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

INNOVATING TO DELIVER VALUES

2021 Annual Report

www.hlhightech.com

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2021 Annual Report

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Lye Huat
Group Executive Chairman
& 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

Lim Hock Aun
Independent
Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE*

Lim Hock Aun
Chairman / Independent
Non-Executive Director

Chu Kan
Member / Independent
Non-Executive Director

Hau Hock Khun
Member / Independent
Non-Executive Director

Rita Tai Lai Ling
Member / Independent
Non-Executive Director

Note:-
** The Board of Directors had on 22 January 2021 merged the Audit Committee and Risk Management Committee into a single committee known as the Audit and Risk Management Committee.*

REMUNERATION COMMITTEE

Rita Tai Lai Ling
Chairperson / Independent
Non-Executive Director

Chu Kan
Member / Independent
Non-Executive Director

Hau Hock Khun
Member / Independent
Non-Executive Director

Lim Hock Aun
Member / Independent
Non-Executive Director

NOMINATION COMMITTEE

Hau Hock Khun
Chairman / Independent
Non-Executive Director

Rita Tai Lai Ling
Member / Independent
Non-Executive Director

Chu Kan
Member / Independent
Non-Executive Director

Lim Hock Aun
Member / Independent
Non-Executive Director

COMPANY SECRETARIES

Wong Wai Foong
[SSM PC NO. 202008001472
(MAICSA 7001358)]

Tan Hsiao Yuen
[SSM PC NO. 201908002342
(MAICSA 7056952)]

INVESTOR RELATIONS

www.insage.com.my/ir/HIGHTEC

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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

SHARE REGISTRAR

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

AUDITORS

Grant Thornton Malaysia PLT
Chartered Accountants

PRINCIPAL BANKERS

Public Bank Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE

KUMPULAN H & L HIGH-TECH BERHAD
Investment Holdings.

100% **PLASTIK STC SDN BHD**
Manufacture and sale of customised precision engineering plastic injection moulding parts and components for electrical and electronic, medical, automotive, furniture and other industries.

100% **H & L HIGH-TECH SDN BHD**
Manufacture and sale of precision engineering moulds, jigs, fixtures, tools and other machine parts.

100% **H & L HIGH-TECH DECO SDN BHD**
Oil palm cultivation.

100% **H & L HIGH-TECH PROPERTIES DEVELOPMENT SDN BHD**
Property development.

100% **H & L HIGH-TECH PROPERTIES SDN BHD**
Letting of properties and property investment.

100% **HLH DESA COALFIELDS SDN BHD**
Dormant.

100% **STC TECHNOLOGY SDN BHD**
Dormant.

PROFILE OF THE BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

TAN LYE HUAT

Group Executive Chairman and Managing Director
• Key Senior Management

Tan Lye Huat ("Mr Tan"), Malaysian, Male, aged 68, was appointed as Group Executive Chairman and Managing Director of Kumpulan H & L High-Tech Berhad ("H & L" or "the Company") 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, Mr Tan possesses in-depth knowledge and experience in the overall operations of HHT as well as the industry in general.

He sits on the Board of all companies under 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 also Executive Director and major shareholder of H & L by virtue of her direct shareholding in H & L and her interest in Affluent Future Sdn Bhd and Tan Lye Huat Holdings Sdn Bhd.

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

TAN SOOK YEE

Executive Director
• Key Senior Management

Tan Sook Yee ("Ms Tan"), Malaysian, Female, aged 41, was appointed as Executive Director of H & L on 30 June 2006. She is also one of the Key Senior Management.

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

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

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

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

CHU KAN
Independent Non – Executive Director

Chu Kan ("Mr Chu"), Malaysian, Male, aged 78, was appointed as an Independent Non-Executive Director of H & L 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, Mr Chu began his career as an office manager cum accountant with General Ceramic Bhd (now known as General Corporation Bhd). Mr Chu 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 is also a member of Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company. He does not have any family relationship with any director and/or major shareholder of the Company and there is no conflict of interest with the Company.

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

RITA TAI LAI LING
Independent Non – Executive Director

Rita Tai Lai Ling ("Ms Rita"), Malaysian, Female, aged 56, 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.

Ms Rita 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, Ms Rita 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 the Remuneration Committee and a member of the Audit and Risk Management 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.

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

HAU HOCK KHUN
Independent Non-Executive Director

Hau Hock Khun ("Mr Hau"), Malaysian, Male, aged 49, 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 UK. Chartered Institute of Arbitrators.

Mr Hau is currently a Managing Partner in Messrs H K Hau, Advocates and Solicitors and also a Consultant for various organisations 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 specialisation and experience in shipping, company restructuring, franchising, trademark, patents, industry design, corporate and commercial law, banking and civil litigationas well as in the property and real estate related matters.

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

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

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

LIM HOCK AUN
Independent Non-Executive Director

Lim Hock Aun ("Mr Lim"), Malaysian, Male, aged 62, was appointed as Independent Non-Executive Director of H & L on 21 October 2020. He is a member of Malaysian Institute of Accountant, and a member of Institute of Chartered Accountants, England and Wales.

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

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

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

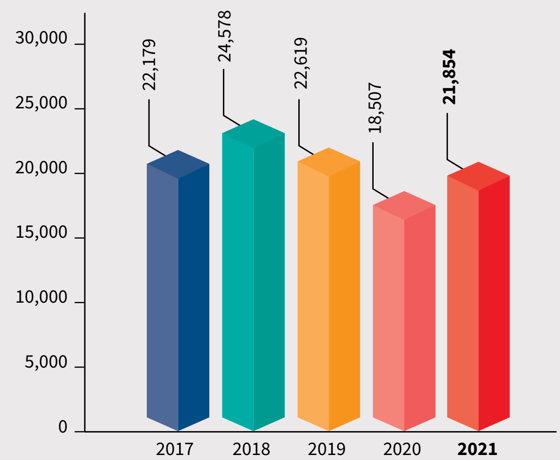
He has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

FIVE YEARS' FINANCIAL HIGHLIGHTS

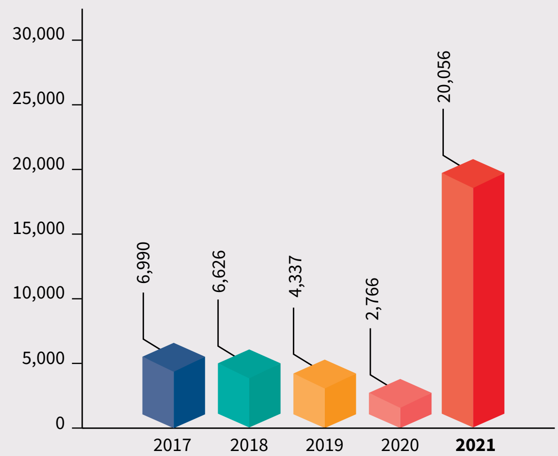
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER	2017 RM 000	2018 RM 000	2019 RM 000	2020 RM 000	2021 RM 000
Group Revenue	22,179	24,578	22,619	18,507	21,854
Profit Before Tax	6,990	6,626	4,337	2,766	20,056
Profit Attributable to Shareholder	5,570	3,521	3,358	2,431	18,403
Paid Up Capital	40,612	40,612	40,612	40,612	40,612
Total Assets	103,961	107,163	115,284	124,580	143,727
Shareholders' Equity	90,827	92,789	94,924	96,464	116,007
Net Earnings per Share (sen)*	5.08	3.21	3.06	2.22	15.12
Net Tangible Assets per Share (RM)*	0.82	0.85	0.87	0.88	0.96
Dividend (sen)	3.50	1.50	3.50	3.00	3.50

FYE 2017 & FYE 2018 restated in FYE 2019's report
** Excluding treasury shares*
On 6 September 2021, the Company announced that Share Split exercise (every 1 existing share into 3 subdivided shares) has been completed.

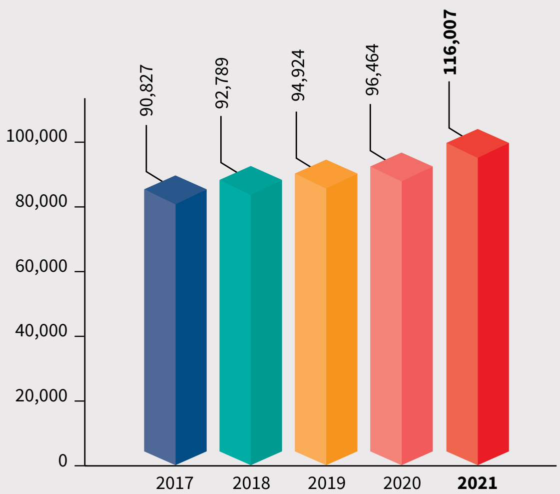
GROUP REVENUE
(RM'000)



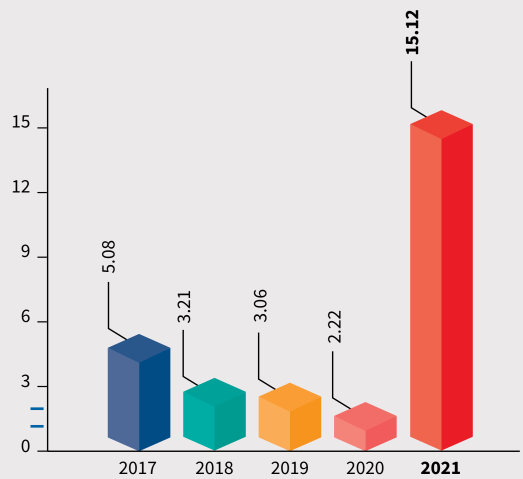
PROFIT BEFORE TAX
(RM'000)



SHAREHOLDERS' EQUITY
(RM'000)



NET EARNINGS PER SHARE
(sen)



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF CORE BUSINESSES

The principal activities of Kumpulan H & L High-Tech Berhad in the financial year ended 31 October 2021 ("FY2021") are divided into three business segments and there are no changes since the year before:

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

OVERVIEW OF THE GROUP'S BUSINESS IN FY2021

Manufacturing

The overall revenue contribution from our manufacturing business improved from RM12.73 million to RM13.54 million with an increase of segment profit of 151.2%, from RM0.86 million in FY2020 to RM2.16 million in FY2021.

Despite the Movement Control Order ("MCO") and the Covid-19 which affected our production and export capacity in FY2020 as well as FY2021, this segment generated a better profit margin in FY2021 than FY2020 due to the fluctuation of demand and supply of certain raw materials.

The exports of our products to our international market segments in Europe and Southeast Asia suffered from shipment disruptions and delays. The plastic segment also experienced a spike in profit margin due to supply chain crisis as well as increased in demand from the medical sector due to the Covid-19 healthcare crisis.

Up to the date of this report, manufacturing segment remains profitable as we will continue to strive for better cost management by constantly reviewing our operations and adopting more cost-efficient processes in order to compete in current highly competitive market.

Property Investment and Property Development

The property investment segment generated slightly higher income in FY 2021 compared to FY2020 as rental discounts given to certain tenants in FY2020 affected by the Covid-19 pandemic and the MCO. For property development, the group have not launch any project in FY2021 despite holding a land bank in Mukim of Ijuk, Selangor which purchased few years ago.

The management expecting to collaborate with experienced developer to develop this land bank in near future.

Plantation

Fresh Fruit Bunch ("FFB") production for FY2021 improved with 6,932 metric tonnes ("MT") recorded, showing an increase of 5.4% in FY2021 compared to FY2020. Despite the Covid-19 pandemic which hampered travel and movement and caused disruptions to the supply chain as well as the shortage of labor, production of FFB in FY2021 maintained a healthy output. In the second half of FY2021, amongst major commodities in the market, Crude Palm Oil ("CPO") price rose significantly and contributed a favourable result to our business by recording an increase of 78.1% of the revenue compared to the preceding year.

We expect the FFB production output to continue the uptrend as more acreage of trees start bearing fruits from new leases of land since 2018 and up to the date of this report (for first quarter ended 31 January 2022) the weighted average FFB selling price has increased significantly by 55.5% to RM1,082 per MT compared to RM696 per MT for the quarter ended 31 January 2021 as the CPO price has reached historical high in January 2022, over RM5,700 per MT.

Management Discussion and Analysis (cont'd)

FINANCIAL AND OPERATION PERFORMANCE OF THE GROUP

The group achieved a total revenue of RM21.85 million which is an improvement of 18.1% in FY 2021 compared to FY2020.

The group's Profit Before Tax ("PBT") increased tremendously by 625.1% to RM20.06 million in FY2021 due to an extra-ordinary gain on disposal (resale) of treasury shares. By excluding the one-time extra-ordinary gain on disposal (resale) of treasury shares, the group's Profit After Tax ("PAT") in FY 2021 still performed well and recorded an increase of 119.5% to RM5.33 million from RM2.43 million in FY2020 mainly because of the improvement in all divisions.

For the financial year ended on 31 October 2021, the precision moulds manufacturing segment revenue declined by RM0.42 million while the manufacturing of plastic category saw revenue improved by 12.1% and the PAT increased by 76.0%.

In the property development segment, the revenue decreased by 6.9% or RM0.04 million to RM0.49 million as there were no new launch project during FY2021. Therefore, the segment profit also reduced marginally from RM0.19 million to RM0.17 million.

The investment segment, mainly the property investment, had registered a steady revenue of RM2.16 million or 4.5% increased from FY2020. However, due to the one-time extra-ordinary gain on disposal (resale) of treasury shares, the segment profit increased tremendously 582.7% from RM2.20 million in FY2020 to RM15.01 million in FY2021.

In the plantation segment, our revenue increased by 78.1%, or RM2.48 million in FY 2021, mainly due to an increase in FFB output as well as a higher weighted average selling price of RM817 per MT, an increase of 69.2% compared to RM483 in FY2020.

OVERVIEW OF FINANCIAL AND OPERATION PERFORMANCE

The group achieved a total revenue of RM21.85 million, which was RM3.34 million or 18.1% higher than RM18.51 million in FY2020. The total revenue recorded is still lower compared to the total revenue of RM22.62 million recorded in FY2019, pre-pandemic. However, the PBT increased sharply by 625.1% mainly due to one-time gain of disposal of treasury shares.

The group registered a PAT of RM18.40 million or 657% higher than RM2.43 million in FY2020. The increase in PAT still commendable even without the one-time gain on disposal of treasury shares, i.e. RM5.33 million or 119.5% from FY2020 mainly because of the improvement across all segments.

WORKING CAPITAL

Total current assets stood at RM53.82 million with a working capital ratio of more than 13 times, better than 9 times in 2020. The group continues its prudence policy on working capital management.

Total liquid assets stood at a new record of RM44.30 million versus total borrowings of RM8.88 million. The biggest component of working capital besides liquid cash was receivables which stood at RM3.09 million versus RM2.72 million last year. The average collection period is 48 days, 7 days shorter than 2020. There have been no bad debts written off or provision of doubt debts.

Cash and cash equivalent at the end of October 2021 was RM44.30 million, reporting an increase of RM17.5 million, or 65.4%, compared to the cash equivalent of RM26.79 million at the end of October 2020. Significant improvement in cash position mainly due to the disposal of treasury shares during FY2021.

Total long term and short-term borrowings for the same period was RM8.88 million, a reduction of RM1.13 million compared to previous financial year due to repayment of loan.

Management Discussion and Analysis (cont'd)

CAPITAL INVESTMENT

There were no major capital investments incurred during FY2021 besides the acquisition of land with tenancy in Ipoh, Perak for RM13.88 million, which has been completed in December 2021. It is the strategy of the capital management to maintain a maximum gearing ratio of 50%.

The gearing ratio (total borrowing/equity) is at 7.65%, an improvement from 10.37% as at end of financial year 2020 mainly due to the increase in equity (by 20.3% or RM19.5 million) and repayment of loan.

OUTLOOK AND PROSPECTS IN 2022

The World Bank foresees Malaysia's economy to grow by 5.8% in 2022, mainly driven by an acceleration in private consumption after the successful Covid-19 vaccination program. However, the growth projection remains clouded by several downside risks, including new Covid-19 outbreaks and weaker-than-expected global and regional growth.

The inflation data released in past few months (up to January 2022) in all major economy is a concern not to be downplay. The group is expecting a recovery in its businesses but is observing a cautious and tempered attitude with regards to growth.

Manufacturing
With global market economies and trade resuming, the manufacturing business is anticipated to record more profits this year with a gradual return to our full manufacturing capacity.

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

Plantation
The outlook for the Malaysian palm oil industry is expected to be better in 2022 (in term of the CPO price) with crude oil prices broke US$90 per barrel level due to geopolitical tensions in Eastern Europe and Middle East as well as supply limitation.

At present, CPO prices are rising and are priced at above RM5,700 per tonne since early last year. The physical CPO price for February 2022 rose RM150 to RM5,850 per tonne.

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

RISK FACTORS

Coronavirus (Covid-19) Pandemic
This global pandemic started in early year 2020 still pose a risk to the operation of the group but we anticipate the risk is low for year 2022 and onward unless there is another outbreak of a different virus or emergence of new variant with high fatality rate. We adhere to the Standard Operating Procedure ("SOP") published by Ministry of Health to mitigate the impact of this pandemic and to ensure almost all the workers have taken at least 2 doses of vaccine.

Manpower Shortage
The manufacturing and plantation segments are heavily reliant on foreign workers. With the Covid-19 pandemic which caused a freeze on the hiring of foreign workers and suspended travel across borders, the group is facing shortage of manpower for our business operations in 2021. At the time of writing, the Government has decided to open the border but it will take time for inter-borders travel to commence. In the meantime, we are retraining our manpower with new skills and doing our best to retain talents.

DIVIDEND POLICY

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

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

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

SUSTAINABILITY STATEMENT

Kumpulan H & L High-Tech Berhad acknowledges itself as a member of the local and global community and its joint responsibility in working together towards sustainability. Always looking towards the future, we have been in business for over 40 years and plan to continue practising corporate sustainability for many more.

PERIOD & SCOPE OF REPORTING

The reporting period aligns with our fiscal year, from 1st November 2020 until 31st October 2021, and focuses on the main business activity of the Group with its manufacturing facilities in the State of Selangor, Malaysia.

GOVERNANCE STRUCTURE

Our Board of Directors ("the Board") determines and oversees sustainability strategies, policies and performance, and is supported by management and various executives in the identifying, evaluating, implementing, monitoring and reporting of such.

The Board regularly reviews the strategic direction and progress of operations, taking into account changes in the business, political and communal environment and various risk factors.

OUR VALUES

We believe in collaborations that create value, both internally and externally.

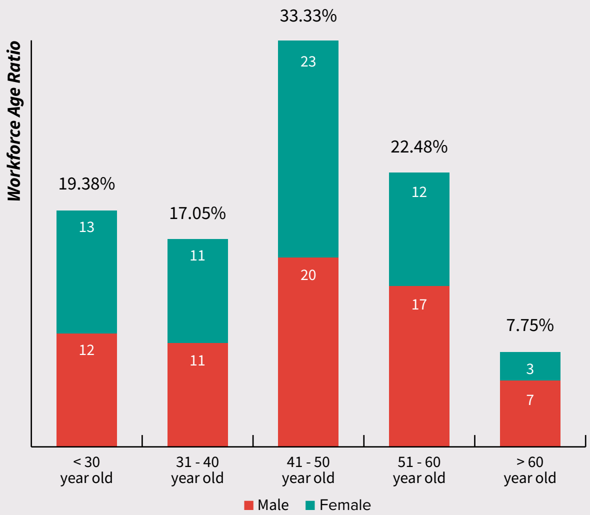
The Board recognises the value of diverse expertise and skills of personnel, and is committed to maintaining an inclusive and synergistic working environment. As for recruitment, we look for a good mix of capabilities and experience that can complement our existing workforce and do not discriminate based on gender, race nor religion.

We have a core of very experienced personnel whom we continuously engage and nurture, and who continually train new personnel and pass on their proficiencies, cultivating more skilled workers.

We work hard to add value for our customers and work together with some of the largest global companies in electrical and automotive, a few of which are at the forefront of drive for sustainability.

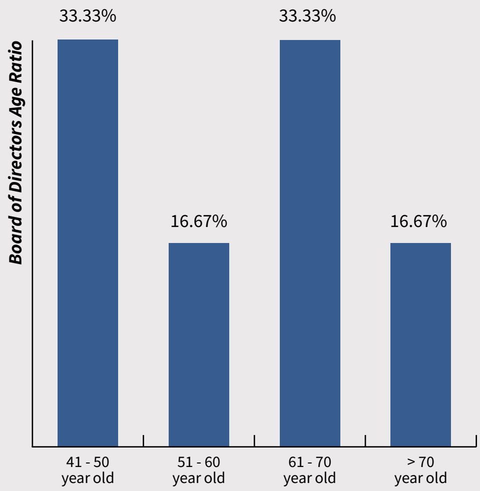
DIVERSITY REPORT OF WORKFORCE

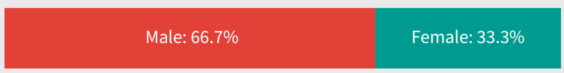
Diversity Report of Employee As at 31 December 2021



Workforce Gender Ratio

Diversity Report of the Board of Directors





Board of Directors Gender Ratio

Sustainability Statement (cont'd)

STAKEHOLDERS ENGAGEMENT

Stakeholder Types	Engagement Methods	Typical Issues / Areas of Discussion
Shareholders & Investors	‣ Annual General Meetings ‣ Conference Calls ‣ On-Site Visits (not applicable during the on-going pandemic)	‣ Accurate disclosure ‣ Future direction ‣ Recent performance ‣ Sustainability
Employees	‣ Annual Team-Building & Dinner (not applicable during the on-going pandemic) ‣ Annual performance appraisal ‣ Occupational Health and Safety Committee meetings ‣ Regular communications from and meetings with Human Resource Department ‣ Direct whistle-blowing channels to Executive Directors	‣ Compensation & Benefits ‣ Personal Development ‣ Insurance & Medical ‣ Health & Safety ‣ Efficiency & Comforts ‣ Environment & Waste ‣ Sustainability
Customers	‣ Annual Survey & Feedback ‣ Regular communications ‣ Complaints channel ‣ Regular Audits ‣ On-Site Visits (not applicable during the on-going pandemic)	‣ Quality & Pricing ‣ On-time Deliveries ‣ Problem-solving ‣ Environment & Safety ‣ Sustainability
Suppliers	‣ Annual Review & Feedback ‣ Regular communications ‣ Complaints channel ‣ On-Site Visits (not applicable during the on-going pandemic)	‣ Quality & Pricing ‣ On-time Deliveries ‣ Problem-solving ‣ Environment & Safety ‣ Sustainability
Regulators	‣ Active participation in industry associations ‣ Meetings with Government Agencies ‣ Regular Audits & Inspections	‣ Health & Safety ‣ Good & Fair Governance ‣ Legal Compliance ‣ Environment & Waste Management

Sustainability Statement (cont'd)

SUSTAINABILITY INITIATIVES

1. SOURCING

We work closely with our suppliers to ensure RoHS and REACH compliance for relevant raw materials.

We conduct regular reviews of and together with our suppliers, for better collaboration and to identify any emerging risks.

2. PRODUCTION

We work hard to ensure safe and reliable production processes, embodied in the stringent procedures we included in our various quality management systems like ISO9001 and ISO13485, which are regularly audited by the external parties.

We manufacture some critical products for the electrical, automotive and medical industries, using a range of engineering plastics and it is both our business and sustainability responsibility to keep any waste to the minimum and to keep our production processes as efficient as possible.

3. MARKETING & SALES

We regularly seek feedback from our customers on various aspects, including products, services and sustainability concerns.

4. PERSONAL DEVELOPMENT

Other than internal work-related training, we regularly engage with the external trainers for developmental learning on various topics, such as better health and communication.

As part of our social responsibility, we actively encourage and subsidise health insurance and medical care coverage for all personnel, including the option to cover their families. With the increase of the medical costs and general lack of preparedness, this should ease some worries and offer peace of mind, even should any accidents or medical emergencies occur outside of work.

As one of the leaders in our industry, we are regularly approach for and we have regularly accepted internships – offering targeted training and critical work experience throughout the year.

We usually organise a team-building event over several days, with everyone's family invited to join, but unfortunately this is unfeasible at the moment with the on-going pandemic.

5. INDUSTRY DEVELOPMENT

We are actively involved in industry associations and related government agencies, contributing our part in exchanging knowledge and ideas to face ever-changing conditions and implementing new ideas and better technologies.

6. ADOPTING TECHNOLOGIES

We are gradually incorporating various technologies to improve sustainability in our facilities. In addition to continually replacing older machines with cleaner and more efficient machines, we have also replaced many older lighting systems with newer energy saving systems, and have replaced all external lighting with solar-powered lights.

We invested in solar panels to generate renewable energy. Operational starting mid-September 2020, the system has produced 23kWh of electricity over 1.5 months, saving up to 16 metric tons of avoided carbon dioxide emissions.

We implemented a printing quota for all personnel, as an active measure to discourage printing when other options are available. When printing is unavoidable, we encourage the use of double-sided printing to save wastage.

7. MALAYSIA SUSTAINABLE PALM OIL (MSPO)

Our Oil Palm plantation is certified to MSPO standards, which includes stakeholder engagement, sustainable plantation practices and waste management, and is audited annually.

8. LOCAL COMMUNITY DEVELOPMENT

We regularly contribute to the communities nearby to our Oil Palm Plantation, and help to repair and maintain the main access road to the nearby village.

9. WORKPLACE SAFETY

From early identification of risk factors such as the pandemic and continually improving safe practices from observation and in discussion with relevant stakeholders, we are pleased to announce that there have been no incident of work-related injuries.

We have established a standard operating procedure required by government authorities in curbing the spread of the Covid-19 pandemic. Preventive measures implemented including regular briefing on the SOP and latest development of the pandemic, providing personal protection equipment to the employees, sanitising of workplace regularly, and conducting Covid-19 testing for all our employees fortnightly. We promote vaccination among our employees. As at 31 January 2022, 99% of our employees have been fully vaccinated. We also implemented mandatory Covid-19 test for all all visitors entering our premises.

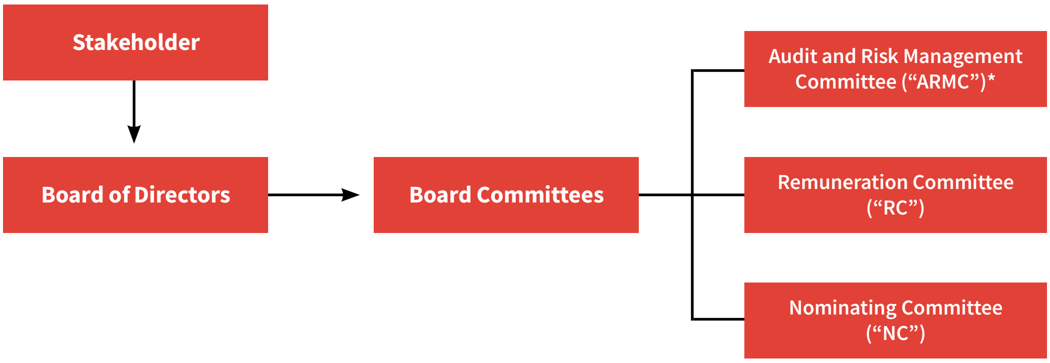
CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

This CG Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance (“MCCG”) except where stated otherwise, during the financial year ended 31 October 2021 ("FY2021").

Details of the Group’s application of each practices 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.

GOVERNANCE FRAMEWORK



Note:
* The Board of the Company has on 22 January 2021 approved the merger of the Audit Committee (“AC”) and Risk Management Committee (“RMC”) of the Company into a single committee known as the “Audit and Risk Management Committee (“ARMC”)”.

ADOPTION OF CG CODE

The Board considers that the Company has adopted the CG practices and applied the main principles of the CG Code for FY2021 except:

- Practice 1.3 (Chairman and CEO are held by different individuals)
- Practice 4.5 (Gender Diversity) [although the Company has fulfilled the threshold of 30% but the company does not have specific policies and target on Gender Diversity]
- Practice 7.2 (The Board discloses on a named basis the top five (5) senior management’s remuneration in bands of RM50,000)

BOARD COMPOSITION

By Category	By Gender	By Tenure of Independent Non-Executive
• 33.33% Executive • 66.67% Independent Non-Executive	• 33.33% Female • 66.67% Male	• 75% More than 12 years • 0% More than 9 years but less than 12 years • 25% Less than 9 years
Change to the composition of the Board during FY2021		
• None		

Corporate Governance Overview Statement (cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS

Board Leadership, Roles and Responsibilities

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

Meeting Attendance in FY2021

Our Board and Board Committees members have discharged their roles and responsibilities in FY2021, through their attendance at the meetings as set out in the table below:

Number of Meetings held in FY2021	Board	ARMC[1]*	RC[2]	NC[3]	RMC[4]*
Executive Directors					
Tan Lye Huat	6 / 6 (100%)	N/A[5]	N/A[5]	N/A[5]	N/A[5]
Tan Sook Yee	6 / 6 (100%)	N/A[5]	N/A[5]	N/A[5]	1 / 1 (100%)
Independent Non-Executive Directors					
Chu Kan	6 / 6 (100%)	5 / 5 (100%)	1 / 1 (100%)	1 / 1 (100%)	1 / 1 (100%)
Lim Hock Aun	6 / 6 (100%)	5 / 5 (100%)	N/A[5@]	N/A[5@]	N/A[5]
Rita Tai Lai Ling	6 / 6 (100%)	5 / 5 (100%)	1 / 1 (100%)	1 / 1 (100%)	1 / 1 (100%)
Hau Hock Khun	6 / 6 (100%)	5 / 5 (100%)	1 / 1 (100%)	1 / 1 (100%)	1 / 1 (100%)

Notes:
1 ARMC: Audit and Risk Management Committee
2 RC: Remuneration Committee
3 NC: Nomination Committee
4 RMC: Risk Management Committee
5 N/A: Not applicable
@ Appointed as the member of NC and RC on 28 April 2021, which was after the meeting held during the financial year.
** The Board of the Company has on 22 January 2021 approved the merger of the AC and RMC of the Company into a single committee known as ARMC.*

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

Board Responsibilities

Board Charter and Board Committees

The Board is responsible for the overall oversight and management of the Group. The Board has established clear functions reserved for the Board and those delegated to Management to enhance accountability. There is a formal schedule of matters reserved 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 Charter regulate the Board's conducts and guide the business strategic initiative of the Group. The Charter is available on the Company's website www.hlhightech.com.

Corporate Governance Overview Statement (cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (cont'd)

Board Charter and Board Committees (cont'd)

The Board has established three (3) Board Committees, namely AC (which subsequently merged with Risk Management Committee (established on 20 January 2020) as a single committee and known as "Audit and Risk Management Committee" on 22 January 2021), NC and RC that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference which sets out its functions and duties, composition, rights and meeting procedures. These Terms of Reference are reviewed periodically in accordance with the needs of the Company and taking into account the changes in the business, governance and legal environment that may have an impact on the discharge of the Committees' duties and responsibilities. The Chairmen of the various Board Committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

Company Secretaries

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

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

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 Secretaries who are responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. The Chairman of the Board Committees, namely, the ARMC, RC and NC 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 Ethics and Conduct

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

Corporate Governance Overview Statement (cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (cont'd)

Whistleblowing Policy & Anti-Bribery and Anti-Corruption Policy

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

During the FY2021, the Company has adopted the Group's Anti-Bribery and Anti-Corruption policy which provide the principles, guidelines and requirements on how to deal with bribery and corrupt practices that may arise in the course of daily business and operation activities within the Group and the said policy is available on the Company's website at www.hlhightech.com.

Board Composition

The Board recognises the importance of having a diverse Board in terms of age, ethnicity and gender as this provides the necessary range of perspectives, experience and expertise in bringing value to the Company and achieve effective stewardship. The present Board consists of six (6) members, comprising two (2) Executive Directors and four (4) Independent Non-Executive Directors. This composition fulfills the requirements as set out in Paragraph 15.02 of the MMLR, which stipulate that at least two (2) Directors or one-third (1/3) 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 making of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the Management. 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.

Diversity on Board and Senior Management

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

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

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

Nomination Committee

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

Corporate Governance Overview Statement (cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

Nomination Committee (cont'd)

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

For the forthcoming AGM, the following Directors will be retiring by rotation, and being eligible, offer themselves for re-election:

- Mr Chu Kan
- Ms Rita Tai Lai Ling

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

Full details of the NC's duties and responsibilities are stated in its Term of Reference which is available on the Company's website at www.hlhightech.com. The NC 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 FY2021, the Nomination Committee had carried out the following activities:

i. Reviewed the training needs/training programmes for the Board and facilitate Board induction and training programmes;
ii. Assessed on an annual basis the effectiveness and performance of the Board as a whole, the committees of the Board, as well as the contribution/performance of each individual Director, including Non-Executive Directors and Executive Director(s);
iii. Recommended the appointment of additional member to sit in NC and RC;
iv. Assessed the independence of the Independent Directors; and
v. Reviewed and recommended the re-election of directors who shall retire at the Annual General Meeting.

Evaluation of Board, Board Committees and Individual Directors

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

The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices. Based on the assessment carried out during the FY2021, the NC had concluded the following:-

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

Corporate Governance Overview Statement (cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

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

The Board 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.

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates, where applicable. The Finance Advisor and External Auditors also brief the Board members if there is 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.

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

During the FY2021, the courses/seminars attended by the Directors include:-

Name of Directors	Courses/Seminar attended	Date
Tan Lye Huat	– Risk Management Workshop – The Sustainability Accelerator Workshop	7 September 2021 27 October 2021
Tan Sook Yee	– Risk Management Workshop	7 September 2021
Chu Kan	– Risk Management Workshop	7 September 2021
Lim Hock Aun	– Fraud Risk Management Workshop – New Transfer Pricing Requirements 2021 – Financial Statement Fraud – Risk Management Workshop – Board Assessment – A key cog in an effective governance	2 March 2021 20 & 21 April 2021 7 September 2021 13 October 2021 18 November 2020
Rita Tai Lai Ling	– Budget 2021 : Key Tax Proposals You Should Know – Financial Statement Fraud – Risk Management Workshop – Board Assessment – A key cog in an effective governance	20 & 21 April 2021 7 September 2021 13 October 2021 21 Jananuary 2021
Hau Hock Khun	– Risk Management Workshop	7 September 2021

Remuneration

Remuneration Policy

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

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

Corporate Governance Overview Statement (cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration (cont'd)

Remuneration Committee

The RC, established by the Board, is responsible for setting the policy framework and recommending to the Board the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned. Directors do not participate in discussion of their individual remuneration. All RC members are Independent Non-Executive Directors.

The responsibilities of RC are as follows: -

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

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

Remuneration to be disclosed on a named basis:-

Group Level	Fee / Salaries and other emoluments (RM '000)	Bonus (RM '000)	EPF (RM '000)	Allowance / Benefit in kind (RM '000)	Total (RM '000)
Non-Executive Directors					
Chu Kan	18	-	-	7	25
Lim Hock Aun	22	-	-	7	29
Rita Tai Lai Ling	18	-	-	7	25
Hau Hock Khun	18	-	-	7	25
Executive Directors					
Tan Lye Huat	672	77	96	13	858
Tan Sook Yee	156	26	24	3	209

Company Level	Fee / Salaries and other emoluments (RM '000)	Bonus (RM '000)	EPF (RM '000)	Allowance / Benefit in kind (RM '000)	Total (RM '000)
Non-Executive Directors					
Chu Kan	18	-	-	7	25
Lim Hock Aun	22	-	-	7	29
Rita Tai Lai Ling	18	-	-	7	25
Hau Hock Khun	18	-	-	7	25

Corporate Governance Overview Statement (cont'd)

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Board approved the merger of the AC and RMC on 22 January 2021. Following the merger of both the committees, ARMC comprise exclusively of Independent Non-Executive Directors.

Mr Lim Hock Aun is the Chairman of the AC effective 21 October 2020 and he continued to be the Chairman of the ARMC following the merger of the two (2) Board Committees.

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

II. Risk Management and Internal Control Framework

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

The internal control system is designed to cater 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 is assisted by the RMC (which was subsequently merged with AC on 22 January 2021) to ensure the risk and control framework is embedded into the culture, processes and structure of the Group. Further details of the Group's state of risk management and internal control systems are reported in the Statement of Risk Management and Internal Control of this Annual Report. A risk profile of the Group has been compiled to help the Board and senior management 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.

<u>Internal Audit Functions</u>

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

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

Anti-Bribery and Anti-Corruption

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

The Group's ABAC Policy is available on the Company's Investor Relations website at www.hlhightech.com.

Corporate Governance Overview Statement (cont'd)

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

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

Our Directors are required by the Companies Act 2016 ("CA2016") to prepare financial statements for each financial year which give a true and fair view of KHLHT and of the Company's state of affairs, results and cash flows. Our Directors are of the opinion that KHLHT Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates while preparing the financial statement for the financial year ended 31 October 2021, and that the financial statement have been prepared accordance with Malaysian Financial Reporting Standards and the provisions as stated in the CA2016 and the MMLR.

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

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Shareholders

The Board recognises the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communication are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Malaysia Securities Berhad ("Bursa Securities"), 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 Securities. This information is also published at the Company's website at www.hlhightech.com.

The Company's website is continuously updated to provide timely and accurate information to the users. The notice of general meetings, proxy form, Annual Report, Circulars to shareholders and summary of key matters discussed at the AGM are also published on the Company's website.

Notice of General Meeting

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

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

Attendance of Directors at General Meetings

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

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

Voting at Annual General Meeting

The last AGM of the Company was held on 28 April 2021 with the appointment of a poll administrator and a scrutineer for the poll voting process. In accordance with the MMLR, the Board put all resolutions to vote by way of poll at the AGM and the results of the polling were made to Bursa Securities on the same day.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Audit and Risk Management Committee and its activities for the financial year ended 31 October 2021 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.

MEMBER

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

MEMBERS AND MEETINGS ATTENDANCE

Name & Designation	Membership status	Attendance
Lim Hock Aun (Independent Non-Executive Director)	Chairman	5/5
Rita Tai Lai Ling (Independent Non-Executive Director)	Member	5/5
Hau Hock Khun (Independent Non-Executive Director)	Member	5/5
Chu Kan (Independent Non-Executive Director)	Member	5/5

The Chairman of the ARMC, Mr Lim Hock Aun, is a member of Malaysian Institute of Accountant and a member of Institute of Chartered Accountants, England and Wales. Thus, Paragraph 15.09(1)(c)(i) of the MMLR is complied.

The Board of Directors had on 22 January 2021 merged the Audit Committee and Risk Management Committee into a single committee known as the ARMC.

REVIEW OF THE TERMS AND REFERENCE

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

The new terms of reference of the ARMC has been adopted on 22 January 2021 upon the merging of the Audit Committee and Risk Management Committee on the same day and subsequently revised on 28 September 2021 The latest term of reference is available for reference at the Company's website, www.hlhightech.com.

SUMMARY OF ACTIVITIES

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

Five (5) meetings of the ARMC were held during the financial year ended 31 October 2021:

a. At each of these Committee's meetings, the Group's Finance Advisor were invited to brief the 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 Committee briefed the Board on issues raised in respect of the financial statements and the recommendations of the Committee thereon;

c. Reviewed the Audit Review Memorandum and Audit Completion Memorandum presented by Messrs Grant Thornton Malaysia PLT in respect of the financial year ended 31 October 2020;

d. During the review of the Group's twelve-month's financial results, representatives of the External Auditors, Messrs Grant Thornton Malaysia PLT were invited to discuss the Group financial statements for the financial year ended 31 October 2020. 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;

Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES (CONT'D)

Five (5) meetings of the ARMC were held during the financial year ended 31 October 2021: (cont'd)

e. Met up with the external auditors without the presence of Executive Directors and Management.

f. Reviewed the Audit Planning Memorandum presented by Messrs Grant Thornton Malaysia PLT in respect of the financial year ended 31 October 2021;

g. 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;

h. Evaluated the performance and independence of the external auditors and made recommendations to the Board on their appointment and audit fees;

i. Reviewed the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control for the inclusion in the 2020 Annual Report;

j. Reviewed and confirmed with the Management that the Group did not enter into any related-party transaction during the financial year;

k. Discussed the proposed payment of interim dividend in respect of the financial year ending 31 October 2021;

l. Reviewed and assessed the performance of the Internal Auditors;

m. Reviewed the Enterprise Risk Management Policy and Framework and key risk profile of the Group's manufacturing business segment.

INTERNAL AUDIT FUNCTION

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

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

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

- The International Organisation for Standardisation (ISO) compliance certification audits carried out for the products produced for Plastik STC Sdn. Bhd. and H & L High-Tech Sdn. Bhd. which are covered under ISO 13485 and ISO 9001 respectively;
- Anti-Bribery Management System audit; and
- Enterprise Risk Management Framework review.

The costs incurred for the Internal Audit function in respect of the financial year ended 31 October 2021 was approximately RM40,000 only.

STATEMENT ON RISK MANAGEMENT & 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'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 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;
- 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 and Risk Management Committee ("ARMC") and the Management; and
- There is an ongoing process for identifying, evaluating and managing the significant risk faced by the Company.

The Board engages an independent firm of consultants to assist the Board in reviewing and appraising the internal control system within the Group.

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.

Terms of Reference for ARMC has been approved by the Board and is available on the Company's website at www.hlhightech.com.

Statement on Risk Management & Internal Control (cont'd)

BOARD COMMENTARY

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

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

The Board has also received assurance from the 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.

This statement is made in accordance with the resolution of the Board of Directors dated 26 January 2022.

ADDITIONAL COMPLIANCE INFORMATION

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 2021 were as below:

Name	Audit Fee RM	Non-Audit Fee RM
Listed issuer	29,000	5,300
Group	116,600	5,300

MATERIAL CONTRACTS

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

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

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

REPORTS AND FINANCIAL STATEMENTS

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 2021.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	18,402,630	14,007,141

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 2021:-	
First interim single tier dividend of RM0.02 per ordinary share, paid on 3 March 2021	749,940
Second interim single tier dividend of RM0.015 per ordinary share, paid on 28 October 2021	1,825,250
	2,575,190

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

RESERVES AND PROVISIONS

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

DIRECTORS

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

Tan Lye Huat*
Tan Sook Yee*
Chu Kan
Rita Tai Lai Ling
Hau Hock Khun
Lim Hock Aun

* Directors of the Company and all the subsidiaries

In accordance with Clause 76(3) of the Company's Constitution, 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' Report (cont'd)

DIRECTORS' INTERESTS

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

	← Number of ordinary shares →			
	At 1.11.2020	Bought	Sold	At 31.10.2021
Company				
Direct interests				
Tan Lye Huat	1,739,272	3,478,544	3,348,300	1,869,516
Tan Sook Yee	804,756	1,609,512	110,000	2,304,268
Indirect interests				
Tan Lye Huat*	19,952,608	39,905,216	260,000	59,597,824
Tan Sook Yee#	20,887,124	41,774,248	12,032,634	50,628,738

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

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

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

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

DIRECTORS' EMOLUMENTS AND BENEFITS

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

	Incurred by the Company RM	Incurred by the subsidiaries RM	Group RM
Directors' fees	76,000	-	76,000
Salaries and other emoluments	28,000	933,475	961,475
Defined contribution plan	-	119,437	119,437
Social security contribution	-	4,551	4,551
	104,000	1,057,463	1,161,463

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

Directors' Report (cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company undertook share split involving the subdivision of every one (1) existing ordinary share into three (3) ordinary shares in the Company.

Other than above, there were no other changes in the issued and paid-up capital of the Company and there was no issuance of debentures during the financial year.

TREASURY SHARES

The shareholders of the Company, by a special resolution passed at an Annual General Meeting held on 28 March 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The authority granted by the shareholders was subsequently renewed in the last Annual General Meeting held on 26 March 2021. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

The Company has the right to cancel or to resell these shares and/or distributes as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. As disclosed in Note 16 to the financial statements, the Company resell 5,177,900 units of treasury shares for total consideration of RM16,579,812 during the financial year.

As at the reporting date, the number of ordinary shares in issue after deducting treasury shares is 121,683,275 units.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

(a) which would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

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

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

(b) any contingent liability of the Group and of the Company which have arisen since the end of the financial year.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD

The significant events during the financial year and subsequent to the reporting period are disclosed in Note 36 to the financial statements.

AUDITORS

The Auditors' remuneration is disclosed in Note 27 to the financial statements.

The Company has agreed to indemnify the Auditors, Grant Thornton Malaysia PLT, as permitted under Section 289 of the Companies Act 2016 in Malaysia. No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 31 October 2021.

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

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

....
TAN LYE HUAT

....
TAN SOOK YEE

DIRECTORS

Kuala Lumpur
26 January 2022

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 38 to 103 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2021 and their financial performance and cash flows for the financial year then ended.

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

....	....
TAN LYE HUAT	**TAN SOOK YEE**

Kuala Lumpur
26 January 2022

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 103 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared)
by the abovenamed at Kuala Lumpur)
in the Federal Territory this day of)
26 January 2022)

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

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kumpulan H & L High-Tech Berhad, which comprise statements of financial position as at 31 October 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 38 to 103.

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 2021, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Impairment assessment of the carrying amount of trade receivables

The risk

Refer to Notes 11 and 33(a) to the financial statements. We focused on this area because the Group has material amounts of trade receivables that are past due but not impaired. The key associate risk is the recoverability of billed trade receivables as management judgement is required in determining the completeness of the trade receivables provision and in assessing its adequacy through considering the expected recoverability of the year-end trade receivables.

Our response

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

Independent Auditors' Report (cont'd)

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

Inventories valuation - net

The risk

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

Our response

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report (cont'd)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

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

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

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

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

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

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

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

Independent Auditors' Report (cont'd)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

....	....
GRANT THORNTON MALAYSIA PLT	**LIM CHOOI LING**
(201906003682 & LLP0022494-LCA)	(NO: 03537/11/2022(J))
CHARTERED ACCOUNTANTS (AF 0737)	CHARTERED ACCOUNTANT

Kuala Lumpur
26 January 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	8,274,755	9,074,968	-	-
Right-of-use assets	5	25,492,061	25,874,846	-	-
Investment properties	6	55,850,000	55,850,000	-	-
Investment in subsidiaries	7	-	-	27,416,971	26,281,683
Inventories	8	237,135	293,503	-	-
Other investments	9	50,924	52,768	-	-
Total non-current assets		89,904,875	91,146,085	27,416,971	26,281,683
CURRENT ASSETS					
Inventories	8	3,055,410	2,360,963	-	-
Bearer biological assets	10	279,014	143,429	-	-
Trade receivables	11	3,088,855	2,718,920	-	-
Other receivables	12	1,711,537	254,448	8,967	6,462
Other investments	9	1,218,462	1,069,054	-	-
Amount due from subsidiaries	7	-	-	1,204,343	-
Derivative financial assets	13	-	1,796	-	-
Tax recoverable		164,779	100,500	27	-
Deposits with licensed financial institutions	14	39,488,056	22,925,960	25,517,512	12,722,407
Cash and bank balances		4,816,346	3,859,223	412,608	606,511
Total current assets		53,822,459	33,434,293	27,143,457	13,335,380
TOTAL ASSETS		143,727,334	124,580,378	54,560,428	39,617,063
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	15	40,612,085	40,612,085	40,612,085	40,612,085
Treasury shares	16	(44,915)	(3,554,493)	(44,915)	(3,554,493)
Revaluation reserve	17	8,781,118	8,574,702	-	-
Retained earnings		66,658,954	50,831,514	13,955,209	2,523,258
Total equity		116,007,242	96,463,808	54,522,379	39,580,850
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	18	7,690,364	8,852,812	-	-
Lease liabilities	19	9,391,594	9,618,943	-	-
Deferred tax liabilities	20	6,711,000	6,055,338	-	-
Total non-current liabilities		23,792,958	24,527,093	-	-

Statements of Financial Position (cont'd)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
CURRENT LIABILITIES					
Trade payables	21	569,284	192,419	-	-
Other payables	22	1,685,339	1,765,543	38,049	36,148
Contract liabilities	23	6,655	95,201	-	-
Borrowings	18	1,185,397	1,149,029	-	-
Lease liabilities	19	227,659	219,835	-	-
Derivative financial liabilities	13	-	585	-	-
Tax payable		252,800	166,865	-	65
Total current liabilities		3,927,134	3,589,477	38,049	36,213
Total liabilities		27,720,092	28,116,570	38,049	36,213
TOTAL EQUITY AND LIABILITIES		143,727,334	124,580,378	54,560,428	39,617,063

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 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	24	21,853,903	18,506,970	-	1,090,400
Cost of sales		(11,356,441)	(12,174,167)	-	-
Gross profit		10,497,462	6,332,803	-	1,090,400
Other income		14,282,184	1,201,965	14,205,522	261,316
Finance income	25	518,666	591,752	295,365	328,391
Net loss on impairment of financial assets		-	-	(11,596)	(95,478)
Selling and distribution expenses		(69,608)	(117,347)	-	-
Administration expenses		(3,147,775)	(3,198,969)	(165,219)	(136,495)
Other expenses		(1,363,023)	(1,334,165)	(316,188)	(156,524)
Finance costs	26	(661,723)	(710,019)	-	-
Profit before tax	27	20,056,183	2,766,020	14,007,884	1,291,610
Tax expense	28	(1,653,553)	(335,270)	(743)	(750)
Profit for the financial year		18,402,630	2,430,750	14,007,141	1,290,860
Other comprehensive income, net of tax					
Item that will not be subsequently reclassified to profit or loss					
- Revaluation of buildings		271,600	271,600	-	-
- Tax effect on revaluation of buildings	28	(65,184)	(65,184)	-	-
Other comprehensive income for the financial year		206,416	206,416	-	-
Total comprehensive income for the financial year		18,609,046	2,637,166	14,007,141	1,290,860
Profit for the financial year attributable to:-					
Owners of the Company		18,402,630	2,430,750	14,007,141	1,290,860
Total comprehensive income attributable to:-					
Owners of the Company		18,609,046	2,637,166	14,007,141	1,290,860
Earnings per share attributable to the owners of the Company (sen)					
- Basic	29	15.12	2.22		
- Diluted	29	-	-		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2021

	←	*Non-distributable*	→	*Distributable*	
	Share capital RM	Revaluation reserve RM	Treasury shares RM	Retained earnings RM	Total RM
Group					
Balance at 1 November 2019	40,612,085	8,368,286	(3,554,493)	49,498,060	94,923,938
Total comprehensive income:-					
Profit for the financial year	-	-	-	2,430,750	2,430,750
Revaluation during the financial year	-	206,416	-	-	206,416
Transaction with owners:-					
Dividends (Note 30)	-	-	-	(1,097,296)	(1,097,296)
Balance at 31 October 2020	40,612,085	8,574,702	(3,554,493)	50,831,514	96,463,808
Total comprehensive income:-					
Profit for the financial year	-	-	-	18,402,630	18,402,630
Revaluation during the financial year	-	206,416	-	-	206,416
Transaction with owners:-					
Disposal of treasury shares	-	-	3,509,578	-	3,509,578
Dividends (Note 30)	-	-	-	(2,575,190)	(2,575,190)
Balance at 31 October 2021	40,612,085	8,781,118	(44,915)	66,658,954	116,007,242
Company					
Balance at 1 November 2019	40,612,085	-	(3,554,493)	2,329,694	39,387,286
Total comprehensive income	-	-	-	1,290,860	1,290,860
Transaction with owners:-					
Dividends (Note 30)	-	-	-	(1,097,296)	(1,097,296)
Balance at 31 October 2020	40,612,085	-	(3,554,493)	2,523,258	39,580,850
Total comprehensive income	-	-	-	14,007,141	14,007,141
Transaction with owners:-					
Disposal of treasury shares	-	-	3,509,578	-	3,509,578
Dividends (Note 30)	-	-	-	(2,575,190)	(2,575,190)
Balance at 31 October 2021	40,612,085	-	(44,915)	13,955,209	54,522,379

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
OPERATING ACTIVITIES					
Profit before tax		20,056,183	2,766,020	14,007,884	1,291,610
Adjustments for:-					
Depreciation of property, plant and equipment		1,123,083	1,151,626	-	-
Depreciation of right-of-use assets		654,385	475,007	-	-
Dividend income from other investments		(24,335)	(26,118)	-	-
Fair value gain on investment properties		-	(10,000)	-	-
Fair value loss/(gain) on derivative financial instruments		1,211	(3,795)	-	-
Fair value gain on bearer biological assets		(135,585)	(54,944)	-	-
Gain on disposal of treasury shares		(13,070,234)	-	(13,070,234)	-
(Gain)/Loss on disposal of property, plant and equipment		(29,156)	1,741	-	-
Impairment loss on amount due from subsidiaries		-	-	11,596	95,478
Interest income		(518,666)	(591,752)	(295,365)	(328,391)
Interest expenses		661,723	710,019	-	-
Loss/(Gain) on disposal of other investments		585	(84,859)	-	-
Net unrealised loss/(gain) on foreign exchange		19,372	(2,709)	-	-
Fair value (gain)/loss on other investments		(550,539)	352,427	-	-
Property, plant and equipment written off		4,029	6,893	-	-
Reversal of impairment loss on investment in a subsidiary		-	-	(1,135,288)	(261,316)
Operating profit/(loss) before working capital changes		8,192,056	4,689,556	(481,407)	797,381
Changes in working capital:-					
Inventories		(638,079)	1,797,881	-	-
Receivables		(1,833,043)	205,543	(2,505)	4,959
Payables		297,080	(859,804)	1,901	(77,125)
Contract liabilities		(88,546)	11,500	-	-
Cash generated from/(used in) operations		5,929,468	5,844,676	(482,011)	725,215
Tax refunded		-	120,969	-	-
Tax paid		(1,041,419)	(758,773)	(835)	(765)
Net cash from/(used in) operating activities		4,888,049	5,206,872	(482,846)	724,450

Statements of Cash Flows (cont'd)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
INVESTING ACTIVITIES					
Dividend received from other investments		24,335	26,118	-	-
(Advances to)/Repayment from subsidiaries		-	-	(1,215,939)	418,303
Interest received		518,666	591,752	295,365	328,391
Proceeds from disposal of property, plant and equipment		29,157	18,472	-	-
Proceeds from disposal of other investments		609,467	192,366	-	-
Proceeds from disposal of treasury shares		16,579,812	-	16,579,812	-
Purchase of property, plant and equipment		(326,900)	(1,259,880)	-	-
Purchase of other investments		(207,077)	(691,547)	-	-
Purchase of right-of-use assets	A	-	(312,018)	-	-
Net cash from/(used in) investing activities		17,227,460	(1,434,737)	15,659,238	746,694
FINANCING ACTIVITIES					
Interest paid		(661,723)	(710,019)	-	-
Dividend paid		(2,575,190)	(1,097,296)	(2,575,190)	(1,097,296)
Placement of deposits with licensed financial institutions		(2,883)	(2,780)	-	-
Repayment of lease liabilities		(219,525)	(45,387)	-	-
Repayment of borrowings		(1,126,080)	(1,043,397)	-	-
Net cash used in financing activities		(4,585,401)	(2,898,879)	(2,575,190)	(1,097,296)
CASH AND CASH EQUIVALENTS					
Net changes		17,530,108	873,256	12,601,202	373,848
Effect of exchange rate changes		(13,772)	7,115	-	-
Brought forward		26,691,468	25,811,097	13,328,918	12,955,070
Carried forward	B	44,207,804	26,691,468	25,930,120	13,328,918

Statements of Cash Flows (cont'd)

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF RIGHT-OF-USE ASSETS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total purchase of right-of-use assets	-	889,918	-	-
Purchase through lease liabilities arrangements	-	(577,900)	-	-
Cash payment	-	312,018	-	-

B. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	4,816,346	3,859,223	412,608	606,511
Deposits with licensed financial institutions (Note 14)	39,488,056	22,925,960	25,517,512	12,722,407
	44,304,402	26,785,183	25,930,120	13,328,918
Less: Deposits pledged with licensed financial institutions	(96,598)	(93,715)	-	-
	44,207,804	26,691,468	25,930,120	13,328,918

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

NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2021

1. GENERAL INFORMATION

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 January 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

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

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

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

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

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

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

Level 1 – Quoted (adjusted) market prices in active markets for the identical assets.

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

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

Notes to the Financial Statements (cont'd)

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

2.2 Basis of Measurement (cont'd)

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

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

2.3 Functional and Presentation Currency

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

2.4 MFRSs

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs

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

At the beginning of the current financial year, the Group and the Company adopted new standards/ amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 November 2020.

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

2.5 Standards Issued but Not Yet Effective

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

Effective for Financial Period Beginning on or After 1 January 2021:-

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4* and MFRS 16	Interest Rate Benchmark Reform: Phase 2

Effective for Financial Period Beginning on or After 1 April 2021:-

Amendments to MFRS 16	Leases: Covid-19 Related Rent Concessions beyond 30 June 2021

Effective for Financial Period Beginning on or After 1 January 2022:-

Amendments to MFRS 3	Business Combinations: Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 – 2020	

Notes to the Financial Statements (cont'd)

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

2.5 Standards Issued but Not Yet Effective (cont'd)

Effective for Financial Period Beginning on or After 1 January 2023:-

MFRS 17* and Amendments to MFRS 17*	Insurance Contracts
Amendment to MFRS 17 *	Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 4*	Insurance Contracts: Extension of Temporary Exemption from Applying MFRS 9
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendment to MFRS 101	Presentation of Financial Statements: Disclosure of Accounting Policies
Amendment to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Amendment to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRSs - Effective Date Deferred Indefinitely:-

Amendments to MFRS 10* and MFRS 128*	Consolidated Financial Statements and Investments in Associate and Joint Ventures: Sale or Contribution of Assets between an investor and its Associate or Joint Venture

* Not applicable to the Group and the Company.

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

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

2.6.1 Key Sources of Estimation Uncertainty

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

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

Management estimates the useful lives of the property, plant and equipment and right-of-use assets to be within 4 to 94 years and reviews the useful lives of depreciable assets at the end of each reporting year. At 31 October 2021, management assesses the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

Notes to the Financial Statements (cont'd)

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

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Key Sources of Estimation Uncertainty (cont'd)

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.

Inventories

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

Fair Value of Bearer Biological Assets

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

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

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Notes to the Financial Statements (cont'd)

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

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Key Sources of Estimation Uncertainty (cont'd)

Revaluation of Right-of-use Assets

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

Income Tax and Deferred Tax Liabilities

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

Deferred Tax Assets

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

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

Leases - Estimating the Incremental Borrowing Rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for Group that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Company's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).

Notes to the Financial Statements (cont'd)

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

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.2 Significant Management Judgement

The following are significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

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.

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of Consolidation

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

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

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (cont'd)

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

3.1.1 Business Combinations

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

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

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

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

3.1.2 Subsidiaries

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

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

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

3.1.3 Loss of Control

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

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee 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)

3.1 Basis of Consolidation (cont'd)

3.1.4 Eliminations on Consolidation

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

3.2 Property, Plant and Equipment

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

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

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

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

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

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

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Leases

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

3.3.1 As a Lessee

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

3.3.1.1 Right-of-use Assets

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

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.

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

Leasehold land	Over remaining lease term
Buildings	2%
Motor vehicles	20%

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

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Leases (cont'd)

3.3.1 As a Lessee (cont'd)

3.3.1.2 Lease Liabilities

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

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

3.3.1.3 Short-Term Leases

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

3.3.2 As a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the 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.

3.4 Investment Properties

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

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

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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Inventories

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

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

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

3.5.1 Land Held for Property Development

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

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

3.5.2 Property Development Costs

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

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.

When the revenue recognised in the profit or loss exceeds billings to purchasers, the balance is shown as contract assets under current assets. When the billings to purchasers exceed the revenue recognised in the profit or loss, the balance is shown as contract liabilities under current liabilities.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Bearer Biological Assets - Oil Palm

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

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

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

3.7 Financial Instruments

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

3.7.1 Financial Assets

Initial Recognition and Measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price.

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

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

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

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.1 Financial Assets (cont'd)

Subsequent Measurement

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

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

At the reporting date, the Group and the Company do not have financial assets at fair value through OCI with recycling of cumulative gains and losses and financial assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition.

Financial Assets at Amortised Cost

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

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

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

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

Derecognition

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

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

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.1 Financial Assets (cont'd)

Derecognition (cont'd)

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

Impairment

The Group and Company recognise an allowance for ECLs on financial assets measured at amortised costs. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The Group and the Company consider a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Trade receivables, intercompany balances and other receivables which are in default or credit impaired are assessed individually.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.2 Financial Liabilities

Initial Recognition and Measurement

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

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

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

Subsequent Measurement

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

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

Financial Liabilities at Fair Value Through Profit or Loss

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.

Financial Liabilities at Amortised cost

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

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

Derecognition

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.3 Offsetting of Financial Instruments

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

3.7.4 Financial Guarantee Contracts

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

3.8 Impairment of Non-financial Assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes to the financial statements:-

Note 2.6	–	Significant accounting estimates and judgements
Note 3.2	–	Property, plant and equipment
Note 3.3.1.1	–	Right-of-use assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 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.

3.10 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.

3.10.1 Current Tax

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

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

3.10.2 Deferred Tax

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

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Sales and Service Tax

Revenue, expenses and assets are recognised net of the amount of sales and service tax ("SST"), except:

- Where the SST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- When receivables and payables are stated with the amount of SST included.

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

3.12 Foreign Currency Transactions and Balances

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

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

3.13 Equity, Reserves and Distributions to Owners

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

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

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

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

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

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

3.14 Treasury Shares

When issued shares of the Company are repurchased, the consideration paid, including directly attributable costs is presented as a change in equity. Repurchased shares that have not been cancelled are 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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Treasury Shares (cont'd)

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

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

3.15 Revenue

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

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

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

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

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

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

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

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

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

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

When the Group and the Company satisfy a performance obligation by delivering the promised goods or service, it creates a contract based on asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Revenue (cont'd)

3.15.1 Sales of Goods

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

3.15.2 Dividend Income

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

3.15.3 Interest Income

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

3.15.4 Rental Income

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

3.15.5 Joint Property Development Income

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

3.15.6 Contract Balances

<u>Trade Receivables</u>

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

<u>Contract Liabilities</u>

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

3.16 Employee Benefits

3.16.1 Short-term Employee Benefits

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

A liability is recognised for the amount expected to be paid under short term cash bonus if the Group 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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Employee Benefits (cont'd)

3.16.2 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").

3.17 Borrowing Costs

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

3.18 Operating Segments

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

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

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

3.19 Earnings per Ordinary Share

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

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

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

3.20 Contingencies

3.20.1 Contingent Liabilities

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

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Contingencies (cont'd)

3.20.2 Contingent Assets

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

3.21 Provision

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

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

3.22 Related Parties

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

(a) A person or a close member of that person's family is related to the Group and the Company if that person:-

- (i) Has control or joint control over the Group and the Company;
- (ii) Has significant influence over the Group and the Company; or
- (iii) Is a member of the key management personnel of the corporate shareholders of the Group or the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-

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

Notes to the Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	Staff quarters RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Warehouse RM	Renovations RM	Electrical installation RM	Tools and utensils RM	Bearer plants RM	Total RM
Cost										
At 1.11.2019	541,682	33,710,802	5,813,273	5,865,470	867,200	1,286,731	1,119,325	4,950,429	6,735,471	60,890,383
Additions	31,717	33,490	75,521	64,341	-	-	575,508	2,700	476,603	1,259,880
Right-of-use assets capitalised	-	-	-	-	-	-	-	-	45,892	45,892
Disposal	-	(803,332)	(534,451)	-	(6,020)	-	-	(508,054)	-	(1,851,857)
Written off	-	(4,633)	-	(5,650)	-	-	-	-	-	(10,283)
At 31.10.2020	573,399	32,936,327	5,354,343	5,924,161	861,180	1,286,731	1,694,833	4,445,075	7,257,966	60,334,015
Additions	2,376	2,399	103,100	38,389	25,700	-	-	-	154,936	326,900
Disposal	-	(136,297)	(407,648)	-	-	-	-	-	-	(543,945)
Written off	-	-	-	(10,350)	-	-	-	-	-	(10,350)
At 31.10.2021	575,775	32,802,429	5,049,795	5,952,200	886,880	1,286,731	1,694,833	4,445,075	7,412,902	60,106,620
Accumulated depreciation										
At 1.11.2019	281,845	32,440,965	4,885,242	5,645,870	769,333	1,197,086	1,099,532	4,658,211	964,371	51,942,455
Charge for the financial year	92,521	274,258	355,240	70,514	25,926	31,947	10,896	63,788	226,536	1,151,626
Disposal	-	(802,319)	(529,251)	-	(6,020)	-	-	(494,054)	-	(1,831,644)
Written off	-	-	-	(3,390)	-	-	-	-	-	(3,390)
At 31.10.2020	374,366	31,912,904	4,711,231	5,712,994	789,239	1,229,033	1,110,428	4,227,945	1,190,907	51,259,047
Charge for the financial year	91,424	233,640	256,459	63,468	24,090	20,336	63,866	26,919	342,881	1,123,083
Disposal	-	(136,297)	(407,647)	-	-	-	-	-	-	(543,944)
Written off	-	-	-	(6,321)	-	-	-	-	-	(6,321)
At 31.10.2021	465,790	32,010,247	4,560,043	5,770,141	813,329	1,249,369	1,174,294	4,254,864	1,533,788	51,831,865
Net carrying amount										
At 31.10.2021	109,985	792,182	489,752	182,059	73,551	37,362	520,539	190,211	5,879,114	8,274,755
At 31.10.2020	199,033	1,023,423	643,112	211,167	71,941	57,698	584,405	217,130	6,067,059	9,074,968

Notes to the Financial Statements (cont'd)

5. RIGHT-OF-USE ASSETS

Group	At valuation Buildings RM	At cost Leasehold land RM	At cost Motor vehicles RM	Total RM
Cost or valuation				
At 1.11.2019	13,562,251	12,438,315	-	26,000,566
Additions	-	-	889,918	889,918
At 31.10.2020/31.10.2021	13,562,251	12,438,315	889,918	26,890,484
Accumulated depreciation				
At 1.11.2019	-	766,339	-	766,339
Charge for the financial year	271,600	158,911	44,496	475,007
Capitalised in bearer plants	-	45,892	-	45,892
Revaluation adjustment	(271,600)	-	-	(271,600)
At 31.10.2020	-	971,142	44,496	1,015,638
Charge for the financial year	271,600	204,801	177,984	654,385
Revaluation adjustment	(271,600)	-	-	(271,600)
At 31.10.2021	-	1,175,943	222,480	1,398,423
Net carrying amount				
At 31.10.2021	13,562,251	11,262,372	667,438	25,492,061
At 31.10.2020	13,562,251	11,467,173	845,422	25,874,846

Leasehold land represents leasehold land with unexpired lease period for more than 50 years. The Group has leases contracts for lands with net carrying amount of RM8,963,299 (2020: RM9,134,781). Generally, the Group is restricted from assigning and sub-leasing the leased assets.

The buildings are stated at the revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses. The buildings were revalued on 31 October 2021 and 31 October 2020, based on valuation carried out by independent professional valuers, on an open market value basis to reflect the market value of existing use. There have been no changes to the valuation technique during the financial year. The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown in "Revaluation Reserve" under equity.

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

Level 2 Fair Value

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

At the reporting date, the revalued buildings of the Group carried under the cost model, the carrying amount would have been at RM2,641,565 (2020: RM2,776,601).

As a lessee

The above motor vehicles are acquired under finance lease arrangement.

Notes to the Financial Statements (cont'd)

6. INVESTMENT PROPERTIES

Group	Freehold land RM	Leasehold land RM	Freehold buildings RM	Leasehold buildings RM	Total RM
Fair value					
At 1.11.2019	28,900,000	12,570,000	14,100,000	270,000	55,840,000
Fair value adjustment	-	(90,000)	100,000	-	10,000
At 31.10.2020/31.10.2021	28,900,000	12,480,000	14,200,000	270,000	55,850,000

The title deed of the Group's leasehold land with net carrying amount of RM910,000 (2020: RM910,000) is yet to be issued by the relevant authority.

Freehold land and building and leasehold land and building of a subsidiary with net carrying amount of RM33,600,000 (2020: RM33,600,000) and RM1,050,000 (2020: RM1,050,000) respectively have been charged to financial institutions for credit facilities granted to the subsidiary as disclosed in Note 18 to the financial statements.

Income and expenses recognised in profit or loss:-

	Group	
	2021 RM	2020 RM
Rental income from investment properties	2,330,816	2,249,100
Direct operating expenses:		
- income generating investment properties	(111,834)	(111,834)

Fair value basis of investment properties

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

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

	Group	
	Level 2 2021 RM	Level 2 2020 RM
Recurring fair value measurements:-		
Freehold land	28,900,000	28,900,000
Leasehold land	12,480,000	12,480,000
Freehold buildings	14,200,000	14,200,000
Leasehold buildings	270,000	270,000

<u>Level 2 Fair Value</u>

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

Notes to the Financial Statements (cont'd)

7. SUBSIDIARIES

Investment in subsidiaries

	Company 2021 RM	Company 2020 RM
Investment in subsidiaries		
Unquoted shares, at cost	27,416,971	27,416,971
Less: impairment loss on investment in a subsidiary	-	(1,135,288)
	27,416,971	26,281,683

The movement of impairment losses is as follow:-

	Company 2021 RM	Company 2020 RM
Brought forward	1,135,288	1,396,604
Reversal	(1,135,288)	(261,316)
Carried forward	-	1,135,288

The reversal of impairment loss on investment in a subsidiary was recognised due to the recoverable amount of the subsidiary is higher than the cost of investment.

The recoverable amount of the subsidiary is RM7,688,949 as at 31 October 2021 and is determined based on value in use. The estimated value in use is determined using a pre-tax discount rate of 8.61%.

The subsequent reversal of impairment loss was recognised in other income in the statements of profit or loss and other comprehensive income.

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

Name of company	Principal place of business	Effective interest 2021 %	Effective interest 2020 %	Principal activities
H & L High-Tech Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of precision engineering moulds, dies, jigs, fixtures, tools and other precision machine parts.
Plastik STC Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of customised precision engineering plastic injection moulding parts and components for electrical and electronic, medical, automotive, furniture and other industries.
H & L High-Tech Deco Sdn. Bhd.	Malaysia	100	100	Oil palm cultivation.
H & L High-Tech Properties Sdn. Bhd.	Malaysia	100	100	Letting of properties and property investment.
H & L High-Tech Properties Development Sdn. Bhd.	Malaysia	100	100	Property development.
HLH Desa Coalfields Sdn. Bhd.	Malaysia	100	100	Dormant.
STC Technology Sdn. Bhd.	Malaysia	100	100	Dormant.

Notes to the Financial Statements (cont'd)

7. SUBSIDIARIES (CONT'D)

Amount due from subsidiaries

	Company 2021 RM	Company 2020 RM
Amount due from subsidiaries	1,311,417	95,478
Less: Allowance for ECL	(107,074)	(95,478)
	1,204,343	-

The movement of allowance for ECL is as follow:-

	Company 2021 RM	Company 2020 RM
Brought forward	95,478	-
Impairment during the year	11,596	95,478
Carried forward	107,074	95,478

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

8. INVENTORIES

	Group 2021 RM	Group 2020 RM
Non-current		
Land held for development (Note 8.1)	237,135	293,503
Current		
Property development costs (Note 8.2)	81,210	74,527
Raw materials	1,168,564	743,048
Work-in-progress	370,569	162,241
Finished goods	1,435,067	1,381,147
	3,055,410	2,360,963
	3,292,545	2,654,466
Recognised in profit or loss:-		
Inventories recognised in cost of sales	9,226,321	10,551,887

Notes to the Financial Statements (cont'd)

8. INVENTORIES (CONT'D)

8.1 Land held for Property Development

	Group 2021 RM	Group 2020 RM
Freehold land		
Cost		
Brought forward	293,503	293,503
Transfer to property development costs	(56,368)	-
Carried forward	237,135	293,503

8.2 Property Development Costs

	Group 2021 RM	Group 2020 RM
Freehold land		
Cost		
Brought forward	74,527	129,028
Transfer from inventories	56,368	-
Transferred to profit or loss	(49,685)	(54,501)
Carried forward	81,210	74,527

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

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

9. OTHER INVESTMENTS

	Group 2021 RM	Group 2020 RM
FVTPL:-		
Non-current assets		
Golf club membership	49,000	50,500
Unquoted shares in Malaysia	1,924	2,268
	50,924	52,768
Current asset		
Quoted shares in Malaysia	1,218,462	1,069,054
	1,269,386	1,121,822

Notes to the Financial Statements (cont'd)

10. BEARER BIOLOGICAL ASSETS

	Group	
	2021 RM	2020 RM
At fair value:-		
Fresh fruit bunches		
Brought forward	143,429	88,485
Changes in fair value less costs to sell	135,585	54,944
Carried forward	279,014	143,429

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

During the financial year, the Group harvested approximately 6,932 metric tonnes (2020: 6,579 metric tonnes) of FFB22. None of the biological assets are pledged as securities for liabilities. The fair value measurement of the Group's biological assets, which are estimated using unobservable inputs, are categorised within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

There were no transfers between all three (3) levels of the fair value hierarchy during the financial year 2021 and 2020.

11. TRADE RECEIVABLES

	Group	
	2021 RM	2020 RM
Trade receivables	3,088,855	2,718,920

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

The credit terms granted by the Group to the trade receivables range from 7 to 75 days (2020: 15 to 75 days). Other credit terms are assessed and approved on a case-by-case basis.

12. OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-trade receivables	74,075	60,265	-	-
Deposits	1,429,230	21,600	1,000	1,000
Prepayments	208,232	172,583	7,967	5,462
	1,711,537	254,448	8,967	6,462

Included in the Group's deposits of RM1,388,000 (2020: Nil) is the deposit paid by a subsidiary for purchasing a piece of freehold land with a 1.5 storey of hypermarket. The transaction was completed on 24 December 2021.

Notes to the Financial Statements (cont'd)

13. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	Contract/ Notional Amount RM	Assets RM	Liabilities RM	Net RM
Current				
Forward currency contracts				
2021	-	-	-	-
2020	1,186,896	1,186,896	(1,185,685)	1,211

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

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

14. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The average interest rates for deposits with licensed financial institutions of the Group and of the Company ranged from 1.09% to 2.60% (2020: 0.73% to 5.11%) and 1.09% to 2.03% (2020: 1.75% to 3.41%) per annum and the average maturity period are 30 to 365 days (2020: 30 to 150 days) and 30 to 90 days (2020: 30 to 90 days) respectively.

Included in deposits with licensed financial institutions of the Group is an amount of RM96,598 (2020: RM93,715) which has been pledged for bank guarantee facility granted to a subsidiary.

15. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of ordinary shares Unit	Amount RM	Number of ordinary shares Unit	Amount RM
Issued and fully paid with no par value:-				
Brought forward	40,612,085	40,612,085	40,612,085	40,612,085
Share split	81,224,170	-	-	-
Carried forward	121,836,255	40,612,085	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.

During the financial year, the Company undertook share split involving the subdivision of every one (1) existing ordinary share into three (3) ordinary shares in the Company.

Notes to the Financial Statements (cont'd)

16. TREASURY SHARES

	Group and Company			
	2021		2020	
	Number of treasury shares Unit	Amount RM	Number of treasury shares Unit	Amount RM
Brought forward	4,035,560	3,554,493	4,035,560	3,554,493
Share split	1,295,320	-	-	-
Disposal of treasury shares	(5,177,900)	(3,509,578)	-	-
Carried forward	152,980	44,915	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 April 2021. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

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

During the financial year, the Company resell 5,177,900 units of treasury shares for total consideration of RM16,579,812.

As at the reporting date, the Company held 152,980 (2020: 4,035,560) of the Company's shares and the number of ordinary shares in issue after setting off against treasury shares is 121,683,275 (2020: 36,576,525).

17. REVALUATION RESERVE

	Group	
	2021 RM	2020 RM
Brought forward	8,574,702	8,368,286
Revaluation surplus during the financial year	271,600	271,600
Transferred to deferred tax liabilities	(65,184)	(65,184)
Carried forward	8,781,118	8,574,702

The revaluation reserve is not available for distribution.

Notes to the Financial Statements (cont'd)

18. BORROWINGS

	Group	
	2021	2020
	RM	RM
Secured:-		
Non-current		
Term loans	7,690,364	8,852,812
Current		
Term loans	1,185,397	1,149,029
	8,875,761	10,001,841
Repayment terms:		
- Not later than 1 year	1,185,397	1,149,029
- later than 1 year but not later than 5 years	5,137,076	4,979,465
- more than 5 years	2,553,288	3,873,347
	7,690,364	8,852,812
	8,875,761	10,001,841

The effective interest rate of term loans ranged from 3.27% to 3.47% (2020: 3.27% to 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 6 to the financial statements;
(ii) Assignment of rental proceeds; and
(iii) Corporate guarantee by the Company.

19. LEASE LIABILITIES

	Group	
	2021	2020
	RM	RM
Brought forward	9,838,778	9,306,265
Additions	-	577,900
Payments	(219,525)	(45,387)
Carried forward	9,619,253	9,838,778
Represented by:-		
Non-current	9,391,594	9,618,943
Current	227,659	219,835
	9,619,253	9,838,778

Notes to the Financial Statements (cont'd)

19. LEASE LIABILITIES (CONT'D)

The total cash outflows for leases amounted to RM572,691 (2020: RM351,624).

The effective interest rate of the lease liabilities ranged from 4.14% to 4.65% (2020: 4.06% to 4.65%) per annum.

The maturity analysis of lease liabilities is disclosed in Note 33 to the financial statements.

20. DEFERRED TAX LIABILITIES

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

	Group					
	2021			2020		
	Assets RM	Liabilities RM	Net RM	Assets RM	Liabilities RM	Net RM
Brought forward	(182,002)	6,237,340	6,055,338	(122,210)	6,186,383	6,064,173
Recognised in profit or loss	(122,998)	767,605	644,607	(59,792)	38,599	(21,193)
Recognised in other comprehensive income	-	65,184	65,184	-	65,184	65,184
Crystalisation of deferred tax upon depreciation of revalued assets	-	(54,129)	(54,129)	-	(52,826)	(52,826)
Carried forward	(305,000)	7,016,000	6,711,000	(182,002)	6,237,340	6,055,338

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

<u>Deferred tax assets</u>

	Unabsorbed capital allowance RM	Unabsorbed reinvestment allowance RM	Unutilised business losses RM	Total RM
At 1 November 2019	-	122,210	-	122,210
Recognised in profit or loss	44,771	(46,707)	61,728	59,792
At 31 October 2020	44,771	75,503	61,728	182,002
Recognised in profit or loss	49,229	497	73,272	122,998
At 31 October 2021	94,000	76,000	135,000	305,000

Notes to the Financial Statements (cont'd)

20. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax liabilities

	Property, plant and equipment, investment properties and right-of-use assets RM	Revaluation surplus RM	Fair value gain on investment properties RM	Total RM
At 1 November 2019	981,658	2,254,400	2,950,325	6,186,383
Recognised in profit or loss	28,599	12,358	10,000	50,957
At 31 October 2020	1,010,257	2,266,758	2,960,325	6,237,340
Recognised in profit or loss	612,495	11,490	154,675	778,660
At 31 October 2021	1,622,752	2,278,248	3,115,000	7,016,000

21. TRADE PAYABLES

The trade payables of the Group are non-interest bearing and the normal credit term granted by suppliers to the Group ranged from 30 to 60 days (2020: 30 to 60 days).

22. OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-trade payables	109,772	139,901	-	-
Sundry deposits	719,592	736,479	-	-
Accrual of expenses	855,975	881,899	38,049	36,148
SST payable	-	7,264	-	-
	1,685,339	1,765,543	38,049	36,148

Included in the sundry deposits of the Group is an amount of RM150,000 (2020: RM150,000) is in relation with a subsidiary entering into an arrangement with a joint venture partner for the purpose of developing the subsidiary's lands into a mixed residential project with the usual amenities.

Notes to the Financial Statements (cont'd)

23. CONTRACT LIABILITIES

	Group	
	2021	2020
	RM	RM
Deposit received	6,655	95,201

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

When the Company received advances before the activity commences, this will give rise to contract liabilities at the start of a contract. The advances will be reversed and recognised as revenue upon satisfying the performance obligation within the contract. The Company expects to fulfil the performance obligation and recognise the revenue within 1 year (2020: 1 year).

24. REVENUE

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary geographical market, major products and timing of revenue recognition in the following table:-

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Major products and services				
Manufacturing and sales of goods	13,540,757	12,733,431	-	-
Rental income	2,155,816	2,062,960	-	-
Plantation	5,662,626	3,179,229	-	-
Distribution from joint property development project	494,704	531,350	-	-
Dividend income	-	-	-	1,090,400
	21,853,903	18,506,970	-	1,090,400

Primary geographical markets

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Malaysia	10,893,392	8,593,628	-	1,090,400
South East Asia	-	228,266	-	-
European	7,882,684	6,654,506	-	-
United States	2,406,267	2,954,008	-	-
China	578,653	-	-	-
Others	92,907	76,562	-	-
	21,853,903	18,506,970	-	1,090,400

Notes to the Financial Statements (cont'd)

24. REVENUE (CONT'D)

Timing of revenue recognition

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At a point of time	21,233,172	17,662,999	-	1,090,400
Over time	620,731	843,971	-	-
	21,853,903	18,506,970	-	1,090,400

25. FINANCE INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income from deposits with licensed financial institutions	518,666	591,752	295,365	328,391

26. FINANCE COSTS

	Group	
	2021 RM	2020 RM
Interest expenses:		
- Lease liabilities	353,166	306,237
- Term loans	308,557	403,782
	661,723	710,019

Notes to the Financial Statements (cont'd)

27. PROFIT BEFORE TAX

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration:				
- statutory audit	116,600	111,500	29,000	28,000
- other services	5,300	5,300	5,300	5,300
Depreciation of property, plant and equipment	1,123,083	1,151,626	-	-
Depreciation of right-of-use assets	654,385	475,007	-	-
Dividend from financial assets at fair value through profit or loss:				
- quoted shares in Malaysia	(24,335)	(26,118)	-	-
Directors' fee	76,000	65,000	76,000	65,000
Fair value gain on investment properties	-	(10,000)	-	-
Fair value loss/(gain) on derivative financial instruments	1,211	(3,795)	-	-
Fair value gain on bearer biological assets	(135,585)	(54,944)	-	-
Gain on disposal of treasury shares	(13,070,234)	-	(13,070,234)	-
(Gain)/Loss on disposal of property, plant and equipment	(29,156)	1,741	-	-
Impairment loss on amount due from subsidiaries	-	-	11,596	95,478
Loss/(Gain) on disposal of other investments	585	(84,859)	-	-
Net fair value (gain)/ loss on other investments	(550,539)	352,427	-	-
Property, plant and equipment written off	4,029	6,893	-	-
Reversal of impairment loss on investment in a subsidiary	-	-	(1,135,288)	(261,316)
Realised foreign exchange:				
- gain	(2,211)	-	-	-
- loss	70,224	107,362	-	-
Unrealised foreign exchange:				
- gain	-	(2,709)	-	-
- loss	19,372	-	-	-

Notes to the Financial Statements (cont'd)

28. TAX EXPENSE

Tax recognised in profit or loss

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax				
Current year	1,146,640	594,525	840	725
(Over)/Under provision in prior financial year	(83,565)	(185,236)	(97)	25
	1,063,075	409,289	743	750
Deferred tax				
Current year	(10,055)	(73,856)	-	-
Crystallisation of deferred tax upon depreciation charged for revalued assets	(54,129)	(52,826)	-	-
Under recognised in prior financial year	654,662	52,663	-	-
	590,478	(74,019)	-	-
	1,653,553	335,270	743	750

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	20,056,183	2,766,020	14,007,884	1,291,610
Tax at statutory tax rate of 24%	4,813,484	663,845	3,361,892	309,986
Tax effects in respect of:-				
Income not subject to tax	(3,452,633)	(178,977)	(3,479,723)	(402,526)
Expenses not deductible for tax purposes	268,254	331,149	118,671	93,265
Crystallisation of deferred tax upon depreciation charged for revalued assets	(54,129)	(52,826)	-	-
Additional deferred tax on real property gain tax	17,000	10,000	-	-
Under recognised of deferred tax in prior financial year	654,662	52,663	-	-
(Over)/Under provision of tax expense in prior financial year	(83,565)	(185,236)	(97)	25
Movement of deferred tax assets not recognised	(509,520)	(168,494)	-	-
Investment tax allowance granted during the financial year	-	(136,854)	-	-
	1,653,553	335,270	743	750

Notes to the Financial Statements (cont'd)

28. TAX EXPENSE (CONT'D)

Tax recognised in other comprehensive income

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revaluation of buildings	65,184	65,184	-	-

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

	Group	
	2021 RM	2020 RM
Unabsorbed agriculture allowance	-	911,000
Unutilised business losses	292,000	1,504,000
Unabsorbed capital allowances	34,000	34,000
	326,000	2,449,000

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

Effective Year of Assessment ("YA") 2019 as announced in the Annual Budget 2019, the unutilised business losses of the subsidiaries as at 31 October 2019 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised business losses will be disregarded. The existing time limit to carry forward unutilised business losses to be extended to 10 consecutive years as announced in the Annual Budget 2022.

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

	Group	
	2021 RM	2020 RM
YA 2028	292,000	1,504,000

Notes to the Financial Statements (cont'd)

29. EARNINGS PER SHARE

Group

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

	Group	
	2021	2020
Net profit attributable to ordinary equity holders of the Company	18,402,630	2,430,750
Weighted average number of ordinary shares in issue*#	121,683,275	117,800,695
Basic earnings per share (sen)	15.12	2.22

* Excluding treasury shares held by the Company.
\# The weighted average number of ordinary shares in issue of the previous financial year was restated to reflect the retrospective adjustments arising from the share split during the financial year as disclosed in Note 15 to the financial statements.

(b) There are no diluted earnings per share as the Company does not have any convertible financial instruments as at reporting date.

30. DIVIDENDS

	Group and Company	
	2021 RM	2020 RM
In respect of the financial year ended 31 October 2021:-		
First interim single tier dividend of RM0.02 per ordinary share, paid on 3 March 2021	749,940	-
Second interim single tier dividend of RM0.015 per ordinary share, paid on 28 October 2021	1,825,250	-
In respect of the financial year ended 31 October 2020:-		
First interim single tier dividend of RM0.02 per ordinary share, paid on 28 February 2020	-	731,531
Second interim single tier dividend of RM0.01 per ordinary share, paid on 28 October 2020	-	365,765
	2,575,190	1,097,296

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

Notes to the Financial Statements (cont'd)

31. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, wages and other emoluments	5,494,312	5,429,076	28,000	21,000
Defined contribution plan	529,134	589,059	-	-
Social security contribution	88,617	90,485	-	-
	6,112,063	6,108,620	28,000	21,000

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive Directors:-				
Directors of the Company				
Salaries and other emoluments	933,475	866,990	-	-
Defined contribution plan	119,437	154,989	-	-
Social security contribution	4,551	3,777	-	-
Executive Directors' remuneration	1,057,463	1,025,756	-	-
Non-Executive Directors:-				
Directors of the Company				
Salaries and other emoluments	28,000	21,000	28,000	21,000
Total	1,085,463	1,046,756	28,000	21,000

The estimated monetary value of benefits-in-kind received by the Directors of the Company other than cash from the Group is RM16,325 (2020: RM16,325).

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:-

	2021 RM	2020 RM
Group and Company		
- Dividend paid to companies in which Directors have interest	1,096,956	506,288
Company		
- Dividend received from subsidiaries	-	1,090,400

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

Compensation of 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 31 to the financial statements. The Group and the Company have no other members of key management personnel apart from the Board of Directors.

33. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

(i) Amortised costs ("AC"); and
(ii) Fair value through profit or loss ("FVTPL").

	Carrying amount RM	AC RM	FVTPL RM
Group			
2021			
Financial assets			
Trade receivables	3,088,855	3,088,855	-
Other receivables	1,503,305	1,503,305	-
Deposits with licensed financial institutions	39,488,056	39,488,056	-
Cash and bank balances	4,816,346	4,816,346	-
Other investments	1,269,386	-	1,269,386
	50,165,948	48,896,562	1,269,386

Notes to the Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (cont'd)

	Carrying amount RM	AC RM	FVTPL RM
Group (cont'd)			
2021 (cont'd)			
Financial liabilities			
Trade payables	569,284	569,284	-
Other payables	1,685,339	1,685,339	-
Borrowings	8,875,761	8,875,761	-
	11,130,384	11,130,384	-
2020			
Financial assets			
Trade receivables	2,718,920	2,718,920	-
Other receivables	81,865	81,865	-
Deposits with licensed financial institutions	22,925,960	22,925,960	-
Cash and bank balances	3,859,223	3,859,223	-
Derivative financial assets	1,796	-	1,796
Other investments	1,121,822	-	1,121,822
	30,709,586	29,585,968	1,123,618
Financial liabilities			
Trade payables	192,419	192,419	-
Other payables	1,758,279	1,758,279	-
Borrowings	10,001,841	10,001,841	-
Derivative financial liabilities	585	-	585
	11,953,124	11,952,539	585
Company			
2021			
Financial assets			
Other receivables	1,000	1,000	-
Amount due from subsidiaries	1,204,343	1,204,343	-
Deposits with licensed financial institutions	25,517,512	25,517,512	-
Cash and bank balances	412,608	412,608	-
	27,135,463	27,135,463	-
Financial liability			
Other payables	38,049	38,049	-

Notes to the Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (cont'd)

	Carrying amount RM	AC RM	FVTPL RM
Company (cont'd)			
2020 (cont'd)			
Financial assets			
Other receivables	1,000	1,000	-
Deposits with licensed financial institutions	12,722,407	12,722,407	-
Cash and bank balances	606,511	606,511	-
	13,329,918	13,329,918	-
Financial liability			
Other payables	36,148	36,148	-

Financial Risks Management Objectives and Policies

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

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

(a) Credit Risk

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

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

<u>Exposure to Credit Risk</u>

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date as summarised below:-

	Group	
	2021 RM	2020 RM
Classes of financial assets		
Trade receivables	3,088,855	2,718,920
Other receivables	1,503,305	81,865
Deposits with licensed financial institutions	39,488,056	22,925,960
Cash and bank balances	4,816,346	3,859,223
	48,896,562	29,585,968

Notes to the Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Exposure to Credit Risk (cont'd)

	Company 2021 RM	Company 2020 RM
Classes of financial assets		
Other receivables	1,000	1,000
Amount due from subsidiaries	1,204,343	-
Deposits with licensed financial institutions	25,517,512	12,722,407
Cash and bank balances	412,608	606,511
	27,135,463	13,329,918

Trade Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external rating, if they are available and industry information. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The following table provides information about the credit risk exposure on the Company's trade receivables using a provision of matrix:-

	Current RM	Days past due: 1 to 30 days RM	31 to 60 days RM	61 to 90 days RM	More than 90 days RM	Total RM
2021						
Gross carrying amount	2,329,657	365,129	243,664	27,612	122,793	3,088,855
2020						
Gross carrying amount	1,900,747	645,871	56,153	109,946	6,203	2,718,920

Trade receivables that are neither past due nor impaired are credit worthy 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. None of the Group's trade receivables are secured by collateral or other credit enhancements.

Notes to the Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Credit Risk Concentration

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

	2021		2020	
	RM	%	RM	%
By country				
Malaysia	1,382,080	45	917,357	34
European	1,181,640	38	1,458,679	53
United States	394,473	13	317,125	12
China	129,332	3	6,155	-
Others*	1,330	1	19,604	1
	3,088,855	100	2,718,920	100

* Less than 1% for each of the country.

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:-

	2021		2020	
	RM	%	RM	%
Customer A	601,364	19	721,386	27
Customer B	355,983	12	-	-
Customer C	-	-	378,495	14
Customer D	-	-	266,264	10

Other Receivables

The Group and the Company use three categories to reflect its credit risk and how the loss allowance is determined for each of those categories for financial assets other than trade receivables. A summary of the assumptions underpinning the Group's and the Company's expected credit loss model is as follows:-

Category	Definition of categories	Basis of recognising expected credit loss
Performing	Receivables have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected credit loss
Underperforming	Receivables for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.	Lifetime expected credit loss
Non-performing	Receivables which are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred.	Lifetime expected credit loss

Notes to the Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Other Receivables (cont'd)

Based on the above, loss allowance is derived as follows:-

(i) the likelihood that the debtor would not be able to repay during the contractual period;
(ii) the percentage of contractual cash flows that will not be collected if default happens; and
(iii) the outstanding amount that is exposed to default risk.

As the computed expected credit losses are not material, no adjustment has been made to recognise the expected credit loss.

Other Investments

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

Investments are mostly in liquid securities and only with counterparties that have a good credit rating.

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

Financial Guarantee/Corporate Guarantee

The maximum exposure to credit risk of RM8,875,761 (2020: RM9,179,843) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting year.

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

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

Intercompany Balances

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

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the advances when they are payable, the Company consider the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers the advances to be credit impaired when the subsidiaries are unlikely to repay the advance to the Company in full, the advance is overdue for more than a year, or the subsidiaries are continuously loss making and having deficit in shareholders' funds.

The Company determines the probability of default for these advances individually using internal information available.

Notes to the Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default. Consequently, the Group and the Company are of the view that the allowance is not material and hence, it is not provided for.

(b) Liquidity Risk

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

In managing its exposures to liquidity risk, the Group and the Company maintain 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 and the Company aim 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 summary of the maturity profile based on contractual undiscounted repayment obligations are as below:-

	Current	←	*Non-current*	→	
	Within 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM
Group					
2021					
Non-derivative financial liabilities					
Secured:-					
Borrowings	151,116	1,296,660	5,791,104	2,643,237	9,882,117
Unsecured:-					
Trade payables	569,284	-	-	-	569,284
Other payables	1,685,339	-	-	-	1,685,339
Lease liabilities	601,761	187,853	1,883,007	22,249,447	24,922,068
Total undiscounted financial liabilities	3,007,500	1,484,513	7,674,111	24,892,684	37,058,808

Notes to the Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objectives and Policies (cont'd)

(b) Liquidity Risk (cont'd)

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below (cont'd):-

	Current	← *Non-current*		→	
	Within 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM
Group (cont'd)					
2020					
Non-derivative financial liabilities					
Secured:-					
Borrowings	1,447,776	1,447,776	4,343,328	4,775,136	12,014,016
Unsecured:-					
Trade payables	192,419	-	-	-	192,419
Other payables	1,758,279	-	-	-	1,758,279
Lease liabilities	539,489	539,489	1,618,467	22,801,527	25,498,972
	3,937,963	1,987,265	5,961,795	27,576,663	39,463,686
Derivative financial liabilities					
Forward currency contracts					
- outflow	865,005	-	-	-	865,005
- inflow	(864,420)	-	-	-	(864,420)
	585	-	-	-	585
Total undiscounted financial liabilities	3,938,548	1,987,265	5,961,795	27,576,663	39,464,271

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 (cont'd):-

	Current Within 1 year RM	Total contractual cash flows RM
Company		
2021		
Non-derivative financial liabilities		
Unsecured:-		
Other payables	38,049	38,049
Total undiscounted financial liabilities	38,049	38,049
Corporate guarantee*	8,875,761	8,875,761
2020		
Non-derivative financial liabilities		
Unsecured:-		
Other payables	36,148	36,148
Total undiscounted financial liabilities	36,148	36,148
Corporate guarantee*	9,179,843	9,179,843

* This exposure of liquidity risk is included for illustration purpose only as related financial guarantee has not crystalised.

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

(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 ("EUR"), US Dollar ("USD") and Singapore Dollar ("SGD").

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)

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		
	EUR RM	USD RM	SGD RM
Group			
2021			
Trade receivables	577,919	1,128,856	-
Cash and bank balances	298,400	700,012	30,107
Trade payables	-	(14,162)	-
	876,319	1,814,706	30,107
2020			
Trade receivables	533,608	1,251,545	81,232
Cash and bank balances	137,096	175,412	37,576
	670,704	1,426,957	118,808

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

	Increase/(Decrease) on profit/equity for the financial year	
	2021 RM	2020 RM
Group		
EUR/RM		
Strengthened 1%/2%	8,763	13,414
Weakened 1%/2%	(8,763)	(13,414)
USD/RM		
Strengthened 1%	18,147	14,270
Weakened 1%	(18,147)	(14,270)
SGD/RM		
Strengthened 1%	301	1,188
Weakened 1%	(301)	(1,188)

This percentage has been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

Notes to the Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(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 the 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 and the Company'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 and the Company targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

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	
	2021 RM	2020 RM
Fixed rate instruments		
Financial asset		
Deposits with licensed financial institutions	39,488,056	22,925,960
Financial liability		
Lease liabilities	(9,619,253)	(9,838,778)
Net financial assets	29,868,803	13,087,182
Floating rate instrument		
Financial liability		
Term loans	8,875,761	10,001,841
Fixed rate instrument		
Financial asset		
Deposits with licensed financial institutions	25,517,512	12,722,407

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 (2020: 50) basis points lower/higher, with all the other variable held constant, the Group's profit/equity for the financial year would have been RM44,379 (2020: RM50,009) higher/lower, arising mainly from lower/higher interest expense on floating rate borrowings.

Notes to the Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management Objective and Policies (cont'd)

(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 7% (2020: 13%) increase in share price of each counter at the reporting date would have increase the Group's profit/equity for the financial year by RM85,292 (2020: RM138,977). A 7% (2020: 13%) weakening in the share price of each counter would have equal but opposite effect on the Group's profit/equity for the financial year.

Fair Value of Financial Instruments

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

Level 1

The fair value of quoted shares is determined by reference to their quoted closing bid prices at the reporting date.

Level 2

The fair value of the club membership is determined based on the fair value obtained from the club membership's website whereby the quote obtained reflected transactions in similar instruments.

The fair values of forward exchange contracts are estimated by discounting the difference between the contractual forward price and current price for the residual materiality of the contract using risk-free rate (based on government bond).

Level 3

The fair value of the unquoted investment is determined based on the adjusted net asset method which derives the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities. Fair value of its assets and liabilities are the significant unobservable inputs used in the valuation method and the higher the net assets, the higher the fair value of the unquoted investment.

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				
2021				
Financial assets at FVTPL				
Other investments				
- Golf club membership	-	49,000	-	49,000
- Unquoted shares	-	-	1,924	1,924
- Quoted shares	1,218,462	-	-	1,218,462
	1,218,462	49,000	1,924	1,269,386
2020				
Financial assets at FVTPL				
Other investments				
- Golf club membership	-	50,500	-	50,500
- Unquoted shares	-	-	2,268	2,268
- Quoted shares	1,069,054	-	-	1,069,054
Derivative financial assets	-	1,796	-	1,796
	1,069,054	52,296	2,268	1,123,618
Financial liability at FVTPL				
Derivative financial liabilities	-	(585)	-	(585)
	1,069,054	51,711	2,268	1,123,033

There were no transfers between of levels in financial year 2021 and 2020.

Notes to the Financial Statements (cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Reconciliation of Liabilities Arising from Financing Activities

	1 November 2020 RM	Cash flows RM	31 October 2021 RM
Group			
Term loans	10,001,841	(1,126,080)	8,875,761
Lease liabilities	9,838,778	(219,525)	9,619,253
	19,840,619	(1,345,605)	18,495,014

	1 November 2019 RM	Cash flows RM	Addition RM	31 October 2020 RM
Group				
Term loans	11,045,238	(1,043,397)	-	10,001,841
Lease liabilities	-	(45,387)	9,884,165	9,838,778
	11,045,238	(1,088,784)	9,884,165	19,840,619

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.

	Group	
	2021 RM	2020 RM
Term loans	8,875,761	10,001,841
Lease liabilities	9,619,253	9,838,778
	18,495,014	19,840,619
Owners' equity	116,007,242	96,463,808
Debt-to-equity ratio	0.16	0.21

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

Notes to the Financial Statements (cont'd)

35. OPERATING SEGMENT

Business segment

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

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

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

Transfer prices between operating segments are on negotiated basis.

	Note	Manufacturing and trading RM	Investment RM	Plantation RM	Joint property development RM	Elimination RM	Total RM
2021							
Revenue:-							
External revenue		14,124,403	2,155,816	5,662,626	494,704	(583,646)	21,853,903
Inter-segment revenue		-	21,600	-	-	(21,600)	-
Total revenue		14,124,403	2,177,416	5,662,626	494,704	(605,246)	21,853,903
Results:-							
Finance income		173,967	298,248	-	46,451	-	518,666
Finance costs		(19,628)	(276,404)	(365,691)	-	-	(661,723)
Depreciation		(894,638)	-	(882,830)	-	-	(1,777,468)
Other non-cash income/(expenses)	(a)	551,498	13,070,234	138,585	-	-	13,760,317
Tax expense		(1,281,882)	(335,488)	-	(36,183)	-	(1,653,553)
Segment profit/(loss)		2,162,959	15,006,222	2,176,676	168,465	(1,111,692)	18,402,630
Assets:-							
Additions to non-current assets	(b)	169,588	-	157,312	-	-	326,900
Segment assets		45,271,542	105,467,275	17,689,009	5,628,876	(30,329,368)	143,727,334
Liabilities:-							
Segment liabilities		5,683,171	13,071,635	11,637,704	189,794	(2,862,212)	27,720,092

Notes to the Financial Statements (cont'd)

35. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

	Note	Manufacturing and trading RM	Investment RM	Plantation RM	Joint property development RM	Elimination RM	Total RM
2020							
Revenue:-							
External revenue		13,282,464	2,062,960	3,179,229	531,350	(549,033)	18,506,970
Inter-segment revenue		-	1,112,000	-	-	(1,112,000)	-
Total revenue		13,282,464	3,174,960	3,179,229	531,350	(1,661,033)	18,506,970
Results:-							
Finance income		190,384	331,171	-	70,197	-	591,752
Finance costs		(1,996)	(361,441)	(346,582)	-	-	(710,019)
Depreciation		(863,459)	-	(763,174)	-	-	(1,626,633)
Other non-cash (expenses)/income	(a)	(269,698)	100,000	(35,056)	-	-	(204,754)
Tax income/(expense)		20,765	(313,774)	-	(40,971)	(1,290)	(335,270)
Segment profit/(loss)		855,266	2,198,055	440,714	186,876	(1,250,161)	2,430,750
Assets:-							
Additions to non-current assets	(b)	1,528,463	-	621,335	-	-	2,149,798
Segment assets		42,401,374	89,433,754	17,636,450	5,464,667	(30,355,867)	124,580,378
Liabilities:-							
Segment liabilities		5,182,378	12,888,724	13,761,821	194,050	(3,910,403)	28,116,570

Notes:-

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

	2021 RM	2020 RM
Fair value gain on investment properties	-	10,000
Fair value gain on bearer biological assets	135,585	54,944
Gain/(Loss) on disposal of property, plant and equipment	29,156	(1,741)
(Loss)/Gain on disposal of quoted shares	(585)	84,859
Gain on disposal of treasury shares	13,070,234	-
Fair value gain/(loss) on other investments	550,539	(352,427)
Fair value (loss)/gain on derivative financial instruments	(1,211)	3,795
Net unrealised (loss)/gain on foreign exchange	(19,372)	2,709
Property, plant and equipment written off	(4,029)	(6,893)
	13,760,317	(204,754)

Notes to the Financial Statements (cont'd)

35. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

Notes (cont'd):-

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

	2021 RM	2020 RM
Right-of-use assets	-	889,918
Property, plant and equipment	326,900	1,259,880
	326,900	2,149,798

Geographical information

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

	2021		2020	
	Revenue RM	Non-current Assets RM	Revenue RM	Non-current Assets RM
Malaysia*	10,893,392	89,853,951	8,593,628	91,093,317
South East Asia	-	-	228,266	-
European	7,882,684	-	6,654,506	-
United States	2,406,267	-	2,954,008	-
Others	671,560	-	76,562	-
	21,853,903	89,853,951	18,506,970	91,093,317

Non-current assets excluding financial instruments, i.e. other investments.

* The Company's home country

Information about major customers

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

	RM	%	Operating Segment
2021			
Customer A	4,001,764	18	Manufacturing and trading
Customer B	3,639,232	17	Plantation
Customer C	2,130,636	10	Manufacturing and trading
Customer D	2,077,743	10	Manufacturing and trading
	11,849,375	55	

Notes to the Financial Statements (cont'd)

35. OPERATING SEGMENT (CONT'D)

Information about major customers (cont'd)

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

	RM	%	Operating Segment
2020			
Customer A	2,154,644	12	Manufacturing and trading
Customer B	3,112,164	17	Plantation
Customer C	1,884,306	10	Manufacturing and trading
Customer D	2,617,535	14	Manufacturing and trading
	9,768,649	53	

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD

(a) Following from the development of the Coronavirus ("COVID-19") outbreak which was declared by the World Health Organisation as a global pandemic in March 2020, the Malaysian Government imposed various levels of Movement Control Order ("MCO") as precautionary measures to curb the spread of COVID-19 outbreak in Malaysia. Due to the increase in cases in the country, the Government again imposed MCO with effect from 1 June 2021 followed by a four-phase National Recovery Plan with specific threshold indications to decide the classification of different states into different phases.

The unprecedented COVID-19 measures undertaken by the authorities resulted in stringent travel restrictions, nationwide lockdown, and drastic impacts in business activities which has brought significant economic uncertainties in Malaysia.

The Group and the Company have assessed that they have not been significantly affected by the COVID-19 for the financial year ended 31 October 2021.

As at the date of authorisation of the financial statements, the scale and duration of the economic uncertainties arising from the COVID-19 pandemic, could not be reasonably estimated. The Group and the Company are closely monitoring the evolving situation of the COVID-19 pandemic and its related financial effects, if any, on the financial statements of the Company will be reflected in the financial statements for the financial year ending 31 October 2022.

(b) On 19 August 2021, a wholly-owned subsidiary of the Company, H & L High-Tech Properties Sdn. Bhd. had entered into a Sale and Purchase Agreement with a vendor to acquire a freehold land in Mukim Hulu Kinta for a cash consideration of RM13,880,000. The acquisition was completed on 24 December 2021.

37. CAPITAL COMMITMENT

	2021 RM	2020 RM
Authorised and contracted for:		
- Land and building	12,492,000	-

ANALYSIS OF SHAREHOLDINGS
AS AT 3 FEBRUARY 2022

Issued & Fully Paid-Up Capital	:	RM40,612,085 comprising 121,836,255 ordinary shares (including 152,980 treasury shares held)
No. of Shareholders	:	5,221
Class of share	:	Ordinary share
Voting Rights	:	One vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders		No. of Shares *		% of Shares*	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	159	-	6,072	-	-	-
100 to 1,000	1,037	7	687,579	2,642	0.57	0.00
1,001 to 10,000	3,077	13	13,775,647	72,100	11.32	0.06
10,001 to 100,000	859	13	22,158,257	526,800	18.21	0.43
100,001 to less than 5% of issued shares	52	2	33,408,140	417,300	27.46	0.34
5% and above of issued shares	2	-	50,628,738	-	41.61	-
TOTAL	5,186	35	120,664,433	1,018,842	99.17	0.83

* Excluding treasury shares held

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares Held	% of Shares*
1.	AFFLUENT FUTURE SDN BHD	34,440,003	28.30
2.	TAN LYE HUAT HOLDINGS SDN BHD	16,188,735	13.30
3.	TAN YAW BIN	2,729,970	2.24
4.	TAN AH HENG	2,612,620	2.15
5.	TAN KIM LAI	2,326,557	1.91
6.	TAN AI NEE	2,162,000	1.78
7.	TAN SOOK YEE	1,956,484	1.61
8.	TAN LYE HUAT	1,869,516	1.54
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD (WAI MUN FOO)	1,679,600	1.38
10.	TAN JIN TUAN	1,506,000	1.24
11.	NG TIONG KANG	1,418,389	1.17
12.	TAN FUNG YING	1,350,000	1.11
13.	TAN YAW TUNG	1,056,264	0.87
14.	TAN ENG LOON	1,047,247	0.86
15.	TAN YAW BIN	974,469	0.80
16.	YAYASAN TERENGGANU	922,500	0.76
17.	TAN AI LING	841,000	0.69
18.	TAN LAY HOOI	700,000	0.58
19.	TAN ENG YIK	600,900	0.49
20.	KHOO KIM WEE	600,000	0.49

Analysis of Shareholdings (cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Names	No. of Shares Held	% of Shares*
21.	TAN YAW TUNG	554,115	0.46
22.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR RENGA RAJA PRABU A/L SUBRAMANIAM	400,000	0.33
23.	TAN SOOK YEE	347,784	0.29
24.	LIANG CHEE FONG	342,000	0.28
25.	LEE KOK HIN	336,600	0.28
26.	TAN PEI WEI	289,475	0.24
27.	PERBADANAN KEMAJUAN NEGERI KEDAH	281,274	0.23
28.	C.RAVICHANDRAN A/L CHATHU	250,000	0.21
29.	TAN HO FOOT	234,506	0.19
30.	TAN HWA	230,475	0.19

* Excluding treasury shares held

LIST OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
No.	Names	No. of Shares	% of Shares*	No. of Shares	% of Shares*
1.	AFFLUENT FUTURE SDN BHD	34,440,003	28.30	-	-
2.	TAN LYE HUAT HOLDINGS SDN BHD	16,188,735	13.30	-	-
3.	TAN LYE HUAT	1,869,516	1.54	59,597,824[(1)]	48.98
4.	TAN SOOK YEE	2,304,268	1.89	50,628,738[(2)]	41.61

Notes:

* Excluding treasury shares held

(1) (i) Deemed interested through shares held in Affluent Future Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 (34,440,003 shares).
(ii) Deemed interested through shares held in Tan Lye Huat Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 (16,188,735 shares).
(iii) Deemed interested through shares held by children pursuant to Section 8 of the Companies Act, 2016 (8,969,086 shares).

(2) (i) Deemed interested through shares held in Affluent Future Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 (34,440,003 shares).
(ii) Deemed interested through shares held in Tan Lye Huat Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 (16,188,735 shares).

Analysis of Shareholdings (cont'd)

DIRECTORS' SHAREHOLDINGS

		Direct Interest		Indirect Interest	
No.	Name of Directors	No. of Shares	% of Shares*	No. of Shares	% of Shares*
1.	TAN LYE HUAT	1,869,516	1.54	59,597,824[1]	48.98
2.	TAN SOOK YEE	2,304,268	1.89	50,628,738[2]	41.61
3.	CHU KAN	-	-	-	-
4.	HAU HOCK KHUN	-	-	-	-
5.	RITA TAI LAI LING	-	-	-	-
6.	LIM HOCK AUN	-	-	-	-

Notes:

* Excluding treasury shares held

(1)
- (i) Deemed interested through shares held in Affluent Future Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 (34,440,003 shares).
- (ii) Deemed interested through shares held in Tan Lye Huat Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 (16,188,735 shares).
- (iii) Deemed interested through shares held by children pursuant to Section 8 of the Companies Act, 2016 (8,969,086 shares).

(2)
- (i) Deemed interested through shares held in Affluent Future Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 (34,440,003 shares).
- (ii) Deemed interested through shares held in Tan Lye Huat Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 (16,188,735 shares).

LIST OF PROPERTIES
AS AT 31 OCTOBER 2021

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	31/10/2020 (V)	2-storey Terrace Factory (Corner unit) /rented out	481.2 / 987.8	Freehold / 34	3,700,000
Lot No Pt 1540 50, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2020 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 34	1,450,000
Lot No Pt 1541 48, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2020 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 34	1,450,000
Lot No Pt 1542 46, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2020 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 34	1,450,000
Lot No Pt 1543 44, Jalan SS 25/28 Taman Mayang 47301 Petaling Jaya Selangor	31/10/2020 (V)	2-storey Terrace Factory/rented out	185.8 / 371.6	Freehold / 34	1,450,000
Lot No Pt 20033* 6, Jalan TSB 1 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	31/10/2020 (V)	Industrial building/factory	3715 / 5183	99 year leasehold (24/03/2091) Leasehold / 24	7,800,000
Lot No Pt 19770* 7, Jalan TSB 9 Taman Industri Sungai Buloh 47000 Sungai Buloh Selangor	31/10/2020 (V)	Factory, Warehouse and office space	3,633 / 3,189	99 year leasehold (24/03/2091) Leasehold / 24	4,600,000
Lot 14, Lorong Keluli 1C Kaw Perindustrian Bukit Raja Seksyen 8, Shah Alam Selangor	31/10/2020 (V)	Warehouse cum office /rented out	16,489/13,383	Freehold / 26	33,600,000
Lot 2581, 2582, 2583, 2584	31/10/2020 (V)	Land for development	47,063	99 year leasehold (22/08/2081)	10,790,000
AND Lot 2573, 2574, 2575	31/10/2020 (V)		35,354	99 year leasehold (26/10/2081)	
AND Lot 2592 and PT47 Mukim of Ijuk Daerah Kuala Selangor Negeri Selangor	31/10/2020 (V)		22,250	99 year leasehold (22/08/2081)	

* Leasehold land reclassified as Right-of-Use Assets

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting ("**27th AGM**") 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 Friday, 8 April 2022 at 11.00 a.m., to transact the following businesses:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 October 2021 together with the Reports of the Directors and Auditors thereon. *[Please refer to Explanatory Note 1 on Ordinary Business]*

2. To approve the payment of Directors' fees of up to RM84,000 for the financial year ending 31 October 2022. **(Ordinary Resolution 1)** *[Please refer to Explanatory Note 2 on Ordinary Business]*

3. To approve the payment of Directors' benefits of up to RM130,000 for the period from the conclusion of the 27th AGM until the next Annual General Meeting of the Company. **(Ordinary Resolution 2)** *[Please refer to Explanatory Note 2 on Ordinary Business]*

4. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Constitution of the Company: *[Please refer to Explanatory Note 3 on Ordinary Business]*

   (i) Mr Chu Kan **(Ordinary Resolution 3)**
   (ii) Ms Rita Tai Lai Ling **(Ordinary Resolution 4)**

5. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)** *[Please refer to Explanatory Note 4 on Ordinary Business]*

SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION**
   AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 *[Please refer to Explanatory Note 1 on Special Business]*

   "THAT subject always to the Companies Act, 2016 ("**the Act**"), the Constitution of the Company, Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements 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 issue and allot shares in the Company, from time to time, at such price, upon such terms and conditions, and for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for additional shares so issued from Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting." **(Ordinary Resolution 6)**

Notice of Annual General Meeting (cont'd)

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

[Please refer to Explanatory Note 2 on Special Business]

(Ordinary Resolution 7)

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

(i) the aggregate number of issued shares in the Company ("**Shares**") purchased ("**Purchased Shares**") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

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

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

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

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

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

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

i. To cancel all or part of the Purchased Shares;
ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
iv. To resell all or part of the treasury shares;

Notice of Annual General Meeting (cont'd)

v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;

vi. To transfer all or part of the treasury shares as purchase consideration;

vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or

viii. To deal with the treasury shares in the manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, 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 refer to Explanatory Note 3 on Special Business]

(i) "THAT subject to the passing of Resolution 3 above, approval be and is hereby given for Mr Chu Kan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." **(Ordinary Resolution 8)**

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

(iii) "THAT approval be and is hereby given for Mr Hau Hock Khun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." **(Ordinary Resolution 10)**

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

By Order Of the Board

WONG WAI FOONG [SSM PC NO. 202008001472 (MAICSA 7001358)]
TAN HSIAO YUEN [SSM PC NO. 201908002342 (MAICSA 7056952)]
Company Secretaries

Kuala Lumpur
28 February 2022

Notice of Annual General Meeting (cont'd)

Notes:

1. For the purpose of determining who shall be entitled to attend this 27th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 1 April 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 27th AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this 27th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Listing Requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:-
   (i) In hard copy form
   In the case of an appointment made in hard copy form, this proxy form must be deposited at the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.
   (ii) By electronic means via facsimile
   In the case of an appointment made via facsimile transmission, this proxy form must be received at 03-7890 4670.
   For options (ii), the Company may request any member to deposit original executed proxy form to its Share Registrar before or on the day of meeting for verification purpose.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure **ALL** the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is **Wednesday, 6 April 2022** at **11.00 a.m.**
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
   (a) Identity card (NRIC) (Malaysian), or
   (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
   (c) Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this 27th AGM, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

Notice of Annual General Meeting (cont'd)

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements for the Financial Year Ended 31 October 2021
This item is meant for discussion only as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

2. Ordinary Resolutions 1 and 2 – Payment of Directors' Fees and Benefits
Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 1 is to facilitate the payment of Directors' fees for the current financial year basis, calculated based on the size of the current Board of Directors ("**Board**").

The proposed Ordinary Resolution 2 for the Directors' benefits are benefits payable to the Executive Directors and meeting allowances payable to Non-Executive Directors and in determining the estimated amount, the Board has considered various factors including the current Board size and the number of scheduled Board and Committee meetings as well as additional two Board/Committee meetings (if required) for the period from the conclusion of the 27th AGM until the next Annual General Meeting ("**AGM**").

In the event the proposed amount of Directors' fees and/or benefits are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for the under-provision.

3. Ordinary Resolutions 3 and 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 27th AGM.

The Board has through the Nomination Committee, considered the assessment of Mr Chu Kan and Ms Rita Tai Lai Ling and agreed that they meet the criteria as prescribed by Paragraph 2.20A of Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**Listing Requirements**") 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.

4. Ordinary Resolution 5 – Re-appointment of Auditors
The Board has through the Audit Committee, considered the re-appointment of Messrs Grant Thornton Malaysia PLT as External Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table the re-appointment of Messrs Grant Thornton Malaysia PLT at the forthcoming AGM, included an assessment of the Auditors' independence and objectivity, calibre and quality process/performance.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Ordinary Resolution 6 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016
The proposed Ordinary Resolution 6 is the renewal of the mandate obtained from the members at the last AGM ("**the previous mandate**"). The previous mandate was not utilised and accordingly no proceeds were raised.

The proposed Ordinary Resolution 6, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to 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 AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

Notice of Annual General Meeting (cont'd)

2. Ordinary Resolution 7 – Proposed Renewal of Authority for Share Buy-Back

The proposed Ordinary 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 2022 in relation to the Proposed Renewal of Authority for Share Buy-Back for further information.

3. Ordinary Resolutions 8 to 10 – 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 and have therefore served as an Independent Director of the Company for a cumulative term 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 have 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 Ordinary Resolutions 8 to 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 AGM of the Company.

KUMPULAN H&L HIGH-TECH BERHAD
[199401032123 (317805-V)]
(INCORPORATED IN MALAYSIA)

PROXY FORM

CDS Account No.	
No. of Shares held	

I/We, ______________________________ Tel.: ______________
[Full name in block and as per NRIC/Passport/Company Registration No.]

of ______________________________
(Address)

being a member of **Kumpulan H & L High-Tech Berhad**, hereby appoint:-

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the Meeting as ^my/our proxy to vote for ^me/us and on ^my/our behalf, at the Twenty-Seventh Annual General Meeting ("**27th AGM**") 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 Friday, 8 April 2022 at 11.00 a.m.** or any adjournment thereof, and to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees of up to RM84,000 for the financial year ending 31 October 2022.		
2.	To approve the payment of Directors' benefits of up to RM130,000 for the period from the conclusion of the 27th AGM until the next Annual General Meeting of the Company.		
3.	To re-elect Mr Chu Kan, who retires pursuant to Clause 76(3) of the Company's Constitution, as Director.		
4.	To re-elect Ms Rita Tai Lai Ling, who retires pursuant to Clause 76(3) of the Company's Constitution, as Director.		
5.	To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	To grant authority to Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
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.		

Please indicate with an "**X**" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this ________ day of ____________________

____
Signature*
Member

*Manner of execution:-
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:-
1. For the purpose of determining who shall be entitled to attend this 27th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 1 April 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 27th AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this 27th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Listing Requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:-
(i) In hard copy form
In the case of an appointment made in hard copy form, this proxy form must be deposited at the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.
(ii) By electronic means via facsimile
In the case of an appointment made via facsimile transmission, this proxy form must be received at 03-7890 4670.
For options (ii), the Company may request any member to deposit original executed proxy form to its Share Registrar before or on the day of meeting for verification purpose.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure **ALL** the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is **Wednesday, 6 April 2022** at **11.00 a.m.**
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:-
(a) Identity card (NRIC) (Malaysian), or
(b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
(c) Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this 27th AGM, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

Fold this flap for sealing

Then Fold Here

AFFIX
STAMP

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

c/o Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan.

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KUMPULAN H & L HIGH-TECH BERHAD
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