenture holder was a Joint Holder; and



- (2) the legal personal representatives of the deceased Member or debenture holder, where the deceased Member or debenture holder was a sole holder,

but nothing herein contained shall release the estate of a deceased Joint Holder from any liability in respect of any share which had been jointly held by him with other persons.

Transmission by Operation of Law

22. (1) Any person becoming entitled to a share or debenture in consequence of an Event of Transmission may, upon such evidence being produced as is properly required by the Directors, and subject as hereinafter provided, elect either to register himself as the holder of the share or debenture or to have some other person nominated by him registered as the transferee of the shares or debentures. *Registration of transmission*
- (2) If the entitled person elects to register himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. *Elects to register himself as holder*
- (3) If he elects to have another person registered, he shall execute an instrument of transfer of the share or debenture in favour of that person. *Elects to register other person as the holder*
- (4) All limitations, restrictions and clauses of this Constitution relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as if the Event of Transmission had not occurred and the notice or transfer were a transfer signed by that Shareholder or debenture holder. *Limitations, restrictions and clauses relating to transfer of shares or debentures shall apply to transmission*
23. (1) Upon an Event of Transmission and the receipt by the Company of the relevant notification as required under the Act together with such documentary evidence as required by the Directors from the person who is entitled to the title to the relevant shares or debentures, the Company shall register the person as a shareholder or debenture holder of the Company within sixty (60) days from its receipt of the notification (together with the required documentary evidence). *Entitled to the same rights as the registered holder*
- (2) The registration of transmission of shares or debentures under Clause 23(1) shall entitle the registered holder to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting or otherwise), as the registered holder would have been entitled to if the registered holder had not suffered an Event of Transmission.
- (3) Where two (2) or more persons are jointly entitled to any shares or debentures in consequence of the death of the registered holder, they shall, for the purpose of this Constitution, be deemed to be Joint Holders of the shares or debentures.



Lien on Shares

24. (1) The Company has a first and paramount lien on every share for: *Lien on shares*
- (a) any amount due or unpaid in respect of the share which has been called or is payable at a fixed date and/or time;
 - (b) all amounts that the Company may be called on by law to pay in respect of the share; and/or
 - (c) any reasonable interest in respect of the unpaid amounts on the share and reasonable expenses incurred by the Company in respect of receiving unpaid amounts on the share.
- (2) The Company's lien, if any, on a share extends to all dividends payable in respect of the share which may be retained and applied towards the satisfaction of any or all amounts due to the Company in respect of which the lien exists. *Dividends payable may be used for satisfaction of the amount due*
- (3) The Company's lien on shares and dividends from time to time declared in respect of such shares, shall be restricted to: *Company's lien on shares and dividends*
- (a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid,
 - (b) if the shares were acquired under an employee share option scheme, amounts which are owed to the Company for acquiring them; and
 - (c) such amounts as the Company may be called upon by law to pay, and has paid, in respect of the shares of the Member or deceased Member.
- In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid.
- (4) The Directors may at any time declare a share to be wholly or partly exempt from Clauses 24(1) or (2), or both. *Exemption*
25. No person is entitled to exercise any rights or privileges as a Member until the Member has paid all calls, instalments of calls and other moneys (including interest and expenses) for the time being payable in respect of which the lien exists. *Rights or privileges of a Member*
26. The registration of a transfer of a share approved by the Directors shall operate as a waiver of the Company's lien over the share. *Registration of transfer*
27. (1) Subject to Clause 27(2), the Company may sell, in any manner as the Directors think fit and appropriate, any shares over which the Company has a lien. *Sale of shares under lien*
- (2) A share on which the Company has a lien shall not be sold unless: *Enforcing sale of shares under lien*
- (a) a sum in respect of which the lien exists is presently payable; and



(b) the Company has, not less than fourteen (14) days before the date of the sale, given to the registered holder for the time being of the share or the person entitled to the share by reason of the death or bankruptcy of the registered holder of the share, a notice in writing stating and demanding payment of such part of the amount in respect of which the privilege or lien exists and is presently payable.

28. (1) To give effect to any sale of shares under Clause 27, the Directors may authorise a person to transfer the shares sold to the purchaser of the shares. *Give effect to any sale of shares*
- (2) The Company shall register the purchaser as the holder of the shares comprised in any such transfer and the Directors shall not be bound to see to the application of the purchase money. *Register the purchaser as the holder*
- (3) The title of the purchaser to the shares shall not be affected by any irregularity or invalidity in the proceedings relating to the sale of the shares. *Title of the purchaser*
29. The proceeds of a sale of shares under Clause 27 shall be received and applied by the Company in payment first of the expenses of the sale, then of such part of the amount in respect of which the lien exists as is presently payable and the residue (if any) shall (subject to any similar lien for sums not presently payable that exists over the shares before the sale) be paid to the person entitled to the shares as at the date of the sale. *Proceeds of sale of shares*

Calls on shares

30. (1) The Directors may from time to time make calls upon the Shareholders in respect of any money unpaid on the shares of the Shareholders and not by the conditions of the allotment of the shares made payable at fixed date, provided that: *Directors to make calls*
- (a) no call shall exceed one-fourth ($\frac{1}{4}$) of the issue price of the share or be payable at less than thirty (30) days from the date fixed for the payment of the last preceding call; and
- (b) each Shareholder shall, upon receiving at least fourteen (14) days' notice specifying the date, time and place of payment, pay to the Company (at the time or times and place specified in the notice) amount called on the Shareholder's shares.
- (2) The Joint Holders of a share shall be jointly and severally liable to pay all calls in respect of their shares. *Joint Holder*
- (3) A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments. *Board's resolution authorising the call*
- (4) A call may be revoked or postponed as the Directors may determine. *Directors may revoke or postpone call*
31. (1) If a sum called in respect of a share is not paid before or on the day appointed for payment of the sum, the person from whom the sum is due shall pay interest on that sum from the appointed day for payment to the time of actual payment at a rate not exceeding eight percent (8%) per annum as the Board may determine. *Interest on late payment*



- (2) The Board may waive payment of any such interest in whole or in part. *Waiver of interest*
32. (1) Any sum which, by the terms of issue of a share, becomes payable on allotment or at any fixed date shall be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. *Sum becomes due and payable*
- (2) In the case of non-payment of such sum, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. *Non-payment of such sum*
33. (1) The Company may accept from any Shareholder the whole or a part of the amount unpaid on a share although no part of that amount has been called up. *Advance from shareholder*
- (2) The Company may make arrangements on the issue of shares for varying the amounts and times of payment of calls as between Shareholders. *Arrangement to vary the amount and payment*
- (3) Upon all or any part of the money advanced by Shareholder (for all or any part of the money uncalled or unpaid upon the shares held by such Shareholder) received by the Directors from the Shareholder become payable, the Directors may authorise the Company to pay interest or return at a rate not exceeding eight percent (8%) per annum as may be agreed upon between the Directors and the Shareholder paying the sum in advance (unless the Company in a General Meeting otherwise directs). *Interest on advance*
- (4) However, the Company may not pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

Forfeiture of Shares

34. (1) If a Shareholder fails to pay any call or instalment of a call on or before the day appointed for the payment of the call or instalment, the Directors may serve a notice on the Shareholder requiring payment of the amount unpaid, together with interest at such rate not exceeding eight percent (8%) per annum as the Directors shall determine. *Notice of forfeiture of shares*
- (2) The notice shall specify a date (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on or before which the payment is required to be made and the notice shall state that, in the event of non-payment on or before the specified date, the shares in respect of which the call was made will be liable to be forfeited. *Contents of notice*
35. (1) If the requirements set out in the notice served under Clause 34 are not complied with, the shares in respect of which such notice has been given shall be forfeited by a resolution of the Directors to that effect, unless the required payment is made before such resolution. *Passing of Directors' resolution to forfeit the shares*
- (2) A forfeiture of shares as referred to in Clause 35(1) above shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. *Forfeiture including all dividends declared*



36. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and, at any time before a sale or disposition of the forfeited shares, the forfeiture may be cancelled on such terms as the Directors think fit. *Forfeited share may be sold, reissued or otherwise*
37. If any share is forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs. *Sale of shares forfeited*
38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares. Notwithstanding that, such person shall remain liable to pay to the Company all money that, at the date of forfeiture, was payable by the person to the Company in respect of the shares (together with interest or compensation at the rate of eight percent (8%) per annum from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of the interest or compensation). Liability of the person shall cease if and when the Company receives payment in full of all the money (including interest or compensation) so payable in respect of the shares. *Cessation of Member in respect of forfeited shares*
39. A statutory declaration in writing by a Director or Secretary that a share in the Company has been duly forfeited on the date stated in the declaration shall be conclusive evidence of the facts stated in the declaration against all persons claiming to be entitled to the share. *Statutory declaration*
40. (1) The Company may receive the consideration (if any) given for a forfeited share on any sale or disposition of the shares and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of. *Consideration of the forfeited shares*
- (2) Upon the execution of the transfer of the share, the transferee shall be registered as the holder of the share and the Company shall not be bound to see to the application of the purchase money (if any). *Transfer of forfeited shares*
- (3) The title of the transferee to the share is not affected by any irregularity or invalidity in the proceedings in connection with the forfeiture, sale or disposal of the share. *Title of the transferee*
41. The provision of this Constitution as to forfeiture of shares shall apply in the case of non-payment of any sum that, by the terms of issue of a share, become payable to the Company at a fixed date as if that sum of the shares had been payable by virtue of a call duly made and notified. *Provision of forfeited shares*

Conversion of shares into stock

42. The Company may by ordinary resolution passed at a General Meeting convert any paid-up shares into stock and reconvert any stock into paid-up shares in accordance with Sections 84(1)(b) and 86 of the Act. *Conversion of shares into stock and vice versa*
43. (1) The stockholders may transfer their stock or any part thereof in the same manner as the transfer of shares from which the stock arose may, before the conversion, have been transferred or be transferred in the closest manner as the circumstances allow. *Stock is transferable*
- (2) The Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum. *Directors' powers*



44. (1) The stockholders shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose. *Rights of stockholders*
- (2) However, no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such part of stock which would not, if existing shares have conferred that privilege or advantage. *Participation in dividends and profits*
45. For the purpose of Clauses 42 to 44, any reference in this Constitution as are applicable to paid-up shares shall apply to stock, and the words “share” and “shareholder” therein shall include “stock” and “stockholder” respectively. *Reference*

Alteration of Capital

46. (1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:
- (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or *Consolidation of shares*
- (b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived. *Subdivision of shares*
- (2) The Company may from time to time by special resolution and subject to other applicable requirements:
- (a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or *Cancellation of shares*
- (b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained. *Reduction of share capital*
- (3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof. *Purchase of own shares*

PASSING OF RESOLUTIONS OF MEMBERS

Passing of Resolutions of Members

47. The Company may pass a resolution of the Members or of a class of Members at a meeting of the Members. *Passing a Members' Resolution*



MEETINGS OF MEMBERS

Convening General Meetings

48. (1) The Company shall hold an Annual General Meeting in every calendar year pursuant to Section 340 of the Act to transact the following ordinary business: *Annual general meeting*
- (a) The laying of audited financial statements and the reports of the Directors and Auditors; *Ordinary business*
 - (b) The declaration of dividend (if any);
 - (c) The election or re-election and the fixing of the fees and benefits of the Directors;
 - (d) The appointment and the fixing of the fees and benefits of the Directors; and
 - (e) The appointment or re-appointment and the fixing of the remuneration of the Auditors.
- (2) All businesses (except for those set out under Clause 48(1)) shall be special that is transacted at an Annual General Meeting and also that is transacted at other General Meeting. *Special business*
49. Subject to Clause 48, all meetings of Members shall be called General Meetings. *General Meetings*
50. The Board: *Board to convene General Meeting*
- (1) may, whenever it thinks fit, convene a meeting of the Members; and
 - (2) shall convene a General Meeting on the request of the Members pursuant to Section 311 of the Act.
51. A General Meeting may be requisitioned by: *Members to requisite a General Meeting*
- (a) any Member(s) holding at least ten percent (10%) of the issued and paid up share capital of the Company pursuant to Sections 310(b) and 311(3)(a) of the Act; or
 - (b) any of the Members representing more than one half of the total voting rights of all of the Members who requisitioned the General Meeting pursuant to Section 313(1) of the Act.

Notice of General Meetings

52. (1) A notice of a General Meeting must specify the following: *Contents of Notice of General Meeting*
- (a) the place, date and time of the General Meeting;
 - (b) the general nature of the business of the General Meeting; and
 - (c) the text of any proposed resolution and other information as the Directors think fit.
- (2) If the General Meeting is to be held in two (2) or more places, the notice of the General Meeting shall specify the technology or method that will be used to facilitate the General Meeting. *General Meeting held at two (2) or more venues*



- (3) The main venue of the General Meeting shall be in Malaysia and the chairperson shall be present at that main venue of the General Meeting. *Main venue*
53. (1) The notices convening General Meetings shall specify the place, day and hour of the General Meeting, and shall be given to all Shareholders at least fourteen (14) days before the General Meeting or at least twenty-one (21) days before the General Meeting where any special resolution is to be proposed or where it is an Annual General Meeting. Any notice of a General Meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the Annual General Meeting, of every such meeting must be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed. *Notice of General Meetings*
- (2) The notice of General Meeting shall exclude the date of issuing the notice and the date of the General Meeting.
- (3) An Annual General Meeting may be called by a notice shorter than the period referred to in Clause 53(1) if so agreed by all the Members entitled to attend and vote at the General Meeting.
- (4) The technology to be used for the purpose of this Clause must allow the Members who participate in the physical and/or virtual General Meeting to communicate simultaneously with the chairperson, Directors, other Members and advisers (if any) taking part in the main venue of the General Meeting and such technology may include telephone, television, video conferencing, or any other telecommunication or digital methods which permits instantaneous communication. *Technology to be used for physical and/or virtual General Meeting*
- (5) Subject to the Act, the Listing Requirements and other applicable laws and regulations, the physical and/or virtual General Meeting shall be deemed to constitute a General Meeting and all provisions of this Constitution relating to General Meetings shall apply to any physical and/or virtual General Meeting provided the following conditions are met: *Conditions for physical and/or virtual General Meeting*
- (a) All the Members for the time being entitled to receive notice of the General Meeting shall be entitled to receive notice of the physical and/or virtual General Meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as determined by the Board of Directors and permitted by this Constitution; and
- (b) The Members who attend the General Meeting remotely may participate, speak and vote at the physical and/or virtual General Meeting provided that the remote locations should leverage on technology to facilitate voting, including voting in absentia and remote shareholders' participation at the physical and/or virtual General Meeting.
- (6) A General Meeting, other than an Annual General Meeting and a General Meeting for passing of a special resolution, may be called by a notice shorter than the period referred to in Clause 53(1) if so agreed by a majority in the number of the Members who collectively hold not less than ninety-five percent (95%) of the total number of shares giving the rights to attend and vote at the General Meeting, excluding any shares in the Company held as treasury shares. *Shorter notice*
54. Notice of every General Meeting shall be given in the manner authorised by Clause 127 to: *Persons entitled to receive notice of General Meeting*
- (1) every Member (including any person who is entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting and the Company has been notified of the person's entitlement in writing);



- (2) every Director; and
 - (3) the Auditors.
55. (1) In relation to Deposited Securities, the Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors to whom notices of General Meetings shall be given by the Company. *Record of Depositors*
- (2) The Company shall also request the Depository in accordance with the Rules, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the General Meeting (“General Meeting Record of Depositors”).
- (3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a Depositor shall not be regarded as a Member entitled to attend any General Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

Quorum for General Meetings

56. (1) No business is to be transacted at any General Meeting unless a quorum of Members is present at the time when the meeting proceeds to business. *Quorum*
- (2) Two (2) Members personally present at a meeting or by proxy or by Representative of Member shall constitute a quorum. *More than one (1) Member*
- (3) For the purpose of constituting a quorum:
- (a) one (1) or more representatives appointed by a corporation shall be counted as one (1) Member; *Corporate representative*
 - (b) one (1) or more proxies appointed by a person shall be counted as one (1) Member; or *Proxy*
 - (c) the presence of one (1) or more Joint Holders shall be counted as one (1) Member. *Joint Holders*

No Quorum

57. If a quorum is not present within half an hour after the time appointed for a General Meeting: *Quorum is not present*
- (1) where the General Meeting was convened upon the requisition of Members, the meeting shall be dissolved; or *Requisition of Member*
 - (2) in any other case: *Other case*
 - (a) if no determination is made by the Directors, the General Meeting shall stand adjourned to the same day in the next week at the same time and place or if that day falls on a public holiday then to the next business day following that public holiday; or *Adjournment of General Meeting*
 - (b) the General Meeting shall stand adjourned to another day and at another time and place as the Directors may determine; and
- if at the adjourned General Meeting, a quorum is not present within half an hour from the time appointed for the meeting, then any Member present shall form a quorum. *Adjourned General Meeting*



Chairperson of General Meetings

58. The chairperson of a General Meeting is:

- (1) where the Board has appointed a chairperson or deputy chairperson amongst the Directors, the Chairperson of the Board; or *Chairperson of the Board*
- (2) where: *Members to appoint Chairperson of General Meeting*
 - (a) the Chairperson of the Board is unable or unwilling to act as the chairperson of the General Meeting;
 - (b) the Chairperson is not present within fifteen (15) minutes after the time appointed for the holding of the General Meeting; or
 - (c) the Board has not appointed a chairperson amongst the Directors,

the Members present shall elect one of their Members present to be the chairperson of the General Meeting.
- (3) For avoidance of doubt, a proxy or Representative of Member may be elected as the chairperson of the General Meeting by a resolution passed at the meeting.

Adjournment of General Meetings

59. (1) The chairperson shall adjourn a General Meeting, at which a quorum is present, from time to time and from place to place if the Members present with a majority of votes that may be cast at that meeting agree or direct the chairperson to do so. *Members' consent is required*
- (2) No business shall be transacted at any adjourned General Meeting other than the business left unfinished at the General Meeting from which the adjournment took place (referred to as the "Original General Meeting"). *Only transact the business left unfinished at the General Meeting*
- (3) There is no need to give any notice of an adjourned General Meeting or of the business to be transacted at an adjourned General Meeting unless the adjourned General Meeting is to be held thirty (30) days or more after the date of the Original General Meeting or otherwise as the chairperson directs. *Notice of adjourned General Meeting*

Voting by Show of Hands

60. (1) Subject to the Listing Requirements, at a General Meeting, a resolution put to the vote of the General Meeting shall be decided on a show of hands unless a poll is demanded before or on the declaration of the result of the show of hands. *By show of hands*
- (2) On a vote on a resolution at a General Meeting on a show of hands, a declaration by the chairperson that a resolution has been passed unanimously, or with a particular majority, or is lost, and an entry to that effect in the minutes of the proceeding shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. *Declaration by the chairperson*



Voting by Poll

61. (1) A poll may be demanded: *Demand a poll*
- (a) by the chairperson;
 - (b) by at least three (3) Members present in person or by proxy;
 - (c) by any Member or Members present in person or by proxy and representing not less than ten percent (10%) of the total voting rights of all the Members having the right to vote at the General Meeting; or
 - (d) by a Member or Members holding shares in the Company conferring a right to vote at the General Meeting being shares on which an aggregate sum has been paid up equal to not less than ten percent (10%) of the total paid up shares conferring that right.
- For purposes of this Clause, references to “Member” shall include Representative of Member.
- (2) The demand for a poll may be subsequently withdrawn. *Withdrawal of a demand for poll*
- (3) Subject to Clause 61(4), if a poll is duly demanded, it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the chairperson directs. *When a poll is to be held*
- (4) No poll shall be demanded on the election of a chairperson of a General Meeting or on a question of adjournment of a General Meeting. *No poll on election of chairperson or adjournment*
- (5) When a poll is properly demanded, the earlier vote by a show of hands shall be superseded by the result of the poll and the result of the poll shall be the resolution of the General Meeting at which the poll was demanded. *Result of the poll*

Casting Vote

62. In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the General Meeting at which the show of hands takes place or at which the poll is carried out is entitled to a second or casting vote. *Chairperson shall have a casting vote*

Voting Entitlement

63. Subject to any rights or restrictions for the time being attached to any class or classes of shares:
- (1) at meetings or class meetings of Members, each Member entitled to vote may vote in person or by a proxy or by Representative of Member; *Voting by Member*
 - (2) on a vote by way of show of hands, every Member who is present in person or by proxy or Representative of Member has one (1) vote; *Voting by a show of hands*
 - (3) on a vote by way of poll, every Member who is present in person or by proxy or by Representative of Member shall have one (1) vote for each share or stock the Member holds; and *Voting by poll*



- (4) in the case of Joint Holders, the joint holders shall be considered as one (1) Member. *Voting by Joint Holders*
64. For the purposes of Clause 63(2): *Votes by proxy*
- (1) where a Member entitled to vote on a resolution has appointed a proxy, the proxy shall be entitled to vote on a show of hands, provided that he is the only proxy appointed by the Member; *May vote by show of hands if one proxy is appointed*
- (2) where a Member entitled to vote on a resolution has appointed more than one (1) proxy, *May only vote on a poll if more than one (1) proxy appointed*
- (a) the proxies shall only be entitled to vote on a poll; and
- (b) the appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy; and
- (3) in respect of Clause 64(1), where the shares of the Company are quoted on a stock exchange and if a Member entitled to vote on a resolution has appointed more than one (1) proxy, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange. *Exception*
65. For the purposes of Clause 63(4), if the Joint Holders purport to exercise the power to vote in the same way, the power is treated as exercised in that way. If the Joint Holders do not purport to exercise the power in the same way, the power is treated as not exercised. *Votes of Joint Holders of shares*
66. For the purposes of Clause 63, when a corporate Member appoints more than one (1) representative, if its representatives purport to exercise the power to vote in the same way, the power is treated as exercised in that way. If the representatives do not purport to exercise the power in the same way, the power is treated as not exercised. *Votes of corporate representative of shares*

Voting Restrictions

67. If a Member is of unsound mind or is a person whose person or estate is liable to be dealt with in any way under the law relating to mental health, the relevant committee or trustee or such other person as properly appointed under the applicable law to manage his estate may exercise any rights of the Member in relation to a meeting of the Company's Members as if the committee, trustee or other person were the Member. *Member is of unsound mind*
68. No member is entitled to attend and vote at any General Meeting unless all calls or other sums presently payable by the Member in respect of shares in the Company have been paid. *Calls unpaid*

Objection to Votes

69. (1) An objection may be raised to the qualification of a voter only at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered. *Objection to qualification of a voter*
- (2) Any such objection made in due time shall be referred to the chairperson of the General Meeting, whose decision is final and conclusive. *Any objection shall be referred to the chairperson*



- (3) A vote not disallowed pursuant to an objection at the General Meeting is valid for all purposes. *Vote not disallowed*

PROXIES / REPRESENTATIVES OF MEMBERS

General

70. (1) A Member of the Company may appoint a proxy and/or Representative of Member to exercise his rights to attend, participate, speak and vote for the Member at a General Meeting. A proxy may but need not be a Member of the Company. *Proxy / Representative of Member*
- (2) Subject to the Act and this Constitution, a proxy or Representative of Member is only entitled to vote: *Entitlement to vote*
- (a) if the Member is entitled to vote;
 - (b) if the Member is not personally present at the General Meeting;
 - (c) if the Member has complied with the requirements set out in this Constitution to properly appoint a proxy or Representative of Member and to give notice of such appointment to the Company;
 - (d) if the Member has conferred a right to vote on the proxy or Representative of Member; and
 - (e) the appointment of proxy or Representative of Member was not revoked by the Member by a notice of revocation forty-eight (48) hours before the time of holding of the General Meeting or adjourned General Meeting or such other time that may be determined by the Directors and the said revocation must be deposited at the Office or such other place in Malaysia as is specified in the notice convening the General Meeting.
- (3) A proxy or Representative of Member may vote, whether on a show of hands or on a poll, on any question at any General Meeting and to the extent permitted under the instrument of proxy or certificate of appointment of corporate representative or power of attorney. *May vote by a show of hands or on a poll*

Proxies

71. (1) An instrument appointing a proxy: *Manner of execution of instrument appointing a proxy*
- (a) must be in writing and executed by or on behalf of the appointing Member in substantially the form and in the manner as specified in "Appendix A" annexed hereto or in such other permitted form (including the electronic proxy appointment and voting manner) as the Board of Directors may determine from time to time;
 - (b) will not be invalid merely because it omits any particulars of the proxy and the appointing Member; and
 - (c) will be deemed to have appointed the Chairperson of the General Meeting as the proxy of the appointing Member where no other person has been named to act as proxy.
- (2) An instrument appointing a proxy may: *Form of instrument of proxy*
- (a) specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote in the resolution except as specified in the instrument;



- (b) specify the proportion or number of votes that the proxy may exercise; and/or
- (c) be a specific appointment for a particular meeting.
- (3) An instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority :
- (a) shall be deemed to confer authority to demand or join in demanding a poll; *Confer authority to demand a poll*
- (b) shall be deposited at the Office or at such other place in Malaysia as is specified in the notice convening the General Meeting or adjourned General Meeting, at which the person named in the instrument proposes to vote: *Time limit to deposit instrument appointing a proxy*
- (i) not less than forty-eight (48) hours before the time for holding the General Meeting or adjourned General Meeting; or
- (ii) in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll; and
- (c) may be accepted if it is: *Execution by electronic or digital signature or authentication of an appointment by electronic means*
- (i) transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the Member; or
- (ii) authenticated in any document given to the Company by electronic means which shows the validity of the appointment of a proxy.
- (4) In Clause 71(3), documents relating to proxies include: *Documents relating to proxies*
- (a) the appointment of a proxy in relation to a General Meeting;
- (b) any document necessary to show the validity of, or otherwise relating to, the appointment of a proxy; and
- (c) notice of the revocation of the authority of a proxy.
- (5) For the purposes of Clause 71(3), delivery may be effected by: *Manner of delivery*
- (a) physical delivery of the document;
- (b) delivery by facsimile transmission;
- (c) delivery by email transmission; or
- (d) lodging electronic document,
- to the place, facsimile number, electronic address or the designated website link or address (where applicable) as specified in the notice of General Meeting.



- (6) The proceedings at a General Meeting shall not be invalidated where an appointment of proxy in respect of that General Meeting is sent in electronic form, but cannot be read by the Company due to technical problems or other reasons.
- (7) If a Member is entitled to cast two (2) or more votes at a General Meeting, the Member: *Member with two (2) or more votes*
- (a) may appoint up to two (2) proxies; and
 - (b) must specify the proportion or number of the Member's votes each proxy may execute.
- (8) (a) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. *Appointment of multiple proxies*
- (b) An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (9) Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. *Appointment of proxy by authorised nominee*
- (10) When two (2) or more valid but differing appointments of a proxy are received by the Company in respect of the same share for use at the same General Meeting, the one which is last received (regardless of its date or of the date of its execution or submission) shall be treated as replacing and revoking the other as regards that share. If the Company is unable to determine which appointment was last received, none of them shall be treated as valid in respect of that share. *Differing Appointment of Proxy*
- (11) For the avoidance of doubt, the appointment of a proxy shall not preclude a Member from attending and voting in person at a General Meeting.
72. (1) Subject to Clause 72(2), a vote given in accordance with the terms of an instrument of proxy is valid despite: *Validity of a vote*
- (a) the previous death or unsound mind of the appointing Member;
 - (b) the revocation of the instrument or of the authority under which the instrument was executed; or
 - (c) the transfer of the share in respect of which the instrument or power is given.
- (2) Clause 72(1) does not apply if an instrument in writing of such:
- (a) death, unsound mind or transfer has been received by the Company before the commencement of the General Meeting or adjourned General Meeting at which the instrument is used; or
 - (b) revocation by the Member was not received by the Company forty-eight (48) hours before the time of holding of the General Meeting or adjourned General Meeting or such other time that may be determined by the Directors, and

the said notification must be deposited at the Office or such other place in Malaysia as is specified in the notice convening the General Meeting.



Attorneys

73. (1) A person purporting to be the attorney of a Member shall be required to produce the original Power of Attorney to the Company. *Power of attorney*
- (2) A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdictions in which it is executed.

Corporate Representatives

74. (1) A corporate Member may appoint an individual as its corporate representative to exercise all or any of the powers the corporate Member may exercise. *Appointment of corporate representative*
- (2) The appointment may be a standing appointment until notice of revocation is received by the Company.
- (3) The instrument of appointment may set out restrictions on the powers of the corporate representative.
- (4) A corporate Member may appoint more than one (1) corporate representative. However, it shall observe the voting entitlement set out in Clause 66.

DIRECTORS

Number of Directors

75. (1) The Company may from time to time by an ordinary resolution passed at a General Meeting fix the number of Directors (excluding Alternate Director) but the number so fixed shall not be less than two (2) nor more than eight (8). *May fix the number of Directors*
- (2) The shareholding qualification for Directors may be fixed by the Company in general meeting and until so fixed no shareholding qualification for Director shall be required. *Shareholding qualification for Directors*

Retirement of Directors

76. (1) An election of Directors shall take place each year. *Election*
- (2) At the first Annual General Meeting of the Company, all the Directors shall retire from office at the conclusion of the Annual General Meeting. *Retirement at Annual General Meeting*
- (3) At the Annual General Meeting in every subsequent year, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the Annual General Meeting in every year provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. *Retirement at Annual General Meeting in every subsequent year*



- (4) The Directors to retire in every year shall be the Directors who have been longest in office since the Directors' last election, but as between persons who became Directors on the same day, the Directors to retire shall be determined by lot, unless they otherwise agreed among themselves. *Directors to retire*
- (5) A retiring Director shall be eligible for re-election at the Annual General Meeting. *Eligible for re-election*
- (6) The Company may appoint any person who is not disqualified under the Act to fill in vacancy at the Annual General Meeting at which a Director so retires, and if no appointment was made to fill the vacancy, the retiring Director shall, if he offers himself for re-election, be deemed to have been re-elected, unless:
- (a) at that meeting, the Company expressly resolved not to fill the vacated office; or
- (b) a resolution for the re-election of the Directors is put to the meeting and lost.

Appointment of Directors

77. The Directors shall have power from time to time to appoint any person: *Appointment by Directors*
- (1) to be a Director to fill a casual vacancy; and
- (2) to be an addition to the existing Directors,
- subject to the total number of Directors shall not exceed the maximum number fixed in Clause 75(1).
78. Any Director so appointed under Clause 77 shall hold office only until the next Annual General Meeting, and shall then be eligible for re-election. *Hold office until next Annual General Meeting*
79. The Members may, at any time and from time to time by an ordinary resolution, appoint any person: *Appointment by Members*
- (1) to be a Director to fill a casual vacancy; and
- (2) to be an addition to the existing Directors,
- subject to the total number of Directors shall not exceed the maximum number fixed in Clause 75(1).
80. Subject to Clause 75(1), no person, not being a retiring Director, shall be eligible for election to the office of Director at any General Meeting unless a Member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the Office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him for election, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board shall be served on the Members at least seven (7) days before the meeting at which the election is to take place. *Notice of intention to appoint Director*

Proceedings in case of Vacancies

81. The remaining Director may continue to act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to this Constitution, the remaining Director may, except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number, or to summon a General Meeting. *Proceedings in case of vacancies*



Defects in Appointment of Directors

82. The acts of a Director shall be valid notwithstanding any defect that is discovered after his appointment or in his qualifications. *Validity of acts of Directors*

Appointment of Managing and Executive Directors

83. (1) The Board of Directors may from time to time appoint one (1) or more of its body to the office of Managing Director (which term shall be deemed to include the chief executive or other such designation of the Company's chief executive officer) for such period and on such terms as they think fit and, subject to the terms of any agreement entered into in any particular case, may revoke any such appointment. *Managing and Executive Directors*
- (2) A Director (other than a Managing Director) holding any such other office or employment is herein referred to as an "Executive Director". *Executive Director*
- (3) Any such appointment of a Managing Director automatically terminates if the appointee ceases from cause to be a Director. *Cessation of office of Managing Director*
84. A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus, commission, or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine. *Remuneration*
85. (1) The Board of Directors may, upon such terms and conditions and with such restrictions as it may think fit, entrust to and confer upon a Managing Director or an Executive Director any of the powers exercisable by them. A Managing Director or an Executive Director shall be subject to the control of the Board of Directors. *Directors may confer powers to Managing Director or Executive Director*
- (2) Any powers so conferred may be collateral with, or be to the exclusion of, the powers of the Board of Directors.
- (3) The Board of Directors may at any time, and from time to time, revoke, withdraw, alter or vary all or any of the powers so conferred on a Managing Director or an Executive Director.

Appointment of Alternate Director

86. (1) Any Director (called in this Clause the "Appointer") may, with the approval of a majority of the other members of the Board of Directors, appoint one (1) or more persons to be his Alternate Director in the Appointer's place for any period as the Appointer thinks fit provided that: *Appointment of Alternate Director*
- (a) such person is not a Director of the Company; and
- (b) such person does not act as an Alternate Director for more than one (1) Director of the Company.



- (2) An appointment or removal of an Alternate Director must be in writing under the Appointer's hand. The original notification of appointment or removal must be provided by the Appointer to the Board. *Appointment or removal must be in writing*
- (3) An Alternate Director may resign from office by notice in writing to the Appointer and the Board. *Resignation*
- (4) An Alternate Director must vacate office if the Appointer vacates office as a Director or removes the appointee from office. *Vacate office*
87. An Alternate Director is entitled to receive notice of Board Meetings and, if the Appointer is not present at such a meeting, is entitled to attend and vote in his stead. *Entitled to receive notice of Board Meetings*
88. (1) An Alternate Director may exercise any powers that the Appointer may exercise and the exercise of any such power by the Alternate Director shall be deemed to be the exercise of the power by the Appointer. *Exercise of power*
- (2) The exercise of any power by an Alternate Director shall be an agent of the Company and not as an agent of the Appointer.
89. An Alternate Director:
- (1) has no entitlement to receive remuneration from the Company and any fee paid by the Company to the Alternate Director shall be deducted from the Appointer's remuneration; and *Not entitled to receive remuneration*
- (2) is entitled to be reimbursed for all the travelling and other expenses properly incurred by him in attending the Board Meetings on behalf of the Appointer from the Company. *May be paid travelling and other expenses*
- Appointment of Associate Director**
90. (1) The Board may from time to time appoint any person to be an associate director and may from time to time revoke any such appointment. *Appointment or revocation*
- (2) The Board may fix, determine and vary the powers, duties and remuneration of any person appointed as an associate director. *Board to fix the terms*
- (3) A person appointed as an associate director does not have any right to attend or vote at any Board Meetings except by the invitation and with the consent of the Board. *May attend Board Meetings by invitation*
- Removal of Director**
91. Subject to the Act, the Company may by an ordinary resolution remove any Director and may by an ordinary resolution appoint another person in place of the removed Director provided that the total number of Directors should not at any time fall below the minimum or exceed the maximum set out in Clause 75(1) of this Constitution. *May remove and appoint a Director by ordinary resolution*



Vacation of Office of Director

92. The office of Director shall become vacant if the Director:
- Vacation of office*
- (a) resigns from his office by giving a written notice to the Company at its Office;
 - (b) is removed from office in accordance with Clause 91 of this Constitution;
 - (c) becomes disqualified from being a Director under Section 198 or Section 199 of the Act;
 - (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001;
 - (e) dies or has passed away;
 - (f) has been convicted by a court of law of an offence under the securities laws; or
 - (g) otherwise vacates his office in accordance with this Constitution.

Remuneration of Directors

93. (1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors. *Non-executive Directors' remuneration*
- (2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting. *Fee*
- (3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (4) The following expenses shall be determined by the Directors: *Expenses*
- (a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and
 - (b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.
- (5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover. *Executive Directors' remuneration*

Powers of Directors

94. (1) The business and affairs of the Company shall be managed by or under the direction and supervision of the Directors who may pay all expenses incurred in promoting and registering the Company. *Directors shall manage the business and affairs of the Company*



- (2) The Directors may exercise all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company except any power that the Act or by this Constitution requires the Company to exercise in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made. *Validity of acts of Directors*
- (3) Where an oral contract is made by a Director acting under authority, express or implied, the contract is to be reduced to writing within fourteen (14) days and may be subject to ratification by the Board (if required). If there is any non-compliance with the above requirement of reduction to writing and proper ratification by the Board, the Director entering into such oral contract shall assume personal responsibility for the same and shall indemnify the Company fully in all respects in relation to such contract. *Oral contract shall be reduced to writing and Board's ratification*
- (4) (a) The Directors may procure the establishment and maintenance of any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons who are or shall have been at any time in the employment or service of the Company or any subsidiary company or to any persons who are or have been a Director or other officer of and holds or has held salaried employment in the Company or any subsidiary company, or the wives, widows, families or dependents of any such persons. *Establishment and maintenance of fund*
- (b) The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, association, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or of its members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibitions or for any public, general or useful object.
95. Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:
- (1) borrow money; *Borrowing*
- (2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital; *Mortgage*
- (3) issue debentures and other Securities whether outright or as security; and/or *Issue debentures*
- (4) (a) lend and advance money or give credit to any person or company; *Lend or advance money*
- (b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;
- (c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;
- and otherwise to assist any person or company.
96. All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, and all receipts for money paid to the Company, must be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by any two (2) Directors or in such other manner as the Directors may from time to time determine. *Operation of cheques, promissory notes etc.*



97. (1) The Directors may from time to time by power of attorney appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for the purposes and with the powers, authorities, and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for a period and subject to any conditions as the Directors may think fit. *Power of attorney*
- (2) Any powers of attorney granted under Clause 97(1) may contain provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities, and discretions vested in the attorney.
98. Subject always to the Act and the Listing Requirements, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board of Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established. *Director may hold other office*

Delegation of Powers

99. Subject to the applicable laws and/or the Listing Requirements:
- (1) the Directors may delegate any of their powers to a committee or committees consisting of such their number as they think fit; *Directors may delegate powers to committee*
- (2) any committee formed under Clause 99(1) shall exercise the powers delegated in accordance with any directions of the Directors and a power so exercised shall be deemed to have been exercised by the Directors; and *Committee shall exercise powers as per Board's direction*
- (3) the Board shall, subject to the Listing Requirements and upon the committee's recommendation (where applicable), appoint a chairperson of the committee and determine the period for which he is to hold office. *Chairperson of committee*
100. The Company may pass a resolution of the committee either by way of a written resolution or at a meeting of the committee. *Passing a Committee's Resolution*
101. (1) The Company may pass a resolution of the committee by way of a written resolution by the committee's members recording the resolution and signing the record. *Passing of resolution by committee's members*
- (2) The record of decisions made by the committee is valid and effective as if it were a resolution duly passed at a meeting of the committee. *Record of decision*



- (3) Any such resolution may consist of several documents in like form, each signed by one or more of the committee's members, and shall be as valid and effectual as if it were a resolution duly passed at a meeting of the committee. *Resolution may consist of several documents*
- (4) Any such document may be accepted as sufficiently signed by a member of the committee if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the said member. *Agreement to written resolution by electronic means*
102. (1) A committee may, whenever it thinks fit, convene a meeting of the committee, and may adjourn the meeting as it thinks proper. *Convening of meeting of the committee*
- (2) The committee may hold a committee meeting at two (2) or more venues within or outside Malaysia using any technology that gives the committee members as a whole a reasonable opportunity to participate. *Committee meeting may hold at two or more venues*
- (3) The virtual meeting of the Directors set out in Clause 120 shall apply to the meeting of the committee. *Virtual meeting of committee*
- (4) Where a meeting of committee is held and: *Chairperson of meeting*
- (a) a chairperson has not been appointed as provided by Clause 99(3);
- (b) the person so appointed is not present within fifteen (15) minutes after the time appointed for holding the meeting; or
- (c) the person so appointed is unable or unwilling to act as the chairperson of the meeting,
- the members present may, subject to the Listing Requirements, choose one of their number to be chairperson of the meeting.
- (5) No business is to be transacted at any meeting unless a quorum of members is present at the time when the meeting proceeds to business. *Quorum*
- (6) Subject to the Listing Requirements, two (2) members personally present at a meeting shall constitute a quorum. *Quorum*
- (7) Questions arising at any meeting of the committee must be determined by a majority of votes of the members present, and in the case of an equality of votes, the chairperson has a second or casting vote, except where two (2) members form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue shall not have a casting vote. *Votes*

Duties of Directors

103. A Director shall at all times exercise his powers in accordance with the Act, for a proper purpose and in good faith in the best interest of the Company. *Duties*



104. Where a Director acts by virtue of his position as an employee of the Company, or who was appointed by or as a board representative of Member, employer or debenture holder, that Director shall be taken to have acted in the best interest of the Company, and in the event of any conflict between his duty to act in the best interest of the Company and his duty to his nominator, he shall not subordinate his duty to act in the best interest of the Company to his nominator.

*Duties of
nominee
Director*

Directors' Interest in Contracts

105. (a) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.
- (b) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

*Directors'
interest in
contracts*

PASSING OF RESOLUTIONS OF DIRECTORS

Passing of Resolutions of Directors

106. The Company may pass a resolution of the Directors either by way of a written resolution or at a meeting of the Directors.

*Passing a
Directors'
Resolution*

DIRECTORS' WRITTEN RESOLUTION

Passing of resolution by the Directors

107. (1) The Directors may pass a resolution without a Board Meeting, if a majority of the Directors entitled to vote and sign on the resolution signed the resolution, signifying their agreement to the resolution set out in the document.
- (2) Any such resolution may consist of several documents in like form, each signed by one (1) or more of the Directors, and shall be as valid and effectual as if it were a resolution duly passed at a Board Meeting.

*Passing of
resolution by
more than one
Director*

*Resolution
may consist
of several
documents*

Agreement to written resolution by electronic means

108. (1) Any such document may be accepted as sufficiently signed by a Director if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the Director.
- (2) For the purposes of Clause 108(1), delivery may be effected by:
- (a) physical delivery of the document;
- (b) delivery by facsimile transmission; or

*Agreement
to written
resolution
by electronic
means*

*Manner of
delivery*



(c) delivery by email transmission,

to the place, facsimile number or electronic address as specified by the Director or Secretary of the Company.

MEETINGS OF DIRECTORS

Frequency of Board Meetings

109. The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. *Frequency of Board Meetings*

Convening Board Meetings

110. A Director may at any time, and the Secretary shall on the requisition of a Director to do so, convene a Board Meeting by giving notice in accordance with Clause 111. *Secretary or Director may convene a Board Meeting*

Notice of Board Meetings

111. (1) A notice of a Board Meeting must specify the following: *Contents of Notice of Board Meeting*

- (a) the place, date and time of the Board Meeting;
- (b) the general nature of the business (including matters to be discussed) of the Board Meeting; and
- (c) where the Directors think fit, the text of any proposed resolution and other information.

(2) If the Board Meeting is to be held in two (2) or more places, the notice of the Board Meeting shall specify the technology that will be used to facilitate the Board Meeting. *Board Meeting held at two (2) or more venues*

(3) The main venue of the Board Meeting shall be the place where the chairperson is present at the Board Meeting. *Main venue*

112. Reasonable notice in the circumstances must be given of all Board Meetings. *Notice period*

113. Notice of every Board Meeting shall be given to all Directors in accordance with the manner specified in Clause 127. *Directors entitled to receive notice*

Quorum for Board Meetings

114. (1) No business is to be transacted at any Board Meeting unless a quorum of Directors is present at the time when the meeting proceeds to business. *Quorum*

(2) Two (2) Directors personally present at a meeting shall constitute a quorum. *More than one Director*

(3) In this clause, "Director" includes Alternate Director. *Meaning of Director*



No Quorum

115. If a quorum is not present within half an hour after the time appointed for a Board Meeting: *Quorum is not present*
- (1) the Board Meeting shall stand adjourned to another day and at another time and place as the Directors may determine; or *Adjournment of Board Meeting*
 - (2) if no determination is made by the Directors, the Board Meeting shall stand adjourned to the same day in the next week at the same time and place or if that day falls on a public holiday then to the next business day following that public holiday; and
 - (3) if at the adjourned Board Meeting, a quorum is not present within half an hour from the time appointed for the meeting, then any Director present shall form a quorum. *Adjourned Board Meeting*

Chairperson of Board Meetings

116. (1) The Directors shall appoint one of their number as Chairperson and may also appoint another of their number as Deputy Chairperson of the Company. *Chairperson and Deputy Chairman*
- (2) The Directors shall determine the period for which such Chairperson or Deputy Chairperson is to hold office. *Office period*
- (3) The Chairperson or Deputy Chairperson (in the absence of the Chairperson) shall be the Chairperson of the Board Meeting. *Chairperson of Board Meetings*
- (4) Where a Board Meeting is held and: *Chairperson of Board Meetings*
- (a) a Chairperson or Deputy Chairperson has not been appointed as provided by Clause 116(1); or
 - (b) the person so appointed is not present within fifteen (15) minutes after the time appointed for the holding of the Board Meeting or is unable to act for all or part of the meeting;
- the Directors present shall elect one of their number to be the chairperson of the Board Meeting.
- (5) For avoidance of doubt, an Alternate Director shall not be elected as the chairperson of the Board Meeting.

Adjournment of Board Meetings

117. (1) The chairperson shall adjourn a Board Meeting, at which a quorum is present, from time to time and from place to place if the Directors present with a majority of votes that may be cast at that meeting agree or direct the chairperson to do so. *Directors' consent is required*
- (2) No business is to be transacted at any adjourned Board Meeting other than the business left unfinished at the Board Meeting from which the adjournment took place (referred to as the "Original Board Meeting"). *Only transact the business left unfinished at the Board Meeting*



- (3) There is no need to give any notice of an adjourned Board Meeting or of the business to be transacted at an adjourned Board Meeting unless the adjourned Board Meeting is to be held more than thirty (30) days after the date of the Original Board Meeting. *Notice of adjourned Board Meeting*

Voting at Board Meetings

118. (1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors. *Directors' decision*

- (2) Each Director is entitled to cast one (1) vote on each matter for determination. *Casting of vote*

Casting Vote

119. In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote. *Chairperson shall have a casting vote*

Virtual Meetings of Directors

120. (1) The Directors may hold a Board Meeting at two (2) or more venues within or outside Malaysia using any technology that gives the Directors as a whole a reasonable opportunity to participate. *Board Meeting may hold at two (2) or more venues*

- (2) The technology to be used for the purpose of this Clause must be such that each Director taking part in the meeting must be able to communicate simultaneously with each of the other Directors taking part in the meeting and may include telephone, television, video conferencing, or any other audio and/or visual device which permits instantaneous communication. *Technology to be used for virtual meeting*

- (3) A virtual meeting shall be deemed to constitute a Board Meeting and all the provisions of this Constitution as to Board Meetings shall apply to any virtual meeting provided the following conditions are met: *Conditions for virtual meeting*

- (a) All the Directors for the time being entitled to receive notice of the Board Meeting (including any Alternate Director) shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as permitted by this Constitution; and

- (b) A Director may not leave a virtual meeting by disconnecting from the technology used unless he has previously expressly notified the chairperson of the meeting of his intention to leave the meeting and a Director shall be conclusively presumed to have been present and to have formed part of the quorum at all times during such a meeting until such notified time of his leaving the meeting.

- (4) A minute of the proceedings of meetings including virtual meetings shall be sufficient evidence of such proceeding and of the observance of all necessary formalities if certified as a correct minute by the chairperson of the meeting or the next succeeding meeting. *Minutes*



SECRETARY

Appointment of Secretary

121. The Secretary shall in accordance with the Act be appointed by the Board for such terms, at such remuneration, and upon such terms and conditions as the Board may think fit. *Appointment*

Casual Vacancy of Secretary

122. (1) Any Secretary so appointed under Clause 121 may be removed by the Directors, in accordance with the terms and conditions of its appointment. *Removal*

(2) The office of a Secretary may or will become vacant if the Secretary: *Vacation of office*

(a) resigns from office by notice in writing to the Board, the Secretary shall cease to act as Secretary upon the expiry of thirty (30) days from the date of the notice to the Board or from the effective date as specified in his notice or the terms of appointment; or

(b) is unable to communicate with the Directors at the last known residential address, the Secretary may, notify the Registrar of that fact and of his intention to resign from the office, and he shall cease to act as the Secretary on the expiry of thirty (30) days from the date of the notice to the Registrar.

(3) The Board shall fill the vacancy of the Secretary within thirty (30) days after the occurrence of any event under Clause 122(1) or (2). *Fill the casual vacancy of Secretary*

INSURANCE AND INDEMNITY OF APPLICABLE PERSONS

Applicable Persons

123. The provisions of Clauses 124 to 126 shall apply to the following persons ("Applicable Persons"): *Applicable persons*

(1) every person who is or has been an Officer;

(2) Auditors; and

(3) any other officers as defined in the Act.

Indemnity

124. The Company does not exempt an Applicable Person from a liability which by law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust, of which he may be guilty in relation to the Company incurred in his capacity as an Applicable Person. *No indemnity*

125. (1) The Company may indemnify an Applicable Person out of the Company's assets for any costs incurred by him or the Company in respect of any proceedings: *Indemnity may be allowed*

(a) that relates to his liability for any act or omission in his capacity as an Applicable Person; and

(b) in which judgment is given in favour of the Applicable Person or in which the Applicable Person is acquitted or in which the Applicable Person is granted relief under the Act, or where proceedings are discontinued or not pursued.



- (2) The Company may also indemnify an Applicable Person in respect of an application for relief under the Act.
- (3) The Company may indemnify an Applicable Person in respect of: *Exception*
- (a) any liability to any person, other than the Company, for any act or omission in his capacity as an Officer or Auditors; and
 - (b) costs incurred by that Applicable Person in defending or settling any claim or proceedings relating to any such liability except:
 - (i) any liability of the Director to pay:
 - (aa) a fine imposed in criminal proceedings; or
 - (bb) a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature, however arising; or
 - (ii) any liability incurred by the Director:
 - (aa) in defending criminal proceedings in which he is convicted; or
 - (bb) in defending civil proceedings brought by the Company, or an associated company, in which judgment is given against him.
- (4) Where the costs and expenses incurred by an Applicable Person under Clause 125(1) and (2) are recovered by the Company under an insurance policy taken out or paid for by the Company pursuant to Clause 126, the extent of the indemnification of an Applicable Person shall be reduced accordingly.

Insurance

126. (1) The Company may, with the prior approval of the Board, purchase and maintain insurance, at the expense of the Company, for an Applicable Person, against: *Insurance*
- (a) civil liability, for any act or omission in his capacity as a Director or Officer or Auditors; and
 - (b) costs incurred by that Officer or Auditors in defending or settling any claim or proceeding relating to any such liability; or
 - (c) costs incurred by that Officer or Auditors in defending any proceedings that have been brought against that person in relation to any act or omission in that person's capacity as an Officer or Auditors:
 - (i) in which that person is acquitted;
 - (ii) in which that person is granted relief under the Act; or
 - (iii) where proceedings are discontinued or not pursued.



- (2) In the case of a Director, Clauses 125(2) and (3) and 126(1)(a) and (b) shall not apply to any civil and criminal liability in respect of a breach of the duties of the Directors as specified in Section 213 of the Act.

ADMINISTRATION

Notices, Documents and Other Publication

127. Any Company's Documents may be given by the Company to the persons mentioned below in the following manner: *Notice*

- (1) In respect of a Member and person entitled to a Security in consequence of an Event of Transmission ("Persons"): *Members*

(a) The Company's Documents shall be in writing and shall be given to the aforesaid Persons either:

(i) in hard copy, which shall be sent to the Persons either personally or by post to his last known address; *Hard copy*

(ii) in electronic form, which shall be either: *Electronic form*

(aa) transmitted to the last known electronic address provided by the Persons to the Company;

(bb) transmitted to the last known contact details as recorded in the Register of Members or Record of Depositors provided by the Persons to the Company or Depository respectively;

(cc) by publishing on a website;

(dd) transmitted by the Company to the Persons using any appropriate electronic communication platform established by the Company or third parties, or

(iii) partly in hard copy and partly in electronic form. *Both of the above*

(b) If a notice of General Meeting is published on the website, the Company must notify the Persons in writing in hard copy or electronic form stating the following: *Website*

(i) it concerns a General Meeting;

(ii) the place, date and time of the General Meeting; and

(iii) the designated website link or address where a copy of the notice may be downloaded, *Period of publication on website*

and the notice must be published on the Company's website throughout the period starting from the date of notification until the conclusion of the General Meeting.



- (c) If the Company publishes its documents (other than a notice of General Meeting) (“Company’s Publication”) on its Company’s website or any other appropriate electronic communication platform, the Company must notify the Persons in writing in hard copy or electronic form stating the following: *Publication on Website*
- (i) brief description of the Company’s Publication; and
 - (ii) the designated website link or address where a copy of the Company’s Publication may be downloaded.
- (d) In the event of a delivery failure, the Company must immediately send the Company’s Documents to the affected Members by other appropriate means as permitted under Clause 127(1)(a). *Delivery failure*
- (e) The Persons may request for a hard copy of the Company’s Documents from the Company if they are sent by electronic means. *Request for hard copy*
- (2) In respect of a Director, the Company’s Documents shall be in writing and shall be given to the Director either: *Directors*
- (a) in the manner(s) set out in Clause 127(1) (except for publishing on a website); or
 - (b) to the Director’s last known service address.
- (3) In respect of the Auditors, the Company’s Documents shall be in writing and shall be given to the Auditors either: *Auditors*
- (a) in the manner(s) set out in Clause 127(1) (except for publishing on a website); or
 - (b) to the Auditors’ last known address.
- (4) In respect of a holder of Debt Securities, the Company’s Documents shall be in writing and shall be given to the holder of Debt Securities:
- (a) in the manner(s) set out in Clause 127(1); or
 - (b) to the holder of Debt Securities’ last known address provided by the said holder to the Company or Depository.
- (5) For the purpose of Clause 127(1), the Board of Directors may, at its discretion, determine the appropriate mode of communication with the persons mentioned above. *Directors’ discretion*
128. Where the Company’s Documents are: *Service of notice*
- (1) served by post, service of the notice shall be deemed to be effective by properly addressing, prepaying and posting a letter containing the notice, and to have been effected, in the case of a notice of the Persons, on the day after the date of its posting; *Post*
 - (2) sent by facsimile transmission, service of the notice shall be deemed to be effected at the time when the notice is transmitted, unless the Company receives notification that the transmission was not successful; *Facsimile transmission*



- (3) sent by electronic transmission, service of the notice shall be deemed to be effected at the time when the notice is transmitted electronically, unless the Company receives notification that the transmission was not successful; *Electronic transmission*
- (4) published on the Company's website or any appropriate electronic communication platform, service of the notice shall be deemed to be effected on the day on which the notice first appears on the Company's website to which the relevant person may have access or the day on which the notice of publication is deemed to have been served or delivered to such person under Clause 127, whichever is later; or *Website*
- (5) served or delivered in person, service of the notice shall be deemed effected at the time the relevant Company's Documents are delivered, received or left at the address of such person. *Personal delivery*

129. The Company's Documents may be given by the Company to Joint Holders by giving the notice to the Joint Holder first named in the Register of Members. *Joint Holder*

130. Any Company's Documents delivered or sent to any Member in such manner as provided in Clause 127(1) shall, if such Member be then deceased, and whether or not the Company has notice of his death, be deemed to have been duly served on his legal personal representative or survivor.

Written Resolutions and Minutes

131. The Directors must cause:

- (1) all Directors' and committees' written resolutions;
- (2) all proceedings and resolutions of Board Meetings and committee meetings; and
- (3) all proceedings and resolutions of General Meetings,

to be duly entered into the books kept for that purposes in accordance with the Act.

*Written
resolutions
and minutes*

132. The records of resolutions passed by way of Directors' and committees' written resolutions or at the Board Meetings, committee meetings and General Meetings and signed in accordance with the Act and this Constitution are evidence of the proceedings, resolutions or declaration to which they relate, unless the contrary is proved.

Execution of Documents

133. (1) The Company shall adopt a Seal, known as the common seal, on which its name and registration number and the words "Common Seal" are engraved in legible romanised characters. *Seal*
- (2) The Directors shall provide for the safe custody of the Seal. *Custody*
- (3) The Seal shall only be used by the authority of the Board of Directors or of a committee of the Board of Directors authorised by the Directors on their behalf. *Authority of the Directors*
- (4) The Company may execute a document by affixing the Seal to the document where the affixing of the Seal is witnessed by: *Affixing the Seal*
- (a) two (2) Directors;
- (b) one (1) Director and one (1) Secretary; or



- (c) one (1) Director and another person appointed by the Directors for that purpose.
- (5) (a) Any Director or the Secretary or any person so appointed by the Directors shall have power to authenticate any documents affecting this Constitution and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. *Authentication of documents*
- (b) A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting of the Company or the written resolutions or minutes of a meeting of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute or written resolution so extracted is a true and accurate record of the resolutions or proceedings at a duly constituted meeting to which it relates.
134. (1) The Company may have an official Seal, on which its name and registration number and the words "Common Seal" and the place where it is to be used are engraved in legible romanised characters. *Official seal for use abroad*
- (2) The Directors shall provide for the safe custody of the official Seal. *Custody*
- (3) The Directors may exercise all the powers of the Company in relation to any official Seal for use outside Malaysia and in relation to branch registers of debenture holders kept in any place outside Malaysia. *Authority of the Directors*
- (4) The Company may execute a document by affixing the official Seal to the document where the affixing of the official Seal is witnessed by: *Affixing the official Seal*
- (a) two (2) Directors;
- (b) one (1) Director and one (1) Secretary;
- (c) one (1) Director and another person appointed by the Directors for that purpose; or
- (d) two (2) persons appointed by the Directors for that purpose, and
- the person affixing official Seal shall certify in writing on the deed or document to which the official Seal is affixed the date and place it is affixed.
- (5) The Company may have an official Seal to seal: *Official seal for Securities*
- (a) Securities issued by the Company; or
- (b) documents creating or evidencing Securities so issued,
- on which its name and registration number and the words "Securities" are engraved in legible romanised characters.
- (6) The official Seal for Securities shall be executed in the manner provided in Clause 133(4).



FINANCIAL MATTERS

Financial Statements

135. (1) The Directors must cause proper accounting and other records to be kept in accordance with Section 245 of the Act and such records must be true and complete accounts of the affairs and transactions of the Company and give a true and fair view of the state of the Company's affairs and explain its transactions. *Accounting and other records*
- (2) The Directors shall from time to time, in accordance with the provisions of the Act and the Listing Requirements, cause to be prepared and approved, and to be circulated to the Members, Directors and Auditors and laid before the Company in Annual General Meeting such financial statements and consolidated financial statements (if any) and reports of Directors and Auditors. *Circulation and laying of financial statements*
- (3) No Member (who is not a Director) shall have any right of inspecting any accounting or other records of the Company except where such right is conferred by law. *Right of inspection*

Audit

136. (1) (a) The Board shall appoint the first Auditors of the Company at any time before the first Annual General Meeting, at such remuneration as the Board thinks fit. *First Auditors*
- (b) The Auditors appointed under Clause 136(1)(a) shall hold office until the conclusion of the first Annual General Meeting.
- (2) (a) For subsequent years, the Board may, subject to the Act, appoint the Auditors to fill casual vacancy in the office of the Auditors, at such remuneration as the Board thinks fit. *Appointment of Auditors by Board*
- (b) The Auditors appointed under Clause 136(2)(a) shall hold office until the conclusion of the next Annual General Meeting.
- (3) For subsequent years, the Members may by an ordinary resolution: *Change of Auditors by Members*
- (a) re-appoint the existing Auditors;
- (b) appoint another person as the Company's Auditors;
- (c) remove the Auditors; and/or
- (d) if there is a vacancy in the office of the Auditors, appoint Auditors to fill the vacancy.
- The remuneration of the Auditors appointed under Clause 136(3) shall be fixed by the Members by ordinary resolution or in such manner as the Members may determine.
- (4) The Auditors shall hold office in accordance with the terms of their appointment, provided that: *Term of office of Auditors*
- (a) they do not take office until the previous auditors have ceased to hold office unless they are the first Auditors; and
- (b) they ceased to hold office at the conclusion of the Annual General Meeting next following their appointment, unless they are re-appointed.



- (5) The powers and duties of the Auditors are as regulated under Sections 266 and 287 of the Act. *Powers and duties*
- (6) The Auditors shall attend every Annual General Meeting where the financial statements and consolidated financial statements (where applicable) of the Company for a financial year ("Financial Statements") are to be laid, so as to respond according to their knowledge and ability to any question relevant to the audit of the Financial Statements. *Attendance of Auditors*
- (7) The Auditors may cease to act as Auditors of the Company by:
- (a) giving a notice of resignation in writing to the Company at the Office and their term of office shall end after twenty-one (21) days from the date of the notice to the Company or from the effective date as specified in their notice; or *Resignation of Auditors*
 - (b) giving a notice in writing to the Company at the Office indicating that they do not wish to seek re-appointment at the forthcoming Annual General Meeting. *Retirement of Auditors*

Dividends

137. (1) A dividend may be declared by: *Declaration of dividend*
- (a) the Directors; or
 - (b) the Members on the recommendation of the Board of Directors as it thinks appropriate.
- (2) The payment of a dividend is to those holders of such class of shares as the Directors have determined in accordance with and subject to any conditions upon which the shares have been issued. *Payment of dividend*
- (3) A dividend shall not exceed the amount recommended by the Directors. *Directors to recommend amount*
138. The Directors may authorise a distribution of dividends in accordance with Section 132 of the Act, and any dividend so authorised must be out of profits of the Company available for distribution and provided the Company is solvent. The Directors may authorise a distribution at any time and for such amounts as the Directors shall consider appropriate so long as the Directors are satisfied that the Company will be solvent for a period of twelve (12) months after the distribution is made. *Distribution only if Company is solvent*
139. (1) A dividend may be classified as:
- (a) an interim dividend if it is declared and distributed by the Company to its Members prior to the determination of final profit position of the Company for the financial year; *Interim dividend*
 - (b) a final dividend if it is the last dividend distributed by the Company to its Members after the financial statements for the financial year have been prepared and approved by the Board; and *Final dividend*
 - (c) a special dividend if it is a non-recurring distribution of the Company's assets, where the amount is larger compared to normal dividend paid out by the Company or other circumstances that the Directors think fit. *Special dividend*



- (2) The Directors may, at their discretion, declare dividend pursuant to either Clause 137(1)(a) or (1)(b). *At Directors' discretion*
140. No dividend is to bear interest against the Company. *No interest bearing*
141. (1) The Directors may, before recommending any dividend: *Before recommending dividend*
- (a) set aside out of the profits of the Company such sums as they think proper as reserves; or
 - (b) carry forward any profits which they may think prudent not to divide, without placing the profits to reserve.
- (2) The reserves set aside under Clause 141(1)(a): *Reserves that set aside*
- (a) are, at the discretion of the Directors, to be applied for any purpose to which the profits of the Company may be properly applied; and
 - (b) may, pending any application under Clause 141(2)(a) and at the discretion of the Directors, be employed in the business of the Company or be invested in any investments (other than shares in the Company) as the Directors may from time to time think fit.
142. (1) Subject to the rights of persons (if any) entitled to shares with special rights or conditions as to dividend entitlement or to any provisions in this Constitution, all dividends must be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. *Dividends must be declared and paid according to the amounts paid*
- (2) An amount paid or credited as paid on a share in advance of a call shall not be taken for the purposes of this Clause to be paid or credited as paid on the share and shall not, whilst carrying interest, confer a right to participate in profits. *Amount paid on a share in advance of a call*
- (3) All dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. *Dividend must be paid proportionately*
- (4) If any share is issued on terms providing that it ranks for dividend as from a particular date that share ranks for dividend accordingly. *Share ranks for dividend*
143. The Directors may deduct from any dividend payable to a Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company. *Deduct dividend from calls*
144. (1) When declaring a dividend, the Directors or Members on the recommendation of the Directors may by ordinary resolution, direct payment of the dividend wholly or partly by the distribution of specific assets, including: *Distribution of specific assets*
- (a) paid-up shares of the Company or any other corporation;
 - (b) debentures or debenture stock of the Company or any other corporation;



- (c) assets of the Company which the Directors think appropriate; or
- (d) any combination of any specific assets, and

the Directors may do all acts and things considered necessary or expedient to give effect to such a resolution.

(2) Where a difficulty arises with regard to such a distribution directed under Clause 144(1), the Directors may, subject to the Act and the Listing Requirements, do all or any of the following:

- (a) settle the distribution as they think expedient;
- (b) fix the value for distribution of the specific assets or any part of the specific assets;
- (c) determine that cash payments be made to any Member on the basis of the value so fixed by the Directors in order to adjust the rights of all parties; and/or
- (d) vest any specific assets in trustees as the Directors think expedient.

145. (1) Any dividend, interest or other money payable in cash in respect of shares may be paid in *Payment* such manner as may be determined by the Directors from time to time including:

- (a) in respect of Listed Deposited Security, direct crediting the payment into the bank account of the Member as provided by the Member to the Depository from time to time; or
- (b) in respect of Security other than Listed Deposited Security:
 - (i) by direct crediting the payment into the bank account of the Member as provided by the Member to the Company or Depository from time to time; or
 - (ii) by cheque sent through the post directed to :
 - (aa) the address of the Member as shown in the Register of Members, or in the case of Joint Holders, to the address shown in the Register of Members as the address of the Joint Holder first named in the Register of Members; or
 - (bb) such other address as the holder or Joint Holders in writing directs or direct.

(2) Every direct transfer or cheque made under Clause 145(1) must be made payable to the order of the person to whom it is sent.

(3) Any one (1) of two (2) or more Joint Holders may give effectual receipts for any dividends, interest or other money payable in respect of the shares held by them as Joint Holders.

Capitalisation of Profits

146. (1) The Directors may, before declaring or recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves, to be applied, at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied. *Application of profits*

(2) Pending any such application, the reserves may, at the discretion of the Directors, be used in the business of the Company or be invested in such investments as the Directors think fit. *Utilisation of reserves*



- (3) The Directors may carry forward such amount of the profits remaining as they consider ought not to be distributed as dividends without transferring those profits to reserves. *Dividends*
147. (1) Subject to Clause 147(2), the Company may, upon a recommendation of the Directors and in General Meeting, resolve that it is desirable to capitalise any sum, being the whole or a part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution to Members, and that such sum be applied, in any of the manners mentioned in Clause 147(3), for the benefit of the Members in the proportions to which those Members would have been entitled in a distribution of that sum by way of dividend. *Members' approval*
- (2) The Directors may, subject to the Act and the Listing Requirements, capitalise any sum, being the whole or a part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution to the Members. *Exemption*
- (3) The amount capitalised under Clause 147(1) is set free for distribution amongst the Members who would have been entitled to the amount had it been distributed by way of dividend and in the same proportions subject to the following conditions: *Capitalised amount*
- (a) the capitalised amount must not be paid in cash;
 - (b) the capitalised amount must be applied in or towards either or both of the following:
 - (i) paying up any amounts for the time being unpaid on any shares held by the Members;
 - (ii) paying up in full unissued shares or debentures of the Company to be allotted, distributed and credited as fully paid up to and amongst such Members in the same proportions.
148. The Directors shall do all things necessary to give effect to the resolution and, in particular, to the extent necessary to adjust the rights of the Members among themselves, may: *To give effect to the resolution*
- (1) issue fractional certificates or make cash payments in cases where shares or debentures becoming distributable in fractions; and
 - (2) authorise any person to enter, on behalf of all the Members entitled to the distribution into an agreement with the Company, providing:
 - (a) for the allotment to the Members respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon the capitalisation; or
 - (b) for the payment up by the Company on the Members' behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the profits resolved to be capitalised, and
- any agreement made under such authority referred to in Clause 147(3)(b) is effective and binding on all the Members entitled to the distribution.



DISSOLUTION

Winding Up

149. Subject to the Act, the Company may be dissolved by a special resolution in a General Meeting. If such a resolution is passed, the Members shall also be required to appoint a liquidator or liquidators for the purpose of winding up the affairs and distributing the property of the Company. *Passing of special resolution*
150. (1) If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company: *Power of liquidator*
- (a) divide amongst the Members in kind the whole or any part of the property, if any, of the Company, whether they consist of property of the same kind or not;
 - (b) set a value as the liquidator considers fair upon the property, if any referred to in Clause 150(1)(a);
 - (c) determine how the division of property, if any is to be carried out as between the Members or different classes of Members; and
 - (d) vest the whole or any part of the property, if any, of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit.
- (2) No Member is compelled to accept any shares or other Securities on which there is any liability.

SECRECY

151. Save as may be expressly provided by the Act, no Member shall be entitled to enter into or upon or inspect any premises or property of the Company nor to require discovery of any information in respect of any detail of the Company's business or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the business and/or conduct of the business of the Company and which, in the opinion of the Directors, it would be inexpedient in the interests of the Member of the Company to communicate to the public.

EFFECTS OF THE LISTING REQUIREMENTS

Effects of the Listing Requirements

152. (1) Notwithstanding anything contained in this Constitution, if the Listing Requirements prohibit an act being done, the act shall not be done. *Effects of the Listing Requirements*
- (2) Nothing contained in this Constitution prevents an act being done that the Listing Requirements require to be done.
 - (3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
 - (4) If the Listing Requirements require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision.
 - (5) If the Listing Requirements require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision.
 - (6) If any provision of this Constitution is or becomes inconsistent with the Listing Requirements, this Constitution is deemed not to contain that provision to the extent of the inconsistency.

KUMPULAN H & L HIGH-TECH BERHAD (317805-V)
(Incorporated in Malaysia)

PROXY FORM

I/We _____ Tel: _____
[Full name in block, NRIC/Passport/Company No.]

of _____

being a Member/Members of **KUMPULAN H & L HIGH-TECH BERHAD** hereby appoint:

Full Name (in Block)	NRIC/Passport No	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at (Venue) on (Date), (Day) at (Time) or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against

Please indicate with an “X” in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____

Signature*
Member

* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.





Notes:

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at (date). Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, this proxy form must be deposited at the registered office of the Company situated at (address).
 - (ii) By electronic means via facsimile
In the case of an appointment made by facsimile transmission, this proxy form must be received via facsimile at (facsimile no.).
 - (iii) By electronic means via email
In the case of an appointment made via email transmission, this proxy form must be received via email at (email address).For options (ii) and (iii), the Company may request any member to deposit original executed proxy form to its registered office before or on the day of meeting for verification purpose.
 - (iv) Online
In the case of an appointment made via online lodgement facility, please login to the link website using the holding details as shown below:
(Holding details)
 - (v) By mobile device
In the case of an appointment made by mobile device, please follow the instruction provided below:
(Details)
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at (address) not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is (time), (date) and (day).
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - a. Identity card (NRIC) (Malaysian), or
 - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - c. Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

KUMPULAN H & L HIGH-TECH BERHAD (317805-V)
(Incorporated in Malaysia)

PROXY FORM

I/We _____ (FULL NAME IN BLOCK LETTERS)

NRIC No./Company No. _____ of _____

_____ (FULL ADDRESS)
being a Member/Members of KUMPULAN H & L HIGH-TECH BERHAD hereby appoint _____

_____ NRIC No. _____ (FULL NAME IN BLOCK LETTERS)

of _____ (FULL ADDRESS)

or failing whom, _____ NRIC No. _____ (FULL NAME IN BLOCK LETTERS)

of _____ (FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf, at the Twenty-Fourth Annual General Meeting of the Company to be held at Green I, ClubHouse, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 23 April 2019 at 11:00 a.m. and at any adjournment thereof.

	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' Fees of up to an amount of RM76,000 for the financial year ending 31 October 2019.		
2.	To approve the payment of Directors' benefits of up to an amount of RM150,000 for the period from 23 April 2019 until the next Annual General Meeting of the Company.		
3.	To re-elect Mr Chu Kan, who retires pursuant to Article 97 of the Company's Articles of Association, as Director.		
4.	To re-elect Ms Rita Tai Lai Ling, who retires pursuant to Article 97 of the Company's Articles of Association, as Director.		
5.	To re-appoint Messrs Grant Thornton Malaysia as Auditors and to authorise the Directors to fix their remuneration.		
6.	To grant authority to Directors to allot and issue shares.		
7.	To approve the Proposed Renewal of Authority for Share Buy-Back.		
8.	To approve Mr Chu Kan to continue to act as an Independent Director.		
9.	To approve Ms Rita Tai Lai Ling to continue to act as an Independent Director.		
10.	To approve Mr Hau Hock Khun to continue to act as an Independent Director.		
11.	To approve the Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a New Constitution.		

("Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.")

Dated this _____ day of _____, 2019.

Signature or Common Seal of Shareholder

Contact Number:

CDS Account No. :
Number of shares held:
If more than 1 proxy, please specify number of shares represented by each proxy
Name of Proxy 1:
Name of Proxy 2:

NOTES:

1. A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy.
2. To be valid, the form of proxy, duly completed must be deposited at the Registered office of the Company located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. A Member shall not appoint more than two (2) proxies to attend at the same meeting, where a member appoints two proxies, the appointment shall not be valid unless the member specifies the proportion of the shareholding to be represented by each proxy. Where a Member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. Only members whose name appear in the Record of Depositors as at 15 April 2019 will be entitled to attend, vote and speak at the Meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

FOLD THIS FLAP FOR SEALING

FOLD HERE

**Affix
stamp**

KUMPULAN H & L HIGH-TECH BERHAD (Company No. 317805-V)

Registered Office

Unit 30-01, Level 30, Tower A

Vertical Business Suite, Avenue 3

Bangsar South, No 8, Jalan Kerinchi,

59200 Kuala Lumpur

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KUMPULAN H & L HIGH-TECH BERHAD (317805-V)
Incorporated in Malaysia

For further information about our company or more
details about our products, please visit our website:

www.hlhightech.com