



HHRG BERHAD

Formerly known as Heng Huat Resources Group Berhad
201101041555 (969678-D)

OPEN ROAD TO EXCELLENCE



2024

ANNUAL REPORT





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INSIDE THIS REPORT

13th

ANNUAL GENERAL MEETING OF HHRG BERHAD

 Tuesday,
27 August 2024

 11:00 A.M.

 **Online Meeting
Platform/Venue**
Securities Services e-Portal at
<https://sshsb.net.my/>
Securities Services (Holdings)
Sdn. Bhd., Level 7, Menara
Milenium, Jalan Damansara,
Pusat Bandar Damansara,
Damansara Heights, 50490
Kuala Lumpur,
Wilayah Persekutuan

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COMPANY PROFILE

HHRG Berhad was incorporated in Malaysia under the Companies Act, 1965 on 25 November 2011 as a private limited company under the name of Heng Huat Resources Group Sdn Bhd. We were subsequently converted into a public limited company and assumed our present name on 18 June 2012. We were listed on the ACE Market of Bursa Malaysia Securities Berhad on 25 July 2014.

BIOMASS MATERIALS MANUFACTURING

HHRG and its subsidiaries are principally involved in the manufacturing and trading of biomass materials and value-added products, focusing on oil palm empty fruit bunch (“EFB”) fibre, coconut fibre and value-added products.

Our Group’s biomass materials manufacturing operations are conducted by our subsidiaries located in East Coast Economic Region (“ECER”) and Northern Region. These locations have been strategically chosen due to their proximity to the material supply sources.

We utilise our proprietary production process to treat and process coconut fibre, coco husks, oil palm EFB fibre and bio-compost. This enables us to produce significant quantities of high-quality fibres at a competitive price. Our production processes adhere to rigorous quality controls, resulting in long, clean, and fine coconut fibre and oil palm EFB fibre with excellent uniformity and low oil content. Moreover, we manufacture bio-compost through a biological process without the use of chemical additives, making it suitable for plantations at all levels.



FULLY-INTEGRATED FIBRE MATTRESS, AND OTHER BEDDING ACCESSORIES

We are also a manufacturer and distributor of our own brands of bedroom furniture including mattresses and bedding set accessories.

FUTURE PROPERTY DEVELOPMENT

HHRG has embarked on diversifying its business into property development and management. This strategic move allows us to expand our portfolio and leverage our expertise in the real estate sector. We are committed to delivering high-quality properties and providing exceptional management services to meet the evolving needs of our customers.

CORPORATE INFORMATION

BOARD OF DIRECTORS



**Yang Berbahagia Dato' Paduka
Ammar Bin Dato' Shaikh
Mahmood Naim**
Executive Deputy Chairman

Ng Chin Nam
Executive Director

Abdul Rahman Bin Haji Din
Independent Non-Executive Director

Guok Ngek Seong
Independent Non-Executive Director

Chan Hon Woo
Independent Non-Executive Director

Ho Whye Chong
*Non-Independent
Non-Executive Director*

NEW CORPORATE OFFICE

Unit No.3B-06-01, Level 6,
Tower 3B, UOA Business Park,
No. 1, Jalan Pengaturcara U1/51A,
Section U1, 40150 Shah Alam,
Selangor Darul Ehsan, Malaysia.

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Abdul Rahman Bin Haji Din

Members
Chan Hon Woo

NOMINATION AND REMUNERATION COMMITTEE

Chairman
Chan Hon Woo

Members
Abdul Rahman Bin Haji Din
Ho Whye Chong

COMPANY SECRETARIES

Wong Yee Lin
(MIA:15898)
SSM PC NO. 201908001793

Hing Poe Pyng
(MAICSA:7053526)
SSM PC NO. 202008001322

REGISTERED OFFICE

51-8-A Menara BHL
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Tel : (604) 373 6616
Fax : (604) 373 6615
Email : enquiry@braxton.com.my

SHARE REGISTRAR

Securities Services (Holdings)
Sdn. Bhd.
197701005827 (36869-T)
Suite 18.05, MWE Plaza
No. 8 Lebuhr Farquhar
10200 Penang, Malaysia
Tel : (604) 263 1966
Fax : (604) 262 8544
Email : info@sshsb.com.my

AUDITORS

Grant Thornton Malaysia PLT
AF: 0737
201906003682 (LLP0022494-LCA)
Level 5, Menara BHL
51, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Tel : (604) 228 7828
Fax : (604) 227 9828

PRINCIPAL BANKERS

CIMB Bank Berhad
197201001799 (13491-P)
Maybank Islamic Berhad
200701029411 (787435-M)
Public Bank Berhad
196501000672 (6463-H)

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name : HHRG
Stock Code : 0175

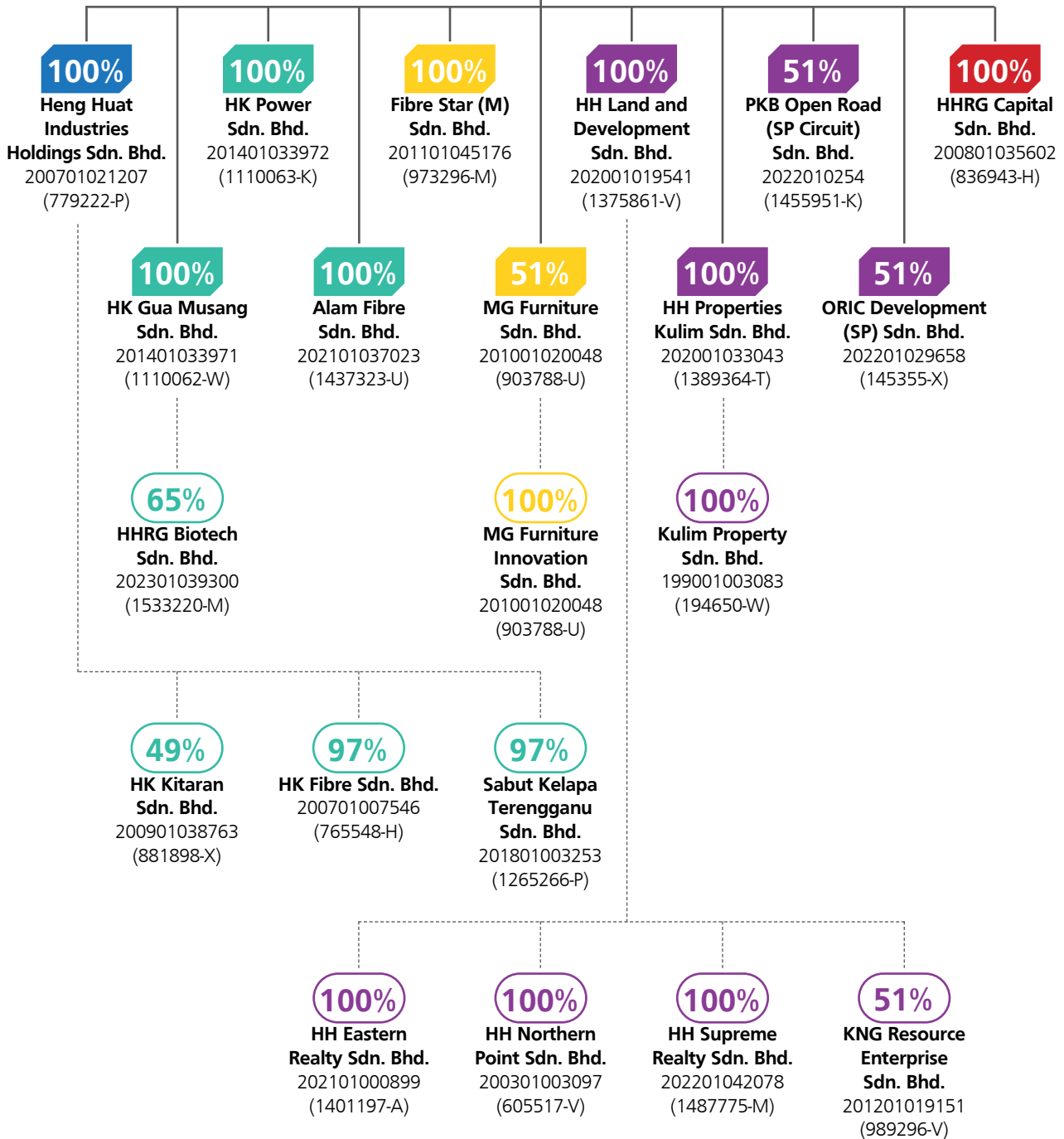


CORPORATE STRUCTURE



HHRG BERHAD

Formerly known as Heng Huat Resources Group Berhad
201101041555 (969678-D)



- Investment holding company
- Biomass division
- Furniture division
- Property division
- Credit division

FINANCIAL HIGHLIGHTS

	Audited 2020	Audited 2021	Audited 2022	Audited 2023	Audited 2024
Revenue	102,111	73,594	103,502	155,268	124,322
Earnings/(Loss) Before Interest, Tax, Depreciation & Amortisation	(25,662)	(8,708)	21,474	46,130	23,274
Profit/(Loss) Before Tax	(43,312)	(18,198)	14,847	33,367	10,217
Profit/(Loss) Before Tax Margin (%)	(42.42)	(24.73)	14.34	21.49	8.22
Profit/(Loss) After Tax	(42,904)	(20,092)	14,756	30,012	7,856
Profit/(Loss) After Tax Margin (%)	(42.02)	(27.30)	14.26	19.33	6.32
Gross Earnings/(Loss) Per Share (Sen)*	(23.61)	(6.48)	11.03	4.49	1.19
Net Earnings/(Loss) Per Share (Sen)*	(9.35)	(2.87)	2.33	3.68	0.82
Diluted Net Earnings/(Loss) Per Share (Sen)# ^	(9.35)	(2.87)	2.12	3.20	0.76

Notes:

- * Computed based on the weighted average number of ordinary shares in issue adjusted to reflect the effect of bonus issue completed on 18 April 2022.
- # Computation based on weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential ordinary shares arising from warrants and share issuance scheme (with effective year 2022).
- ^ Computation based on weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential ordinary shares arising from bonus issue completed on 18 April 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS & CONDITION

Revenue and Gross Profit Margin

	2024 RM'000	2023 RM'000	Year-on-Year Variance (%)
Revenue			
Biomass materials and related products	62,467	76,865	-18.73
Furniture, mattresses and related products	60,003	77,783	-22.86
Property development and management	1,351	620	117.90
Money lending services	501	-	N/A
	124,322	155,268	-19.93
Profitability			
Gross profit ("GP")	34,309	53,954	-36.41
<i>GP margin</i>	27.60%	34.75%	
Profit before tax ("PBT")	10,217	33,367	-69.38
<i>PBT margin</i>	8.22%	21.49%	
Net profit for the year ("PAT")	7,856	30,012	-73.82
<i>PAT margin</i>	6.32%	19.33%	

The Group achieved a revenue of RM124.32 million in FYE 2024, representing a decrease of 19.93% as compared to RM155.27 million in FYE 2023. The decrease was primarily attributable to the moderation of sales performance in the biomass material segment by 18.73% and the furniture and mattresses segment by 22.86%.

- i. The decline in demand from biomass segment was mainly attributed to price adjustments returning to normalcy, following the previous impact from the geopolitical situation, particularly the Ukraine conflict, which affected the demand for crude palm oil in the market;
- ii. The decline in demand from furniture segment was mainly attributed to market conditions influenced by factors such as inflation and Red Sea crisis by disruptions at critical shipping routes and a slow in market demand.

The gross profit margin in FYE 2024 stood at 27.60% indicating a decrease of 36.41% compared to FYE 2023 at 34.75%. The decrease was primarily due to the increase in cost of sales as a result of higher production costs and moderation of sales performance as explain above.

In line with the moderation of sales performance as explained above, our Group reported a profit before tax of approximately RM10.22 million and a profit after tax RM7.86 million respectively in FYE 2024, representing a decrease of approximately 69.38% and 73.82% respectively as compared to FYE 2023.

FINANCIAL RESULTS & CONDITION (CONT'D)

Financial Position

	2024 RM'000	2023 RM'000	Year-on-Year Variance (%)
Total assets	267,387	251,319	6.39
Total liabilities	62,046	62,048	*
Shareholders' equity	183,034	165,880	10.34
Net assets per share (sen)	21.23	22.34	

As at 31 March 2024, our Group's total assets and total liabilities stood at RM267.39 million and RM62.05 million respectively, representing an increase of 6.39% and decrease of insignificant as compared to the preceding year. The Group's shareholders' equity remained at a positive level, stood at RM183.03 million (2023: RM165.88 million).

*Less than 0.00%

Liquidity

	2024 Days	2023 Days	Changes Day
Trade receivables' turnover period ⁽¹⁾	97	23	+ 74 days
Inventories' turnover period ⁽²⁾ *	50	44	+ 6 days
Trade payables' turnover period ⁽²⁾	25	24	+ 1 days
Cash conversion cycle	122	43	+ 79 days

⁽¹⁾ This is derived using the formula: (Closing balance as at year-end/Total revenue)x365 days

⁽²⁾ This is derived using the formula: (Closing balance as at year-end/Cost of sales)x365 days

* Above computation only applies for manufacturing inventories.

The cash conversion cycle was increased from 43 days in the FYE 2023 to 122 days in the FYE 2024. This was due to the increase of trade receivables turnover period by additional segment from credit division which was only commence of business by third quarter of FYE 2024.

FINANCIAL RESULTS & CONDITION (CONT'D)

Cash flow Statement

	2024 RM'000	2023 RM'000
Cash flows from operating activities	4,098	40,237
Cash flow used in investing activities	(11,397)	(38,656)
Cash flow (used in)/from financing activities	(6,849)	4,688
Net movements in cash and cash equivalents	(14,148)	6,269
Cash and cash equivalents at the end of the financial year:		
Cash and bank balances	15,408	23,784
Fixed deposits with licensed banks	11,741	9,441
Short-term money market deposit	1,200	600
Bank overdrafts	(8,987)	-
	19,362	33,825
Less:		
Deposits pledged to licensed banks	(5,495)	(5,805)
	13,867	28,020
Current ratio (times)	2.85	3.02

Our Group's current ratio had reduced from 3.02 times in the preceding year to 2.85 times for the financial year under review:

- (i) Mainly due to utilise of bank overdraft for daily working capital for operation purpose during the financial year.
- (ii) This was due to increase of trade receivables from additional segment from credit division which was only commence of business by third quarter of FYE 2024.

Capital Expenditure Requirements, Capital Structure and Capital Resources

	2024 RM'000	2023 RM'000
Capital Commitment		
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	-	2,420
Contacted but not provided for	49	131
	49	2,551

As of 31 March 2024, our Group did not incurred any new expansion or future project.

FINANCIAL RESULTS & CONDITION (CONT'D)

Borrowing

Borrowings	2024 RM'000	2023 RM'000
Short terms (repayable within 12 months)	11,085	3,347
Long terms (repayable within 12 months)	21,216	28,977
	32,301	32,324
Gearing ratio (times) (Borrowings /Shareholders' Equity)	0.18	0.19

During the financial year under review, our Group's gearing ratio decreased to 0.18 times as compared to 0.19 times in prior year. Our borrowings decreased by RM0.02 million or 0.07% from RM32.32 million in the preceding year to RM32.30 million as at 31 March 2024.

Our Group will evaluate the capital requirements and capital structure on a regular basis, to ensure that adequate capital resources are available to meet the working capital requirements and expansion needs and gearing ratio is maintained within a reasonable range.

REVIEW OF OPERATING ACTIVITIES

Proposed Acquisition: Announcement dated 23 June 2023

On 23 June 2023, the Board of Directors announced that the HHRG Berhad had on 23 June 2023, accepted the Letter of Irrevocable Offer from Jeenuat Foodstuffs Industries Sdn Berhad, for acceptance to acquire a piece of vacant industrial leasehold land known as Lot 20164, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang held under No. Hakmilik PN 10902 for a total purchase consideration of RM15,742,250.

The Board of Directors announced that the HHRG Berhad had on 14 August 2023 entered into an Option Agreement with Jeenuat Foodstuffs Industries Sdn Berhad.

The Board of Directors had on 21 February 2024 announced that Option Agreement be extended for another 6 months commencing from 14 February 2024 and ending on 13 August 2024.

The Board of Directors announced that due to the non-fulfillment of certain terms and conditions of the Option Agreement, the Company has served notice to the Grantor on 9 April 2024, to terminate the Option Agreement and demand the deposit sum and first liquidated damages.

Proposed Acquisition: Announcement dated 18 April 2024

On 18 April 2024, the Board of Directors announced that HHRG Berhad had on 18 April 2024, offered to acquire from Open Road World Sdn Bhd ("ORW"), 51,000 ordinary shares in PKB Open Road (SP Circuit) Sdn Bhd ("PKBOR") and 51 Ordinary Shares in ORIC Development (SP) Sdn Bhd ("ORICD"), representing a 51% equity interest each in PKBOR and ORICD, for a total cash consideration of RM40,000,000. ORW had, on 18 April 2024, agreed to and accepted the offer from HHRG Berhad as stipulated in the Letter of Intent dated 18 April 2024.

The Board of Directors had on 17 May 2024 proposed to ORW to extend the offer period for an additional one (1) month, with a new expiration date of 16 June 2024. This extension will allow the parties to finalize the terms and condition of Share Sale Agreement thoroughly and responsibly.

The Board of Directors announced that it had, on 21 May 2024, entered into the share sale agreements with ORW for the acquisition of PKBOR and ORICD.

REVIEW OF OPERATING ACTIVITIES (CONT'D)

Proposed Acquisition: Announcement dated 18 April 2024 (cont'd)

On 27 May 2024, the Board of Directors announced that all the Conditions Precedent as stated in the agreements have been fulfilled on 21 May 2024 and that the Unconditional date was 21 May 2024.

Proposed Fund Raising: Announcement dated 23 April 2024

On 23 April 2024, on behalf Board of Directors of the HHRG Berhad ("Company"), TA Securities Holdings Berhad ("TA Securities") announced that the Company proposes to undertake the Proposed Private Placement of up to 10% of the number of issued shares in the company (excluding any treasury shares) pursuant to the general mandate obtained from the company's shareholders.

On behalf of the Board of Directors, TA Securities announced that Bursa Securities has, vide its letter dated 8 May 2024, approved the listing and quotation of up to 98,031,400 Placement Shares to be issued pursuant to the Proposed Private Placement subject to the following conditions:

- i. HHRG and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- ii. HHRG and TA Securities to inform Bursa Securities upon the completion of the Proposed Private Placement;
- iii. HHRG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and
- iv. HHRG to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, in the event the current General Mandate expires prior to the completion of the Proposed Private Placement.

On 16 July 2024, on behalf Board of Directors, TA Securities announced that the 38,522,700 shares were allotted and issued pursuant to the 1st tranche of the Private Placement that was announced on 11 July 2024.

On 19 July 2024, on behalf Board of Directors, TA Securities announced that the 13,300,000 HHRG Shares were allotted and issued pursuant to the Private Placement that was announced on 11 July 2024.

On 24 July 2024, on behalf Board of Directors, TA Securities announced that 35,000,000 HHRG Shares were allotted and issued pursuant to the Private Placement that was announced on 18 July 2024.

Proposed Disposal: Announcement dated 16 May 2024

On 16 May 2024, the Board of Directors announced that, Heng Huat Industries Holdings Sdn. Bhd. ("HHIH"), a wholly-owned subsidiary of HHRG, had entered into the following agreements:

- i. Share Sale Agreement ("SSA") with Nexus Applause Sdn Bhd("NASB") to dispose off 2,508,690 ordinary shares, representing 51% equity interest in HK Kitaran Sdn. Bhd. ("HK Kitaran") for a total cash consideration of RM6,121,020 in the manner as set out in the SSA;
- ii. Profit Guarantee Agreement ("PGA") with NASB in relation to the Profit Before Tax ("PBT") of RM1,470,000 guaranteed by the HHIH to NASB that the PBT as recorded in audited financial statement of HK Kitaran with following details:
 - a. in respect of the financial year ended 31 March 2024, shall not be less than the sum of RM735,000; and
 - b. in respect of the financial year ending 31 March 2025, shall not be less than the sum of RM735,000.

REVIEW OF OPERATING ACTIVITIES (CONT'D)

Proposed Disposal: Announcement dated 16 May 2024 (cont'd)

- iii. being the 49% of the total aggregate of Profit Before Tax of RM3,000,000.00 of HK Kitaran for two (2) financial year ended 31 March 2024 and 31 March 2025;
- iv. Shareholders Agreement ("SHA") with NASB to govern the relationships of HHIH and NASB, being the shareholders of HK Kitaran; and
- v. Guarantee & Indemnity Agreement by Iqzan Holding Berhad in favour of HHIH to settle the balance purchase price for the sale shares in the event the purchaser fails to settle the balance purchase price for the sale shares.

Writ of summons and statement of claim received from Ooi Chieng Sim and Skylitech Resources Sdn. Bhd. Penang High Court Civil Suit no. PA-22ncvc-58-04/2024.

On 29 April 2024, Pursuant to Rule 9.04(f) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors announced that the Company and its wholly-owned subsidiaries, HK Gua Musang Sdn. Bhd., Fibre Star (M) Sdn. Bhd. and a sub-subsidiary, HK Kitaran Sdn. Bhd. had received a letter dated 26 April 2024 from Messrs Shafee & Co., the solicitors acting for Ooi Chieng Sim and Skylitech Resources Sdn Bhd, accompanied by a Writ of Summons and Statement of Claim both dated 23 April 2024 issued by the Penang High Court.

Further to the announcements made on 29 April 2024, the Board of Directors of the Company announced that the Companies had respectively on 29 May 2024 received a letters dated 29 May 2024 from Messrs Shafee & Co., the solicitors acting on behalf of the Plaintiffs, accompanied by, amongst others, the sealed copy of the Court's Order (Ex-Parte) dated 27 May 2024 pertaining to the Mareva Injunction against the Companies.

On 19 June 2024, the Board of Directors announced that further to the announcements made on 29 April 2024 and 29 May 2024, the Board of Directors of the Company wishes to announce that the Court had on 18 June 2024 decided that the inter partes against the 3rd to 6th Defendants have been dismissed with no order as to cost. Therefore, the ex-parte injunction has been lapsed on 18 June 2024, there is no more injunction against the 3rd to 6th Defendants from 18 June 2024 onwards.

HHRG Berhad (3rd Defendant)
HK Kitaran Sdn. Bhd. (4th Defendant)
HK Gua Musang Sdn. Bhd. (5th Defendant)
Fibre Star (M) Sdn. Bhd. (6th Defendant)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

ANTICIPATED OR KNOWN RISKS

Principal Risk	Description/Consequences	Strategies to Mitigate Risk
Dependent on single market	<ul style="list-style-type: none"> - The furniture products are mainly sold to customers in the European region. - The products are suitable and acceptable in the European market. - Any changes in Europe's ruling and economy may give significant impact to the company. 	<ul style="list-style-type: none"> - Explore new market at other regions. - Diversify the product range. - Participate in roadshow and exhibition.
Regulatory risk	<ul style="list-style-type: none"> - Adverse changes in rules and regulations, for example, increase in power tariff, fuel prices and tax rates or additional compliance requirements that may increase cost of doing business. - Loss of pioneer status or other tax incentives may result in higher tax liabilities, hence affecting the profitability of our Group. 	<ul style="list-style-type: none"> - To conduct regular meeting to discuss on the government's policy and matters. - To upgrade the machinery where necessary. - To take advantage of any available incentives or lower tariff. - To comply with the conditions imposed by the authorities body for the pioneer status.
Natural disaster risk	<ul style="list-style-type: none"> - The interruption may include but not limited to, fire, worker riot or natural disaster such as flood. - The interruption will cause the company to stop operations and may require some time to recover. 	<ul style="list-style-type: none"> - Safety officer is appointed. - To periodically discuss safety and health matters. - Continuous monitoring on the maintenance needs by the production leaders. - Fire escape plan and fire preventive equipment are put in place. - Smoking is prohibited inside the factory. - Emergency Rescue Team (ERT) is formed.

FORWARD LOOKING STATEMENT

Prospect

The Group's business operation environment remained challenging. Our biomass division operation has stabilised with the CPO price hovering around RM3,800 per tonne. However, our furniture and mattresses business faced uncertainties in view of the conflict in the Middle East. Logistics and transportation cost has increased and that has negative impact to the sales of our furniture exporting to the European market.

HHRG has embarked on diversifying its business into the field of property development by acquired approximately 202.60 acres for future opportunities in industrial, residential, and sports and recreation development. This strategic move allows us to expand our portfolio and leverage our expertise in the real estate sector. We are committed to deliver high-quality properties with innovative designs and recreational landscapes, while providing exceptional management services to meet the evolving needs of our customers.

DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of any final dividends are subject to the discretion of our Board of Directors and any final dividend proposed is subject to our shareholders' approval.

Our Board of Directors seeks to adopt a stable and sustainable dividend policy to allow our shareholders to participate in the profits of our Group while maintaining an optimal capital structure and ensuring sufficient funds for our future growth. In determining the payment of dividends, our Board of Directors take into consideration, amongst other factors, the operational performance, financial condition, capital expenditure plans and business expansion plans of Group.

DIRECTORS' PROFILE



Yang Berbahagia Dato' Paduka Ammar Bin Dato' Shaikh Mahmood Naim is our Executive Deputy Chairman and was appointed to our Board on 21 June 2024.

He graduated with a Bachelor of Business Administration (Accounting) from University of Fresno in California, USA in 1984, and a Master of Business Administration (MBA) from the University of San Francisco, USA in 1986. He had since accumulated 35 years of experience serving as public servant for public sector services in the state of Kedah and responsible for outlining a new economic development direction for the state government of Kedah. He was the Setiausaha Kerajaan Negeri Kedah Darul Aman of the Pejabat Setiausaha Kerajaan Negeri Kedah Darul Aman until his retirement in 2022. He does not hold any directorship in other public companies in Malaysia.

He joined our Company as an Executive Deputy Chairman and is responsible for overseeing our Group's business development.

No meetings were held subsequent to his appointment in the financial year under review.

He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past 5 years other than traffic offences, if any.

YANG BERBAHAGIA DATO' PADUKA AMMAR BIN DATO' SHAIKH MAHMOOD NAIM

D.S.D.K., J.S.D., S.S.S., A.M.K., A.M.N., B.C.K.

*Executive Deputy Chairman
Malaysian, Male, aged 62*



NG CHIN NAM

Executive Director
Malaysian, Male, aged 54

Ng Chin Nam is our Executive Director and was appointed to our Board on 2 August 2021.

Mr. Ng has more than 20 years of experience in the fields of accounting, auditing, taxation and corporate finance. He started his career in 1992, in a manufacturing environment. He joined an international audit firm in 1997 after obtaining his professional qualification from the Chartered Institute of Management Accountants (CIMA). He left the audit firm in 2000 and was head of the finance department of different listed companies prior to joining our Company.

In 2021, he joined our Company as an Executive Director and is responsible for overseeing our Group's accounting, finance, corporate exercise activities and business development. He does not hold any directorship in other public companies in Malaysia.

He attended all 2 Board of Directors' Meeting held in the financial year ended 31 March 2024.

He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past 5 years other than traffic offences, if any.



ABDUL RAHMAN BIN HAJI DIN

SDK., AMK., BCK.
Independent Non-Executive Director
Malaysian, Male, aged 61

Abdul Rahman Bin Haji Din is our Independent Non-Executive Director and was appointed to our Board on 23 May 2024. He is presently the Chairman of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee of the Company.

He graduated with a Bachelor of Economics from Universiti Malaya in 1986 and Master of Business Administration (MBA) from Universiti Utaran Malaysia in 2003. He had since accumulated 29 years of experience in the real estate development, mining, investment, construction and hospitality. He was the Chief Executive Officer through his attachment with Permodalan Kedah Berhad until his retirement in 2023. He does not hold any directorship in other public companies in Malaysia.

No meetings were held subsequent to his appointment in the financial year under review.

He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past 5 years other than traffic offences, if any.



GUOK NGEK SEONG

*Independent Non-Executive Director
Malaysian, Male, aged 48*

Guok Ngek Seong is our Independent Non-Executive Director and was appointed to our Board on 2 April 2024.

He graduated with a Bachelor of Law from the University of Malaya in 2000 and was admitted as Advocate & Solicitor of the High Court of Malaya in 2001. He had since accumulated 23 years of experience in the legal field. He has been involved in various high-profile cases, acted as co-counsels alongside with many prominent lawyers in the country. Many of the cases are reported in the legal journals. Apart from this, he is well-versed in the securities laws in Malaysia, Anti-Money Laundering and Anti-Terrorism Financing Act 2001, Company Act 2016, Capital Markets and Services Act 2007 (including the repealed Securities Industries Act), Financial Services Act, Penal Code, judicial reviews, tort claims and contractual disputes among others. He does not hold any directorship in other public companies in Malaysia.

No meetings were held subsequent to his appointment in the financial year under review.

He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past 5 years other than traffic offences, if any.



CHAN HON WOO

*Independent Non-Executive Director
Malaysian, Male, aged 57*

Chan Hon Woo is our Independent Non-Executive Director and was appointed to our Board on 23 May 2024. He is presently the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee of the Company.

He graduated with a Bachelor of Science in: Chemistry from the University of Malaya in 1993. He embarked on his journey at the manufacturing sector as a chemist and production manager. After gaining valuable experience, he established his own company known as Cyromaster (M) Sdn. Bhd. in 2007 as a director. In this role, he oversaw the business activities in manufacturing and trading of chemical product sector, as well as management consultancy services for the scientific analytical field. He does not hold any directorship in other public companies in Malaysia.

No meetings were held subsequent to his appointment in the financial year under review.

He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past 5 years other than traffic offences, if any.



HO WHYE CHONG

*Non-Independent Non-Executive Director
Malaysian, Male, aged 46*

Ho Whye Chong is our Non-Independent Non-Executive Director and was appointed to our Board on 23 July 2020. He is presently a member of the Nomination and Remuneration Committee of the Company.

Mr. Ho graduated with a Bachelor of Civil Engineering from the University of New South Wales, Sydney, Australia in the year 2001. Upon graduation, he started his career with a construction company as a Project Engineer. He left the company in 2002 and joined an engineering consultant company as a Civil Engineer. In the year 2003, he established his own construction company widely known as Pena Builders Sdn. Bhd., with a dream to become one of the leading companies in the interior designing industry. In 2023, his remarkable achievements were recognized as he was awarded as one of the Top 10 Leaders in Interior Fit-Out, Furniture and Construction Industry in Asia.

He attended all 5 Board of Directors' Meeting held in the financial year ended 31 March 2024.

He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past 5 years other than traffic offences, if any.



KEY SENIOR MANAGEMENT PROFILE

FONG CHEE KHUEN

*Chief Executive Officer
Malaysian, Male, aged 53*

Fong Chee Khuen is our Chief Executive Officer and was appointed on 3 October 2022. He holds an Honours Degree in Accountancy and a Master Degree in Business Administration (MBA) from University Putra Malaysia. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

He started his career in Gula Perak Berhad (GPB) as the Internal Audit Executive. He rose to the position of the Head of Finance cum Company Secretary for GPB Group before he left and joined Sungei Wang Plaza Sdn. Bhd., a wholly owned subsidiary company of Landmarks Berhad in year 2000. He has since held several senior management positions in Landmarks Group and has vast experience in the areas of strategic & corporate planning, merger & acquisition, corporate restructuring and fund-raising exercises, destination development, resorts & properties management, and hospitality management sectors across Malaysia, Singapore and Indonesia. He is currently responsible for the Group strategic plans and execution. He also oversees the day-to-day operational activities of the Group.

Currently, he is an Non-Independent Non-Executive Director of Landmarks Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past 5 years other than traffic offences, if any.

CHENG PEK TONG

*Chief Finance Officer
Malaysian, Male, aged 45*

Cheng Pek Tong is our Chief Finance Officer and was appointed on 1 January 2014. He graduated with a Bachelor of Accountancy from Universiti Utara Malaysia in 2004. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants. He started his career in Aljeffridean, Chartered Accountants (M) as an Audit Assistant in 2004 and was subsequently promoted to Assistant Manager in 2005. In 2008, he left Aljeffridean, Chartered Accountants (M) and joined Eonmetall Group Berhad as an Accountant. In 2011, he left Eonmetall Group Berhad and joined our Group as an Accountant, and was subsequently promoted to Chief Finance Officer. He is currently responsible for overseeing and monitoring our financial accounting and taxation matters, as well as planning and coordinating our corporate financial activities.

He does not hold any directorship in other public companies in Malaysia.

He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past 5 years other than traffic offences, if any.

SUSTAINABILITY STATEMENT

The Group recognises the significance philosophy of sustainability towards the key stakeholders of the Company, as it believes that the well-being of the society is essential for the continuous and long-term sustainability of the Group. The Group is committed to ensure ethical conduct of its business activities while striving to maximise the returns to the shareholders. The Group is dedicated to continuously improve its programs and hence, will review and monitor its sustainability policies from time to time to identify areas for enhancement.

The Group’s sustainability policies and programs encompass four (4) core areas:



Economy	Environment	Social
An organisation’s impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organisation	An organisation’s impact on living and non-living natural systems, including land, air, water and ecosystems.	The impacts an organisation has on the social systems within which it operates.

ECONOMIC

The Group recognises the importance of ethical practices and conducts towards long term sustainable development of its operations. It places strong emphasis on the quality of all products produced and are committed towards ensuring a consistent and reliable supply to its customers according to their requirements. It continually seeks to uphold the quality of its main operation in biomass and mattress division. Its commitment to quality is testified by several qualified bodies by the Group’s key operating subsidiaries.

Its entire production process including material handling, fibre production and packing system goes through proper quality checks at various critical points to ascertain that its product quality remains consistent throughout. In addition, it checks all incoming raw materials to ensure that the materials meet pre-determined standards and to reject materials that do not meet specification.

The Group values the customers and suppliers being its key business partners who contribute to the continuing success of the Group. Accordingly, the Group always maintain active communication with the customers and suppliers and ensure prompt response to the customers’ feedback and enquiries.

ENVIRONMENT

Environmental protection is embedded into the Group’s operations and corporate culture and is one of the elementary competitive strength of the Group’s operations. The Group’s primary business focus is to convert biomass waste, namely coconut husks and oil palm EFB into biomass materials and value-added products comprising coconut fibre, coconut peat, coconut fibre sheet, oil palm EFB fibre, bio-oil, bio-compost.

To enhance the environmental protection, the Group had installed scrubber to its plants to reduce the ash releases into the air and constructed a sludge pool to contain the ash. In addition, the bag filter system is being implemented to enhance the air pollution control system.

To further minimise the environmental impact of the Group’s operations, wastes (by-products from its biomass materials production such as foreign waste materials and short fibre) are reused to generate biomass energy. The biomass energy is then used to supplement the power needs of the manufacture of its biomass materials and value-added products. This helps to reduce its reliance on firewood and lower the risk of pollution.

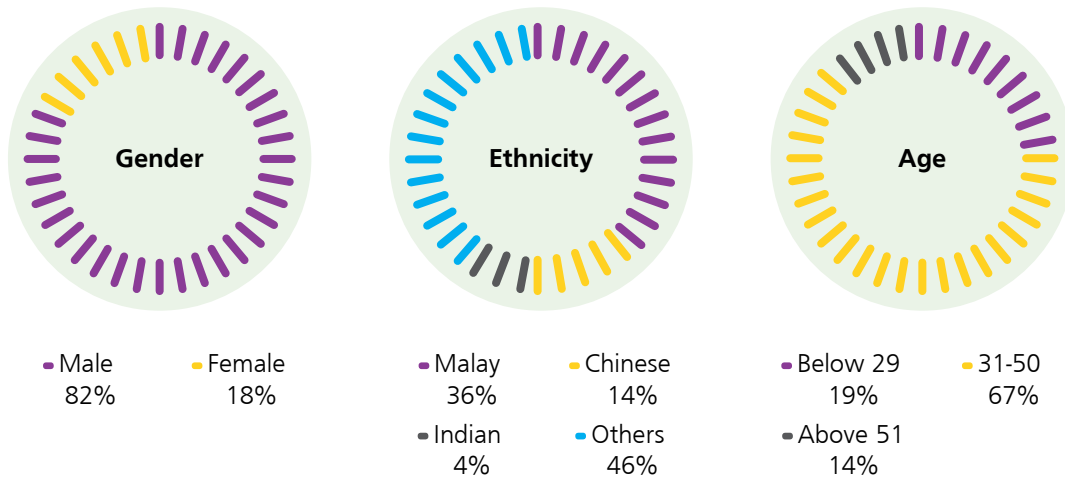
In addition to that, the Group maintains careful waste-handling procedures where the wastes are being gathered for subsequent proper disposal to avoid contaminating surrounding public areas.

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL

Community and Society Contribution

HHRG promotes equal employment opportunity, fosters a culture of fairness, respect, and diversity, leading to better employee morale, increased productivity, and a more inclusive society as a whole.



Our culture is built on the principle that all individuals should have an equal chance to participate in employment without discrimination or prejudice based on their race, gender, age, disability, religion, or national origin. This culture promotes fairness and prohibits unfair treatment in the workplace, ensuring that all employees have equal access to job opportunities, promotions, and benefits.

HHRG's employment promotion scheme is judged based on our employees' qualifications, skills, and performance rather than their personal characteristics. Our Company implements policies and practices that prevent discrimination, harassment, and bias, and provide equal opportunities for career development and advancement.

Health and Safety

The Group recognises that it is impossible to achieve continuous success without the dedicated efforts and supports from its employees. The Group endeavours to create a safe and healthy working environment for its employees. Where appropriate, revision on employees' remuneration will be made accordingly after consideration of the respective employees' performance and the market rate.

It is the Group's policy that the production floor is to be maintained neatly organised at all times for safety consideration. Safety officers are assigned to patrol around the production floor to ensure that the production workers adhere to the safety measures.

In addition, an Internal Emergency Response (ERT) team has been established where regular trainings are provided to equip the team members with first-aid knowledge as well as emergency handling skills. The emergency response team will then conduct in-house briefings from time to time and share the knowledge and skills with other employees.

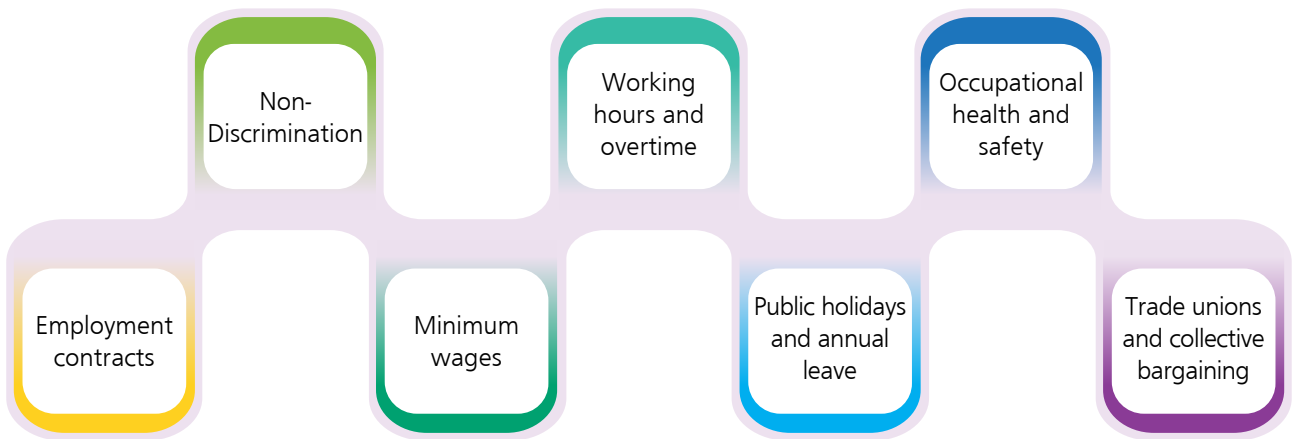
SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (CONT'D)

Labour Practices and Standards

HHRG's labour practices and standards strictly follow by Malaysia's employment laws and regulations. These practices and standards are aimed at safeguarding the rights and well-being of the workers in our Company. The key aspects of HHRG's labour practices and standards include:

1. Employment contracts;
2. Non-Discrimination;
3. Minimum wages;
4. Working hours and overtime;
5. Public holidays and annual leave;
6. Occupational health and safety;
7. Trade unions and collective bargaining;
8. Employment termination; and
9. Employee welfare.



Corporate Sustainability Responsibility Activities

The Group truly understands that it should contribute to the well-being of the community .

The Group has actively played its social role by taking the opportunity to interact with the local community through direct or indirect involvement in several activities during the year. Therefore, in line with the purpose of promoting a healthy lifestyle, the Group had sponsored various sport events held by the local community.

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (CONT'D)

Labour Practices and Standards (Cont'd)

Corporate Sustainability Responsibility Activities (Cont'd)

Continuing Training Programme:	
22/5/2023	Introduction to first aid & CPR
24/5/2023	HRD Corp workshop 2023
06/6/2023	Seksyen-seksyen penting dalam akta kerja 1955
10/7/2023	Microsoft excel (foundation)
11/7/2023	Microsoft excel (intermediate)
27/7/2023	Basic fire-fighting & emergency fire-fighting & emergency response plan & preparedness
22/8/2023	SME's transfer pricing documentation for business excluding manufacturing and financial services (webinar)
19/9/2023	Work with me: engaging the multigenerational workforce one day work
11/10/2023	MIA webinar series: efficient accounts payable operations
8/11/2023	2024 budget seminar
22/11/2023	2025 budget seminar
2/12/2023	Certificate in commercial contract law & practice
13/12/2-23	PDCA training
20/2/2024	Pengurusan sumber manusia strategik seiring aspirasi kecemerlangan organisasi
27/2/2024	Effective time and stress management
6/3/2024	Employers tax statutory obligations

SUSTAINABILITY STATEMENT (cont'd)



HRD Corp workshop 2023



Pengurusan sumber manusia strategik seiring aspirasi kecemerlangan organisasi



Introduction to first aid & CPR



CNY Dinner 2024



Fire-fighting



Effective time and stress management



CORPORATE GOVERNANCE

OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of HHRG Berhad is committed to ensure that good corporate governance is practiced and applied throughout the Group. These best practices will not only safeguard and enhance the sustainability of its shareholders' value but also ensure that the interests of all stakeholders are protected.

The Board is guided by and remains vigilant of the principles and recommendations of corporate governance as stipulated in the Malaysian Code on Corporate Governance ("the Code"). The Group will continuously uphold good corporate governance practices and will endeavour to ensure that the principles and recommendations advocated by the Code are observed, where applicable and appropriate. The detailed explanation on the application of the corporate governance practices are outlined under Corporate Governance Report ("CG Report") as published in the Company's website at <http://www.hhrg.com.my>.

The Corporate Governance Overview Statement ("CG Statement") summarises the Company's Corporate Governance practices during the financial year ended 31 March 2024 ("FYE 2024"), with reference to the following three (3) principles set out in the Code :

Principle A	Board leadership and effectiveness
Principle B	Effective audit and risk management
Principle C	Integrity in corporate reporting and meaningful relationship with stakeholders

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

Strategic Aims, Values and Standards

The Board acknowledges its key responsibilities in establishing the Group's overall strategic objectives, deliberating and directing strategic action plans and policies and strategic allocation of the Group's resources to align with the overall objectives of the Group. The primary focus of the Board mainly comprised formulation of strategies, overseeing the proper conduct of the Group's business and evaluating whether the business is properly managed, monitoring of financial performance, evaluation and management of principal risks faced by the Group, implementation and review of risk management and internal control system, succession planning, as well as development and implementation of investor relations programme and shareholders' policy.

To ensure the effective discharge of its functions and responsibilities, the Board delegates some of its authorities and discretion to the Executive Directors and key management staff of the operating units within the Group ("Management"), as well as properly constituted Board committees. There is a clear segregation of responsibilities reserved for the Board and those delegated to the Management. Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to the approval by the Board. None of the members of the Board has unfettered powers of decision.

The Board committees are made up of the Audit and Risk Management Committee and the Nomination and Remuneration Committee (collectively referred to as the "Board Committees"). The Board committees are entrusted with specific duties and responsibilities to oversee the Group's affairs, in accordance with their respective terms of reference. At each Board meeting, the respective Chairman of the Board Committees will also report to the Board on key issues deliberated by the Board Committees.

The roles and responsibilities of Executive and Non-Executive Directors are distinguished and clearly defined. The Executive Directors, through their daily involvement in the operations of the Group, assume the primary responsibility for managing the Group's operations and resources. Their intimate knowledge and vast experience of the business and their active-participation management style have contributed to the continued growth of the Group.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

BOARD RESPONSIBILITIES (CONT'D)

Strategic Aims, Values and Standards (Cont'd)

The Independent Non-Executive Directors, on the other hand, exercise with professional competence and independence, a supervisory role via their involvement in various Board committees and focus principally on performance monitoring and enhancement of corporate governance and internal controls. They offer a capable check and balance for the Executive Directors and ensure that issues pertaining to strategies, performance and resources allocation proposed by the Management (led by the Executive Directors) are objectively evaluated, taking into consideration the interests of the shareholders and relevant stakeholders of the Group.

Key matters reserved for the Board's approval include annual corporate plans, strategic initiatives, nomination, selection, succession policies, and remuneration packages for Board members, Board Committee members, the Executive Chairman, and the Chief Executive Officer.

The Board also assumes the following core responsibilities:

- a. Identify principal risks of the Group and to ensure the implementation of appropriate internal control system and mitigation measures.
- b. Oversee the implementation of the investors' relations program for the Company, to enable effective communications with its shareholders and stakeholders.
- c. Review the adequacy and integrity of the Group's internal control systems and management information systems and to ensure regulatory compliance with applicable laws, regulations, rules and guidelines.
- d. Oversee the effective management of both safety and security risks to ensure the protection of personnel, information, and other assets.

Chairman of the Board

The Board is led by an Executive Chairman/Executive Deputy Chairman who assumes the following responsibilities:

- Chairing Board meetings and ensures the following:
 - All relevant issues are on the agenda;
 - Board freely debates on the strategic and critical issues;
 - Board receives the necessary management reports on a timely basis; and
 - Accurate, timely and clear information are provided to members of the Board.
- Providing leadership to the Board and is responsible for the developmental needs of the Board.
- Chairing shareholders' meetings and ensuring effective communication with shareholders and stakeholders.
- Facilitating the effective contribution of non-executive directors and ensuring constructive relations between the executive and non-executive directors.
- Acting on the results of board performance evaluation by recognising the strength and addressing the weaknesses of the Board.

The roles of the Chairman are elaborated upon comprehensively in the Board Charter, which can be accessed on the corporate website of the Company at www.hhrq.com.my.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

BOARD RESPONSIBILITIES (CONT'D)

Separation of the position of Chairman and the Chief Executive Officer ("CEO")

The Board has always maintained a clear distinction between the roles of the Chairman and the CEO. These positions are held by different individuals, with distinct responsibilities, roles and duties.

The CEO assumes overall responsibility for the daily operations of the Group, including overseeing the key aspects such as human resource, finance, business affairs, and ensuring organisational effectiveness, and implementing Board policies and decisions. Furthermore, the CEO ensures that the Group's corporate identity, products, and services meet high standards, align with market expectations, and comply with governmental regulations. At each board meeting, the CEO updates the Board on the Group's performance and activities and presents specific proposals for capital expenditures and potential acquisitions or disposals.

The Chairman of the Board should not be a member of Audit Committee, Nomination Committee and/or Remuneration Committee

The Chairman of the Board is not a member of the Company's Audit and Risk Management Committee and/or Nomination and Remuneration Committee.

Qualified and Competent Company Secretary

The Board is supported by qualified Company Secretaries. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries are also responsible in ensuring that deliberations at the Board and its Committees meetings are properly minuted and kept. During the financial year under review, the Board is satisfied with the performance and support rendered by the Company Secretaries in fulfilling their duties and responsibilities to the Board.

Information and Support of Director

The Board convenes quarterly meetings to deliberate on the Group's overall strategies, operations and financial performance. Additional meetings will be convened from time to time to address any major and ad hoc matters requiring immediate attention. Directors are permitted to participate either in person or through electronic means of communication, such as teleconferencing.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

BOARD RESPONSIBILITIES (CONT'D)

Information and Support of Director (Cont'd)

During the financial year under review, the number of Board of Directors' Meeting attended by each Director is as follows:

	Attendance of Meeting
<u>Executive Chairman</u>	
Dato' H'ng Choon Seng (Resigned on 28.06.2024)	5/5
<u>Deputy Executive Chairman</u>	
Yang Berbahagia Dato' Paduka Ammar Bin Dato' Shaikh Mahmood Naim (Appointed on 21.06.2024)	N/A ⁽ⁱ⁾
<u>Executive Directors</u>	
Ng Chin Nam	2/5
<u>Independent Non-Executive Directors</u>	
Guok Ngek Seong (Appointed on 02.04.2024)	N/A ⁽ⁱ⁾
Abdul Rahman Bin Haji Din (Appointed on 21.05.2024)	N/A ⁽ⁱ⁾
Chan Hon Woo (Appointed on 21.05.2024)	N/A ⁽ⁱ⁾
Cheah Swi Chun (Resigned on 21.05.2024)	5/5
Wong Wan Chin (Resigned on 10.05.2024)	5/5
<u>Non-Independent Non-Executive Directors</u>	
Ho Whye Chong	5/5
Lee Yee Woi (Resigned on 28.06.2024)	5/5

Note

⁽ⁱ⁾ No meetings were held subsequent to their appointment in the financial year under review.

The Board is satisfied with the Directors' commitment in fulfilling their roles and responsibilities as directors, as evidenced by the good attendance record of the Directors at the Board meetings.

The Board is given full and unrestricted access to all information pertaining to the Group's affairs to assist them in discharging their fiduciary duties effectively. The Board also has full access to the advice and services of the Company Secretaries who are responsible to the Board for ensuring that the Board meeting procedures are adhered to and that the applicable rules and regulations are being complied with. The Board is allowed, whether as a full board or in their individual capacity, to solicit independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.

Relevant formal meeting agenda are circulated to the Board members in advance of each Board meeting to ensure the Directors have sufficient time to solicit further explanations and/or information, where necessary, so as to enable them to duly discharge their duties and ensure that deliberations at the meeting are focused and constructive. Senior Management team and external advisers are normally invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda.

The proceedings and relevant resolutions passed at the Board meeting are duly recorded by the Company Secretaries, and properly documented and filed in the Minutes Book maintained at the Registered Office of the Company.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

BOARD RESPONSIBILITIES (CONT'D)

Board Charter

A formal board charter ("**the Charter**") has been drawn up and adopted by the Board in accordance with of the Code. The Board is guided by its Board Charter which clearly sets out the Board's roles, duties and responsibilities in discharging its fiduciary and leadership functions.

The objectives of the Charter are to ensure that the members of the Board are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and comply with the various laws and regulations governing them and the Company.

The Board Charter is subject to periodical review by the Board to ensure that it remains relevant and consistent with the Board's roles and responsibilities, changing needs of the Company as well as any development in the prevailing legislation and practices.

The Board Charter is available for reference on the Company's corporate website at www.hhrg.com.my.

Code of Conduct and Ethics

A formal Code of Conduct and Ethics which outlines the standards of business conduct and ethical behaviour which the Directors and employees should adhere to has been put in place in accordance with the Code.

The Code of Conduct and Ethics is available for reference on the Company's corporate website at www.hhrg.com.my.

Whistleblowing Policies and Procedures

The Group has a whistleblowing policy and procedure to allow employees and any external stakeholders to report cases of bribery amongst other matters in the workplace. There are proper grievance procedures in place to allow employees to report on matters that they wish to highlight to Management's attention.

The Whistleblowing policies and procedures is available for reference on the Company's corporate website at www.hhrg.com.my.

Anti-Bribery & Corruption Policy

The Anti-Bribery & Corruption Policy had been established to prevent bribery and matters of corruption for. It is our policy to conduct all of our business in an honest and ethical manner, as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any of its amendments or re-enactments that may be made by the relevant authority from time to time. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

BOARD RESPONSIBILITIES (CONT'D)

Setting the Company's sustainability strategies, priorities and targets

The Board acknowledges that sustainable development is crucial for the Group's long-term business success. It is responsible for formulating the Group's sustainability strategies. Management consistently engages with stakeholders to gather feedback and insights that aid in setting sustainability targets and crafting implementation strategies.

The Board recognises the significance of sustainability in all aspects of its operations and has incorporated it as a criterion in the performance evaluations of its members. The annual evaluations of the Directors, the Board, and the Board Committees for FYE 2024 included an assessment of the Board's understanding of sustainability issues. For details on the Group's sustainability activities, please refer to the Sustainability Statement. The CEO is the designated leader for the Group's sustainability initiatives.

BOARD COMPOSITION

The Board currently consists of seven (7) members, comprising one (1) Executive Chairman, one (1) Executive Director, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors as follows:

Executive Chairman

Dato' H'ng Choon Seng (Resigned on 28.06.2024)

Deputy Executive Chairman

Yang Berbahagia Dato' Paduka Ammar Bin Dato' Shaikh Mahmood Naim (Appointed on 21.06.2024)

Executive Director

Ng Chin Nam

Independent Non-Executive Directors

Guok Ngek Seong (Appointed on 02.04.2024)

Abdul Rahman Bin Haji Din (Appointed on 21.05.2024)

Chan Hon Woo (Appointed on 21.05.2024)

Non-Independent Non-Executive Directors

Ho Whye Chong

Lee Yee Wooi (Resigned on 28.06.2024)

The composition of the Board is in compliance with paragraph 15.02 of the Listing Requirements, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, to be Independent Non-Executive Directors.

The biographical information of each Director is presented on pages 13 to 16 of this Annual Report, under Directors' Profile.

Members of the Board are persons of high calibre with different professional and commercial backgrounds. With a blend of good management, entrepreneurial skills and industry-specific knowledge, they bring extensive depth and diversity in experience and perspectives which are essential for the sustainability of the Group.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

BOARD COMPOSITION (CONT'D)

The Independent Non-Executive Directors ensure that the strategies proposed by Management are thoroughly deliberated and examined, with due consideration for the long-term interests of stakeholders. Their independence from Management guarantees that no individual or group dominates the decision-making process of the Board.

Half of the Board are independent directors

The Board is in the midst of identifying suitable candidates as additional independent directors of the Company.

Policy on the tenure of an independent director

The Board is aware that the tenure of an Independent Non-Executive Director should not exceed a cumulative term of 9 years as recommended by the Code.

Upon completion of the 9 years, the Independent Non-Executive Director concerned may:

- Continue to serve on the Board if deemed appropriate and suitable by the Board, subject to him/her being re-designated as Non-Independent Director; or
- Remain as an Independent Non-Executive Director if deemed appropriate and suitable by the Board, subject to the shareholders' approval. The Board must provide justification for the decision.

As of the date of this Annual Report, none of the Independent Non-Executive Directors has served a consecutive term of nine (9) years.

Limit of tenure of independent director to 9 years

The Group has yet to adopt the policy to limit the tenure of independent directors to 9 years without further extension.

Diverse Board and Senior Management Team

The Board is supportive of diversity on the Board and in Senior Management team. Appointment of members of the Board and Senior Management team are based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.

Sources to identify candidate(s) for Board appointment

The Company has in place, its procedures and criteria for identifying candidates for appointment of directors.

All candidates for appointment are first considered by the Nomination and Remuneration Committee ("NRC"), taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities to manage the Company.

The NRC will consider to utilise independent sources to identify suitably qualified candidates, if such needs arise.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

BOARD COMPOSITION (CONT'D)

Information of independent directors who stand for appointment or re-appointment

The information of the independent director who stand for re-appointment as independent director is as stated in the notice of general meeting.

Nomination and Remuneration Committee ("NRC")

The NRC shall exclusively comprises of Non-Executive Directors, a majority of whom are Independent Directors and is primarily responsible for the following:

- Propose, consider and recommend suitable persons for appointment as Director. In making its recommendations, the NRC should consider the candidates:
 - Skills, knowledge, expertise and experience;
 - Professionalism;
 - Integrity; and
 - In the case of candidates for the position of Independent Non-Executive Directors, to evaluate the candidates' ability to discharge such responsibilities/ functions as expected from the Independent Non-Executive Directors;
- Recommend to the Board the Directors to fill the seats on the Board Committees;
- Annual review of the required mix of skills, experience, competencies, independency and other qualities, which Non-Executive Directors should bring to the Board;
- Annual assessment of the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director including the Independent Non-Executive Directors as well as the Chief Executive Directors;
- Review the succession plans and training programmes for the Board; and
- Perform such other responsibilities as may be delegated by the Board from time to time.

The attendance details are reflected below:

	Attendance of Meeting
<u>Chairman</u>	
Chan Hon Woo (<i>Independent Non-Executive Director</i>) (Appointed on 23.05.2024)	N/A ⁽ⁱ⁾
Wong Wan Chin (<i>Independent Non-Executive Director</i>) (Resigned on 10.05.2024)	3/3
<u>Members</u>	
Ho Whye Chong (<i>Non-Independent Non-Executive Director</i>)	3/3
Abdul Rahman Bin Haji Din (<i>Independent Non-Executive Director</i>) (Appointed on 23.05.2024)	N/A ⁽ⁱ⁾
Cheah Swi Chun (<i>Independent Non-Executive Director</i>) (Resigned on 21.05.2024)	3/3

Note

(i) No meetings were held subsequent to his appointment in the financial year under review.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

BOARD COMPOSITION (CONT'D)

Nomination and Remuneration Committee ("NRC") (Cont'd)

During the financial year under review, three (3) meetings of the NRC were held and its activities are summarised as follows:

- Reviewed the current composition of the Board Committee;
- Reviewed the current board structure, size and composition;
- Reviewed and assessed the Board of Directors mix of skills, experience and other qualities, including core competencies which directors should bring to the board;
- Assessed the effectiveness of the Board as a whole, the committees of the Board, and for assessing the contribution of each individual director;
- Assessed the performance of Independent Directors;
- Discussed the character, experience, integrity and competence of the Directors, Chief Executive or Chief Financial Officer and to ensure they have the time to discharge their respective roles;
- Reviewed the term of office and performance of Audit and Risk Management Committee and each of its members;
- Reviewed and recommended the re-election of Directors who were retiring and seeking for re-election at the 13th AGM;
- Discussed the directors' fees and benefits for each Directors;
- Reviewed the remuneration packages of Executive Director of the Company; and
- Discussed the remuneration and sick leave of the Executive Director, Mr Ng Chin Nam.

The terms of reference of NRC is published on the Company's corporate website.

Chairman of Nomination and Remuneration Committee

The Nomination and Remuneration Committee is currently chaired by Mr Chan Hon Woo, an Independent Non-Executive Director.

Board Diversity, Targets and Measures to Meet Those Targets

Currently, there are no female directors on the Board. The Board endeavours to find a suitable candidate to fill this vacancy.

The Board acknowledges the important of promoting gender diversity to comply with the recommendations of the Code. The Code encourages that the Board comprises of 30% women directors. The Board will remain mindful and has set an objective to comply with the Code by appointing more women director to the Board when suitable candidate is identified to support the Group's objectives.

The Group is an employer who provides equal opportunity to all its employees. All appointments and employments are strictly based on meritocracy and are not driven by any racial, gender, ethnicity or age bias.

Effectiveness of the Board and individual directors

The Board takes cognisance of the importance of appropriate continuous training in keeping the Directors updated and informed on the changes and developments of operating environment and the corporate regulatory framework.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

BOARD COMPOSITION (CONT'D)

Effectiveness of the Board and individual directors (Cont'd)

All the Directors except Yang Berbahagia Dato' Paduka Ammar Bin Dato' Shaikh Mahmood Naim, Abdul Rahman Bin Haji Din and Guok Ngek Seong have attended and completed the Mandatory Accreditation Programme (MAP). Moreover, the Directors are briefed and updated at the quarterly meetings by the Company Secretaries, Internal and/or External Auditors on relevant amendments to the Listing Requirements, corporate governance practices and principles, risk management and internal control approaches, Malaysian Financial Reporting Standards, as well as auditing requirements. The Directors also gained insights to the market development through constructive and active deliberations at the Board meetings.

During the financial year under review, the training programmes, seminars and briefings attended by the Directors are as follows:

Name of Director	Date	Training Programme
Chan Hon Woo	17/18.07.24	- Mandatory Accreditation Programme
Dato' H'ng Choon Seng (Resigned on 28.06.2024)	28/29.02.24	- Mandatory Accreditation Programme Part II: Leading of Impact
Lee Yee Wooi (Resigned on 28.06.2024)	28/29.02.24	- Mandatory Accreditation Programme
	18.10.23	- Seminar Percukaian Kebangsaan 2023
Wong Wan Chin (Resigned on 10.05.2024)	05/06.02.24	- Mandatory Accreditation Programme Part II: Leading of Impact

The Board is mindful of the importance of continuing professional development and the need for continuous update and training. The Board, via the NRC, will assess the training needs of the Directors on a continuing basis. The Directors are expected to identify suitable training programmes for participation to ensure that they are updated and kept abreast with the economy developments, changes in the industry and business environment, new regulatory and financial reporting requirements, as well as essential practices for effective corporate governance, risk management and internal control. Thus, allowing them to discharge their roles and responsibilities effectively.

Annual Assessment of the Board

The NRC carries out an assessment on the composition of the Board, contribution of each individual Directors and overall effectiveness of the Board as a whole, and the Board Committees, on an annual basis, to ensure as far as possible, the Board is equipped with members of different mix of skill sets, competencies and gender diversity as well as to identify areas for improvement and for the purposes of reappointment of Directors of the Company.

Upon assessment of the Board's size and composition, the NRC is satisfied that the Board's size is appropriate given the scale of the Group's business and operations and the composition is well-balanced with mix of knowledge, skills and attributes to enable the Board to discharge its duties efficiently.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

REMUNERATION

Remuneration Policy and Procedures for Director and Senior Management

The primary responsibilities of NRC on remuneration are as follows:

- Recommend to the Board the remuneration package of the Executive Directors and key senior management personnel in all its form, drawing from outside advice, if necessary;
- Recommend to the Board the remuneration of Non-Executive Directors which shall be a decision of the Board as a whole, save and except where the remunerations is in respect of any member or members of this Committee; and
- Assist the Board in discharging its responsibilities relating to, amongst others, compensation strategy, succession planning, management development and other compensation arrangements.

The principal objective of the Group's remuneration policy is to attract, retain and motivate the Directors of the necessary calibre and experience to lead and manage the Group effectively. For Executive Directors, the remuneration package is structured to align the interests of the Executive Directors with those of shareholders and is linked to corporate and individual performance, service seniority, experience and responsibilities. For Independent Non-Executive Directors, the level of remuneration is based on the level of their experience and responsibilities.

The framework of Executive Directors' remuneration package and the terms of their employment are recommended by the NRC for the Board's approval. The remuneration package of Independent Non-Executive Directors is determined by the Board as a whole. Directors are required to abstain from deliberations and voting on decisions concerning their own remuneration.

The terms of reference of NRC is published on the Company's corporate website.

Details of Directors' remuneration

The details of the remuneration of Directors for the financial year ended 31 March 2024 are as follows:

Director	Company		Group	
	Fees	Salary and other emoluments [#]	Fees	Salary and other emoluments [#]
	RM'000	RM'000	RM'000	RM'000
Dato' H'ng Choon Seng	-	-	-	1,052
Ng Chin Nam	-	-	-	408
Cheah Swi Chun	24	*	24	*
Ho Whye Chong	24	*	24	*
Lee Yee Wooi	24	*	24	*
Wong Wan Chin	24	*	24	*

Note:

* Less than RM1,000

[#] other emoluments include the meeting allowances and other benefits and allowances received by the Directors of the Company.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

REMUNERATION (CONT'D)

Details of top 5 Senior Management's remuneration

Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment and the importance of ensuring stability and continuity of business operations with a competent and experienced Management team in place, the Board takes the view that there is no necessity for the Group to disclose the remuneration of the Company's Senior Management personnel who are not Directors.

Details of top five senior management's remuneration on named basis

Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment and the importance of ensuring stability and continuity of business operations with a competent and experienced Management team in place, the Board takes the view that there is no necessity for the Group to disclose the remuneration of the Company's Senior Management personnel who are not Directors.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

The Chairman of the Audit and Risk Management Committee (ARMC) is not the Chairman of the Board

En. Abdul Rahman Bin Haji Din, an Independent Director, serves as the Chairman of the ARMC, while Dato' H'ng Choon Seng holds the position of Chairman of the Board.

Dato' H'ng Choon Seng had on 28.06.2024 resigned as the Chairman and the Board had appointed Yang Berbahagia Dato' Paduka Ammar Bin Dato' Shaikh Mahmood Naim as the Executive Deputy Chairman of the Company.

Policy requiring former key audit partner to observe 3-year cooling off period

As at to-date, the Company has not appointed any former audit partner as a member of the ARMC.

Assessment of Suitability and Independence of External Auditors

The Board acknowledges that the independent opinion of the Group's External Auditors is essential in reassuring the shareholders that the Group's financial statements present a true and fair view of its financial position, financial performance and cash flows status.

The Board strives to establish a transparent and professional relationship with the Group's External Auditors with the assistance of the ARMC. The ARMC members meet with the Group's External Auditors at least twice a year with the absence of the Executive Directors and Senior Management to discuss the results and concerns arising from their audit.

The ARMC is responsible to review and monitor the suitability and independence of the Group's External Auditors. The ARMC had obtained assurance from its external auditors, Messrs. Grant Thornton Malaysia PLT, confirming that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. After having satisfied with the performance of Messrs. Grant Thornton Malaysia PLT and its audit independence, the ARMC recommended the re-appointment of Messrs. Grant Thornton Malaysia PLT to the Board for approval by its shareholders at the forthcoming Annual General Meeting ("AGM").

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

Composition of the ARMC

The Board did not adopt the step-up practice of having solely independent directors in the ARMC.

Diversity in skills of the ARMC

The ARMC currently comprises of members with professional experience in finance, taxation, business and economic environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the ARMC the ability to effectively discharge their roles and responsibilities.

Risk Management

The Board recognises the significance of sound risk management and internal control systems, which are necessary to safeguard the Group's assets and shareholders' investment. To this end, the Board affirms its overall responsibility in ensuring the adequacy, effectiveness and integrity of the Group's risk management and internal control system which encompasses risk management practices as well as financial, operational and compliance controls. Nonetheless, it is important to note that such system, by its nature, manages but not eliminates risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.

The *Statement on Risk Management and Internal Control* set out on pages 39 to 41 of this Annual Report provides an overview of the state of risk management and internal controls within the Group.

Internal Audit Function

The Board has outsourced its internal audit function to a professional consulting firm, which is independent to the activities and operations of the Group. The outsourced internal auditors conduct independent reviews on the state of risk management and internal controls of the Group and report directly to the ARMC. The findings of the internal auditors, together with recommended action plans, are reported to the ARMC and conveyed to the Management.

A summary of the major areas of work performed by the internal auditors during the financial year are set out in the *Audit and Risk Management Committee Report* on pages 44 to page 45 of this Annual Report.

Establishment of AMRC

The roles of the ARMC included to review, on behalf of the Board, the system of risk management necessary to manage the key risks inherent in the business and to present its findings to the Board.

The ARMC assist to identify, assess and mitigate risks systematically.

Continuous risk assessment is fundamental to the Group's risk management process where the risk owners from the business and corporate units are responsible to develop the appropriate response strategies to mitigate the risks.

Detail of the activities carried out by the ARMC in FYE 2024 are set out on pages 43 to page 44.

The Terms of Reference is available for reference on the Company's corporate website at www.hhrg.com.my.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

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

Compliance with Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the issuance of Annual Audited Financial Statements, quarterly financial reports, and corporate announcements on significant developments affecting the Group in accordance with the Listing Requirements.

The Annual Audited Financial Statements and quarterly financial reports are prepared in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Listing Requirements of Bursa Securities.

Directors' responsibilities in relation to the preparation of the Group's financial statements are further elaborated under Directors' Responsibility Statement.

The Audit and Risk Management Committee assists the Board in overseeing the Group's financial reporting processes and ensuring the quality of its financial reporting. The Group's annual and quarterly financial statements are reviewed by the Audit and Risk Management Committee, with the focus on changes in accounting policies, Management's judgement in applying these accounting policies as well as the assumptions and estimates applied in accounting for certain material transactions.

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

Corporate Disclosure Policy

The Board is aware of the importance of maintaining proper corporate disclosure procedures with the aim of providing shareholders and investors with comprehensive, accurate and quality information on a timely basis. Personnel and working team preparing the disclosure will conduct proper verification, as well as coordinate the efficient disclosure of material information to the investing public.

The Board, in its best efforts, always ensure that the financial results are released to the shareholders and the general public on a timely manner and the financial statements are presented with accuracy and adequacy and comply with all relevant regulatory reporting requirements and financial reporting standards.

Notice of AGM

The notice of 12th AGM held on 25 August 2023 was sent to the shareholders at least twenty-eight (28) days prior to the meeting date and published in a major local newspaper. Items of special business included in the notice of 12th AGM were accompanied by explanation of the proposed resolutions.

Directors' attendance

All Directors had attended the 12th AGM held on 25 August 2023.

Leveraging on technology for voting in absentia and remote shareholders' participation

The general meetings of the Company have always been held at a place which is accessible to all shareholders. Shareholders are entitled to appoint proxy to vote on their behalf in their absence.

The Company will try to continue to hold AGM on a virtual basis in the future and allow shareholders to actively participate and vote in absentia in the future AGMs.

Announcement of the detailed results of the poll voting had been made to the public via Bursa LINK on the same day for the benefit of all shareholders.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

PRINCIPLE C – INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Shareholders' Participation at General Meeting

All shareholders are invited and encouraged by the Board to attend the Company's general meeting, particularly the AGM, as it forms an important platform where the shareholders can engage directly with the Board and the Management and raise any questions and concerns they may have on the Group. The Company is looking forward to solicit feedbacks and views from its shareholders and answer shareholders' question on all issues pertaining to the Company at the AGM.

Minutes of General Meeting

Minutes of the Extraordinary General Meeting ("EGM") and AGM proceedings are posted on the Company's website within 30 days from the EGM and AGM.

Integrated Reporting

Integrated reporting is not applicable to the Group presently as the Group does not fall within the definition of "Large Companies".

Effective Communication and Proactive Engagement

The Board acknowledges the paramount importance of an active and constructive communication policy that enables effective communication between the Board, shareholders, stakeholders and general public and the importance of timely dissemination of information to shareholders, stakeholders and general public and their rights to be updated of the Group's activities and performance to enable them to make informed evaluation and investment decision.

To this end, the Group relies on the following channels for effective communication with the shareholders and stakeholders:

- Interim financial reports to provide updates on the Group's operations and business developments on a quarterly basis;
- Annual audited financial statements and annual report to provide an overview of the Group's state of governance, state of affairs, financial performance and cash flows for the relevant financial year;
- Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the Listing Requirements;
- AGMs; and
- Corporate website under www.hhrg.com.my.

While the Group strives to provide as much information as possible to the shareholders and stakeholders, the Board upholds strict standards of confidentiality with regard to undisclosed material information under all circumstances and is cognisant of the legal and regulatory framework governing the dissemination of information to shareholders and the general public particularly the rules and regulations stipulated under Chapter 9 of the Listing Requirements.

Corporate Governance Compliance Statement

The Board recognises the importance of good corporate governance towards long term sustainability of the Group. The Board always strive to adopt the principles and recommendations promoted by the Code. Save as disclosed within this Annual Report, the Group has, and will continue to apply the principles and recommendations as set out in the Code where practical and appropriate.

This statement was made in accordance with a Board of Directors' resolution dated 25 July 2024.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT (cont'd)

PRINCIPLE C – INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

DIRECTORS' RESPONSIBILITY STATEMENT

In the course of preparing the annual financial statements for the Group and the Company, the Directors reaffirm that they are collectively responsible for ensuring that these financial statements are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Listing Requirements of Bursa Securities; and that the financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group for the financial year ended 31 March 2024.

To ensure that the financial statements are properly drawn up, the Directors have taken the following measures:

- adopted the relevant Malaysian Financial Reporting Standards and IFRS Accounting Standards;
- applied the appropriate and relevant accounting policies on consistent basis;
- where applicable, made judgements and estimates that are reasonable and prudent;
- prepared the financial statements on going concern basis; and
- ensured that proper accounting records are kept in accordance with the requirements of the Companies Act 2016 so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors have also made reasonable steps to prevent and detect fraud as well as other irregularities in safeguarding the assets of the Group.

This statement was made in accordance with a Board of Directors' resolution dated 25 July 2024 .

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is cognisant of the necessity of establishing a sound risk management and internal control systems to support the Group's objectives and to safeguard the shareholders' investments and the Group's assets.

The Board is pleased to present the Statement on Risk Management and Internal Control ("Statement") pursuant to Rule 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements ("LR"). This Statement has been prepared in accordance with the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* ("Guidelines").

It is essential to note that the systems of internal control and risk management are designed to manage, supervise and control risks appropriately within a reasonable and practicable level, rather than to eliminate the risk of failure to achieve business objectives. Hence, these systems can only provide reasonable and not absolute assurance against material misstatement of management and financial information, or against financial losses and fraud or breaches of laws and regulations.

The effectiveness of risk management and internal control systems may vary over time due to the ever-changing circumstances and conditions of the Company and the Group. Nevertheless, the Board acknowledges the need for the systems of risk management and internal control to be continuously improved in line with the evolving business developments.

OBJECTIVE

The objective of establishing a sound risk management framework and an adequate and effective system of internal control is to safeguard shareholders' investments and the Group's assets, pursuant to the Malaysian Code on Corporate Governance that come into force in 28 April 2021.

- Outline the Group's risk context which comprises Group's philosophies, strategies and policies and operating system to better manage the business risks faced in today's adversity;
- Provide a guide to management as to how to govern the action of their operating personnel in relation to risk; and
- Provide assurance to the Board that a sound risk management and internal control system is in place.

This Statement is a structured and disciplined approach aligning strategies, processes, people, technology and knowledge with the purpose of evaluating and managing the risks the Group faces as it creates value.

An integrated, future-focused and process-orientated approach across functional, divisional and cultural barriers helps the Group manage all key business risk and opportunities with the intent of maximizing shareholder's value for the Group as a whole.

DEFINITION OF RISK

Risk may be viewed as the threat of some event, action or loss of opportunity that, if it occurs or become a reality, will adversely either-or value to shareholders, ability to achieve the objectives and implement business strategies, manner in conducting the business operation and Group's reputation.

CRITICAL SUCCESS FACTOR FOR RISK MANAGEMENT

The successful management of risk within the Group depends upon limitation as below:

- Risk management being part and parcel of strategy, project and operational planning and activities throughout the Group;
- Risk management is openly accepted and supported by the Group's leadership as providing sound business value; and
- Risk management is to be incorporated into the daily activity and being view as helpful in achieving the Group vision and strategic goal.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

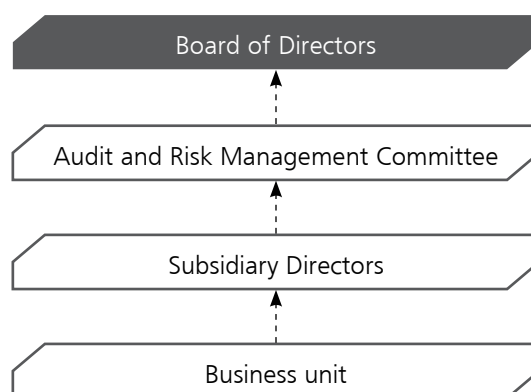
RISK STRUCTURE

Risk management cannot function in isolated silos. An appropriate framework has to be established within the Group to provide the control environment for risk management activities. This framework or structure embedded within the fabric of the Group. Key elements in the risk management structure included the following:

Risk management organisation structure:

- Roles, responsibilities and accountabilities of individual and terms especially the risk manager;
- Use of common terminology, this was communicated to the Executive Directors, Subsidiary Directors, Head of Departments, Executives and some support staff during the workshop and awareness session; and
- Reporting structure and the frequency of the reporting process will allow red flags or high-risk areas to be immediately channeled to the appropriate level for action.

Risk Organisation Structure



RISK MANAGEMENT

From the date of last AGM, the Group via its Audit and Risk Management Committee ("**ARMC**") conducted several meetings to review the key risks faced by the Group. This is to ensure the risk management framework and internal control mechanism that have been put in place remain relevant and capable to reduce the risks to acceptable level.

The ARMC will conduct half-yearly review and assessment on the key risks faced by the Group in its ordinary course of business to ensure that all the principal risks are maintained at acceptable level. Material findings, if any, together with additional control measures to be put in place shall be reported to the Board for deliberation.

During the financial year under review, as an initiative to enhance awareness on corporate governance, training was conducted for the Board and the management personnel as recommended by the ARMC. In addition, key risk and action were discussed at Board meetings. The Board will ensure that Management implement all action plans within the agreed timeline. The management shall conduct a half-yearly review to ensure that all key risks are maintained at acceptable level, and material finding (if any) shall be submitted to the Board for deliberation.

The Board of Directors will assist in overseeing the internal control aspects of the Group.

INTERNAL CONTROL

Maintaining a robust control structure and environment for the proper conduct of the Group's business operations and towards achieving a sound system of internal control has always been the Board's commitment. The key elements of the Group's system of internal control include:

- A well-defined organisational structure with well-defined scopes of responsibility, clear lines of accountability and appropriate levels of delegated authority. There is a process of hierarchical reporting which provides for a documented and auditable trail of accountability. Delegation of authorities including authorisation limits are clearly defined to ensure accountability and responsibility;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

INTERNAL CONTROL (CONT'D)

- The Group's Management carry out the monitoring and reviewing of the financial results for all businesses within the Group, including reporting thereon, of performance against the operating plans. The Management then formulate action plans to address any areas of concern;
- Regular Board and Management meetings are held where information is provided to the Board and Management covering financial performances and operations;
- The Board ensure that all recurrent related party transactions are dealt in accordance with the Listing Requirements. These recurrent related party transactions are subject to review by the ARMC and the Board at their respective meetings;
- A fully independent ARMC consisting exclusively of Independent Non-Executive Directors that monitor and review internal control issues identified by the internal auditors, the external auditors and the Management, and evaluate the adequacy and effectiveness of the risk management and internal control systems; and
- Quarterly meetings for the ARMC and Board are held to discuss on quarterly financial reports and issues that warrant the ARMC's and the Board's attention.

The Board acknowledges and recognises the importance of the internal audit function in assisting the Board in reviewing the effectiveness of the risk management and internal control system within the Group in safeguarding the shareholders' investments and the Group's assets.

An independent professional internal audit firm has been engaged by the Group as the Internal Auditors to provide much of the assurance it requires regarding the effectiveness and the adequacy and integrity of the Group's internal control system. To ensure independence, the Internal Auditors report directly to the ARMC.

During the financial year under review, the internal audit of the Group was carried out on a risk-based auditing approach in accordance with the 1 year audit plan and scope of works approved by the ARMC. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's internal control system. Recommendations for improvement are presented to the ARMC at its quarterly meetings, where necessary.

The internal audit reports are also circulated to the Management for implementation of the recommended improvement action plans. Follow-up reviews are conducted by the Internal Auditors to ascertain whether the recommendations are implemented within the stipulated time frame.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement. As set out in their terms of engagement, the procedures were performed in accordance with the Audit and Assurance Practice Guide ("AAPG 3") issued by Malaysian Institute of Accountants. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

CONCLUSION

The Board has considered the adequacy and effectiveness of the Group's system of risk management and internal control for the year under review, and up to the date of this Statement. The Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group that may result in material losses incurred by the Group for the financial year ended 31 March 2024. The Board and the Management continuously take measures to enhance the control environment and monitor the risk management and internal control framework in meeting the Group's business objectives. This Statement was made in accordance with a Board of Directors' resolution dated 25 July 2024.

The Term of Reference is available for reference on the Company's corporate website at www.hhrg.com.my.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Composition of Audit and Risk Management Committee (“Committee”)

The Committee members are nominated and appointed by the Board. Currently, the ARMC consist of two (2) members as of the date of this report. The Board endeavours to find a suitable candidate to fill this vacancy.

Abdul Rahman Bin Haji Din	Chairman/ Independent Non-Executive Director
Chan Hon Woo	Member/ Independent Non-Executive Director

Objectives

The Committee is established to assist the Board in ensuring timely and accurate financial reporting, proper implementation of risk management policies and internal control, and regulatory compliance.

Authority

- (a) The Committee is authorised by the Board to carry out the duties mentioned below and the Board and Management shall give all assistance that is necessary to enable the Committee to discharge its duties.
- (b) The Committee shall, whenever necessary and reasonable for the performance of its duties and in accordance with procedures to be determined by the Board and at the Company’s cost:
- have explicit authority to investigate any matter within its terms of reference;
 - have the resources which are required to perform its duties;
 - have, at the expense of the Company, full/unrestricted access to all information and documents/ resources pertaining to the Company which are required to perform its duties;
 - have direct communication channels with the external auditors, person(s) carrying out the internal audit function or activity (if any) and senior management of the Company;
 - be able to obtain external and independent professional or other advice, and to invite outsiders with relevant experience to attend meetings, if necessary; and
 - be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary
- (c) Procedures of the Committee

The Committee may regulate its own procedure, in particular:

- the calling of meetings;
- the notice to be given of such meetings;
- the voting and proceedings of such meetings;
- the keeping of minutes; and
- the custody, production and inspection of such minutes.

AUDIT AND RISK MANAGEMENT

COMMITTEE REPORT (cont'd)

Attendance at Meetings

During the financial year under review, four (4) meetings were held and the details of attendance of each member are as follows:

	Attendance of Meetings
Chairman	
Abdul Rahman Bin Haji Din (Appointed on 23.05.2024)	N/A ⁽ⁱ⁾
Cheah Swi Chun (Resigned on 21.05.2024)	4/4
Members	
Chan Hon Woo (Appointed on 23.05.2024)	N/A ⁽ⁱ⁾
Wong Wan Chin (Resigned on 10.05.2024)	4/4
Lee Yee Wooi (Resigned on 28.06.2024)	4/4

Notes

⁽ⁱ⁾ No meetings were held subsequent to his appointment in the financial year under review.

Summary of Activities of the Committee

In discharging its function, the Committee had carried out the following activities during the financial year ended 31 March 2024:

- Financial Reporting
 - (a) Reviewed the unaudited quarterly financial reports prior to recommending them to the Board for approval of announcement to Bursa Malaysia Securities Berhad ("Bursa Securities") and Securities Commission ("SC");
 - (b) Reviewed the annual audited financial statements of the Company and of the Group for the financial year ended 31 March 2023 prior to recommending it to the Board for approval of announcement to Bursa Securities and SC;
 - (c) Reviewed the Committee Report, Statement of Corporate Governance and Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 March 2023 ("Annual Report 2023") to ensure the contents therein are accurate and in compliance with the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad;
 - (d) Reviewed the list of related party transaction undertaken by the Group during the financial year and confirmed that the transaction was undertaken at arm's length basis and that the terms are not more favourable than those generally available to the public, and that adequate and accurate disclosure was made in compliance with the AMLR; and
 - (e) Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction ("**RRPT Circular**") to Shareholders dated 26 July 2023 before recommending them to the Board for consideration and approval.

AUDIT AND RISK MANAGEMENT

COMMITTEE REPORT (cont'd)

Summary of Activities of the Committee (Cont'd)

- External Auditors
 - (a) Reviewed and assessed the suitability and independence of the external auditors. To this end, the Committee had obtained confirmation from the external auditors on their independence and were not aware of any potential conflict of interest situation;
 - (b) Reviewed the performance appraisal of the external auditors and recommended the Board for their re-appointment for financial year ended 2024;
 - (c) Reviewed and discussed the audit findings in relation to the audited financial statements for the financial year ended 31 March 2023 as well as few internal control areas that required improvement as recommended by the external auditors. To this end, the Committee had reviewed the findings highlighted, deliberated on the Management's responses thereto and evaluated the recommended improvement action plans to ensure the areas of concern are adequately mitigated;
 - (d) Reviewed the scope of work and audit plan tabled by the External Auditors in relation to the statutory audit for the financial year ended 31 March 2024. The Committee had obtained updates from the External Auditors on the new accounting standards, auditing standards and other changes relating to the legal and regulatory requirements that came into effect during the financial year ended 31 March 2024; and
 - (e) Held private session (without the presence of the Executive Directors and Management) with the external auditors twice during the financial year under review.
- Internal Auditors
 - (a) Reviewed the internal audit plans and scope of works submitted by the internal auditors engaged by the Group;
 - (b) Reviewed the internal audit reports submitted by the internal auditors, and discussed the findings and recommendations with the Management; and
 - (c) Reviewed the performance appraisal of the internal auditors and recommended the Board for their re-appointment.

The Committee confirmed that it has been allowed unrestricted communication with both the external and internal auditors during the financial year under review, and participations of the Executive Directors and Management in the Committee's meetings were strictly upon invitation.

Subsequent to the financial year end, the Committee had reviewed the following prior to recommending to the Board for approval:

- The audited financial statements of the Company and the Group for the financial year ended 31 March 2024;
- The Committee Report, Corporate Governance Overview Statement, Corporate Governance Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 March 2024;
- The RRPT Circular dated 26 July 2024; and
- The performance appraisal of the external auditors for their re-appointment for the financial year ending 31 March 2025.

AUDIT AND RISK MANAGEMENT

COMMITTEE REPORT (cont'd)

Internal Audit Function

The Group has outsourced its internal audit function to an external professional internal audit firm, SH Associates Consulting Sdn. Bhd. (“Internal Auditors”).

The Internal Auditors report directly to the Committee. The primary role of the internal audit function is to review the effectiveness of the Group’s systems on internal control and this is performed with impartiality, proficiency and due professional care. The internal audit function adopts a risk-based auditing approach by focusing on reviewing identified high risk areas for compliance with control policies and procedures, identifying business risk which have not been appropriately addressed and evaluating the adequacy and effectiveness of controls.

The internal audit function assists the Committee in discharging its duties and responsibilities with respect to the adequacy and effectiveness of the Group’s internal control system. In order to maintain the integrity of the internal audit function, the Internal Auditors report directly to the Committee.

During the financial year under review, the internal auditors have conducted a review on account, operation, purchasing and sales department on Related Party Transaction, the findings and recommendations of which were reported to the committee.

(a) Report dated May 2024.

The areas/departments reviewed which is review on Related Party Transaction process.

The total internal audit fees payable for the abovementioned reviews carried out during the financial year under review amounted to RM18,000.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEED

Proposed 10% Private Placement Fund

On 24 July 2024, Company announced that the Proposed Private Placement has been completed, where a total of 86,822,700 new shares were placed out. Total gross proceeds raised amounted to RM12,396,792. The status of utilisation of the proceeds as per reporting date as follow:

Purpose	Intended Timeframe for Utilisation	Proposed Utilisation RM'000	Actual Utilisation As at 25 July 2024 RM'000	Balance of Proceeds RM'000
Working capital for the biomass materials and value-added products segment	Within 12 months	12,285	2,800	9,485
Estimated expenses for the Proposed Private Placement	Immediately	112	112	-
Total		12,397	2,912	9,485

AUDIT AND NON-AUDIT FEES

	Financial Year Ended 31 March 2024	
	Group RM	Company RM
Audit fees paid and payable to the external auditors	274,500	35,000
Non-audit fees paid and payable to external auditors and its affiliate for corporate tax compliance services rendered	153,850	9,000
	<u>428,350</u>	<u>44,000</u>

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were material contracts which had been entered into by the Company and its subsidiaries involving the interests of the Directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year as following:

Proposed of MG Furniture Sdn Bhd Land Acquisition⁽¹⁾

On 11 April 2023, a wholly-owned subsidiary of HHRG Berhad, HH Land Development Sdn. Bhd. entered into a sale and purchase agreement with MG Furniture Sdn. Bhd. of all that piece of freehold agricultural land known as Lot No.2176, Mukim Parit Buntar, Daerah Kerian, Perak held under Geran No.Hakmilik 22533 measuring approximately 2.4089 hectares in net area.

Proposed Kulim Property Sdn Bhd Acquisition ⁽²⁾

On 13 September 2023, HH Properties Kulim Sdn Bhd (formerly known as HH Ecometal Recycling Sdn Bhd), entered into an Agreement (the "Agreement") to acquire the 1,176,471 Ordinary Shares in Kulim Property Sdn Bhd ("KPSB"), representing the entire equity interest in KPSB for a total consideration of RM4,500,000.00 (the "Acquisition").

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST (CONT'D)

Notes:

- (1) *Ch'ng Chen Mong and Tan Poh Cheng are deemed to be major shareholders of HHRG Berhad, subsequently after completion at the acquisition on 30 April 2023.*
- (2) *Ho Whye Chong is an Independent Non-executive Director of HHRG Berhad as well as a major shareholder of KPSB. Ho Whye Chong has abstained and will continue to abstain from all deliberations and voting pertaining to the Proposed Kulim Property Sdn Bhd Acquisition at the relevant Board meetings of the Company.*

Goh Boon Leong and Goh Vincent deemed to be a major shareholder of HHRG Berhad as well as a director and major shareholder of KPSB. For the purposes of the Proposed Kulim Property Sdn Bhd Acquisition, Goh Boon Leong and Goh Vincent is deemed to be a major shareholder of HHRG Berhad pursuant to Rule 10.02 of the Listing Requirements as he held more than 10% of the total number of HHRG Berhad Shares within the preceding 6 months of the date on which the terms of the Proposed Kulim Property Sdn Bhd Acquisition were agreed upon.

Save for Ho Whye Chong, Goh Boon Leong and Goh Vincent, none of the Company's Directors, major shareholders, chief executive and persons connected to them has any direct or indirect interest in the Proposed Kulim Property Sdn Bhd Acquisition.

Ho Whye Chong, Goh Boon Leong and Goh Vincent will abstain from voting and will also undertake to ensure that any persons connected with them will abstain from voting in respect of their direct and indirect interest in HHRG Berhad on the relevant resolution pertaining to the Proposed Kulim Property Sdn Bhd Acquisition at the EGM.

CONTRACT RELATING TO LOAN BY THE COMPANY

There was no contract relating to loan entered into by the Company and its subsidiaries involving the interest of the Directors and major shareholders of the Company.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPTs")

Details on the RRPTs entered into by the Group during the financial year under review are disclosed under Note 31 to the Financial Statements on page 123 to 124 of this Annual Report. The Company is also seeking shareholders' approval for the proposed renewal of shareholders' mandate for RRPTs in the forthcoming AGM. The details of the RRPTs to be entered into by the Group with the related party are included in the Circular to Shareholders.

SHARE ISSUANCE SCHEME ("SIS")

The Company's SIS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on 2 December 2020. The SIS was in force for a period of five (5) years commencing from 7 May 2021 to 6 May 2026.

Details of SIS is disclosed in the Directors' Report appearing on Page 50 and under Note 35 to the Financial Statements on page 136 to 137 of this Annual Report.

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **31 March 2024**.

CHANGE OF NAME

The Company changed its name from Heng Huat Resources Group Berhad to HHRG Berhad on 29 May 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company in the course of the financial year remains unchanged and consist of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Profit for the financial year	<u>7,855,878</u>	<u>18,595,531</u>
Attributable to:		
Owners of the Company	7,086,988	18,595,531
Non-controlling interests	<u>768,890</u>	<u>-</u>
	<u>7,855,878</u>	<u>18,595,531</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 March 2024** have not been substantially affected by any item, transaction or event of a material and unusual nature except for the reversal of impairment loss on investment in a subsidiary amounting to RM11,499,999 as disclosed in Note 23 to the financial statements.

DIVIDEND

No dividend has been declared or paid by the Company since the end of previous financial year.

The directors do not recommend any dividend payment for the financial year.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company increased its issued and fully paid-up ordinary share capital by way of issuance of:

- (i) 9,040,203 new ordinary shares pursuant to the exercise of Warrants at an exercise price of RM0.08 per warrant for cash; and
- (ii) 46,713,582 new ordinary shares pursuant to the exercise of Share Issuance Scheme ("SIS") at an exercise price of RM0.20 per ordinary share for cash.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing ordinary shares of the Company.

WARRANTS

The salient features of the Warrants are disclosed in Note 17.2 to the financial statements.

Details of Warrants issued to directors are disclosed in the section on Directors' Interests in Shares of this report.

EMPLOYEES' SHARE OPTION SCHEME-SHARE ISSUANCE SCHEME ("SIS")

The Company's SIS is governed by the By-Laws which was approved by the shareholders at an Extraordinary General Meeting held on 2 December 2020. The SIS is in force for a period of five years commencing from 7 May 2021 to 6 May 2026.

The movements of SIS during the financial year are as follows:

Grant date	Exercise price*	Number of SIS over ordinary shares			
		Balance at 1.4.2023	Bought	Exercised	Balance at 31.3.2024
25.10.2021	RM0.20	86,090,000	-	(46,713,582)	39,376,418

The salient features of the SIS are disclosed in Note 35 to the financial statements.

Details of SIS issued to directors are disclosed in the section on Directors' Interests in Shares of this report.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

DIRECTORS

The directors in office since the beginning of the financial year to the date of this report are as follows:

Directors of the Company:

Yang Berbahagia Dato' Paduka Ammar Bin Dato' Shaikh Mahmood Naim (appointed 21.6.2024)

Ng Chin Nam

Ho Whye Chong

Abdul Rahman Bin Haji Din (appointed on 21.5.2024)

Chan Hon Woo (appointed on 21.5.2024)

Guok Ngek Seong (appointed on 2.4.2024)

Dato' H'ng Choon Seng (resigned on 28.6.2024)

Lee Yee Wui (resigned on 28.6.2024)

Cheah Swi Chun (resigned on 21.5.2024)

Wong Wan Chin (resigned on 10.5.2024)

Directors of the Subsidiaries:

Fong Chee Khuen

Cheng Pek Tong

Chuah Hang Chew

Boo Chin Weng

Khor Teik Boon

Lee Meng Wei (appointed on 16.1.2024)

Wang, Yung-Chien (first director, appointed on 6.10.2024)

Muhammad Adib Bin Zailani

Ruhani Binti Ismail

Ch'ng Chen Mong

Ch'ng Su Yen

Chong Ewe Lian

Eng Chin Keong

Tan Poh Cheng

Datin Khor Mooi Kim (resigned on 30.6.2024)

Teh Chai Luang (resigned on 30.6.2024)

Sim Kok Siang (resigned on 17.1.2024)

Goh Boon Leong (resigned on 1.12.2023)

Goh Vincent (resigned on 1.12.2023)

Tan Kang Shu (resigned on 22.9.2023)

Tan Poo Chuan (resigned on 22.9.2023)

Tan Poh Pang (resigned on 22.9.2023)

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares			
	Balance at 1.4.2023	SIS exercised	Bought/ (Sold)	Balance at 31.3.2024
The Company				
Direct Interest:				
Dato' H'ng Choon Seng	33,232,764	-	-	33,232,764
Ho Whye Chong	38,711,605	5,000,000	-	43,711,605
Ng Chin Nam	25,000	16,474,000	(5,703,572)	10,795,428
Lee Yee Wooi	100,000	-	-	100,000
Deemed Interest:				
Dato' H'ng Choon Seng ⁽¹⁾	225,380,735	-	34,883,720	260,264,455
Ng Chin Nam ⁽²⁾	44,460,750	-	(18,100,200)	26,360,550
Lee Yee Wooi ⁽³⁾	1,270,000	-	-	1,270,000

	Number of Warrants			
	Balance at 1.4.2023	Bought	Exercised	Balance at 31.3.2024
The Company				
Direct Interest:				
Ho Whye Chong	3,846,375	-	-	3,846,375
Ng Chin Nam	106,750	-	-	106,750
Deemed Interest:				
Dato' H'ng Choon Seng ⁽⁴⁾	2,488,759	-	-	2,488,759

	Number of SIS over ordinary shares			
	Balance at 1.4.2023	Bought	Exercised	Balance at 31.3.2024
The Company				
Direct Interest:				
Cheah Swi Chun	500,000	-	-	500,000
Ho Whye Chong	11,753,750	-	(5,000,000)	6,753,750
Ng Chin Nam	22,500,000	-	(16,474,000)	6,026,000

⁽¹⁾ Deemed interested by virtue of his shareholding in GH Consortium Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

⁽²⁾ Deemed interested by virtue of his shareholding in Polargas Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and shares held by his spouse.

⁽³⁾ Deemed interested by virtue of shares held by his spouse.

⁽⁴⁾ Deemed interested by virtue of his shareholding in GH Consortium Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and shares held by his spouse and daughter.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares in the Company and its related corporations during the financial year.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

DIRECTORS' REMUNERATION AND BENEFITS

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

	COMPANY	SUBSIDIARIES	TOTAL
	RM	RM	RM
Fees	96,000	-	96,000
Salaries, allowances and bonus	3,000	1,274,435	1,277,435
Defined contribution plan ("EPF")	-	152,940	152,940
Social security contribution ("SOCSO") and employment insurance scheme ("EIS")	-	2,125	2,125
Benefits-in-kind	-	31,438	31,438
	99,000	1,460,938	1,559,938

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the 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.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown above) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for directors and officers of the Group were RM9,590,000 and RM27,717 respectively.

OTHER STATUTORY INFORMATION

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

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

OTHER STATUTORY INFORMATION (CONT'D)

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

- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the directors:

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

EVENTS AFTER THE REPORTING PERIOD

The details of the events after the reporting period are disclosed in Note 37 to the financial statements.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

AUDITORS

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

The total amount of fees paid to or receivable by the auditors and its affiliate as remuneration for their services to the Group and the Company for the financial year ended 31 March 2024 are as follows:

	GROUP	COMPANY
	RM	RM
Statutory audit	259,000	35,000
Assurance related and non-audit services	153,850	9,000
Total	412,850	44,000

The Company has agreed to indemnify the auditors to the extent permissible under the provisions of the Companies Act 2016 in Malaysia. However, no payment has been made under this indemnity for the financial year.

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

.....
Yang Berbahagia Dato' Paduka Ammar Bin Dato' Shaikh Mahmood Naim

.....
Chan Hon Woo

Penang,

Date: 25 July 2024

DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 61 to 139 are properly drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 March 2024** and of their financial performance and cash flows for the financial year then ended.

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

.....
Yang Berbahagia Dato' Paduka Ammar Bin Dato' Shaikh Mahmood Naim

.....
Chan Hon Woo

Date: 25 July 2024

STATUTORY DECLARATION

I, **Cheng Pek Tong**, the officer primarily responsible for the financial management of **HHRG Berhad (formerly known as Heng Huat Resources Group Berhad)**, do solemnly and sincerely declare that the financial statements set out on pages 61 to 139 are to the best of my knowledge and belief, 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 Penang, this **25th**)
day of **July 2024**.)

.....
Cheng Pek Tong
(MIA No. 28935)

Before me,

.....
Liew Juan Leng
No. P162
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HHRG BERHAD (FORMERLY KNOWN AS HENG HUAT RESOURCES GROUP BERHAD)
Registration No. 201101041555 (969678-D) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **HHRG Berhad (formerly known as Heng Huat Resources Group Berhad)**, which comprise the statements of financial position as at **31 March 2024** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 61 to 139.

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 March 2024** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF HHRG BERHAD (FORMERLY KNOWN AS HENG HUAT RESOURCES GROUP BERHAD)
 Registration No. 201101041555 (969678-D) (Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Impairment assessment on goodwill (Note 7 to the financial statements)</p> <p>As at the reporting date, the Group has goodwill amounting to RM7.64 million which has been allocated to its furniture products, money lending services and others segment as the cash generating unit ("CGU").</p> <p>The management is required to perform annual impairment assessment for the goodwill arising from consolidation. We focus on this area as management's assessment of the value in use of the CGU involves estimation uncertainty and judgements about the future results of the business and key assumptions applied to future cash flows projection.</p>	<p>Our audit procedures in relation to the impairment assessment on goodwill included, amongst others, the following:</p> <ul style="list-style-type: none"> - Evaluated the model used in determining the value in use of the CGU as well as assessed the discount rate used; - Assessed the reasonableness of key assumptions based on our knowledge of the business and industry; - Compared actual performance of the CGU to assumptions applied in prior years model and assessed the accuracy of management's estimates; - Performed sensitivity analysis on the key assumptions inputted to the model and assessed the impact on the overall carrying amount of goodwill with the alterations to the key assumptions; and - Assessed the adequacy of disclosures in the financial statements.
<p>Revenue recognition (Note 22 to the financial statements)</p> <p>The Group's revenue is mainly derived from the sale of biomass materials and value-added products as well as furniture products.</p> <p>We focus on this area as the management may take an aggressive approach to the recognition of revenue, including improper 5-steps of revenue recognition under <i>MFRS 15 Revenue from Contract with Customers</i>.</p>	<p>Our audit procedures in relation to revenue recognition included:</p> <ul style="list-style-type: none"> - Obtained an understanding of the Group's revenue recognition process and application and thereafter tested controls on the occurrence of revenue; - Performed analytical procedures on the trend of revenue recognised to identify for any abnormalities; - Performed substantive testing on a sampling basis to verify that revenue recognition criteria was properly applied by checking to the documents which evidenced the delivery of goods to the customers; - Assessed whether revenue was recognised in the correct period by testing cut-off through assessing sales transactions taking place at either side of the reporting date as well as reviewed credit notes and sales returns issued after the reporting date; and - Reviewed the sales ledger to identify any sales transactions that were entered using journals or non-sales invoices references and evaluated the nature of the transactions to determine whether they were <i>bona fide</i> transactions.

There are no key audit matters to be communicated in respect of the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF HHRG BERHAD (FORMERLY KNOWN AS HENG HUAT RESOURCES GROUP BERHAD)
Registration No. 201101041555 (969678-D) (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Directors' Responsibilities 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, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF HHRG BERHAD (FORMERLY KNOWN AS HENG HUAT RESOURCES GROUP BERHAD)
Registration No. 201101041555 (969678-D) (Incorporated in Malaysia)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matter

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

Grant Thornton Malaysia PLT
AF: 0737
201906003682 (LLP0022494-LCA)
Chartered Accountants

Teh Khang Xuen
No. 03805/12/2025 J
Chartered Accountant

Penang

Date: 25 July 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	NOTE	GROUP		COMPANY	
		2024	(Restated)	2024	(Restated)
			2023		2023
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	71,886,929	73,501,804	450,200	587,496
Investment properties	4	27,249,388	41,511,358	-	-
Right-of-use assets	5	3,638,156	6,238,023	-	-
Inventories	6	26,083,114	21,585,114	-	-
Intangible assets	7	18,084,048	19,205,853	-	-
Investment in subsidiaries	8	-	-	168,741,432	156,870,433
Keyman insurance contracts	9	449,119	620,690	-	-
Deferred tax assets	10	953,889	-	-	-
		<u>148,344,643</u>	<u>162,662,842</u>	<u>169,191,632</u>	<u>157,457,929</u>
Current assets					
Inventories	6	12,364,422	12,274,848	-	-
Trade and other receivables	11	43,786,808	26,330,874	27,411,941	751,913
Derivative financial assets	12	-	83,843	-	-
Current tax assets		1,550,609	113,047	8,587	280
Keyman insurance contracts	9	206,721	-	-	-
Other investments	13	24,108,289	16,028,357	11,308,628	8,905,377
Cash and cash equivalents	14	28,348,963	33,824,828	2,789,251	8,572,214
		<u>110,365,812</u>	<u>88,655,797</u>	<u>41,518,407</u>	<u>18,229,784</u>
Non-current assets held for sale	15	8,676,251	-	-	-
		<u>119,042,063</u>	<u>88,655,797</u>	<u>41,518,407</u>	<u>18,229,784</u>
TOTAL ASSETS		<u>267,386,706</u>	<u>251,318,639</u>	<u>210,710,039</u>	<u>175,687,713</u>

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

STATEMENTS OF FINANCIAL POSITION (cont'd)

AS AT 31 MARCH 2024

	NOTE	GROUP		COMPANY	
		2024	(Restated) 2023	2024	(Restated) 2023
		RM	RM	RM	RM
EQUITY AND LIABILITIES					
Share capital	16	153,775,657	140,078,436	153,775,657	140,078,436
Other reserves	17	(406,660)	3,224,628	4,778,340	8,409,628
Retained profits	18	29,664,894	22,577,906	44,415,439	25,819,908
		183,033,891	165,880,970	202,969,436	174,307,972
Non-controlling interests		22,306,689	23,389,999	-	-
Total equity		205,340,580	189,270,969	202,969,436	174,307,972
Non-current liabilities					
Lease liabilities	5	298,676	2,195,050	-	-
Borrowings	19	21,215,698	28,977,408	228,198	345,414
Deferred tax liabilities	10	1,862,508	1,551,984	5,000	5,000
		23,376,882	32,724,442	233,198	350,414
Current liabilities					
Trade, other payables and provision	20	23,973,924	21,978,153	7,390,189	915,302
Contract liabilities	21	1,594,196	894,065	-	-
Borrowings	19	11,084,912	3,346,919	117,216	114,025
Lease liabilities	5	2,015,702	2,719,147	-	-
Derivative financial liabilities	12	-	106,311	-	-
Current tax liabilities		510	278,633	-	-
		38,669,244	29,323,228	7,507,405	1,029,327
Total liabilities		62,046,126	62,047,670	7,740,603	1,379,741
TOTAL EQUITY AND LIABILITIES		267,386,706	251,318,639	210,710,039	175,687,713

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	NOTE	GROUP		COMPANY	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue	22	124,321,568	155,268,337	12,577,800	27,558,500
Cost of sales		<u>(90,012,134)</u>	<u>(101,314,359)</u>	-	-
Gross profit		34,309,434	53,953,978	12,577,800	27,558,500
Other income	23	2,244,546	4,130,090	11,792,841	127,997
Administrative expenses		(20,246,453)	(16,864,839)	(6,061,121)	(3,588,489)
Selling and distribution expenses		(4,793,513)	(5,684,909)	-	-
Allowance for expected credit losses on trade receivables					
- addition		(63,412)	(75,615)	-	-
- reversal		73,777	747,127	-	-
Other operating expenses		-	<u>(1,210,092)</u>	-	-
Operating profit		11,524,379	34,995,740	18,309,520	24,098,008
Finance income	24	675,833	256,656	518,312	123,498
Finance costs	25	<u>(1,983,405)</u>	<u>(1,885,672)</u>	<u>(204,293)</u>	<u>(160,037)</u>
Profit before tax	26	10,216,807	33,366,724	18,623,539	24,061,469
Taxation	27	<u>(2,360,929)</u>	<u>(3,354,435)</u>	<u>(28,008)</u>	<u>(8,325)</u>
Profit for the financial year, representing total comprehensive income for the financial year		<u>7,855,878</u>	<u>30,012,289</u>	<u>18,595,531</u>	<u>24,053,144</u>
Total comprehensive income attributable to:					
Owners of the Company		7,086,988	27,294,060	18,595,531	24,053,144
Non-controlling interests		<u>768,890</u>	<u>2,718,229</u>	-	-
		<u>7,855,878</u>	<u>30,012,289</u>	<u>18,595,531</u>	<u>24,053,144</u>
Earnings per share attributable to owners of the Company (sen)					
- Basic	28	<u>0.82</u>	<u>3.68</u>		
- Diluted	28	<u>0.76</u>	<u>3.20</u>		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

NOTE	Attributable to Owners of the Company										Non-controlling Interests	Total Equity
	Share Capital	Reorganisation Reserve	Warrants Reserve	SIS Reserve	Retained Profit	Total	Non-controlling Interests	Total Equity				
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2024												
Balance at beginning	140,078,436	(5,185,000)	2,090,490	6,319,138	22,577,906	165,880,970	23,389,999	189,270,969				
Total comprehensive income for the financial year	-	-	-	-	7,086,988	7,086,988	768,890	7,855,878				
<i>Transactions with owners of the Company:</i>												
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,852,200)	(1,852,200)				
Issuance of shares pursuant to:												
- exercise of Warrants	723,217	-	-	-	-	723,217	-	723,217				
- exercise of SIS	9,342,716	-	-	-	-	9,342,716	-	9,342,716				
Transfer of warrant reserve upon exercise of Warrants	226,005	-	(226,005)	-	-	-	-	-				
Transfer of SIS reserve upon exercise of SIS	3,405,283	-	-	(3,405,283)	-	-	-	-				
	13,697,221	-	(226,005)	(3,405,283)	-	10,065,933	(1,852,200)	8,213,733				
Balance at end	153,775,657	(5,185,000)	1,864,485	2,913,855	29,664,894	183,033,891	22,306,689	205,340,580				

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

NOTE	Attributable to Owners of the Company		Non-distributable		SIS Reserve RM	Retained Profit RM	Non-controlling Interests RM	Total Equity RM
	Share Capital RM	Reorganisation Reserve RM	Warrants Reserve RM	(Accumulated Losses)/				
2023								
	126,198,404	(5,185,000)	4,249,237	7,644,478	128,190,965	20,783,393	148,974,358	
Balance at beginning								
Total comprehensive income for the financial year	-	-	-	27,294,060	27,294,060	2,718,229	30,012,289	
<i>Transactions with owners of the Company:</i>								
Acquisition of subsidiaries	-	-	-	-	-	(32,123)	(32,123)	
Dividend paid to non-controlling interests	-	-	-	-	-	(79,500)	(79,500)	
Issuance of shares pursuant to:								
- exercise of Warrants	6,907,989	-	-	-	6,907,989	-	6,907,989	
- exercise of SIS	3,582,000	-	-	-	3,582,000	-	3,582,000	
Transfer of warrant reserve upon exercise of Warrants	2,158,747	-	(2,158,747)	-	-	-	-	
Transfer of SIS reserve upon exercise of SIS	1,325,340	-	-	(1,325,340)	-	-	-	
Share issuance expenses	(94,044)	-	-	-	(94,044)	-	(94,044)	
	13,880,032	-	(2,158,747)	(1,325,340)	10,395,945	(111,623)	10,284,322	
Balance at end	140,078,436	(5,185,000)	2,090,490	6,319,138	165,880,970	23,389,999	189,270,969	

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	NOTE	Share Capital RM	Non-distributable Warrants Reserve RM	SIS Reserve RM	Distributable Retained Profits RM	Total Equity RM
2024						
Balance at beginning		140,078,436	2,090,490	6,319,138	25,819,908	174,307,972
Total comprehensive income for the financial year		-	-	-	18,595,531	18,595,531
<i>Transactions with owners of the Company:</i>						
Issuance of shares pursuant to:						
- exercise of Warrants	16	723,217	-	-	-	723,217
- exercise of SIS	16	9,342,716	-	-	-	9,342,716
Transfer of warrant reserve upon exercise of Warrants	16	226,005	(226,005)	-	-	-
Transfer of SIS reserve upon exercise of SIS	16	3,405,283	-	(3,405,283)	-	-
		13,697,221	(226,005)	(3,405,283)	-	10,065,933
Balance at end		153,775,657	1,864,485	2,913,855	44,415,439	202,969,436
2023						
Balance at beginning		126,198,404	4,249,237	7,644,478	1,766,764	139,858,883
Total comprehensive income for the financial year		-	-	-	24,053,144	24,053,144
<i>Transactions with owners of the Company:</i>						
Issuance of shares pursuant to:						
- exercise of Warrants	16	6,907,989	-	-	-	6,907,989
- exercise of SIS	16	3,582,000	-	-	-	3,582,000
Transfer of warrant reserve upon exercise of Warrants	16	2,158,747	(2,158,747)	-	-	-
Transfer of SIS reserve upon exercise of SIS	16	1,325,340	-	(1,325,340)	-	-
Share issuance expenses	16	(94,044)	-	-	-	(94,044)
		13,880,032	(2,158,747)	(1,325,340)	-	10,395,945
Balance at end		140,078,436	2,090,490	6,319,138	25,819,908	174,307,972

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	GROUP		COMPANY	
	2024 RM	(Restated) 2023 RM	2024 RM	(Restated) 2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	10,216,807	33,366,724	18,623,539	24,061,469
Adjustments for:				
Accretion of interest on lease liabilities	177,883	263,007	-	-
Allowance for expected credit losses:				
- current year	63,412	75,615	-	-
- reversal	(73,777)	(747,127)	-	-
Amortisation of intangible assets:				
- customer relationship	1,290,400	1,290,400	-	-
- branding	8,744	-	-	-
- trademarks	24,680	24,714	-	-
Depreciation of:				
- property, plant and equipment	6,532,688	6,643,508	137,296	116,762
- investment properties	517,191	524,613	-	-
- right-of-use assets	2,699,765	2,394,204	-	-
Dividend income from other investments	(278,267)	(174,336)	(113,191)	(5,612)
Fair value (gain)/loss on derivative financial instruments	(22,468)	22,468	-	-
Fair value gain on keyman insurance contracts	(35,150)	(30,312)	-	-
Fair value gain on other investments	(313,104)	(219,439)	(179,651)	(122,385)
Gain on lease termination	-	(778)	-	-
Gain on disposal of investment properties	(212,156)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	(160,992)	(213,614)	-	10,142
Impairment loss on property, plant and equipment	-	1,210,092	-	-
Inventories written down:				
- addition	421,715	274,278	-	-
- reversal	(274,278)	(61,320)	-	-
Interest expenses	1,805,522	1,622,665	204,293	160,037
Interest income	(675,833)	(256,656)	(518,312)	(123,498)
Loss on disposal of other investments	493,396	-	-	-
Property, plant and equipment written off	610,041	75,158	-	-
Reversal of impairment loss on investment in a subsidiary	-	-	(11,499,999)	-
Unrealised (gain)/loss on foreign exchange	(12,282)	262,860	-	-
Operating profit before working capital changes	22,803,937	46,346,724	6,653,975	24,096,915
Net changes in:				
Inventories	(237,011)	2,163,637	-	-
Receivables	(17,428,793)	4,387,116	(2,538,715)	39,487
Payables	2,982,319	(8,065,255)	828,664	(510,040)
Contract liabilities	700,131	(354,216)	-	-
Cash generated from operations	8,820,583	44,478,006	4,943,924	23,626,362
Income tax paid	(4,499,852)	(4,248,550)	(36,315)	(8,325)
Income tax refunded	60,890	65,754	-	34,972
Real property gains tax paid	(283,801)	(57,694)	-	-
Net cash from operating activities carried forward	4,097,820	40,237,516	4,907,609	23,653,009

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

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	GROUP		COMPANY		
	NOTE	2024	(Restated) 2023	2024	(Restated) 2023
		RM	RM	RM	RM
Net cash from operating activities brought forward		4,097,820	40,237,516	4,907,609	23,653,009
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		278,267	174,336	113,191	5,612
Interest received		675,833	256,656	518,312	123,498
Addition of other investments		(8,260,224)	(13,808,918)	(2,223,600)	(8,782,992)
Changes in fixed deposits pledged with licensed banks		310,016	4,708,847	-	-
Investment in subsidiaries, net		-	-	(371,000)	(70,659,010)
Net cash outflow from acquisition of subsidiaries		(4,619,095)	(6,490,974)	-	-
Purchase of investment properties		(2,864,394)	(19,472,883)	-	-
Purchase of property, plant and equipment	A	(5,502,215)	(7,261,620)	-	(145,990)
Proceeds from disposal of investment properties		8,145,078	369,563	-	-
Proceeds from disposal of property, plant and equipment		439,952	2,869,033	-	185,000
Net cash used in investing activities		(11,396,782)	(38,655,960)	(1,963,097)	(79,273,882)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to non-controlling interests		(1,852,200)	(79,500)	-	-
Interest paid		(1,805,522)	(1,622,665)	(204,293)	(160,037)
Net changes in:					
- directors' account	B	(1,201,059)	(2,111,437)	-	-
- shareholders' balance	B	184,072	427,043	-	-
- subsidiaries' balances		-	-	(18,475,090)	50,601,547
Proceeds from exercise of SIS		9,342,716	3,582,000	9,342,716	3,582,000
Proceeds from exercise of Warrants		723,217	6,907,989	723,217	6,907,989
(Repayment)/Drawdown of term loans	B	(8,539,693)	4,469,366	-	-
Repayment of finance lease liabilities	B	(823,412)	(1,195,219)	(114,025)	(87,036)
Repayment of bankers' acceptance	B	-	(3,141,000)	-	-
Repayment of lease liabilities	B	(2,877,600)	(2,454,800)	-	-
Share issuance expenses paid		-	(94,044)	-	(94,044)
Net cash (used in)/from financing activities		(6,849,481)	4,687,733	(8,727,475)	60,750,419

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

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	NOTE	GROUP		COMPANY	
		2024 RM	(Restated) 2023 RM	2024 RM	(Restated) 2023 RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(14,148,443)	6,269,289	(5,782,963)	5,129,546
Effects of foreign exchange rate changes		(4,494)	457	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING		28,019,674	21,749,928	8,572,214	3,442,668
CASH AND CASH EQUIVALENTS AT END		13,866,737	28,019,674	2,789,251	8,572,214
The cash and cash equivalents are represented by:					
Cash and bank balances		15,407,549	23,784,097	1,242,392	8,072,214
Fixed deposits with licensed banks		11,741,414	9,440,731	1,546,859	500,000
Short term money market deposits		1,200,000	600,000	-	-
Bank overdrafts		(8,987,088)	-	-	-
		19,361,875	33,824,828	2,789,251	8,572,214
Less: Fixed deposits pledged to licensed banks		(5,495,138)	(5,805,154)	-	-
		13,866,737	28,019,674	2,789,251	8,572,214
A. Purchase of property, plant and equipment					
Total purchases		5,854,515	8,499,639	-	674,990
Less: Acquired under finance lease liabilities	B	(352,300)	(1,238,019)	-	(529,000)
		5,502,215	7,261,620	-	145,990

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

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

B. Reconciliation of liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Net cash flows RM	Acquisition of subsidiaries RM	Others ¹ RM	Balance at end RM
GROUP					
2024					
Finance lease liabilities	2,130,561	(471,112)	-	-	1,659,449
Term loans	30,193,766	(8,539,693)	-	-	21,654,073
Lease liabilities	4,914,197	(2,877,600)	-	277,781	2,314,378
Amount due to directors	2,085,143	(1,201,059)	-	-	884,084
Amount due to shareholders	427,043	184,072	-	-	611,115
	39,750,710	(12,905,392)	-	277,781	27,123,099
2023					
Finance lease liabilities	2,087,761	42,800	-	-	2,130,561
Term loans	21,398,098	4,469,366	4,326,302	-	30,193,766
Bankers' acceptance	3,141,000	(3,141,000)	-	-	-
Lease liabilities	5,131,750	(2,454,800)	-	2,237,247	4,914,197
Amount due to directors	4,196,580	(2,111,437)	-	-	2,085,143
Amount due to shareholders	-	427,043	-	-	427,043
	35,955,189	(2,768,028)	4,326,302	2,237,247	39,750,710

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

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	Balance at beginning RM	Net Cash flows RM	Balance at end RM
COMPANY			
2024			
Finance lease liabilities	<u>459,439</u>	<u>(114,025)</u>	<u>345,414</u>
2023			
Finance lease liabilities	<u>17,475</u>	<u>441,964</u>	<u>459,439</u>
¹ Others consist of non-cash items represented by:			
		GROUP	
		2024	2023
		RM	RM
Accretion of interest in lease liabilities		177,883	263,007
Additions of lease liabilities		99,898	1,994,972
Derecognition of lease liabilities		<u>-</u>	<u>(20,732)</u>
		<u>277,781</u>	<u>2,237,247</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2024

1. CORPORATE INFORMATION

General

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

The registered office of the Company is located at 51-8-A Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang.

The principal place of business of the Company is located at Lot 2945 (Plot A2), Jalan Sungai Baong, Kawasan Perindustrian Perabut, Mukim 5, Sungai Baong, 14200 Sungai Bakap, Pulau Pinang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 July 2024.

Principal activities

The principal activity of the Company in the course of the financial year remains unchanged and consist of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for keyman insurance contracts and other investments that have been measured at fair value.

2.3 Functional and Presentation Currency

Ringgit Malaysia ("RM") is the presentation currency of the Group and of the Company.

RM is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

2. BASIS OF PREPARATION (CONT'D)

2.4 Adoption of New Standard/Amendments to MFRSs

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following new standard/ amendments to MFRSs that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information

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

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112 Income Taxes - International Tax Reform - Pillar Two Model Rules

Initial application of the above new standard/amendments to MFRSs did not have material impact to the financial statements upon adoption, except for *Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies*. The amendments change the requirements in *MFRS 101* with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in *MFRS 101* are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board ("MASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in MFRS Practice Statement 2.

The amendments have had an impact on the Group's and the Company's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's financial statements.

2.5 Standards Issued But Not Yet Effective

The following are accounting standards that have been issued by the MASB but are not yet effective for the Group and the Company:

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 Presentation of Financial Statements - Non-Current Liabilities with Covenants

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

Effective for annual periods beginning on or after 1 January 2027

MFRS 18 Presentation and Disclosure in Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective (Cont'd)

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above new standard/amendments to MFRSs is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption, except for *MFRS 18 Presentation and Disclosure in Financial Statements*.

MFRS 18 introduces new requirements on presentation within the statements of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to *MFRS 107 Statement of Cash Flows and MFRS 134 Interim Financial Reporting*.

The amendments will have an impact on the Group's and on the Company's presentation of statements of comprehensive income, statements of cash flows and additional disclosures in the notes to the financial statements but not on the measurement or recognition of any items in the Group's and the Company's financial statements.

The Group is currently assessing the impact of *MFRS 18* and plans to adopt the new standard on the required effective date.

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that would have a significant effect on the amount recognised in the financial statements other than the following:

Determining the lease term of contracts with extension options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has lease contracts that include extension option. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to extend the leases. That is, it considers all relevant factors that create an economic incentive for it to exercise the extensions. After the commencement date, the Group reassesses the lease terms if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to extend (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group has included the extension option period as part of the lease term for leases of factory buildings and hostel as it is reasonably certain that the extension option will be exercised. For the lease of land, the Group has not included the extension options as part of the lease term as there are no extension options available. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (Cont'd)

2.6.2 Key sources of estimation uncertainty

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

(i) Impairment of property, plant and equipment and intangible assets

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying amount of the property, plant and equipment and intangible assets do not exceed their recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from the cash generating units to which the assets belong. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate, product life cycle and discount rate.

The provision for impairment loss on property, plant and equipment is disclosed in Note 3 to the financial statements.

There is no provision for impairment loss on intangible assets.

(ii) Inventories

The management reviews for slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

The inventories written-down to their net realisable value are disclosed in Note 6 to the financial statements.

(iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in assumptions are disclosed in Note 7 to the financial statements.

(iv) Deferred tax assets

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

Assumptions about generation of future taxable profits would depend on the achievability of projected profits and this requires judgement of the management. These assumptions and judgement are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact on the amount of deferred tax assets recognised.

The carrying amount of deferred tax assets of the Group as at the end of the reporting period is disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (Cont'd)

2.6.2 Key sources of estimation uncertainty (Cont'd)

(v) Provision for expected credit loss ("ECL") of receivables

The Group uses a provision matrix to calculate ECLs for all trade receivables, except for loan 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, 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 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 every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses 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.

For loan receivables, the Group uses the three-stage general approach which reflects the change in credit quality of the financial instruments since initial recognition.

The information about the ECL on the Group's trade receivables and loan receivables is disclosed in Note 32.3.1 to the financial statements.

(vi) 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 subsidiaries 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 subsidiary'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 subsidiary's stand-alone credit rating).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM	Leasehold land RM	Buildings RM	Machinery and equipment RM	Office equipment, furniture and fittings RM	Electrical installation and renovation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
2024									
At cost									
Balance at beginning	13,822,589	10,096,233	35,774,644	78,046,947	2,819,573	5,895,645	13,938,433	2,806,140	163,200,204
Additions	-	-	-	673,502	96,608	125,470	561,269	4,397,666	5,854,515
Disposals	(264,575)	-	-	(60,155)	-	-	(258,380)	-	(583,110)
Written off	-	-	-	-	(3,551)	-	-	(609,091)	(612,642)
Reclassification	-	-	-	4,858,223	70,420	-	885,419	(5,814,062)	-
Transferred to intangible assets	-	-	-	-	-	-	-	(47,701)	(47,701)
Balance at end	13,558,014	10,096,233	35,774,644	83,518,517	2,983,050	6,021,115	15,126,741	732,952	167,811,266
Accumulated depreciation									
Balance at beginning	-	1,048,738	2,916,623	45,560,723	2,079,706	4,598,430	11,096,305	-	67,300,525
Current charge	-	250,621	1,841,206	3,193,041	186,583	98,072	963,165	-	6,532,688
Disposals	-	-	-	(45,774)	-	-	(258,376)	-	(304,150)
Written off	-	-	-	-	(65)	-	-	-	(65)
Balance at end	-	1,299,359	4,757,829	48,707,990	2,266,224	4,696,502	11,801,094	-	73,528,998
Accumulated impairment losses									
Balance at beginning	-	-	375,883	20,583,266	118,948	1,015,926	303,852	-	22,397,875
Written off	-	-	-	-	(2,536)	-	-	-	(2,536)
Balance at end	-	-	375,883	20,583,266	116,412	1,015,926	303,852	-	22,395,339
Carrying amount	13,558,014	8,796,874	30,640,932	14,227,261	600,414	308,687	3,021,795	732,952	71,886,929

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

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

2023	Freehold land RM	Leasehold land RM	Buildings RM	Machinery and equipment RM	Office equipment, furniture and fittings RM	Electrical installation and renovation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
At cost									
Balance at beginning	13,818,014	9,844,199	35,186,129	77,241,792	2,756,459	5,895,645	13,649,769	623,715	159,015,722
Additions	4,575	252,034	588,515	4,272,517	60,570	-	1,136,459	2,184,969	8,499,639
Disposals	-	-	-	(3,349,910)	-	-	(847,795)	-	(4,197,705)
Written offs	-	-	-	(117,452)	-	-	-	-	(117,452)
Reclassification	-	-	-	-	2,544	-	-	(2,544)	-
Balance at end	13,822,589	10,096,233	35,774,644	78,046,947	2,819,573	5,895,645	13,938,433	2,806,140	163,200,204
Accumulated depreciation									
Balance at beginning	-	798,629	2,280,635	43,236,700	1,869,662	4,482,645	8,824,184	-	61,492,455
Current charge	-	250,109	635,988	2,648,719	210,044	115,785	2,782,863	-	6,643,508
Disposals	-	-	-	(282,402)	-	-	(510,742)	-	(793,144)
Written offs	-	-	-	(42,294)	-	-	-	-	(42,294)
Balance at end	-	1,048,738	2,916,623	45,560,723	2,079,706	4,598,430	11,096,305	-	67,300,525
Accumulated impairment losses									
Balance at beginning	-	-	375,883	20,513,363	107,932	635,895	303,852	-	21,936,925
Additions	-	-	-	728,372	11,016	470,704	-	-	1,210,092
Disposals	-	-	-	(658,469)	-	(90,673)	-	-	(749,142)
Balance at end	-	-	375,883	20,583,266	118,948	1,015,926	303,852	-	22,397,875
Carrying amount	13,822,589	9,047,495	32,482,138	11,902,958	620,919	281,289	2,538,276	2,806,140	73,501,804

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

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

COMPANY

	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
2024			
At cost			
Balance at beginning/end	<u>21,750</u>	<u>793,805</u>	<u>815,555</u>
Accumulated depreciation			
Balance at beginning	18,381	209,678	228,059
Current charge	<u>2,298</u>	<u>134,998</u>	<u>137,296</u>
Balance at end	<u>20,679</u>	<u>344,676</u>	<u>365,355</u>
Carrying amount	<u>1,071</u>	<u>449,129</u>	<u>450,200</u>
2023			
At cost			
Balance at beginning	21,750	604,300	626,050
Additions	-	674,990	674,990
Disposals	<u>-</u>	<u>(485,485)</u>	<u>(485,485)</u>
Balance at end	<u>21,750</u>	<u>793,805</u>	<u>815,555</u>
Accumulated depreciation			
Balance at beginning	13,390	388,250	401,640
Current charge	4,991	111,771	116,762
Disposals	<u>-</u>	<u>(290,343)</u>	<u>(290,343)</u>
Balance at end	<u>18,381</u>	<u>209,678</u>	<u>228,059</u>
Carrying amount	<u>3,369</u>	<u>584,127</u>	<u>587,496</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

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

- (i) The carrying amount of lease assets which are pledged to licensed banks as securities for finance lease liabilities as disclosed in Note 19 to the financial statements are as follows:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Machine and equipment	790,622	953,172	-	-
Motor vehicles	1,340,545	1,715,016	449,129	584,127
	2,131,167	2,668,188	449,129	584,127

- (ii) The carrying amount of property, plant and equipment which are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries as disclosed in Note 19 to the financial statements are as follows:

	GROUP	
	2024 RM	2023 RM
Freehold land	9,701,263	9,701,263
Leasehold land	707,338	717,117
Buildings	11,805,505	12,153,082
Machinery and equipment	790,622	953,172
Motor vehicles	1,340,545	1,715,015
	24,345,273	25,239,649

- (iii) An impairment loss of **RM Nil** (2023: RM1,210,092) is recognised in other operating expenses representing the write-down of certain property, plant and equipment for biomass materials and value-added products business segments due to technological obsolescence and the economic performance of these assets were not performing up to management's expectation.
- (iv) On 13 June 2023, a wholly-owned subsidiary of the Company, HH Land and Development Sdn. Bhd., has disposed of a freehold land for a cash consideration of RM275,552. The disposal transaction has been completed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

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

- (v) The information of right-of-use assets which are included in the property, plant and equipment is as follows:

	Carrying amount RM	Additions RM	Current depreciation RM
GROUP			
2024			
Leasehold land	<u>8,796,874</u>	<u>-</u>	<u>250,621</u>
2023			
Leasehold land	<u>9,047,495</u>	<u>252,034</u>	<u>250,109</u>

Material accounting policy information

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Leasehold land	Amortised over lease period of 36 to 99 years
* Buildings	Amortised over the remaining useful lives of 30 to 50 years
Machinery and equipment	10%
Office equipment, furniture and fittings	10% - 40%
Electrical installation and renovation	10%
Motor vehicles	20%

Freehold land is not depreciated as it has an infinite life.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Capital work-in-progress is not depreciated until the assets are ready for their intended use.

- * Consists of factories, warehouses, offices and showroom constructed on the freehold land and leasehold land of the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

4. INVESTMENT PROPERTIES

GROUP

	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
2024				
At cost				
Balance at beginning	8,276,242	9,407,934	25,898,431	43,582,607
Additions	2,485,713	-	378,681	2,864,394
Disposals	(4,917,466)	-	(3,098,193)	(8,015,659)
Reclassified to non-current assets held for sale (Note 15)	(442,502)	(2,673,169)	(6,726,783)	(9,842,454)
Balance at end	<u>5,401,987</u>	<u>6,734,765</u>	<u>16,452,136</u>	<u>28,588,888</u>
Accumulated depreciation				
Balance at beginning	-	457,573	1,613,676	2,071,249
Current charge	-	151,518	365,673	517,191
Disposals	-	-	(82,737)	(82,737)
Reclassified to non-current assets held for sale (Note 15)	-	(343,478)	(822,725)	(1,166,203)
Balance at end	<u>-</u>	<u>265,613</u>	<u>1,073,887</u>	<u>1,339,500</u>
Carrying amount	<u>5,401,987</u>	<u>6,469,152</u>	<u>15,378,249</u>	<u>27,249,388</u>
2023				
At cost				
Balance at beginning	6,633,901	-	6,031,357	12,665,258
Acquisition of subsidiaries (Note 8)	-	6,847,674	4,966,355	11,814,029
Additions	1,642,341	2,560,260	15,270,282	19,472,883
Disposal	-	-	(369,563)	(369,563)
Balance at end	<u>8,276,242</u>	<u>9,407,934</u>	<u>25,898,431</u>	<u>43,582,607</u>
Accumulated depreciation				
Balance at beginning	-	-	1,246,636	1,246,636
Acquisition of subsidiaries (Note 8)	-	300,000	-	300,000
Current charge	-	157,573	367,040	524,613
Balance at end	<u>-</u>	<u>457,573</u>	<u>1,613,676</u>	<u>2,071,249</u>
Carrying amount	<u>8,276,242</u>	<u>8,950,361</u>	<u>24,284,755</u>	<u>41,511,358</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

4. INVESTMENT PROPERTIES

- (i) The carrying amount of investment properties which are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries as disclosed in Note 19 to the financial statements are as follows:

	GROUP	
	2024	2023
	RM	RM
Freehold land	573,202	4,668,902
Leasehold land	2,486,857	2,525,467
Buildings	8,170,849	8,349,847
	<u>11,230,908</u>	<u>15,544,216</u>

- (ii) **Group as lessor**

The Group has entered into operating leases on its investment properties. These leases have terms of between two to three years and are cancellable.

The followings are recognised in profit or loss in respect of investment properties:

	GROUP	
	2024	2023
	RM	RM
Rental income from investment properties	1,743,274	1,003,745
Direct operating expenses arising from:		
- income generating investment properties	541,660	453,832
- non-income generating investment properties	81,549	16,073

Future minimum rental receivables under non-cancellable operating leases as at the end of the reporting period are as follows:

	GROUP	
	2024	2023
	RM	RM
Within one year	1,285,833	1,184,208
More than one year and less than five year	530,725	1,281,750
	<u>1,816,558</u>	<u>2,465,958</u>

- (iii) The investment properties have an open market value of approximately **RM43,385,465** (2023: RM60,490,532). The valuations are performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e., Level 3).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

4. INVESTMENT PROPERTIES (CONT'D)

- (iv) During the financial year, HHL D has entered into Sales and Purchases Agreements with Ch'ng Chen Mong, a director of a subsidiary, and a third party to acquire two pieces of freehold land and one unit of commercial building which amounting to RM2,420,000 and RM180,000 respectively. The acquisition has been completed during the financial year.
- (v) On 1 August 2023 and 29 August 2023, HHL D has disposed of two pieces of freehold land for a total of cash consideration of RM4,100,000 and RM3,200,000 respectively. The disposal transaction has been completed during the financial year.

Material accounting policy information

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Investment properties are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life of the following annual rates:

Leasehold land	Amortised over lease period of 38 to 67 years
Buildings	50 years

Freehold land is not depreciated as it has an infinite life.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for the rental of land (without land title issued to the Group), factory buildings and hostel used in its operations that have lease terms between 2 to 21 years. The lease contracts restrict the Group from assigning and subleasing the leased assets without the written consent obtained from lessors.

The Group also has certain leases of premises, hostel, machinery and motor vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amount of right-of-use assets and lease liabilities and their movements during the financial year:

Right-of-use assets

	Land RM	Factory buildings RM	Hostel RM	Total RM
GROUP				
2024				
Balance at beginning	3,216,476	2,947,205	74,342	6,238,023
Additions	-	98,595	1,303	99,898
Depreciation	(748,690)	(1,909,250)	(41,825)	(2,699,765)
Balance at end	2,467,786	1,136,550	33,820	3,638,156

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Right-of-use assets (Cont'd)

	Land RM	Factory buildings RM	Hostel RM	Total RM
2023				
Balance at beginning	1,700,000	4,841,980	115,229	6,657,209
Additions	1,988,926	-	6,046	1,994,972
Depreciation	(472,450)	(1,874,821)	(46,933)	(2,394,204)
Derecognition	-	(19,954)	-	(19,954)
	<u>3,216,476</u>	<u>2,947,205</u>	<u>74,342</u>	<u>6,238,023</u>

Lease liabilities

	GROUP	
	2024	2023
	RM	RM
Balance at beginning	4,914,197	5,131,750
Accretion of interest	177,883	263,007
Additions	99,898	1,994,972
Payments	(2,877,600)	(2,454,800)
Derecognition	-	(20,732)
	<u>2,314,378</u>	<u>4,914,197</u>
Represented by:		
Non-current liabilities	298,676	2,195,050
Current liabilities	2,015,702	2,719,147
	<u>2,314,378</u>	<u>4,914,197</u>

The maturity analysis of lease liabilities is disclosed in Note 32.4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The following are the amounts recognised in profit or loss:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Accretion of interest on lease liabilities	177,883	263,007	-	-
Depreciation of right-of-use assets	2,699,765	2,394,204	-	-
Gain on lease termination	-	(778)	-	-
Expenses relating to lease of low-value assets	16,165	14,202	3,765	3,553
Expenses relating to short term leases	1,120,162	1,070,764	45,600	22,753
Total amount recognised in profit or loss	4,013,975	3,741,399	49,365	26,306
Total cash outflow for leases	4,013,927	3,539,766	49,365	26,306

Material accounting policy information

Right-of-use assets

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

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

Land	3 to 21 years
Factory buildings	2 to 4 years
Hostel	2 years

6. INVENTORIES

	GROUP	
	2024 RM	2023 RM
Non-current assets		
At cost		
<u>Inventory properties</u>		
Land held for development	26,083,114	21,585,114

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

6. INVENTORIES (CONT'D)

	GROUP	
	2024	2023
	RM	RM
Current assets		
At cost		
<u>Other inventories</u>		
Raw materials	3,815,728	5,698,184
Work-in-progress	1,002,938	489,535
Finished goods	6,568,415	5,010,703
Packing materials	202,997	251,464
Spare parts	323,135	320,123
Trading goods	87,251	80,334
Goods-in-transit	-	47,090
	<u>12,000,464</u>	<u>11,897,433</u>
At net realisable value		
<u>Other inventories</u>		
Finished goods	<u>363,958</u>	<u>377,415</u>
Total current inventories	<u>12,364,422</u>	<u>12,274,848</u>
Total inventories	<u>38,447,536</u>	<u>33,859,962</u>
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	89,864,697	101,101,401
Inventories written down:		
- addition	421,715	274,278
- reversal	<u>(274,278)</u>	<u>(61,320)</u>

The reversal of inventories written down is made during the financial year when the related inventories were sold above their carrying amounts.

Material accounting policy information

Inventory properties and other inventories are stated at the lower of cost and net realisable value. The cost of other inventories is determined on the first-in, first-out basis.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

7. INTANGIBLE ASSETS

	NOTE	GROUP	
		2024 RM	2023 RM
Goodwill on consolidation	7.1	7,643,074	7,488,756
Customer relationship	7.2	10,323,194	11,613,594
Branding	7.3	38,957	-
Trademarks	7.4	78,823	103,503
		<u>18,084,048</u>	<u>19,205,853</u>

7.1 Goodwill on consolidation

	GROUP	
	2024 RM	2023 RM
Balance at beginning	7,488,756	7,488,756
Arising from acquisition of a subsidiary (Note 8)	<u>154,318</u>	<u>-</u>
Balance at end	<u>7,643,074</u>	<u>7,488,756</u>

The carrying amount of goodwill allocated to each cash-generating units ("CGU") is as follows:

	GROUP	
	2024 RM	2023 RM
Furniture products segment	7,485,913	7,485,913
Money lending services segment	154,318	-
Others segment	<u>2,843</u>	<u>2,843</u>
	<u>7,643,074</u>	<u>7,488,756</u>

Impairment testing for cash-generating units containing goodwill

For annual impairment testing purposes, the recoverable amount of the CGU is determined based on its value-in-use, which apply a discounted cash flow model using cash flow projections based on approved financial budget and projections covering a five (5)-year period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

7. INTANGIBLE ASSETS (CONT'D)

7.1 Goodwill on consolidation (Cont'd)

Key assumptions used in value-in-use calculations

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

(i) Cash flow projections and growth rate

The five-year cash flow projections are prepared based on management's past experience. The revenue for the first year of the five-year cash flow projections is prepared based on the most recent approved financial budget by the Board of Directors. Thereafter, annual growth rate is applied to the remaining years of the cash flow projections of the respective CGUs. A terminal value is assigned at the end of the five-year cash flow projections period based on an assumed growth rate of **0%** (2023: 0%) in perpetuity.

(ii) Discount rate

The pre-tax discount rate of **6.90% to 11.24%** (2023: 11.03%) is applied to the cash flow projections, which is based on the weighted average cost of capital of the Group for the financial year.

Sensitivity to changes in key assumptions

The management believes that any reasonable change in the key assumptions would not cause the recoverable amounts of the CGU to differ materially from their carrying amounts.

7.2 Customer relationship

	GROUP	
	2024	2023
	RM	RM
At cost		
Balance at beginning/end	<u>12,903,994</u>	<u>12,903,994</u>
Accumulated amortisation		
Balance at beginning	1,290,400	-
Current charge	<u>1,290,400</u>	<u>1,290,400</u>
Balance at end	<u>2,580,800</u>	<u>1,290,400</u>
Carrying amount	<u>10,323,194</u>	<u>11,613,594</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

7. INTANGIBLE ASSETS (CONT'D)

7.3 Branding

	GROUP 2024 RM
At cost	
Transferred from property, plant and equipment/Balance at end	<u>47,701</u>
Accumulated amortisation	
Current charge/Balance at end	<u>8,744</u>
Carrying amount	<u>38,957</u>

7.4 Trademarks

	GROUP	
	2024 RM	2023 RM
At cost		
Balance at beginning/end	<u>193,209</u>	<u>193,209</u>
Accumulated amortisation		
Balance at beginning	89,706	64,992
Current charge	<u>24,680</u>	<u>24,714</u>
Balance at end	<u>114,386</u>	<u>89,706</u>
Carrying amount	<u>78,823</u>	<u>103,503</u>

Material accounting policy information

Customer relationship represents acquired intangible assets which was established based on long-term business relationship with the customer and is expected to bring in future economic benefits to the Group. Customer relationship is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of customer relationship over its estimated useful life of 10 years.

Branding has finite useful life and is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of branding over their estimated useful life of 5 years.

Acquired trademarks have finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful life of 10 years.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

8. INVESTMENT IN SUBSIDIARIES

	NOTE	COMPANY	
		2024 RM	2023 RM
Unquoted shares, at cost			
Balance at beginning		97,711,432	97,711,422
Additions	8.1	130,000	10
Balance at end		97,841,432	97,711,432
Less: Accumulated impairment losses			
Balance at beginning		(11,499,999)	(11,499,999)
Reversal	8.2	11,499,999	-
Balance at end		-	(11,499,999)
		97,841,432	86,211,433
Investment in Convertible Redeemable Preference Shares			
Balance at beginning		70,659,000	-
Additions	8.3	6,741,000	70,659,000
Redemption	8.3	(6,500,000)	-
Balance at end		70,900,000	70,659,000
		168,741,432	156,870,433

The details of the subsidiaries, all of which were incorporated and their principal place of business are in Malaysia, are as follows:

Name of entities	Effective Equity Interest		Principal Activities
	2024 %	2023 %	
Alam Fibre Sdn. Bhd. ("AFSB")	100	100	Processing of coconut fibre, fibre sheet and peat.
Fibre Star (M) Sdn. Bhd. ("FSM")	100	100	Manufacturing and marketing of mattress and related products.
Heng Huat Industries Holdings Sdn. Bhd. ("HHIH")	100	100	Investment holding.
HH Land and Development Sdn. Bhd. ("HHL")	100	100	Property developer, trading in real estate property and investment holding.
HH Properties Kulim Sdn. Bhd. ("HHPK")	100	100	Real property, property development, property management, property trading and investment holding. The Company has not commence operation during the financial year.
HHRG Capital Sdn. Bhd. (Formerly known as H & K Enterprise Sdn. Bhd.) ("HHC")	100	-	Money lending.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of entities	Effective Equity Interest		Principal Activities
	2024	2023	
	%	%	
HK Gua Musang Sdn. Bhd. ("HKGM")	100	100	Manufacturing and trading of oil palm biomass materials and value-added products.
HK Power Sdn. Bhd. ("HKP")	100	100	Operator of power plant and boiler turbine system for electricity generation and steam production.
MG Furniture Sdn. Bhd. ("MGF")	51	51	Manufacturing and sale of furniture.
Indirect - held through HHIH			
HK Fibre Sdn. Bhd. ("HKF")	97	97	Manufacturing and trading of coconut biomass materials and value-added products.
HK Kitaran Sdn. Bhd. ("HKK")	100	100	Manufacturing and trading of oil palm biomass materials and value-added products.
Sabut Kelapa Terengganu Sdn. Bhd. ("SKT")	97	97	Dormant.
Indirect - held through MGF			
MG Furniture Innovation Sdn. Bhd. ("MGFI")	51	51	Dormant.
Indirect - held through HHL D			
KNG Resource Enterprise Sdn. Bhd. ("KNG")	51	51	Property developer, trading in real estate property and investment holding.
HH Eastern Realty Sdn. Bhd. ("HHER")	100	100	Investment holding.
HH Supreme Realty Sdn. Bhd. ("HHSR")	100	100	Real estate activities with own or leased property and investment holding.
* HH Northern Point Sdn. Bhd. ("HHNP")	100	100	Dormant.
Indirect - held through HHPK			
* Kulim Property Sdn. Bhd. ("KPSB")	100	-	Investment holding.
Indirect - held through HKGM			
HHRG Biotech Sdn. Bhd. ("HHBT")	100	-	Manufacture and trading in bio-compost and agrochemical products.

* Not audited by Grant Thornton Malaysia PLT.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

8.1 Acquisition of subsidiaries

2024

HHC

On 12 September 2023, the Company had acquired 100,000 ordinary shares, representing 100% equity interest, in HHC for a total cash consideration of RM130,000.

KPSB

On 17 November 2023, a wholly-owned subsidiary of the Company, HHPK, had acquired 1,176,471 ordinary shares, representing 100% equity interests, in KPSB for a total cash consideration of RM4,500,000.

HHBT

On 6 October 2023, a wholly-owned subsidiary of the Company, HKGM, had incorporated a wholly-owned subsidiary, HHBT, for a total cash consideration of RM10. On 30 May 2024, HKGM had subscribed to an additional 129,990 ordinary shares in HHBT for a total cash consideration of RM129,990. Arising from the subsequent fund raising of HHBT, the equity interest of HKGM in HHBT had reduced from 100% to 65%.

2023

AFSB

On 1 August 2022, the Company had acquired 10 ordinary shares, representing 100% equity interest in AFSB for a total cash consideration of RM10.

MGFI

On 22 July 2022, the subsidiary of the Company, MGF, had acquired 2,500,100 ordinary shares, representing 100% equity interest, in MGFI for a total cash consideration of RM10.

HHER

On 14 September 2022, a wholly-owned subsidiary of the Company, HHLD, had acquired 4,167,100 ordinary shares, representing 100% equity interest, in HHER for a total cash consideration of RM4,167,069.

HHSR

On 11 November 2022, a wholly-owned subsidiary of the Company, HHLD, had incorporated a wholly-owned subsidiary, HHSR, for a total cash consideration of RM100.

HHNP

On 30 September 2022, a wholly-owned subsidiary of the Company, HHLD, had acquired 1,880,001 ordinary shares, representing 100% equity interest, in HHNP, for a total cash consideration of RM2,370,000.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

8.1 Acquisition of subsidiaries (Cont'd)

The financial information relevant to the acquisition of subsidiaries are as follows:

2024

Fair value of identifiable assets acquired and liabilities assumed and goodwill arising from acquisitions

	HHC RM	KPSB RM	Total RM
Inventory properties	-	4,498,000	4,498,000
Cash and cash equivalents	8,905	2,000	10,905
Current tax liabilities	(2,784)	-	(2,784)
Payables	<u>(30,439)</u>	<u>-</u>	<u>(30,439)</u>
Fair value of net identified (liabilities assumed)/assets acquired	<u>(24,318)</u>	<u>4,500,000</u>	<u>4,475,682</u>
Less: Total purchase consideration transferred	<u>(130,000)</u>	<u>(4,500,000)</u>	<u>(4,630,000)</u>
Goodwill	<u>(154,318)</u>	<u>-</u>	<u>(154,318)</u>
<u>Net cash arising from acquisitions</u>			
	HHC RM	KPSB RM	Total RM
Purchase consideration settled in cash	130,000	4,500,000	4,630,000
Less: Cash and cash equivalents of subsidiaries acquired	<u>(8,905)</u>	<u>(2,000)</u>	<u>(10,905)</u>
Net cash outflow	<u>121,095</u>	<u>4,498,000</u>	<u>4,619,095</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

8.1 Acquisition of subsidiaries (Cont'd)

2023

Fair value of identifiable assets acquired and liabilities assumed and goodwill arising from acquisitions

	AFSB RM	MGFI RM	HHER RM	HHNP RM	Total RM
Investment properties	-	-	4,174,505	7,339,524	11,514,029
Current tax assets	-	-	-	58,254	58,254
Cash and cash equivalents	1,273	19,457	203	25,182	46,115
Deferred tax liabilities	-	-	-	(691,037)	(691,037)
Borrowings	-	-	-	(4,326,302)	(4,326,302)
Payables	(1,263)	(51,570)	(7,639)	(35,621)	(96,093)
Fair value of net identified assets acquired/ (liabilities assumed)	10	(32,113)	4,167,069	2,370,000	6,504,966
Less: Non-controlling interests	-	32,123	-	-	32,123
	10	10	4,167,069	2,370,000	6,537,089
Less: Total purchase consideration transferred	(10)	(10)	(4,167,069)	(2,370,000)	(6,537,089)
Goodwill	-	-	-	-	-

Net cash arising from acquisitions

	AFSB RM	MGFI RM	HHER RM	HHNP RM	Total RM
Purchase consideration settled in cash	10	10	4,167,069	2,370,000	6,537,089
Less: Cash and cash equivalents of subsidiaries acquired	(1,273)	(19,457)	(203)	(25,182)	(46,115)
Net cash (inflow)/outflow	(1,263)	(19,447)	4,166,866	2,344,818	6,490,974

8.2 Reversal of impairment loss on investment in subsidiaries

Management reviews the material investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investment in subsidiaries are assessed by reference to the value-in-use or fair value less cost to sell, whichever is higher.

Estimating a value in use requires significant judgements and estimates about the future results and key assumptions applied to the cash flow projections of the subsidiaries in determining the recoverable amounts. These key assumptions include different forecast growth in future revenue and operating cash flows, as well as determining an appropriate pre-tax discount rate for used for the subsidiary.

A reversal of impairment loss of **RM11,499,999** (2023: RM Nil) has been recognised in respect of investment in HKGM during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

8.3 Subscription and redemption of Convertible Redeemable Preference Shares ("CRPS")

2024

Subscription

- (i) On 10 April 2023, the Company has subscribed 6,741,000 CRPS issued by HHLD for a total cash consideration of RM6,741,000.
- (ii) On 16 January 2024, the Company has redeemed 6,500,000 CRPS issued by HHLD for a total cash consideration of RM6,500,000.

2023

The Company had capitalised the debts owing from its subsidiaries by way of subscribing to the CRPS issued by the respective subsidiaries which shown as follows:

Subsidiaries	Number of CRPS	Amount of CRPS RM
FSM	15,117,000	15,117,000
HHLD	17,323,000	17,323,000
HHPK	28,078,000	28,078,000
HHER	2,000,000	2,000,000
ALSB	2,134,000	2,134,000
HHSR	6,007,000	6,007,000
	<u>70,659,000</u>	<u>70,659,000</u>

8.4 Subsidiary with material non-controlling interests ("NCI")

The Group's subsidiary, namely MGF, has material non-controlling interests which are set out below. The equity interests held by non-controlling interests are as follows:

	MGF	Other individually immaterial*	Total
2024			
Percentage of ownership interest and voting interest (%)	49.00%	-	
Carrying amount of NCI (RM)	<u>22,337,754</u>	<u>(31,065)</u>	<u>22,306,689</u>
Profit/(Loss) allocated to NCI (RM)	<u>782,943</u>	<u>(14,053)</u>	<u>768,890</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

8.4 Subsidiary with material non-controlling interests ("NCI") (Cont'd)

	MGF	Other individually immaterial*	Total
2023			
Percentage of ownership interest and voting interest (%)	49.00%	-	-
Carrying amount of NCI (RM)	<u>23,407,011</u>	<u>(17,012)</u>	<u>23,389,999</u>
Profit/(Loss) allocated to NCI (RM)	<u>3,092,012</u>	<u>(373,783)</u>	<u>2,718,229</u>

* Others comprise of individually immaterial non-controlling interests' subsidiaries, namely MGFI, KNG, HKF, HHBT and SKT.

Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before intercompany elimination.

GROUP

	MGF	
	2024	2023
	RM	RM
Statement of financial position as at 31 March		
Non-current assets	36,550,160	43,384,585
Non-current liabilities	(10,233,575)	(13,526,205)
Current assets	25,656,281	27,238,563
Current liabilities	(6,385,613)	(9,327,533)
Net assets	<u>45,587,253</u>	<u>47,769,410</u>
Summary of financial performance for the financial year ended 31 March		
Revenue	44,886,627	57,118,237
Profit for the financial year, representing total comprehensive income for the financial year	<u>1,597,843</u>	<u>6,310,229</u>
Summary of cash flow for the financial year ended 31 March		
Net cash from operating activities	2,799,925	8,980,165
Net cash from investing activities	5,662,305	771,777
Net cash used in financing activities	(8,204,737)	(6,841,415)
Net changes in cash and cash equivalents	<u>257,493</u>	<u>2,910,527</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

8.4 Subsidiary with material non-controlling interests ("NCI") (Cont'd)

Material accounting policy information

Investments in subsidiaries are measured at cost less any impairment losses in the Company's separate financial statements.

9. KEYMAN INSURANCE CONTRACTS

	GROUP	
	2024 RM	2023 RM
At fair value through profit or loss ("FVTPL"):		
Non-current	449,119	620,690
Current	206,721	-
	655,840	620,690

Keyman insurance contracts relate to the insurance policies insured for the directors of a subsidiary of the Company. The keyman insurance contracts are denominated in Ringgit Malaysia.

The keyman insurance contracts represent the expected cash value from the life insurance policies which have been assigned to licensed banks as security for banking facilities granted to a subsidiary as disclosed in Note 19 to the financial statements.

Upon maturity of the life insurance policies (between 2024 to 2030), the expected cash value shall be withdrawn by the directors and returned to the subsidiary.

Material accounting policy information

The keyman insurance contract is initially recognised at the amount of the premium paid and subsequently carried at fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

10. DEFERRED TAX (ASSETS)/LIABILITIES

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Balance at beginning	1,551,984	1,831,094	5,000	5,000
Acquisition of a subsidiary	-	691,037	-	-
Recognised in profit or loss	(800,046)	(386,412)	-	-
	751,938	2,135,719	5,000	5,000
Over/(Under) provision in prior year	156,681	(583,735)	-	-
Balance at end	908,619	1,551,984	5,000	5,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

10. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

The recognised deferred tax (assets)/liabilities, after appropriate offsetting, are as follows:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Deferred tax assets	(953,889)	-	-	-
Deferred tax liabilities	1,862,508	1,551,984	5,000	5,000
	908,619	1,551,984	5,000	5,000

The deferred tax (assets)/liabilities at the end of the reporting period are made up of the temporary differences arising from:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Property, plant and equipment	3,483,523	1,725,665	5,000	5,000
Unabsorbed capital allowances	(1,301,050)	-	-	-
Unused tax losses	(1,010,911)	-	-	-
Right-of-use assets	600,386	843,430	-	-
Lease liabilities	(260,058)	(525,712)	-	-
Contract liabilities	(369,998)	-	-	-
Other deductible temporary differences	(233,273)	(491,399)	-	-
	908,619	1,551,984	5,000	5,000

The following deferred tax assets have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised. As at the end of the reporting period, the Group's deferred tax position is as follows:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Deferred tax recognised:				
Property, plant and equipment	(1,655,380)	(7,185,753)	-	-
Right-of-use assets	(1,136,548)	(2,723,731)	-	-
Lease liabilities	1,230,803	1,392,303	-	-
Unused tax losses	827,986	4,986,473	-	-
Unabsorbed capital allowances	585,612	1,746,798	-	-
Provisions	147,527	1,783,910	-	-
	-	-	-	-
Deferred tax assets not recognised:				
Property, plant and equipment	652,689	728,418	42,312	62,118
Contract liabilities	52,538	81,524	-	-
Unused tax losses	17,339,761	15,511,660	-	-
Unabsorbed capital allowances	7,259,765	13,563,746	-	-
Provisions	3,516,699	3,010,598	1,427,304	621,000
	28,821,452	32,895,946	1,469,616	683,118

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

10. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

The gross amount and future availability of unused tax losses and unabsorbed capital allowances which are available to be carried forward for set-off against future taxable income are estimated as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Unused tax losses	22,379,876	20,498,133	-	-
Unabsorbed capital allowances	13,266,419	15,310,544	1,427,304	621,000
	35,646,295	35,808,677	1,427,304	621,000

The unused tax losses can be carried forward for ten consecutive years of assessment ("YAs") immediately following that year of assessment ("YA") of which tax losses was incurred and this is effective from YA 2019. However, unabsorbed capital allowances can be carried forward indefinitely.

The unused tax losses will be disregarded in the following YAs:

	GROUP	
	2024	2023
	RM	RM
YA 2028	738,878	738,878
YA 2029	6,409,661	6,646,080
YA 2030	1,563,167	2,337,509
YA 2031	3,255,875	3,255,875
YA 2032	7,373,249	7,373,249
YA 2033	146,542	146,542
YA 2035	2,892,504	-
	22,379,876	20,498,133

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

11. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP		COMPANY	
		2024 RM	2023 RM	2024 RM	2023 RM
Trade receivables					
Third parties	11.1	9,879,035	10,385,324	-	-
Loan receivables:	11.2				
- Secured		15,951,452	-	-	-
- Unsecured		7,561,975	-	-	-
Less: Allowance for expected credit losses	11.3	(375,525)	(408,480)	-	-
		33,016,937	9,976,844	-	-
Other receivables					
Sundry receivables	11.4	2,216,978	4,348,996	8,483	-
Amount due from subsidiaries	11.5	-	-	24,861,158	719,959
Refundable deposits	11.6	5,468,397	2,969,862	2,516,256	7,146
Non-refundable deposits		166,203	608,949	-	-
Prepayments	11.7	2,918,293	8,426,223	26,044	24,808
		10,769,871	16,354,030	27,411,941	751,913
		43,786,808	26,330,874	27,411,941	751,913

The currency profile of trade and other receivables are as follows:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia ("RM")	41,103,902	23,525,275	27,411,941	751,913
United States Dollar ("USD")	2,682,906	2,805,599	-	-
	43,786,808	26,330,874	27,411,941	751,913

11.1 Trade receivables

The normal credit terms granted to trade receivables range from **30 to 90 days** (2023: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

11.2 Loan receivables

- (i) The secured loan receivables of the Group are interest bearing at **12%** (2023: Nil) per annum and secured by residential properties and agricultural lands.
- (ii) The unsecured loan receivables of the Group are interest bearing at the range from **7% to 18%** (2023: Nil) per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.3 The movements of allowance for expected credit losses are as follows:

	GROUP	
	2024	2023
	RM	RM
Trade receivables		
Balance as at beginning	408,480	1,061,674
Current year	63,412	75,615
Reversal	(73,777)	(728,809)
Written off	(22,590)	-
	<u>375,525</u>	<u>408,480</u>
Other receivables		
Balance at beginning	-	18,318
Reversal	-	(18,318)
	<u>-</u>	<u>-</u>

11.4 Sundry receivables

Included in the sundry receivables of the Group is an amount of **RM1,907,275** (2023: RM2,090,000) due from a company in which a connected person of a director of a subsidiary has substantial financial interests.

11.5 Amount due from subsidiaries

Amount due from subsidiaries are non-trade related, unsecured, non-interest bearing and classified based on the expected timing of realisation except for **RM23,124,686** (2023: RM715,715) on which interest is charged at the range from **7.70% to 9.50%** (2023: 4.16% to 5.30%) per annum.

11.6 Refundable deposits

Included in the refundable deposits of the Group and the Company is an amount of **RM2,500,000** (2023: Nil) which paid for the acquisition of a vacant industrial leasehold land pursuant to the Option Agreement ("OA") with Jeenuat Foodstuffs Industries Sdn. Berhad ("Jeenuat"). Subsequently, the OA has been extended for another six months commencing from 14 February 2024 and ending on 13 August 2024.

However, on 9 April 2024, the Company has served notice to Jeenuat to terminate the OA and demanded for the refund of deposit including the first liquidated damages due to the non-fulfillment of certain terms and conditions in the OA.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.7 Prepayments

- (i) Included in the Group's prepayments is an amount of **RM Nil** (2023: RM6,000,000) representing consideration paid to the seller of 133 lots of leasehold land in Kulim, Kedah ("Kulim Land") for infrastructural works to be carried out on the said land.

The seller of the land will have 18 months from 30 March 2022 to fulfil its obligations or any extended period as may be mutually agreed by the seller and the Group. In the event if the seller fails to fulfil its obligations, the Group will have the right to claim the entire prepayment per the clause stated in the Sales and Purchase agreement. The seller of Kulim Land has failed to carry out infrastructural works on the said land and refunded the entire prepayment to the Group during the financial year.

- (ii) Included in the Group's prepayments is an amount of **RM1,250,679** (2023: RM1,226,644) due from a company in which a connected person of a director of the Group has substantial financial interests.

12. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

The Group enters into foreign currency forward contracts to manage its exposure to sales transactions that are denominated in USD. Foreign currency forward contracts are recognised as derivatives, categorised as fair value through profit or loss and are measured at their fair values with gains or losses recognised in the profit or loss. The foreign currency forward contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure. Such derivatives do not qualify for hedge accounting.

The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 33 to the financial statements.

Notional amount	Derivative assets/ (liabilities) amount RM	Settlement date	Terms	Forward rates
2023				
RM7,970,166 (equivalent to USD1,790,445)	83,843	17.1.2023	158 days	RM4.4515/USD
RM4,217,850 (equivalent to USD980,576)	(106,311)	14.4.2023 to 8.5.2023	87 to 138 days	RM4.2935 to RM4.4040/USD

13. OTHER INVESTMENTS

	GROUP		COMPANY	
	2024	(Restated) 2023	2024	(Restated) 2023
	RM	RM	RM	RM
At FVTPL:				
Short term funds with licensed financial institutions	24,108,289	16,028,357	11,308,628	8,905,377

It is primarily invested in mixture of money market with different mature periods. The funds can be redeemed at any point in time upon one day prior notice given to the financial institution.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

13. OTHER INVESTMENTS (CONT'D)

Material accounting policy information

The Group and the Company recognised their other investments at fair value with any changes therein recognised in profit or loss for the period in which they arise.

14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2024	(Restated) 2023	2024	(Restated) 2023
	RM	RM	RM	RM
Cash and bank balances	15,407,549	23,784,097	1,242,392	8,072,214
Fixed deposits with licensed banks:				
- encumbered	5,495,138	5,805,154	-	-
- unencumbered	6,246,276	3,635,577	1,546,859	500,000
Short term money market deposits	1,200,000	600,000	-	-
	<u>28,348,963</u>	<u>33,824,828</u>	<u>2,789,251</u>	<u>8,572,214</u>

The currency profile of cash and cash equivalents is as follows:

	GROUP		COMPANY	
	2024	(Restated) 2023	2024	(Restated) 2023
	RM	RM	RM	RM
RM	28,236,676	33,597,557	2,789,251	8,572,214
USD	5,058	199,713	-	-
Chinese Yuan ("CNY")	77,374	734	-	-
Others	29,855	26,824	-	-
	<u>28,348,963</u>	<u>33,824,828</u>	<u>2,789,251</u>	<u>8,572,214</u>

GROUP

The encumbered fixed deposits are pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 19 to the financial statements. The effective interest rates and maturities of fixed deposits at the end of the reporting period ranged from **0.25% to 3.70%** (2023: 0.25% to 3.70%) per annum and **1 month to 60 months** (2023: 1 month to 60 months).

The effective interest rates per annum and maturities of the short term money market deposits as at the end of the reporting period range from **2.36% to 2.50%** (2023: 2.50%) per annum and **1 to 8 days** (2023: 1 day) respectively.

COMPANY

The effective interest rates and maturities of fixed deposits as at the end of the reporting period ranged from **2.45% to 2.60%** (2023: 2.60%) per annum and **1 month to 3 months** (2023: 3 months).

15. NON-CURRENT ASSETS HELD FOR SALE

	GROUP 2024 RM
<u>Freehold land, leasehold land and buildings</u>	
Reclassified from investment properties (Note 4)	<u>8,676,251</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

15. NON-CURRENT ASSETS HELD FOR SALE (CONT'D)

During the financial year, wholly-owned subsidiaries of the Company, HHNP and HHLD, have entered into Sale and Purchase Agreements ("SPA") to dispose of a leasehold land together with building and two pieces of freehold lands together with buildings for a total cash consideration of RM9,050,000 and RM1,400,000 respectively.

The disposal transactions for a leasehold land together with building have been completed subsequent to the financial year end.

16. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2024	2023	2024 RM	2023 RM
Issued and fully paid with no par value:				
Balance at beginning	812,081,974	283,128,874	140,078,436	126,198,404
Issuance of shares pursuant to:				
- Bonus Issue	-	424,693,236	-	-
- exercise of Warrants	9,040,203	86,349,864	723,217	6,907,989
- exercise of SIS	46,713,582	17,910,000	9,342,716	3,582,000
Transfer of warrant reserve upon exercise of Warrants	-	-	226,005	2,158,747
Transfer of SIS reserve upon exercise of SIS	-	-	3,405,283	1,325,340
Share issuance expenses	-	-	-	(94,044)
Balance at end	867,835,759	812,081,974	153,775,657	140,078,436

2024

During the financial year, the Company increased its issued and fully paid-up ordinary share capital by way of issuance of:

- (i) 9,040,203 new ordinary shares pursuant to the exercise of Warrants at an exercise price of RM0.08 per warrant for cash; and
- (ii) 46,713,582 new ordinary shares pursuant to the exercise of Share Issuance Scheme ("SIS") at an exercise price of RM0.20 per ordinary share for cash.

2023

In prior financial year, the Company increased its issued and fully paid-up ordinary share capital by way of issuance of:

- (i) 424,693,236 new ordinary shares on the basis of 3 bonus shares for every 2 existing ordinary shares ("Bonus Issue");
- (ii) 86,349,864 new ordinary shares pursuant to the exercise of Warrants at an exercise price of RM0.08 per warrant for cash; and
- (iii) 17,910,000 new ordinary shares pursuant to the exercise of SIS at an exercise price of RM0.20 per ordinary share for cash.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

17. OTHER RESERVES

	NOTE	GROUP		COMPANY	
		2024 RM	2023 RM	2024 RM	2023 RM
Non-distributable:					
Reorganisation reserve	17.1	(5,185,000)	(5,185,000)	-	-
Warrants reserve	17.2	1,864,485	2,090,490	1,864,485	2,090,490
SIS reserve	17.3	2,913,855	6,319,138	2,913,855	6,319,138
		<u>(406,660)</u>	<u>3,224,628</u>	<u>4,778,340</u>	<u>8,409,628</u>

17.1 Reorganisation reserve

The reorganisation reserve represents the difference between the consideration paid over share capital and capital reserves of HHIH and its subsidiaries pursuant to a business combination under common control.

17.2 Warrants reserve

On 10 May 2021, the Company issued 69,353,589 5-year free detachable warrants 2021/2026 ("Warrants"). The Warrants are constituted by a deed poll dated 30 March 2021 and listed on the ACE Market of Bursa Malaysia Securities Berhad on 17 May 2021. The Warrants will expire on 6 May 2026.

On 18 April 2022, the Company had adjusted the number of outstanding Warrants from 67,397,164 to 168,492,910 Warrants on the basis of 3 additional Warrants for every 2 existing Warrants held and the exercise price adjusted from RM0.20 to RM0.08 pursuant to the Bonus Issue.

The fair value of the Warrants was determined using the relative fair value method based on the 5 days volume-weighted average price and the theoretical ex-rights price of the Company's share on 17 May 2021.

The movement of warrants reserve during the financial year:

	Number of Warrants		Amount	
	2024	2023	2024 RM	2023 RM
Balance at beginning	82,143,010	67,397,164	2,090,490	4,249,237
- additional Warrants pursuant to Bonus Issue	-	101,095,710	-	-
- transfer of warrant reserve upon exercise of Warrants	<u>(9,040,203)</u>	<u>(86,349,864)</u>	<u>(226,005)</u>	<u>(2,158,747)</u>
Balance at end	<u>73,102,807</u>	<u>82,143,010</u>	<u>1,864,485</u>	<u>2,090,490</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

17. OTHER RESERVES (CONT'D)

17.2 Warrants reserve (Cont'd)

The main features of the Warrants are as follows:

- Each Warrant entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share each in the Company at an exercise price of RM0.08 per ordinary share.
- The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions set out in the deed poll.
- The Warrants shall be exercisable at any time within the period commencing on and including the date of issue of the Warrants until the last market day prior to the fifth anniversary of the date of issue of the Warrants.
- Upon exercise of the Warrants into new ordinary shares, such shares shall rank *pari passu* in all respects with the ordinary shares of the Company in issue at the time of exercise except that they shall not be entitled to any dividends, rights, allotments and other distributions on or prior to the date of allotment of the new ordinary shares arising from the exercise of the Warrants.
- The Warrants holders are not entitled to any voting right or to participate in any form of distribution and/or offer of further securities in the Company until and unless such Warrants holders exercise their Warrants and new ordinary shares have been allotted and issued to the holders.
- At the expiry of the exercise period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose.

17.3 SIS reserve

The SIS reserve represents the equity-settled share options granted to employees of certain subsidiaries and the Company's directors. The share option reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the share options and is reduced by the expiry or exercise of the share options. Further details of the SIS are disclosed in the Note 35 to the financial statements.

18. RETAINED PROFITS

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

19. BORROWINGS

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Secured:				
Non-current liabilities				
<u>Finance lease liabilities</u>				
Minimum payments:				
Within one year	716,856	895,716	130,428	132,808
More than one year and less than two years	532,302	849,756	130,428	130,428
More than two years and less than five years	554,585	598,775	108,826	239,253
	1,803,743	2,344,247	369,682	502,489
Future finance charges	(144,294)	(213,686)	(24,268)	(43,050)
	1,659,449	2,130,561	345,414	459,439
Amount due within one year included under current liabilities	(642,198)	(794,685)	(117,216)	(114,025)
	1,017,251	1,335,876	228,198	345,414
<u>Term loans</u>				
Total amount repayable	21,654,073	30,193,766	-	-
Amount due within one year included under current liabilities	(1,455,626)	(2,552,234)	-	-
	20,198,447	27,641,532	-	-
	21,215,698	28,977,408	228,198	345,414
Secured:				
Current liabilities				
Bank overdrafts	8,987,088	-	-	-
Finance lease liabilities	642,198	794,685	117,216	114,025
Term loans	1,455,626	2,552,234	-	-
	11,084,912	3,346,919	117,216	114,025
Total borrowings	32,300,610	32,324,327	345,414	459,439

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

19. BORROWINGS (CONT'D)

The borrowings (except for finance lease liabilities) are secured by way of:

- (i) Legal charges over the freehold land and factory buildings of the Group as disclosed in Notes 3 and 4 to the financial statements;
- (ii) Legal charges over freehold land and buildings belonging to a director of the subsidiaries;
- (iii) First party specific debenture by way of fixed charge to be created over the Group's plant and machinery;
- (iv) Pledge of keyman insurance contracts of the Group as disclosed in Note 9 to the financial statements;
- (v) Pledge of fixed deposits of the Group as disclosed in Note 14 to the financial statements;
- (vi) Jointly and severally guarantee by certain directors of the Group;
- (vii) Corporate guarantee by certain subsidiaries; and
- (viii) Corporate guarantee of the Company.

The finance lease liabilities are secured over the leased assets as disclosed in Note 3 to the financial statements.

A summary of the effective interest rates and the maturities of the borrowings are as follows:

	Effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
GROUP						
2024						
Bank overdrafts	7.70 to 9.50	8,987,088	8,987,088	-	-	-
Finance lease liabilities	2.35 to 4.09	1,659,449	642,198	490,590	526,662	-
Term loans	4.20 to 7.14	21,654,073	1,455,626	1,473,156	4,352,867	14,372,424
2023						
Finance lease liabilities	2.06 to 4.94	2,130,561	794,685	744,689	591,187	-
Term loans	4.12 to 7.81	30,193,766	2,552,234	1,915,250	5,822,518	19,903,764
COMPANY						
2024						
Finance lease liabilities	2.35 to 2.53	345,414	117,216	122,761	105,437	-
2023						
Finance lease liabilities	2.35 to 2.53	459,439	114,025	117,216	228,198	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

20. TRADE, OTHER PAYABLES AND PROVISION

	NOTE	GROUP		COMPANY	
		2024 RM	2023 RM	2024 RM	2023 RM
Trade payables					
Third parties	20.1	6,099,897	6,743,425	-	-
Other payables					
Sundry payables		2,080,777	2,726,968	1,078	17,613
Loan interest received in advance	20.2	942,961	-	-	-
Deposits received	20.3	6,008,963	1,795,308	-	-
Amount due to subsidiaries	20.4	-	-	5,646,223	-
Amount due to directors	20.5	884,084	2,085,143	-	-
Amount due to shareholders	20.6	611,115	427,043	-	-
Accruals		6,531,137	7,235,909	1,742,888	897,689
SST payable		120,867	165,484	-	-
Provision for warranty	20.7	694,123	798,873	-	-
		17,874,027	15,234,728	7,390,189	915,302
		23,973,924	21,978,153	7,390,189	915,302

The currency profile of trade and other payables are as follows:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
RM	23,965,962	21,709,287	7,390,189	915,302
USD	7,962	268,866	-	-
	23,973,924	21,978,153	7,390,189	915,302

20.1 Trade payables

The trade payables are non-interest bearing and is normally settled within **30 to 120 days** (2023: 30 to 120 days) credit terms.

20.2 Loan interest received in advance

It represents the loan interest income received in advance from the loan receivables of the Group as disclosed in Note 11 to the financial statements.

20.3 Deposits received

Included in the deposits received of the Group are an amount of:

- (i) **RM1,638,128** (2023: RM1,458,128) which is the security deposit received from customers; and
- (ii) **RM4,291,281** (2023: RM Nil) which is the deposit received in relation to the disposal of non-current assets held for sale as disclosed to Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

20. TRADE, OTHER PAYABLES AND PROVISION (CONT'D)

20.4 Amount due to subsidiaries

The amount due to subsidiaries is unsecured, interest bearing range from **7.70% to 9.50%** (2023: Nil) per annum and repayable on demand.

20.5 Amount due to directors

The amount due to directors is unsecured, non-interest bearing and repayable on demand.

20.6 Amount due to shareholders

The amount due to shareholders is unsecured, non-interest bearing and repayable on demand.

20.7 Provision for warranty

	GROUP	
	2024	2023
	RM	RM
Balance at beginning	798,873	918,302
Addition/(Reversal)	182,076	(119,429)
Balance at end	980,949	798,873

21. CONTRACT LIABILITIES

	GROUP	
	2024	2023
	RM	RM
Balance at beginning	894,065	1,248,281
Deposit received	7,836,766	894,065
Decrease on recognition of revenue	(7,136,635)	(1,248,281)
Balance at end	1,594,196	894,065

Contract liabilities comprised of deposits received from customers for sales orders.

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract. The deposit will be reversed and recognised as revenue upon satisfying the performance obligation within the contract.

All deposits received are expected to be settled within one year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

22. REVENUE

22.1 Disaggregated revenue information

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Types of goods or services				
Sale of goods, representing total revenue from contracts with customers and recognised at point in time	122,469,499	154,648,592	-	-
Rental income	1,351,074	619,745	-	-
Loan interest income	500,995	-	-	-
Dividend income	-	-	12,577,800	27,558,500
Other revenue	1,852,069	619,745	12,577,800	27,558,500
Total revenue	124,321,568	155,268,337	12,577,800	27,558,500

Revenue information based on geographical location of customers and business segments are disclosed in Note 30 to the financial statements.

22.2 Contract balances

	GROUP	
	2024 RM	2023 RM
Trade receivables (Note 11)	9,738,937	9,976,844
Contract liabilities (Note 21)	1,594,196	894,065

22.3 Performance obligation

The performance obligation of the revenue is as follows:

Material accounting policy information

Sale of goods

Revenue from sales of goods is recognised when control of the goods has been transferred to customer, generally upon delivery of the goods to location specified by customer and acceptance of the goods by the customer.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

23. OTHER INCOME

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Deposit forfeited	5,750	4,955	-	-
Dividend income from other investments	278,267	174,336	113,191	5,612
Fair value gain on derivative financial instruments	22,468	-	-	-
Fair value gain on keyman insurance contracts	35,150	30,312	-	-
Fair value gain on other investments	313,104	219,439	179,651	122,385
Insurance claim	-	770,629	-	-
Gain on disposal of property, plant and equipment	160,992	213,614	-	-
Gain on disposal of investment properties	212,156	-	-	-
Gain on lease termination	-	778	-	-
Realised gain on foreign exchange	395,113	2,103,670	-	-
Rental income on:				
- investment properties	392,200	384,000	-	-
- machineries	96,000	27,939	-	-
- motor vehicles	15,135	-	-	-
Reversal of impairment loss on investment in a subsidiary	-	-	11,499,999	-
Unrealised gain on foreign exchange	12,282	-	-	-
Others	305,929	200,418	-	-
	2,244,546	4,130,090	11,792,841	127,997

24. FINANCE INCOME

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest income from:				
- amount due from subsidiaries	-	-	280,172	67,150
- fixed deposits with licensed banks	570,927	244,962	238,140	56,348
- others	104,906	11,694	-	-
	675,833	256,656	518,312	123,498

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

25. FINANCE COSTS

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Accretion of interest on lease liabilities	177,883	263,007	-	-
Interest expenses:				
- amount due to subsidiaries	-	-	-	116,563
- bank overdrafts	289,663	57,204	185,511	28,478
- bankers' acceptance	9,360	41,813	-	-
- finance lease liabilities	108,385	117,752	18,782	14,996
- term loans' interest	1,367,550	1,370,048	-	-
- others	30,564	35,848	-	-
	1,983,405	1,885,672	204,293	160,037

26. PROFIT BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
After charging:				
Fees for statutory audit:				
Grant Thornton Malaysia PLT ("GTM PLT"):				
- current year	259,000	214,500	35,000	32,000
- over provision in prior year	-	(3,500)	-	-
Other auditors:				
- current year	15,500	15,000	-	-
- under/(over) provision in prior year	500	(1,000)	-	-
Fees for assurance related and non-audit services:				
GTM PLT	85,000	28,000	5,000	3,000
Affiliate of GTM PLT				
- current year	68,850	43,500	4,000	4,000
- under/(over) provision in prior year	10,405	(4,045)	-	-
Allowance for expected credit losses:				
- current year	63,412	75,615	-	-
- reversal	(73,777)	(747,127)	-	-
Amortisation of intangible assets:				
- customer relationship	1,290,400	1,290,400	-	-
- branding	8,744	-	-	-
- trademarks	24,680	24,714	-	-
Depreciation of:				
- property, plant and equipment	6,532,688	6,643,508	137,296	116,762
- investment properties	517,191	524,613	-	-
- right-of-use assets	2,699,765	2,394,204	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

26. PROFIT BEFORE TAX (CONT'D)

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Expenses relating to lease of low-value assets	16,165	14,202	3,765	3,553
Expenses relating to short term leases	1,120,162	1,070,764	45,600	22,753
Fair value loss on derivative financial instruments	-	22,468	-	-
Impairment loss on property, plant and equipment	-	1,210,092	-	-
Inventories written down:				
- addition	421,715	274,278	-	-
- reversal	(274,278)	(61,320)	-	-
Loss on disposal of property, plant and equipment	-	-	-	10,142
Loss on disposal of other investments	493,396	-	-	-
Non-executive directors' fees	96,000	97,000	96,000	97,000
Property, plant and equipment written off	610,041	75,158	-	-
* Staff costs	28,928,383	26,170,822	4,765,874	2,280,445
Unrealised loss on foreign exchange	-	262,860	-	-
	28,928,383	26,170,822	4,765,874	2,280,445
* Staff costs				
- Salaries, wages, allowances and bonus	26,785,591	23,977,847	4,499,716	2,090,528
- Defined contribution plan ("EPF")	1,689,472	1,815,554	253,257	179,927
- Social security contribution ("SOCSO") and employment insurance scheme ("EIS")	346,514	267,451	12,901	9,990
- Other employee benefits	106,806	109,970	-	-
	28,928,383	26,170,822	4,765,874	2,280,445

Included in the staff costs is directors' remuneration as shown below:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Directors of the Company:				
Executive:				
- Salaries, allowances and bonus	1,274,435	2,870,000	-	-
- EPF	152,940	326,400	-	-
- SOCSO and EIS	2,125	2,893	-	-
	1,429,500	3,049,293	-	-
- Benefits-in-kind	31,438	45,826	-	-
	1,460,938	3,245,119	-	-
Non-executive:				
- Allowances	3,000	2,700	3,000	2,700

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

26. PROFIT BEFORE TAX (CONT'D)

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Executive Directors of subsidiaries:				
- Salaries and bonus	2,033,644	1,693,950	-	-
- EPF	316,179	262,670	-	-
- SOCSO and EIS	9,882	8,638	-	-
	<u>2,359,705</u>	<u>1,965,258</u>	<u>-</u>	<u>-</u>
- Benefits-in-kind	64,075	73,000	-	-
	<u>2,423,780</u>	<u>2,038,258</u>	<u>-</u>	<u>-</u>
Analysed by:				
Present directors	2,371,114	4,773,430	750	2,700
Former directors	1,516,604	512,647	2,250	-
	<u>3,887,718</u>	<u>5,286,077</u>	<u>3,000</u>	<u>2,700</u>

27. TAXATION

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Malaysia income tax				
Based on results for the financial year:				
- current tax	(2,822,990)	(4,093,912)	(36,315)	(8,325)
- deferred tax relating to the origination and reversal of temporary differences	800,046	386,412	-	-
	<u>(2,022,944)</u>	<u>(3,707,500)</u>	<u>(36,315)</u>	<u>(8,325)</u>
(Under)/Over provision in prior year				
- current tax	102,497	(172,976)	8,307	-
- deferred tax	(156,681)	583,735	-	-
	<u>(54,184)</u>	<u>410,759</u>	<u>8,307</u>	<u>-</u>
Real property gains tax	(283,801)	(57,694)	-	-
	<u>(2,360,929)</u>	<u>(3,354,435)</u>	<u>(28,008)</u>	<u>(8,325)</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

27. TAXATION (CONT'D)

The reconciliation of taxation of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before tax	10,216,807	33,366,724	18,623,539	24,061,469
Income tax at Malaysian statutory tax rate of 24%	(2,452,034)	(8,008,014)	(4,469,649)	(5,774,752)
Income not subject to tax	268,670	492,781	5,848,954	6,644,759
Expenses not deductible for tax purposes	(3,124,252)	(2,084,196)	(1,226,861)	(878,332)
Deferred tax not recognised	(330,639)	(824,721)	(188,759)	-
Pioneer income not subject to tax	2,306,793	5,046,977	-	-
Utilisation of previously unrecognised deferred tax assets	1,308,518	1,669,673	-	-
	(2,022,944)	(3,707,500)	(36,315)	(8,325)
(Under)/Over provision in prior year	(54,184)	410,759	8,307	-
Real property gains tax	(283,801)	(57,694)	-	-
	(2,360,929)	(3,354,435)	(28,008)	(8,325)

One of the Group's subsidiaries, HKGM, has been granted pioneer status of tax exemption on 100% of statutory income for five years from YA 2022 to 2027 in relation to manufacturing and trading of oil palm biomass material.

28. EARNINGS PER SHARE

GROUP

(i) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2024	2023
Profit attributable to owners of the Company (RM)	7,086,988	27,294,060
Weighted average number of ordinary shares in issue	862,165,441	742,553,374
Basic earnings per share (sen)	0.82	3.68

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

28. EARNINGS PER SHARE

(ii) Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year adjusted to assume conversion of all dilutive potential ordinary shares arising from the outstanding Warrants and SIS as follows:

	GROUP	
	2024	2023
Profit attributable to owners of the Company (RM)	<u>7,086,988</u>	<u>27,294,060</u>
Weighted average number of ordinary shares in issue	862,165,441	743,553,374
Adjustment for dilutive effects of:		
- Warrants	54,139,661	66,333,947
- SIS	<u>13,840,436</u>	<u>44,668,270</u>
	930,145,538	<u>854,555,591</u>
Diluted earnings per share (sen)	<u>0.76</u>	<u>3.20</u>

29. CAPITAL COMMITMENTS

	GROUP	
	2024	2023
	RM	RM
Contracted but not provided for:		
- Property, plant and equipment	48,770	130,730
Approved but not contracted for:		
- Property, plant and equipment	<u>-</u>	<u>2,420,000</u>
	48,770	<u>2,550,730</u>

30. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments. The primary format and business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Business Segments

Business segments are based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

30. SEGMENTAL INFORMATION (CONT'D)

The Group is organised into business units based on their products and services, which comprise the following:

- (i) Biomass materials and value-added products
Manufacturing and trading of coconut fibre and related products, bio-oil and oil palm EFB (empty fruit bunches) fibre and related products.
- (ii) Furniture products
Manufacturing and trading of furniture products.
- (iii) Money lending services
Licensed money lending activities.
- (iv) Investment holdings and others
Investment holdings and property investment.

Performance is measured based on segment operating profit as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current financial period and previous financial year.

Segment assets exclude current tax assets and unallocated assets.

Segment liabilities exclude current tax liabilities and unallocated liabilities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

30. SEGMENTAL INFORMATION (CONT'D)

SEGMENTAL INFORMATION 2024

	Biomass materials and value- added products RM	Furniture products RM	Money lending services RM	Investment holdings and others RM	Adjustment RM	Note	Total RM
2024							
Revenue							
External customers	62,466,618	60,002,881	500,995	1,351,074			124,321,568
Inter-segment revenue	2,753,606	1,540	-	12,577,800	(15,332,946)	A	-
Total revenue	65,220,224	60,004,421	500,995	13,928,874	(15,332,946)		124,321,568
Results							
Segment results	3,187,549	2,379,563	462,869	18,072,198	(12,577,800)		11,524,379
Interest income	69,805	322,445	1,550	537,440	(255,407)		675,833
Interest expenses	(307,917)	(1,013,961)	(204,686)	(712,248)	255,407		(1,983,405)
Profit before tax	2,949,437	1,688,047	259,733	17,897,390	(12,577,800)		10,216,807
Taxation	(238,987)	(1,522,230)	(8,730)	(590,982)			(2,360,929)
Profit for the financial year	2,710,450	165,817	251,003	17,306,408			7,855,878
Assets							
Segment assets	61,349,699	90,273,648	24,219,851	89,039,010			264,882,208
Deferred tax assets	953,889	-	-	-			953,889
Current tax assets	893,552	623,606	-	33,451			1,550,609
Total assets	63,197,140	90,897,254	24,219,851	89,072,461			267,386,706
Liabilities							
Segment liabilities	16,756,101	27,610,651	713,452	15,102,904			60,183,108
Deferred tax liabilities	754,247	1,095,479	-	12,782			1,862,508
Current tax liabilities	-	-	510	-			510
Total liabilities	17,510,348	28,706,130	713,962	15,115,686			62,046,126
Other information							
Additions to non- current assets	5,405,463	212,523	-	3,148,624		B	8,766,610
Depreciation and amortisation	6,932,988	3,520,970	-	619,510			11,073,468
Non-cash items other than depreciation and amortisation	753,745	(110,154)	-	12,899		C	656,490

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

30. SEGMENTAL INFORMATION (CONT'D)

SEGMENTAL INFORMATION 2023

	Biomass materials and value- added products RM	Furniture products RM	Investment holdings and others RM	Adjustment RM	Note	Total RM
2023						
Revenue						
External customers	76,864,939	77,783,653	619,745			155,268,337
Inter-segment revenue	3,710,184	10,130	27,558,500	(31,278,814)	A	-
Total revenue	<u>80,575,123</u>	<u>77,793,783</u>	<u>28,178,245</u>	(31,278,814)		<u>155,268,337</u>
Results						
Segment results	28,429,377	10,791,545	23,345,319	(27,570,501)		34,995,740
Interest income	127,737	165,449	73,754	(110,284)		256,656
Interest expenses	(451,485)	(975,526)	(568,945)	110,284		(1,885,672)
Profit before tax	28,105,629	9,981,468	22,850,128	(27,570,501)		33,366,724
Taxation	(951,395)	(3,045,068)	642,028			(3,354,435)
Profit for the financial year	<u>27,154,234</u>	<u>6,936,400</u>	<u>23,492,156</u>			<u>30,012,289</u>
Assets						
Segment assets	55,641,958	60,672,316	134,891,318			251,205,592
Current tax assets	456	-	112,591			113,047
Total assets	<u>55,642,414</u>	<u>60,672,316</u>	<u>135,003,909</u>			<u>251,318,639</u>
Liabilities						
Segment liabilities	16,141,988	29,956,634	14,118,431			60,217,053
Current tax liabilities	-	278,633	-			278,633
Deferred tax liabilities	-	1,539,202	12,782			1,551,984
Total liabilities	<u>16,141,988</u>	<u>31,774,469</u>	<u>14,131,213</u>			<u>62,047,670</u>
Other information						
Additions to non-current assets	6,833,544	986,530	32,729,257		B	40,549,331
Depreciation and amortisation	6,957,997	3,331,989	587,453			10,877,439
Non-cash items other than depreciation and amortisation	1,121,217	(64,601)	(150,683)		C	905,933

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

30. SEGMENTAL INFORMATION (CONT'D)

Notes to segment information:

- A Inter-segment revenue are eliminated on consolidation.
- B Additions to non-current assets consist of total cost incurred to acquire property, plant and equipment, investment properties and intangible assets (excluding goodwill on consolidation). It excludes the additions of right-of-use assets, inventories, keyman insurance contracts and deferred tax assets.
- C Other non-cash expenses/(income)(excluding depreciation) consist of the following items:

	GROUP	
	2024	2023
	RM	RM
Accretion of interest on lease liabilities	177,883	263,007
Allowance of expected credit losses:		
- current year	63,412	75,615
- reversal	(73,777)	(747,127)
Deposit forfeited	(5,750)	(4,955)
Fair value (gain)/loss on derivative financial instruments	(22,468)	22,468
Fair value gain on keyman insurance contracts	(35,150)	(30,312)
Fair value gain on other investments	(313,104)	(219,439)
Gain on disposal of property, plant and equipment	(160,992)	(213,614)
Gain on disposal of investment properties	(212,156)	-
Gain on lease termination	-	(778)
Impairment loss on property, plant and equipment	-	1,210,092
Inventories written down:		
- addition	421,715	274,278
- reversal	(274,278)	(61,320)
Loss on disposal of other investments	493,396	-
Property, plant and equipment written off	610,041	75,158
Unrealised (gain)/loss on foreign exchange	(12,282)	262,860
	656,490	905,933

Geographical information

The manufacturing facilities and sales office of the Group are primarily based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of the customers from which the sales transactions originated as disclosed as follows:

	Revenue	
	2024	2023
	RM	RM
Malaysia	80,457,527	97,215,998
United Kingdom	27,246,486	37,319,348
Japan	12,924,482	14,295,981
China	465,532	1,526,388
Others	3,227,541	4,910,622
	124,321,568	155,268,337

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

30. SEGMENTAL INFORMATION (CONT'D)

Geographical information (Cont'd)

All the non-financial assets and liabilities of the Group are derived from Malaysia. Hence, no additional disclosure is made on the geographical breakdown of the segment assets of the Group.

Information about major customers

None of major customers with total revenue which individually contributed to 10% or more of Group revenue.

31. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Group has related party relationship with its subsidiaries, related parties, key management personnel and the following parties:

Related parties	Relationship
MS Foresight Sdn. Bhd.	: A company in which a connected person of a director of a subsidiary has substantial financial interest.
Ch'ng Chen Mong	: Director of a subsidiary, MG Furniture Sdn. Bhd.
Goh Boon Leong	: Shareholder of the Company.
Goh Vincent	: Shareholder of the Company.
Kelvin Tan Chun Khai	: Shareholder of the Company.

(ii) Related party transactions

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Transactions with related parties:				
- purchases of goods from MS Foresight Sdn. Bhd.	5,735,964	4,904,755	-	-
- purchase of freehold land from Ch'ng Chen Mong	2,420,000	-	-	-
- acquisition of KPSB from Ho Whye Chong (a director of the Company) Goh Boon Leong, Goh Vincent and Kelvin Tan Chun Khai	4,500,000	-	-	-
Transactions with subsidiaries:				
- net (advance to)/ repayment from	-	-	(18,475,090)	50,601,547
- interest income	-	-	280,172	67,150
- dividend income	-	-	12,577,800	27,558,500
- interest expenses	-	-	-	116,563

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

31. RELATED PARTY DISCLOSURES (CONT'D)

(iii) Compensation of key management personnel

Key management personnel are defined as those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The remuneration of key management personnel during the financial year is as follows:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Fees	96,000	97,000	96,000	97,000
Salaries, allowances and bonus	6,068,319	6,265,113	2,760,240	1,701,163
EPF	738,679	705,200	269,560	116,130
SOCSO and EIS	16,227	13,987	4,220	2,456
Benefits-in-kind	131,373	120,646	35,860	1,820
	<u>7,050,598</u>	<u>7,201,946</u>	<u>3,165,880</u>	<u>1,918,569</u>
Analysed as:				
- Directors	3,983,718	5,383,077	99,000	99,700
- Other key management personnel	3,066,880	1,818,869	3,066,880	1,818,869
	<u>7,050,598</u>	<u>7,201,946</u>	<u>3,165,880</u>	<u>1,918,569</u>

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC") and fair value through profit or loss ("FVTPL").

	Carrying amount RM	AC RM	FVTPL RM
GROUP			
2024			
Financial assets			
Keyman insurance contracts	655,840	-	655,840
Trade receivables	33,016,937	33,016,937	-
Sundry receivables and refundable deposits	7,685,375	7,685,375	-
Other investments	24,108,289	-	24,108,289
Cash and cash equivalents	28,348,963	28,348,963	-
	<u>93,815,404</u>	<u>69,051,275</u>	<u>24,764,129</u>
Financial liabilities			
Trade payables	6,099,897	6,099,897	-
Other payables, excluding SST payable and provision for warranty	16,772,211	16,772,211	-
Borrowings	32,300,610	32,300,610	-
	<u>55,172,718</u>	<u>55,172,718</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AC RM	FVTPL RM
2023			
Financial assets			
Keyman insurance contracts	620,690	-	620,690
Trade receivables	9,976,844	9,976,844	-
Sundry receivables and refundable deposits	7,318,858	7,318,858	-
Other investments	16,028,357	-	16,028,357
Derivative financial assets	83,843	-	83,843
Cash and cash equivalents	33,824,828	33,824,828	-
	67,853,420	51,120,530	16,732,890
Financial liabilities			
Trade payables	6,007,161	6,007,161	-
Other payables, excluding SST payable and provision for warranty	15,006,635	15,006,635	-
Derivative financial liabilities	106,311	-	106,311
Borrowings	32,324,327	32,324,327	-
	53,444,434	53,338,123	106,311
COMPANY			
2024			
Financial assets			
Amount due from subsidiaries	24,861,158	24,861,158	-
Sundry receivables and refundable deposits	2,524,739	2,524,739	-
Other investments	11,308,628	-	11,308,628
Cash and cash equivalents	2,789,251	2,789,251	-
	41,483,776	30,175,148	11,308,628
Financial liabilities			
Amount due to subsidiaries	5,646,223	5,646,223	-
Other payables	1,743,966	1,743,966	-
Borrowings	345,414	345,414	-
	7,735,603	7,735,603	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AC RM	FVTPL RM
2023			
Financial assets			
Amount due to subsidiaries	719,959	719,959	-
Refundable deposits	7,146	7,146	-
Other investments	8,905,377	8,905,377	-
Cash and cash equivalents	8,572,214	8,572,214	-
	<hr/>	<hr/>	
	18,204,696	18,204,696	-
Financial liabilities			
Other payables	915,302	915,302	-
Borrowings	459,439	459,439	-
	<hr/>	<hr/>	
	1,374,741	1,374,741	-

32.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency exchange risk and equity price risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

32.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade and other receivables. The Company's exposure to credit risk arises principally from advances to its subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to certain subsidiaries.

32.3.1 Trade receivables

The Group extends credit terms to customers (other than loan receivables) that range between **30 to 90 days** (2023: 30 to 120 days). Credit period extended to its customers is based on careful evaluation of the customers' financial condition and credit history.

In respect of loan receivables, the Group has credit policies in place to manage credit risk exposure. The risk is managed through the Group's credit management procedures, which include creditworthiness reviews for new customers and requiring collateral and payment of loan interest in advance from customers before granting loans.

Receivables are monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount as disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.3 Credit risk (Cont'd)

32.3.1 Trade receivables (Cont'd)

The ageing analysis of trade receivables of the Group as at the end of the reporting period is as follows:

	Gross RM	Allowance for ECL RM	Net RM
2024			
Not past due	29,329,831	(10,238)	29,319,593
1 to 30 days past due	2,591,425	(9,537)	2,581,888
More than 30 days past due	390,129	(4,030)	386,099
More than 60 days past due	789,965	(248,010)	541,955
More than 90 days past due	208,972	(21,570)	187,402
	3,980,491	(283,147)	3,697,344
Individually impaired	82,140	(82,140)	-
	33,392,462	(375,525)	33,016,937
2023			
Not past due	7,048,563	(10,239)	7,038,324
1 to 30 days past due	2,620,599	(9,537)	2,611,062
More than 30 days past due	279,745	(5,681)	274,064
More than 60 days past due	39,947	(6,560)	33,387
More than 90 days past due	102,433	(82,426)	20,007
	3,042,724	(104,204)	2,938,520
Individually impaired	294,037	(294,037)	-
	10,385,324	(408,480)	9,976,844

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables (other than secured loan receivables) are not secured by any collateral or credit enhancements.

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

The Group has trade receivables amounting to **RM3,697,344** (2023: RM2,938,520) that are past due at the end of the reporting period but management is of the view that these past due amounts will be collected in due course and no impairment is necessary.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.3 Credit risk (Cont'd)

32.3.1 Trade receivables (Cont'd)

The allowance for ECL in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries.

Maximum exposure to credit risk

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group measures the allowance for ECL of trade receivables (other than loan receivables) at an amount equal to lifetime ECL using a simplified approach. The ECL on trade receivables (other than loan receivables) are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables (other than loan receivables) such as liquidation and bankruptcy.

The Group measures the allowance for ECL of loan receivables using general approach within *MFRS 9*. The ECL on loan receivables is measured on either 12-month ECL or lifetime ECL, by considering the likelihood of the receivable would not be able to repay during the contractual period (probability of default, "PD"), the percentage of contractual cash flows that will not be collected if default happens (loss given default, "LGD") and the outstanding amount that is exposed to default risk (exposure at default, "EAD"). In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Forward looking information such as gross domestic products ("GDP") rate has been incorporated in determining the ECL of trade receivables and loan receivables.

Trade receivables are usually collectible and the Group does not have much historical bad debts written off or impairment of trade receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter.

No ECL is provided during the financial year based on the above assessment as the impact to the Group's financial statements is not material.

32.3.2 Intercompany balances

The Company provides advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount as disclosed in Note 11 the financial statements.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.3 Credit risk (Cont'd)

32.3.3 Financial guarantees

The Company has issued financial guarantees to financial institutions for banking facilities granted to certain subsidiaries.

	COMPANY	
	2024	2023
	RM	RM
Corporate guarantees issued to financial institutions for banking facilities granted to certain subsidiaries		
- limit	13,200,000	24,310,620
- maximum exposure	<u>11,425,518</u>	<u>9,645,496</u>

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 period, there was no indication that the subsidiaries would default on repayment. The directors considered that the fair value of the financial guarantee contracts on initial recognition is insignificant.

32.4 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. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period and are based on undiscounted contractual payments:

	Carrying amount	Contractual cash flows	Within one year	More than one year and less than two years	More than two years and less than five years	More than five years
	RM	RM	RM	RM	RM	RM
GROUP						
2024						
<i>Non-derivative financial liabilities</i>						
Lease liabilities	2,314,378	2,307,797	2,005,697	302,100	-	-
Trade payables	6,099,897	6,099,897	6,099,897	-	-	-
Other payables, excluding SST payable and provision for warranty	16,772,211	16,772,211	16,772,211	-	-	-
Borrowings	32,300,610	40,381,666	12,174,398	2,971,711	7,309,785	17,925,772
Total undiscounted financial liabilities	57,487,096	65,561,571	37,052,203	3,273,811	7,309,785	17,925,772

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.4 Liquidity risk (Cont'd)

	Carrying amount	Contractual cash flows	Within one year	More than one year and less than two years	More than two years and less than five years	More than five years
	RM	RM	RM	RM	RM	RM
2023						
Non-derivative financial liabilities						
Lease liabilities	4,914,197	5,147,000	2,898,000	1,949,000	300,000	-
Trade payables	6,007,161	6,007,161	6,007,161	-	-	-
Other payables, excluding SST payable and provision for warranty	15,006,635	15,006,635	15,006,635	-	-	-
Borrowings	32,324,327	43,903,104	4,870,966	5,651,685	12,845,893	20,534,560
	58,252,320	70,063,900	28,782,762	7,600,685	13,145,893	20,534,560
Derivative financial liabilities	106,311	106,311	106,311	-	-	-
Total undiscounted financial liabilities	58,358,631	70,170,211	28,889,073	7,600,685	13,145,893	20,534,560

COMPANY

2024

Non-derivative financial liabilities

Amount due to subsidiaries	5,646,223	5,646,223	5,646,223	-	-
Other payables	1,743,966	1,743,966	1,743,966	-	-
Borrowings	345,414	369,682	130,428	130,428	108,826
* Financial guarantee	-	11,425,518	11,425,518	-	-
Total undiscounted financial liabilities	7,735,603	19,185,389	18,946,135	130,428	108,826

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.4 Liquidity risk (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
2023					
<i>Non-derivative financial liabilities</i>					
Other payables	915,302	915,302	915,302	-	-
Borrowings	459,439	502,490	132,808	130,428	239,254
* Financial guarantee	-	9,645,496	9,645,496	-	-
Total undiscounted financial liabilities	1,374,741	11,063,288	10,693,606	130,428	239,254

* This has been included for illustration purpose only as the related financial guarantees have not crystallised as at the end of the reporting period.

32.5 Interest rate risk

The Group's and the Company's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on their carrying amount as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Fixed rate instruments				
Financial assets	36,454,841	10,040,731	1,546,859	500,000
Financial liabilities	1,659,449	2,130,561	345,414	459,439
Floating rate instruments				
Financial assets	-	-	23,124,686	715,715
Financial liabilities	30,641,161	30,193,766	5,646,223	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.5 Interest rate risk (Cont'd)

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 the Group and the Company do 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 period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have impact the Group's and the Company's profit before tax and equity by the amount shown below and a corresponding weakening would have an equal but opposite effect. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables remain constant.

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Decrease/(Increase) in profit before tax	76,603	75,484	(43,696)	(1,789)
Decrease/(Increase) in equity	58,218	57,368	(33,209)	(1,360)

32.6 Foreign currency risk

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in currencies other than the functional currency of the Group entities. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currency giving rise to this risk is primarily USD.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in foreign currency exchange rates against RM, with all other variables held constant, of the Group's profit before tax and equity. A 5% strengthening of the RM against the following foreign currency exchange rates at the end of the reporting period would have decreased profit before tax and equity by the amount shown below and a corresponding weakening would have an equal but opposite effect.

	GROUP	
	2024	2023
	RM	RM
USD	134,000	136,822
Others	5,362	1,378
Decrease in profit before tax	139,362	138,200
Decrease in equity	105,915	105,032

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.7 Equity price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial assets designated at FVTPL will fluctuate because of changes in market prices. Equity price risk arises from the Group's and the Company's other investments which are investment in short term funds with licensed financial institutions.

The management only invest on quoted equity instruments with very low credit risk. Typically its investment is on unit trust where the majority of its portfolio is invested in money market instruments. The funds invested can be redeemed at any time upon notice given to the financial institution.

Sensitivity analysis for equity price risk

As at the end of the reporting period, if the prices of the short term funds has been 1% higher/lower, with all other variables held constant, the Group's and the Company's profit before tax and equity would have been higher/lower by the amount shown below, arising as a result of higher/lower fair value gain on investment in short term funds.

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM	RM	RM	RM
Increase in profit before tax and equity	<u>241,082</u>	<u>160,284</u>	<u>113,086</u>	<u>89,054</u>

33. FAIR VALUE MEASUREMENT

The carrying amounts of the Group's and the Company's financial assets (other than other investments, keyman insurance contracts and forward contract) and financial liabilities (other than forward contract) as at the end of the reporting period approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amount of the non-current portion of finance lease liabilities is reasonable approximation of fair values due to the insignificant impact of discounting.

33.1 Financial assets/(liabilities) that are measured at fair value on a recurring basis

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
GROUP				
2024				
Financial assets				
Other investments	24,108,289	-	-	24,108,289
Keyman insurance contracts	-	-	655,840	655,840
	<u>24,108,289</u>	<u>-</u>	<u>655,840</u>	<u>24,764,129</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

33. FAIR VALUE MEASUREMENT (CONT'D)

33.1 Financial assets/(liabilities) that are measured at fair value on a recurring basis (Cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial assets				
Other investments	16,028,357	-	-	16,028,357
Keyman insurance contracts	-	-	620,690	620,690
Forward contract (assets)	-	83,843	-	83,843
	<u>16,028,357</u>	<u>83,843</u>	<u>620,690</u>	<u>16,732,890</u>
Financial liability				
Forward contract (liabilities)	-	106,311	-	106,311

COMPANY

2024

Financial asset

Other investments	<u>11,308,628</u>	-	-	<u>11,308,628</u>
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2023

Financial asset

Other investments	<u>8,905,377</u>	-	-	<u>8,905,377</u>
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Level 1 fair value

Level 1 fair value of the other investments is derived by reference to their quoted market prices in active markets at the end of reporting period.

Level 2 fair value

The derivative financial assets and liabilities arising from the fair value changes on the foreign currency forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the current contract using a risk-free interest rate.

Level 3 fair value

The fair value of the keyman insurance contracts is derived based on the cash surrender value in accordance with the keyman insurance contracts which are not an observable input. Management estimates the fair value based on the insurance policy of the keyman insurance contracts provided by the insurance company.

The unobservable input is the cash surrender value quoted by the insurance company according to the keyman insurance contracts. When the cash surrender value is higher, the fair value of the keyman insurance contracts will be higher.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

33. FAIR VALUE MEASUREMENT (CONT'D)

33.1 Financial assets/(liabilities) that are measured at fair value on a recurring basis (Cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between level 1, 2 and 3 during the financial year.

33.2 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets for which fair value is disclosed as at the end of the reporting period:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
GROUP				
2024				
Investment properties	-	-	43,385,465	43,385,465
2023				
Investment properties	-	-	60,490,532	60,490,532

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

Level 3 fair value of investment properties have been generally derived using the market comparison approach. Selling price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between level 1, 2 and 3 during the financial year.

34. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group and the Company is to ensure that the Group and the Company would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group and the Company remains unchanged from that in the previous financial year.

The Group and the Company manage their capital structure and makes adjustments to it, considering changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objective, policies or process during the financial year as compared to prior financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

34. CAPITAL MANAGEMENT

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure and monitor capital using a debt-to-equity ratio, which is calculated as total borrowings divided by total equity as follows:

	GROUP		COMPANY	
	2024 RM	2023 RM	2024 RM	2023 RM
Borrowings	32,300,610	32,324,327	345,414	459,439
Less: Cash and cash equivalents	(28,348,963)	(33,824,828)	(2,789,251)	(8,572,214)
Net debts/(cash)	3,951,647	(1,500,501)	(2,443,837)	(8,112,775)
Total equity	205,340,580	189,270,969	202,969,436	174,307,972
Net debts to equity	0.02	N/A ⁽ⁱ⁾	N/A⁽ⁱ⁾	N/A ⁽ⁱ⁾

⁽ⁱ⁾ N/A – Not applicable as net cash position

35. EMPLOYEES' SHARE OPTION SCHEME-SHARE ISSUANCE SCHEME ("SIS")

The Company's SIS is governed by the By-Laws which was approved by the shareholders at an Extraordinary General Meeting held on 2 December 2020. The SIS is in force for a period of five years commencing from 7 May 2021 to 6 May 2026.

The salient features of the SIS are as follows:

- The total number of new ordinary shares pursuant to the exercise of the SIS options under the SIS shall not in aggregate exceed 30% of the total number of issued and paid-up capital of the Company (excluding any treasury shares) at any point in time during the duration of the SIS.
- The number of new ordinary shares of the Company allocated to any employee or director ("Eligible Persons") of the Group, either singly or collectively through persons connected with such Eligible Persons who holds 20% or more of the issued and paid-up share capital of the Company (excluding any treasury shares) does not exceed 10% of the total number of new ordinary shares to be issued under the SIS.
- The new ordinary shares of the Company allocated to the directors and senior management of the Company and of its subsidiaries (excluding dormant subsidiaries) shall not exceed 80% of the total number of new ordinary shares to be issued under the SIS.
- The director and senior management of the Group shall not participate in the deliberation or discussion of their respective allocation.
- Any employee or director of the Group shall be eligible to participate in the SIS if, as at the date of offer, the employee is at least eighteen (18) years of age or above; and is not an undischarged bankrupt or subject to any bankruptcy proceedings and is employed or a director of any company within the Group (excluding companies which are dormant).
- The option price shall be determined at a discount of not more than 10% or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of the offer.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

35. EMPLOYEES' SHARE OPTION SCHEME-SHARE ISSUANCE SCHEME ("SIS")

- (g) The new ordinary shares of the Company shall, upon allotment and issuance, rank *pari passu* in all respects with the existing shares of the Company, save and except that they will not be entitled to any dividends, rights, allotments and/or any other distributions prior to the date of allotment and issuance of new ordinary shares arising from the exercise of the SIS.

The details of the outstanding SIS granted to the Group's employees and directors and its exercise price are as follows:

Grant date	Exercise price*	----- Number of SIS over ordinary shares -----		
		Balance at 1.4.2023	Exercised	Balance at 31.3.2024
25.10.2021	RM0.20	86,090,000	(46,713,582)	39,376,418

- * Adjustment to the exercise price and number of options pursuant to the Company's Bonus Issue.

The fair value of the SIS granted was estimated at the grant date using Trinomial Option Pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table are inputs relevant in deriving the fair value of the SIS:

Fair value (RM)	0.1875
Expected volatility (%)	60 - 100
Risk-free interest rate (% p.a)	3.0379
Expected life of option (years)	5
Weighted average share price (RM)	0.5280

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

36. MATERIAL LITIGATION

Ooi Chieng Sim ("1st Plaintiff") and Skylitech Resources Sdn. Bhd. ("2nd Plaintiff") vs H'ng Choon Seng, Kee Swee Lai, HHRG Berhad, HK Kitaran Sdn. Bhd., HK Gua Musang Sdn. Bhd. and Fibre Star (M) Sdn. Bhd. ("1st to 6th Defendants") ("the Suit")

On 23 April 2024, 1st Plaintiff and 2nd Plaintiff have filed the Suit against 1st to 6th Defendants, for inter alia, breach of contract, breach of personal guarantee and undertaking, fraud, conspiracy and unlawful conversion of loans into shares. The Suit is based on an alleged loan allegedly given by a director of the Company ("1st Defendant") to the HKK, HKGM and FSM ("4th to 6th Defendants").

Pursuant to the Suit, the 1st Plaintiff was seeking the following claims against the 1st to 6th Defendants, both jointly and severally:

- (i) declarations of fraud and conversion;
- (ii) declarations that RM1,414,125 being the value of the 3,750,000 ordinary shares of the Company held by 1st Plaintiff and RM557,062 being the value of the 1,875,000 Warrants held by 1st Plaintiff should be compensated to 1st Plaintiff;
- (iii) declaration that the 84,605,250 ordinary shares of the Company and 42,302,625 Warrants which held by 1st Defendant and 2nd Defendant to be transferred to 1st Plaintiff; and
- (iv) general damages, punitive and aggravated damages, interests and costs.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

36. MATERIAL LITIGATION (CONT'D)

Pursuant to the Suit, the 2nd Plaintiff was seeking the following claims against the 1st to 6th Defendants, both jointly and severally:

- (i) declarations of fraud and conversion;
- (ii) declarations that RM8,393,303 being the value of the 22,257,500 ordinary shares of the Company held by 2nd Plaintiff and RM3,342,375 being the value of the 11,250,000 Warrants held by 2nd Plaintiff should be compensated to 2nd Plaintiff; and
- (iii) general damages, punitive and aggravated damages, interests and costs.

On 18 June 2024, High Court had decided that the inter partes against the Company, HKK, HKGM and FSM ("3rd to 6th Defendants") have been dismissed with no order as to cost. Therefore, the ex-parte injunction has been lapsed on 18 June 2024 and there is no more injunction against the 3rd to 6th Defendants from 18 June 2024 onwards.

37. EVENTS AFTER THE REPORTING PERIOD

(i) Disposal of HHIH

On 16 May 2024, a wholly-owned subsidiary of the Company, HHIH, had entered into following agreements:

- a) Share Sale Agreement with Nexus Applause Sdn. Bhd. ("NASB") to dispose of 2,508,690 ordinary shares ("Sale Shares"), representing 51% of equity interest in HKK, for a total cash consideration RM6,121,020 ("Purchase Price");
- b) Profit Guarantee Agreement with NASB to the Profit Before Tax ("PBT") of RM1,470,000 guaranteed by HHIH to NASB that the PBT as recorded in the audited financial statements of HKK in respect of financial year ended 31 March 2024 and financial year ending 31 March 2025 shall not be less than RM735,000 respectively, being the 49% of the total aggregate of PBT of RM3,000,000 of HKK for the financial year ended 31 March 2024 and financial year ending 31 March 2025;
- c) Shareholders Agreement with NASB to govern the relationships of HHIH and NASB; and
- d) Guarantee and Indemnity Agreement by Iqzan Holding Berhad in favour of HHIH to settle the balance Purchase Price for the Sale Shares in the event that the Purchaser fails to settle the Balance Purchase Price for the Sale Shares.

The transaction was completed subsequent to the financial year end.

(ii) Acquisition of PKB Open Road (SP Circuit) Sdn. Bhd. ("PKBOR") and Oric Development (SP) Sdn. Bhd. ("ORICD")

On 21 May 2024, the Company has entered into share sales agreements with Open Road World Sdn. Bhd. to acquire 51,000 ordinary shares, representing 51% of equity interest, in PKBOR and 51 ordinary shares, representing 51% of equity interest, in ORICD for a total cash consideration of RM22,400,000 and RM17,600,000 respectively.

The transactions were completed subsequent to the financial year end.

(iii) Private placement

On 17 July 2024 and 22 July 2024, the Company has issued 38,522,700 and 13,300,000 new ordinary shares respectively through a private placement at an issue price of RM0.145 per ordinary share for cash. The new ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the Company.

On 25 July 2024, the Company has issued 35,000,000 new ordinary shares through a private placement at an issue price of RM0.1395 per ordinary share for cash. The new ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2024

38. COMPARATIVE FIGURES

The short term funds with licensed financial institutions and income tax credit were previously included in cash and cash equivalents and current tax liabilities respectively but now reclassified under other investments and current tax assets respectively to conform with current year's presentation.

The effects of the reclassifications to the financial statements of the Group and of the Company are as follows:

	As previously stated RM	Reclassification RM	As restated RM
GROUP			
2023			
Statements of financial position			
Current tax assets	-	113,047	113,047
Other investments	-	16,028,357	16,028,357
Cash and cash equivalents	49,853,185	(16,028,357)	33,824,828
Current tax liabilities	<u>(165,586)</u>	<u>(113,047)</u>	<u>(278,633)</u>
Statements of cash flow			
Net cash from operating activities	41,254,664	(1,017,148)	40,237,516
Net cash used in investing activities	<u>(28,853,285)</u>	<u>(9,802,675)</u>	<u>(38,655,960)</u>
COMPANY			
Statement of financial position			
2023			
Other investments	-	8,905,377	8,905,377
Cash and cash equivalents	<u>17,477,591</u>	<u>(8,905,377)</u>	<u>8,572,214</u>
Statement of cash flow			
Net cash from operating activities	23,781,006	(127,997)	23,653,009
Net cash used in investing activities	<u>(70,996,502)</u>	<u>(8,277,380)</u>	<u>(79,273,882)</u>

ANALYSIS OF SHAREHOLDINGS

AS AT 2 JULY 2024

Total number of issued shares : 868,227,559
Class of Shares : Ordinary shares
Voting Rights : One vote per ordinary share

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	247	9.78	8,078	0.00
100 - 1,000	255	10.10	117,205	0.01
1,001 - 10,000	879	34.81	4,462,672	0.51
10,001 - 100,000	806	31.92	31,205,184	3.59
100,001 - 43,411,376 (*)	335	13.27	514,167,663	59.22
43,411,377 AND ABOVE (**)	3	0.12	318,266,757	36.67
TOTAL :	2,525	100.00	868,227,559	100.00

REMARKS :

* - LESS THAN 5% OF ISSUED SHARES

** - 5% AND ABOVE OF ISSUED SHARES

LIST OF LARGEST SHAREHOLDERS AS AT 2 JULY 2024

NO.	NAME	HOLDINGS	%
1	CFAMILLIE HOLDINGS SDN. BHD.	154,290,697	17.77
2	GH CONSORTIUM SDN BHD	120,264,455	13.85
3	GOH BOON LEONG	37,500,000	4.32
4	CHING MENG HAK	36,460,335	4.20
5	OPEN ROAD CAPITAL HOLDINGS SDN BHD	35,611,400	4.10
6	HO WHYE CHONG	24,418,605	2.81
7	CHEAH AH HOCK	23,128,776	2.66
8	SKYLITECH RESOURCES SDN. BHD.	22,257,500	2.56
9	HO WHYE CHONG	19,293,000	2.22
10	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAI CHIN HWANG	17,700,000	2.04
11	POLARGAS SDN. BHD.	16,559,175	1.91
12	BATU KAWI CAPITAL SDN BHD	16,001,900	1.84
13	YANTI	14,736,575	1.70
14	NG BACK TENG	11,410,152	1.31
15	NG CHIN NAM	10,795,428	1.24

ANALYSIS OF SHAREHOLDINGS (cont'd)

AS AT 2 JULY 2024

LIST OF LARGEST SHAREHOLDERS AS AT 2 JULY 2024 (CONT'D)

NO.	NAME	HOLDINGS	%
16	KELVIN TAN CHUN KHAI	10,408,500	1.20
17	CHENG PEK TONG	8,974,055	1.03
18	KEE YAN KAI	8,954,100	1.03
19	POLARGAS SDN. BHD.	8,750,000	1.01
20	CH'NG BOON HOCK	8,567,600	0.99
21	OOI PHAIK SEE	7,851,941	0.90
22	KU XIAO EN	7,350,000	0.85
23	KEE SWEE LAI	7,000,000	0.81
24	OOI CHEE SENG	5,880,825	0.68
25	CH'NG CHEN MONG	5,859,987	0.67
26	RAREROCK ADVISORY SDN. BHD.	5,703,572	0.66
27	OOI PHAIK SEE	5,316,684	0.61
28	OPEN ROAD CAPITAL HOLDINGS SDN BHD	5,248,000	0.60
29	HONG SENG HOUSING SDN. BHD.	4,839,000	0.56
30	TAI CHIN HWANG	4,400,000	0.51

DIRECTORS' SHAREHOLDINGS

AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 2 JULY 2024

Name	Direct interest		Indirect interest	
	No. of Shares	%	No. of Shares	%
HO WHYE CHONG	43,711,605	5.03	-	0.00
NG CHIN NAM	10,795,428	1.24	26,360,550 ⁽¹⁾	3.04

SUBSTANTIAL SHAREHOLDERS

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 2 JULY 2024

Name	Direct interest		Indirect interest	
	No. of Shares	%	No. of Shares	%
CFAMILLIE HOLDINGS SDN. BHD.	154,290,697	17.77	-	-
GH CONSORTIUM SDN BHD	120,264,455	13.85	-	-
CH'NG CHEN MONG	5,859,987	0.67	154,290,697 ⁽²⁾	17.77
TAN POH CHENG	-	-	154,290,697 ⁽²⁾	17.77
DATO' H'NG CHOON SENG	2,764	0.00	120,264,455 ⁽³⁾	13.85
GOH BOON LEONG	37,500,000	4.32	120,264,455 ⁽³⁾	13.85
HO WHYE CHONG	43,711,605	5.03	-	-

⁽¹⁾ Deemed interested pursuant to Section 59(11)(c) of the Companies Act 2016 via his spouse Koe Gaik Tiang and pursuant to Section 8 of the Companies Act 2016 via his shareholding in Polargas Sdn Bhd.

⁽²⁾ Deemed interested through Cfamillie Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016

⁽³⁾ Deemed Interested through GH Consortium Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF WARRANTS HOLDINGS

AS AT 2 JULY 2024

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	48	19.59	2,172	0.00
100 - 1,000	37	15.10	11,983	0.02
1,001 - 10,000	104	42.45	458,551	0.63
10,001 - 100,000	37	15.10	1,085,506	1.49
100,001 - 3,635,549 (*)	12	4.90	11,057,734	15.21
3,635,549 AND ABOVE (**)	7	2.86	60,095,061	82.65
TOTAL :	245	100.00	72,711,007	100.00

REMARKS :

* - LESS THAN 5% OF ISSUED SHARES

** - 5% AND ABOVE OF ISSUED SHARES

LIST OF LARGEST SHAREHOLDERS AS AT 2 JULY 2024

NO.	NAME	HOLDINGS	%
1	GOH BOON LEONG	21,956,500	30.20
2	SKYLITECH RESOURCES SDN. BHD.	11,250,000	15.47
3	GOH VINCENT	7,320,187	10.07
4	OOI PHAIK SEE	5,833,812	8.02
5	KEE SWEE LAI	5,591,687	7.69
6	KELVIN TAN CHUN KHAI	4,296,500	5.91
7	HO WHYE CHONG	3,846,375	5.29
8	HONG SENG HOUSING SDN. BHD.	2,514,750	3.46
9	OOI CHIENG SIM	1,875,000	2.58
10	KHOR MOOI KIM	1,269,105	1.75
11	CHING MENG HAK	1,160,155	1.60
12	LIM KEAN WAH	1,086,082	1.49
13	LIM YAU CHONG	929,800	1.28
14	OPEN ROAD CAPITAL HOLDINGS SDN BHD	880,000	1.21
15	YAP SHUE YEE	334,312	0.46

ANALYSIS OF WARRANTS HOLDINGS (cont'd)

AS AT 2 JULY 2024

LIST OF LARGEST SHAREHOLDERS AS AT 2 JULY 2024 (CONT'D)

NO.	NAME	HOLDINGS	%
16	CHEANG KEAT PING	300,000	0.41
17	LIM SIEW HEONG	219,600	0.30
18	TAN KEAN AIK	159,375	0.22
19	LIM YAU CHONG	150,000	0.21
20	NG CHIN NAM	106,750	0.15
21	LO KUM HO. ADRIAN	80,200	0.11
22	KANG KHOON SENG	73,125	0.10
23	CHING MENG HAK	72,805	0.10
24	CHOW POH BENG	68,200	0.09
25	HO BAN LEONG	67,875	0.09
26	H'NG JIA QI	51,937	0.07
27	CHEW TAN JOO LEE @ CHEW JOO LEE	50,050	0.07
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PHANG WON KONG	47,250	0.06
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR YU CHONG CHOO (E-TAI)	45,250	0.06
30	LEE SIAN SOO	41,250	0.06

DIRECTORS' SHAREHOLDINGS

AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 2 JULY 2024

Name	Direct interest		Indirect interest	
	No. of Shares	%	No. of Shares	%
HO WHYE CHONG	3,846,375	5.29	-	-
NG CHIN NAM	106,750	0.15	-	-

SUBSTANTIAL SHAREHOLDERS

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 2 JULY 2024

Name	Direct interest		Indirect interest	
	No. of Shares	%	No. of Shares	%
GOH BOON LEONG	21,956,500	30.20	7,562 ⁽¹⁾	-
SKYLITECH RESOURCES SDN. BHD.	11,250,000	15.47	-	-
OOI CHIENG SIM	1,875,000	2.58	11,250,000 ⁽²⁾	15.47
GOH VINCENT	7,320,187	10.07	-	-
OOI PHAIK SEE	5,833,812	8.02	-	-
KEE SWEE LAI	5,591,687	7.69	-	-

⁽¹⁾ Deemed Interested through GH Consortium Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

⁽²⁾ Deemed Interested through Skylitech Resources Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

LIST OF PROPERTIES

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure/ Approximate Age of Building (Year)	Land Area/ Built-up Area (sq ft)	Audited NBV as at 31 March 2024 RM'000	Date of Acquisition
Fibre Star	Title: No. H.S.(D) 8763 Lot No. 2489, Mukim 5 Daerah Seberang Perai Selatan Pulau Pinang Address: Lot 2489, Lorong Bakau Kawasan Perindustrian Perabut Sungai Baong, Mukim 5, 14200 Sungai Bakap Seberang Perai Selatan Penang	Single storey factory building/ Rent to Alno Industries Sdn Bhd as their factory	Freehold/ 11 years	69,696/ 57,067	2,499	11.05.2012
Fibre Star	Title: PM 705 Lot 1222 Mukim 11, District of Seberang Perai Selatan Pulau Pinang PM 513 Lot 1223 Mukim 11, District of Seberang Perai Selatan Pulau Pinang Address: No. 3843 (Lot 1223), Mukim 11, Luar Desa Jawi, 14200 Sungai Jawi, Seberang Perai, Pulau Pinang	2-storey office block with a single storey detached factory warehouse / Used as factory warehouse	60 years, Expiring on 24.10.2051/ 2 years 99 years, Expiring on 22.03.2069/ 2 years	145,035/ 74,360	12,820	30.03.2022
HK Fibre	Title: HSM 2/97A, PT 345 Kg Kemayang, Mukim Senak Jajahan Bachok Kelantan Darul Naim Address: Lot 345, Kg. Kemayang Tawang 16020 Bachok Kelantan Darul Naim	Double storey office cum staff accommodation and a single storey detached factory/Used for coconut fibre, coconut peat and coconut fibre sheets manufacturing	99 years, Expiring on 18.08.2096/ 11 years	89,690/ 51,065	707	24.04.2012

LIST OF PROPERTIES (cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure/ Approximate Age of Building (Year)	Land Area/ Built-up Area (sq ft)	Audited NBV as at 31 March 2024 RM'000	Date of Acquisition
HK Fibre	Title: HSM 1/97A, PT 344 Kg Kemayang, Mukim Senak Jajahan Bachok Kelantan Darul Naim	Land / Vacant industrial land	99 years, Expiring on 18.08.2096/ 2 years	104,588/ N/A	634	01.12.2021
HK Gua Musang	Title: PN 1828, Lot 551 Bandar Gua Musang Jajahan Gua Musang Negeri Kelantan Address: Lot 551, Kawasan Perindustrian Gua Musang Bandar Gua Musang, Jajahan Gua Musang, 18300 Gua Musang Kelantan Darul Naim	Double storey office annexed with a single storey detached factory/ Used for oil palm EFB fibre manufacturing	66 years, Expiring on 24.07.2051/ 8 years	478,574/ 152,460	13,373	19.08.2015
MG Furniture	Title: GM 1512 Lot 2780 Tempat Jalan Bukit Panchor Mukim 07 Daerah Seberang Perai Selatan, Pulau Pinang GM 1513 Lot 2781 Tempat Jalan Bukit Panchor Mukim 07, Daerah Seberang Perai, Pulau Pinang GRN 59066 Lot 2791 Mukim 07, Daerah Seberang Perai Selatan, Negeri Pulau Pinang	One unit of three storey office building with an annexed single storey factory building / Used for own factory	Freehold/ 12 years	131,707/ 100,922	7,581	28.04.2015
MG Furniture	Title: GM 981 Lot 2651 Mukim 10, Daerah Seberang Perai Selatan, Pulau Pinang	Land/ Vacant agricultural land	Freehold/ 9 years	92,957/ N/A	380	05.09.2014

LIST OF PROPERTIES (cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure/ Approximate Age of Building (Year)	Land Area/ Built-up Area (sq ft)	Audited NBV as at 31 March 2024 RM'000	Date of Acquisition
MG Furniture	Title: GM 895 Lot 3960 Tali Air Parit Kasa Mukim 09, Daerah Seberang Perai Selatan, Negeri Pulau Pinang	Land/ Vacant agricultural land	Freehold/ 8 years	71,860/ N/A	600	27.07.2015
MG Furniture	Title: GRN 129553 Lot 7171 Mukim 11 Daerah Seberang Perai Selatan, Pulau Pinang.	Land/ Vacant agricultural land	Freehold/ 4 years	173,084/ N/A	4,719	12.09.2019
HH Land	Title: GM 214 Lot 288 Mukim 02 District of Seberang Perai Selatan, Pulau Pinang	Land/ Vacant land	Freehold/ 3 years	198,470/ N/A	2,384	13.08.2020
HH Land	Title: GM 1146 Lot 1712 Mukim 05 District of Seberang Perai Tengah, Pulau Pinang GM 1147 Lot 1713 Mukim 05 District of Seberang Perai Tengah, Pulau Pinang	Land/ Vacant land	Freehold/ 3 years	88,856/ N/A	1,443	13.08.2020
HH Land	Title: GRN 44188 Lot 471 Section 1 Town of Butterworth District of Seberang Perai Utara, Pulau Pinang Address: No. 11, Tingkat Melur 3 Taman Sin Tatt 12300 Butterworth, Pulau Pinang	A double storey intermediate terrace house / Used for investment property	Freehold/ 2 years	1,300/ 1,822	501	23.03.2022

LIST OF PROPERTIES (cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure/ Approximate Age of Building (Year)	Land Area/ Built-up Area (sq ft)	Audited NBV as at 31 March 2024 RM'000	Date of Acquisition
HH Land	Title: No.H.S.(D) 32795 Lot No 1617 Section 6 Town of Bukit Mertajam District of Seberang Perai Tengah, Pulau Pinang Address: No. 124F, Jalan Teratai Taman Jaya 14000 Bukit Mertajam Seberang Perai, Pulau Pinang	Double storey split-level semi-detached house with rooftop / Used for investment property	Freehold/ 2 years	6,044/ 8,160	1,195	23.03.2022
HH Land	Title: GM13959/M1/14/75 Petak No. 75, No. Tingkat 14, No. Bangunan M1 Lot No.60002 Seksyen 63 Bandar Sungai Petani Daerah Kuala Muda, Negeri Kedah Darul Aman Address: No. A-14-3, No. 12B-3, Petak A-14-3, Cinta Sayang Residences, 08000 Sungai Petani, Kedah	A 2-Bedroom apartment / Used for investment property	Freehold/ 2 years	1,302/ N/A	384	28.04.2022
HH Land	Title: No. Hakmilik Geran 11043/ M1/4/508 Petak No. 508 No. Tingkat 4 No. Bangunan M1 Lot No.1197 Seksyen 67 Bandar Kuala Lumpur Daerah Kuala Lumpur Negeri Wilayah Persekutuan Address: No. S-090, Sungai Wang Plaza, Jalan Sultan Ismail, 55100 Wilayah Persekutuan	A unit of shoplot / Used for investment property	Freehold/ 2 years	334/ N/A	491	28.04.2022

LIST OF PROPERTIES (cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure/ Approximate Age of Building (Year)	Land Area/ Built-up Area (sq ft)	Audited NBV as at 31 March 2024 RM'000	Date of Acquisition
HH Land	Title: Geran No. Hakmilik 25537 & 25538 Lot Nos. 161 & 162 Bandar Nibong Tebal Daerah Seberang Perai Selatan Pulau Pinang Address: No. 1672, Jalan Baru, 14300 Nibong Tebal, Pulau Pinang	A two-storey detached factory with one storey annexe / Used for investment property	Freehold/ 1 year	11,971/ N/A	1,424	30.06.2022
HH Land	Title: Lot No. 3005 Mukim 11 Daerah Seberang Perai Tengah Pulau Pinang Address: No. 1234, Jalan Padang Lallang, Taman Desa Damai, 14000 Bukit Mertajam, Pulau Pinang	A double storey shophouse / Used for investment property	Freehold/ 1 year	1,765/ N/A	746	21.11.2022
HH Land	Title: Lot No. 713 & 714, 744, 745 & 746 Kampung Sethu, Sungai Jawi.	Land / Vacant and development land	Freehold/ Less than 1 year	98,816/ N/A	2,486	11.04.2023
HH Land	Title: Lot no. 6387 Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang. Address: No.1-02, Megamall Penang, Jalan Baru, 13600 Prai, Pulau Pinang.	A unit of shoplot/ Used for investment property	Freehold/ Less than 1 year	645/ N/A	182	23.05.2023

LIST OF PROPERTIES (cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure/ Approximate Age of Building (Year)	Land Area/ Built-up Area (sq ft)	Audited NBV as at 31 March 2024 RM'000	Date of Acquisition
KNG Resource Enterprise	Title: H.S.(M) 19721, PT 8574 Town of Sungai Petani District of Kuala Muda Kedah Darul Aman Address: No. 8574, Kawasan Industri Bakar Arang, 08000 Sungai Petani, Kedah Darul Aman	A unit of double and single storey detached factory / Used for investment property	99 years, Expiring on 12.03.2089/ 1 year	130,680/ 100,838	8,723	30.06.2022
HH Eastern Realty	Title: Country Lease No. 105241129 Tawau Sabah	Land/ Vacant land	99 years, Expiring on 06.04.2060/ 1 year	665,597/ N/A	3,982	25.07.2022
HH Northern Point	Title: PN 10341 Lot No. 7035 Mukim 13 Daerah Seberang Perai Tengah Negeri Pulau Pinang Address: No. 1030, Lengkok Perindustrian Bukit Minyak 2, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang	A double-storey office building annexed with a single storey detached factory / Used for investment property	60 years, Expiring on 26.08.2068/ 1 year	43,594/ 30,368	5,136	30.09.2022
HH Supreme Realty	Title: Lot 10146 Mukim 18 Daerah Timor Laut Negeri Pulau Pinang Address: Parcel No. 1-1-2, 1-1-3, 1-1-3A & 1-1-9, The Peak Commercial, Persiaran Halia 3, 10470 Tanjong Bungah, Penang	Commercial shoplots / Used for investment property	Freehold/ 1 year	N/A/ 3,760	1,110	29.11.2022

LIST OF PROPERTIES (cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure/ Approximate Age of Building (Year)	Land Area/ Built-up Area (sq ft)	Audited NBV as at 31 March 2024 RM'000	Date of Acquisition
HH Supreme Realty	Title: Lot 10147 Mukim 18 Daerah Timor Laut Negeri Pulau Pinang Address: Parcel No. 2-1-2, 2-1-3A, 2-1-5, 2-1-10, 2-1-12, 2-1-13, 2-1-13A, 2-1-19 & 2-1-20, The Latitude Complex, Persiaran Halia 3, 10470 Pulau Pinang	Commercial shoplots / Used for investment property	Freehold/ 1 year	N/A/ 17,610	3,687	29.11.2022
HH Properties Kulim	Title: Note ⁽¹⁾	Land/ Vacant land	99 years, Expiring on 23.10.2095/ 2 years	839,132/ N/A	21,585	30.03.2022
Kulim Property	Title: Note ⁽²⁾	Land/ Vacant land	99 years, Expiring on 23.10.2095/ Less than 1 year	258,936/ N/A	4,490	13.09.2023

LIST OF PROPERTIES (cont'd)

Note:

- (1) : PM 251 Lot 7632, PM 252 Lot 7633, PM 253 Lot 7634, PM 254 Lot 7635, PM 255 Lot 7636, PM 256 Lot 7637, PM 257 Lot 7638, PM 258 Lot 7639, PM 259 Lot 7640, PM 260 Lot 7641, PM 261 Lot 7642, PM 262 Lot 7643, PM 263 Lot 7644, PM 264 Lot 7645, PM 282 Lot 7650, PM 283 Lot 7651, PM 286 Lot 7655, PM 287 Lot 7656, PM 288 Lot 7657, PM 289 Lot 7658, PM 290 Lot 7659, PM 291 Lot 7660, PM 292 Lot 7661, PM 293 Lot 7662, PM 294 Lot 7663, PM 295 Lot 7664, PM 296 Lot 7665, PM 297 Lot 7666, PM 298 Lot 7667, PM 299 Lot 7668, PM 300 Lot 7669, PM 301 Lot 7670, PM 302 Lot 7671, PM 303 Lot 7672, PM 304 Lot 7673, PM 305 Lot 7674, PM 306 Lot 7675, PM 307 Lot 7676, PM 308 Lot 7677, PM 309 Lot 7678, PM 310 Lot 7679, PM 311 Lot 7680, PM 357 Lot 7689, PM 358 Lot 7690, PM 359 Lot 7691, PM 360 Lot 7692, PM 361 Lot 7693, PM 362 Lot 7694, PM 369 Lot 7701, PM 370 Lot 7702, PM 371 Lot 7703, PM 372 Lot 7704, PM 373 Lot 7705, PM 374 Lot 7706, PM 342 Lot 7707, PM 344 Lot 7709, PM 345 Lot 7710, PM 346 Lot 7711, PM 347 Lot 7712, PM 348 Lot 7713, PM 350 Lot 7715, PM 351 Lot 7716, PM 352 Lot 7717, PM 353 Lot 7718, PM 354 Lot 7719, PM 355 Lot 7720, PM 356 Lot 7722, PM 375 Lot 7725, PM 376 Lot 7726, PM 382 Lot 7732, PM 269 Lot 7734, PM 270 Lot 7735, PM 271 Lot 7736, PM 272 Lot 7737, PM 273 Lot 7738, PM 274 Lot 7739, PM 275 Lot 7740, PM 276 Lot 7741, PM 277 Lot 7742, PM 278 Lot 7743, PM 279 Lot 7744, PM 280 Lot 7745, PM 281 Lot 7746, PM 319 Lot 7747, PM 320 Lot 7748, PM 321 Lot 7749, PM 322 Lot 7750, PM 332 Lot 7760, PM 333 Lot 7761, PM 334 Lot 7762, PM 335 Lot 7763, PM 336 Lot 7764, PM 337 Lot 7765, PM 338 Lot 7766, PM 339 Lot 7767, PM 340 Lot 7768, PM 341 Lot 7769, PM 384 Lot 7771, PM 385 Lot 7772, PM 396 Lot 7773, PM 397 Lot 7774, PM 398 Lot 7775, PM 399 Lot 7776, PM 400 Lot 7777, PM 401 Lot 7778, PM 402 Lot 7779, PM 403 Lot 7780, PM 404 Lot 7781, PM 405 Lot 7782, PM 406 Lot 7783, PM 407 Lot 7784, PM 386 Lot 7789, PM 387 Lot 7790, PM 410 Lot 7791, PM 411 Lot 7792, PM 412 Lot 7793, PM 413 Lot 7794, PM 414 Lot 7795, PM 415 Lot 7796, PM 416 Lot 7797, PM 417 Lot 7798, PM 418 Lot 7799, PM 419 Lot 7800, PM 420 Lot 7801, PM 421 Lot 7802, PM 424 Lot 7805, PM 388 Lot 7818, PM 389 Lot 7819, PM 390 Lot 7820, PM 391 Lot 7821, PM 392 Lot 7822, PM 393 Lot 7823, HS(M) 1936 PT 157 Bandar Kulim, Daerah Kulim, Kedah.
- (2) : PM 265 Lot 7646, PM 266 Lot 7647, PM 267 Lot 7648, PM 268 Lot 7649, PM 284 Lot 7653, PM 285 Lot 7654, PM 312 Lot 7681, PM 313 Lot 7682, PM 314 Lot 7683, PM 315 Lot 7684, PM 316 Lot 7685, PM 317 Lot 7686, PM 363 Lot 7695, PM 364 Lot 7696, PM 365 Lot 7697, PM 366 Lot 7698, PM 367 Lot 7699, PM 368 Lot 7700, PM 343 Lot 7708, PM 349 Lot 7714, PM 377 Lot 7727, PM 378 Lot 7728, PM 379 Lot 7729, PM 380 Lot 7730, PM 381 Lot 7731, PM 323 Lot 7751, PM 324 Lot 7752, PM 325 Lot 7753, PM 326 Lot 7754, PM 327 Lot 7755, PM 328 Lot 7756, PM 329 Lot 7757, PM 330 Lot 7758, PM 331 Lot 7759, PM 408 Lot 7786, PM 422 Lot 7803, PM 423 Lot 7804, PM 425 Lot 7806, PM 426 Lot 7807, PM 427 Lot 7808, PM 428 Lot 7809, PM 429 Lot 7810, PM 430 Lot 7811, PM 431 Lot 7812, PM 432 Lot 7813, PM 433 Lot 7814, PM 434 Lot 7815, PM 435 Lot 7816, PM 394 Lot 7824, PM 395 Lot 7825, PM 2068 Lot PT 178, PM 1098 Lot 7631, PM 1099 Lot 7688, PM 1100 Lot 7733, PM 1101 Lot 7787, PT 178 Bandar Kulim, Daerah Kulim, Kedah.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING ("AGM") OF HHRG BERHAD (THE "COMPANY" OR "HHRG") WILL BE HELD ON A VIRTUAL BASIS THROUGH LIVE STREAMING AND ONLINE REMOTE VOTING VIA REMOTE PARTICIPATION WEBSITE AT [HTTPS://SSHSB.NET.MY/](https://sshsb.net.my/) AND VOTING FACILITIES AT THE BROADCAST VENUE AT MEETING ROOM OF SECURITIES SERVICES (HOLDINGS) SDN. BHD., LEVEL 7, MENARA MILENIUM, JALAN DAMANLELA, PUSAT BANDAR DAMANSARA, DAMANSARA HEIGHTS, 50490 KUALA LUMPUR, WILAYAH PERSEKUTUAN, ON TUESDAY, 27 AUGUST 2024 AT 11:00 A.M. FOR THE FOLLOWING PURPOSES:-

AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2024 together with the Reports of the Directors and of the Auditors thereon. Please refer to the Explanatory Notes
2. To approve the payment of Directors' fees and benefits up to an aggregate amount of RM350,000.00 for the financial year ending 31 March 2025. Ordinary Resolution 1
3. To re-elect Mr. Ng Chin Nam, a Director who retires in accordance with Article 18.3 of the Constitution of the Company and being eligible, has offered himself for re-election. Ordinary Resolution 2
4. To re-elect the following Directors who retire pursuant to Article 18.10 of the Company's Constitution:-
 - (a) Mr. Guok Ngeek Seong Ordinary Resolution 3
 - (b) Mr. Chan Hon Woo Ordinary Resolution 4
 - (c) Encik Abdul Rahman Bin Haji Din Ordinary Resolution 5
 - (d) Yang Berbahagia Dato' Paduka Ammar Bin Dato' Shaikh Mahmood Naim Ordinary Resolution 6
5. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Ordinary Resolution 7

SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions:

6. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** Ordinary Resolution 8
"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 (the "Act") and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being.

AND THAT the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

7. AUTHORITY TO PURCHASE ITS OWN SHARES

"That subject to the Companies Act 2016, provisions of the Company's Constitution and the requirements of Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:-

Ordinary
Resolution 9

- i. The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares in the ordinary share capital of the Company at any point in time;
- ii. The maximum funds to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits of the Company. As at the latest financial year ended 31 March 2024, the audited retained profits of the Company stood at RM44,415,439;
- iii. The authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next AGM of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next AGM is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;
- iv. Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-
 - to cancel the shares so purchased; or
 - to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
 - retain part of the shares so purchased as treasury shares and cancel the remainder.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluation, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares in accordance with the Act, provisions of the Company's Constitution, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATE")**

Ordinary
Resolution 10

"That subject to the provisions of the Company's Constitution and the ACE Market Listing Requirements of Bursa Securities, approval be hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 2.3 of the Circular to Shareholders dated 29 July 2024, provided that such transactions are necessary for the day-to-day operations; and undertaken in the ordinary course of business, on arm's length basis, on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT such approval shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed by law pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Board be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Mandate."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

WONG YEE LIN (MIA15898)
SSM PC NO. 201908001793
HING POE PYNG (MAICSA 7053526)
SSM PC NO. 202008001322
Secretaries

Penang

Date: 29 July 2024

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes:

1. A member entitled to attend and vote at the meeting may appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy save that the proxy must be of full age.
2. When a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid.
3. 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.
4. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act. Where a member is a corporation, it may appoint a proxy or proxies under the Proxy Form, or appoint such person as its representative at the meeting in accordance with section 333 of the Companies Act 2016.
5. The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang or email to enquiry@braxton.com.my, not less than twenty-four (24) hours before the time appointed for holding the AGM or any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend the meeting, a Record of Depositors ("ROD") as at 19 August 2024 has been requested. Only a depositor whose name appears on the ROD shall be entitled to attend, speak and vote at this meeting or appoint proxies to attend and/or speak and/or vote in his/her behalf.
8. Pursuant to Paragraph 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

Explanatory Notes on Ordinary Business:

1. **Agenda 1 - To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2024 together with the Reports of the Directors and of the Auditors thereon.**
This item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.
2. **Ordinary Resolution 1 - To approve the payment of Directors' fees and benefits up to an aggregate amount of RM350,000 for the financial year ending 31 March 2025.**
The proposed Ordinary Resolution 1 is to facilitate payment of Directors' fees and Directors' benefits calculated based on the number of scheduled Board and Committee meetings for financial year ending 31 March 2025 and assuming that all Directors will hold office until the end of the financial year. In the event the Directors' fees and Directors' benefits proposed is insufficient (e.g. due to additional unscheduled Board/Committee meetings or enlarged Board size), approval will be sought at the next AGM for additional fees and benefits to meet the shortfall.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes on Special Business:

1. Ordinary Resolution 8 – Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution 8 is for the purpose of granting a new and renewed general mandate (the "Mandate"), if passed, will give authority to the Directors to issue and allot shares up to 10% of the total number of issued shares of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

This proposed Resolution 8 is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval as to avoid incurring additional costs and time.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grants of rights to subscribe, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, the Company had issued 51,822,700 ordinary shares at an issue price of RM0.1450 per ordinary share and 35,000,000 ordinary shares at an issue price of RM0.1395 per ordinary shares, pursuant to the mandate granted to the directors at the last Annual General Meeting held on 25 August 2023 which will lapse at the conclusion of the 13th Annual General Meeting.

The details of the status of utilisation of proceeds for the private placement is as set out in of the Annual Report 2024.

A renewal of this authority is being sought at the 13th Annual General Meeting under proposed Ordinary Resolution 8.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

2. Ordinary Resolution 9 - Authority to Purchase its own Shares

The proposed Ordinary Resolution 9, if passed, will give the Directors of the Company authority to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM.

3. Ordinary Resolution 10 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate")

The proposed Ordinary Resolution 10, if passed, will enable the Company and/or its subsidiaries ("Group") to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transaction being carried out in the ordinary course of business at arm's length basis and on normal commercial terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders of the Company.

Further information on the Proposed Mandate is set out in the Circular to shareholders dated 29 July 2024.

PERSONAL DATA POLICY

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29(2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. Details of individuals who are standing for election as Directors (excluding Directors standing for re-election)

No individual is standing for election as a Director at the forthcoming 13th AGM of the Company.

2. Renewal of general mandate for issue of securities in accordance with Paragraph 6.04(3) of Listing Requirements

The Company is seeking for shareholders' approval on the general mandate for issue of securities. The details of the proposed authority for Directors to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note on Special Business (Resolution 10) of the Notice of AGM.

SHARE BUY-BACK STATEMENT

1. DISCLAIMER STATEMENT

This Share Buy-Back Statement (Statement) is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (Bursa Securities) has not perused this Statement prior to its issuance, takes no responsibility for the contents of the Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Statement.

2. RATIONALE FOR THE PROPOSED PURCHASE BY HHRG BERHAD (“HHRG” OR THE “COMPANY”) OF ITS OWN ORDINARY SHARES (SHARES) REPRESENTING UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES AT ANY GIVEN POINT IN TIME (PROPOSED SHARE BUY-BACK)

The Proposed Share Buy-Back, if exercised, would potentially benefit the Company and its shareholders as follows:

- i) The Proposed Share Buy-Back would enable the Company to utilize its surplus financial resources to purchase Shares when appropriate, and at prices which the Board of Directors of the Company (the Board) view as favourable to the Company;
- ii) The Proposed Share Buy-Back would effectively reduce the number of Shares carrying voting and participation rights unless the Share brought back by the Company (“Purchased Shares”) are resold on Bursa Securities or distributed as share dividends). Consequently, all else being equal, the Earnings Per Share (EPS) of the HHRG Group (the “Group”) may be enhanced as the earnings of the Group would be divided by a reduced number of Shares; and
- iii) The Purchased Shares which will be retained as treasury shares may potentially be resold on Bursa Securities at a higher price and therefore realizing a potential gain in reserves without affecting the total number of issued shares of the Company. The treasury shares may also be distributed to shareholders as dividends and, if undertaken, would serve to reward the shareholders of the Company.

3. RETAINED PROFITS

Based on the audited financial statements of HHRG as at 31 March 2024, the retained profits of the Company stood at RM44,415,439. The maximum fund to be allocated by the Company for the purpose of Proposed Share Buy-Back shall not exceed the retained profits of the Company.

4. SOURCE OF FUNDING

The Proposed Share Buy-Back will be funded from internally generated funds. The Company has adequate resources to undertake the Proposed Share Buy-Back in view that the Company has net cash and cash equivalent balance of approximately RM2,789,251 based on the audited financial statements of HHRG as at 31 March 2024. Any funds utilized by HHRG for the Proposed Share Buy-Back will consequentially reduce the resources available to HHRG for its operations by a corresponding amount for shares bought back.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER(S) AND PERSONS CONNECTED TO THEM

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors and Major Shareholders of HHRG nor persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back and, if any, the resale of the treasury shares.

SHARE BUY-BACK STATEMENT (cont'd)

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER(S) AND PERSONS CONNECTED TO THEM (CONT'D)

Based on the Register of Directors and the Register of Substantial Shareholders of HHRG as at 02 July 2024 and assuming that HHRG implements the Proposed Share Buy-Back in full, the effects of the Proposed Share Buy-Back on the shareholdings of the Directors, Substantial Shareholders and Person Connected to Director of HHRG are as follows:

Directors

Name	Existing as at 02 July 2024				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%^	No. of Shares	%^
Ng Chin Nam	10,795,428	1.24	26,360,550 ⁽²⁾	3.04	10,795,428	1.38	26,360,550 ⁽²⁾	3.37
Cheah Swi Chun	-	-	-	-	-	-	-	-
Ho Whye Chong	43,711,605	5.03	-	-	43,711,605	5.59	-	-
Guok Ngek Seong	-	-	-	-	-	-	-	-
Chan Hon Woo	-	-	-	-	-	-	-	-
Abdul Rahman Bin Haji Din	-	-	-	-	-	-	-	-
Yang Berbahagia Dato' Paduka Ammar Bin Dato' Shaikh Mahmood Naim	-	-	-	-	-	-	-	-

Substantial Shareholders

Name	Existing as at 02 July 2024				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%^	No. of Shares	%^
Cfamillie Holdings Sdn Bhd	154,290,697	17.77	-	-	154,290,697	19.75	-	-
GH Consortium Sdn Bhd	120,264,455	13.85	-	-	120,264,455	15.39	-	-
Ch'ng Chen Mong	5,859,987	0.67	154,790,697 ⁽³⁾	17.77	5,859,987	0.75	154,790,697 ⁽³⁾	19.81
Tan Poh Cheng	-	-	154,790,697 ⁽³⁾	17.77	-	-	154,790,697 ⁽³⁾	19.81
Dato' H'ng Choon Seng	2,764	0.00	120,264,455 ⁽¹⁾	13.85	2,764	0.00	120,264,455 ⁽¹⁾	15.39
Goh Boon Leong	37,500,000	4.32	120,264,455 ⁽¹⁾	13.85	37,500,000	4.80	120,264,455 ⁽¹⁾	15.39
Ho Whye Chong	43,711,605	5.03	-	-	43,711,605	5.60	-	-

Notes:

- ⁽¹⁾ Deemed Interested pursuant to Section 8 of the Companies Act 2016 via his shareholding in GH Consortium Sdn Bhd.
⁽²⁾ Deemed interested through his spouse Koe Gaik Tiang pursuant to Section 59(11)(c) of the Companies Act 2016. and pursuant to Section 8 of the Companies Act 2016 via his shareholding in Polargas Sdn Bhd.
⁽³⁾ Deemed interested through Cfamillie Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

6.1 Potential Advantages of the Proposed Share Buy-Back

The potential advantages of the Proposed Share-Buy Back are as set out in Section 2 of the Statement.

SHARE BUY-BACK STATEMENT (cont'd)

6. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK (CONT'D)

6.2 Potential disadvantages of the Proposed Share Buy-Back

The potential disadvantages of the Proposed Share Buy-Back are as follows:

- i) The Proposed Share Buy-Back, if implemented, would reduce the financial resources of the Group. This may result in the Group having to forego better future investment or business opportunities and/or any interest income that may be derived from the deposit of such funds in interest bearing instruments; and
- ii) The Proposed Share Buy-Back may also result in a reduction of financial resources available for distribution in the form of cash dividends to shareholders of HHRG in the immediate future.

However, the financial resources of the Group may increase pursuant to the resale of the Purchased Shares held as treasury shares at prices higher than the purchase price. In this connection, the Board will be mindful of the interests of the Group and shareholders of HHRG in implementing the Proposed Share Buy-Back and in subsequent resale of the treasury shares on Bursa Securities, if any.

7. MATERIAL FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The material financial effects of the Proposed Share Buy-Back on the share capital, consolidated Net Tangible Assets (NTA), working capital, earnings, dividends and the substantial shareholders' shareholdings in HHRG are set out below:

7.1 Share Capital

As at 30 June 2024, the total number of issued shares was 868,227,559 Shares. In the event that the 868,227,559 Shares representing 10% of the total number of issued shares of the Company are purchased and cancelled, the effect on the share capital of the Company are illustrated as follows:

	Number of Shares
Total number of issued shares as at 30 June 2024	868,227,559
Assumed the Shares purchased and cancelled	<u>86,822,756</u>
Resultant total number of issued shares	<u>781,404,803</u>

If the Shares so purchased are retained as treasury shares, the total number of issued shares of the Company will not be reduced but the rights attaching to the treasury shares as to voting, dividends and participation in other distributions or otherwise will be suspended. While these Shares remain as treasury shares, the Section 127 of the Act prohibits the taking into account of such Shares in calculating the number of percentage of Shares for a purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

7.2 NTA

The effects of the Proposed Share Buy-Back on the consolidated NTA of the Group would depend on the purchase price and number of purchased Shares, the effective funding cost to HHRG to finance the purchased Shares or any loss in interest income to HHRG.

The Proposed Share Buy-Back will reduce the consolidated NTA per Share at the time of purchase if the purchase price exceeds the consolidated NTA per Share and conversely will increase the consolidated NTA per Share at the time of purchase if the purchase price is less than the consolidated NTA per Share.

SHARE BUY-BACK STATEMENT (cont'd)

7. MATERIAL FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK (CONT'D)

7.2 NTA (Cont'd)

Should the Purchased Shares be resold, the consolidated NTA will increase if the Company realizes a capital gain from the resale, and vice-versa. However, the quantum of the increase in NTA will depend on the selling prices of the purchased Shares and the number of purchased Shares resold.

7.3 Working Capital

The Proposed Share Buy-Back is likely to reduce the working capital and cash flow of the Group, the quantum of which would depend on the purchase price of the purchased Shares, the number of purchased Shares and any associated costs incurred in making the purchase.

For the purchased Shares which are kept as treasury shares, upon their resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

7.4 Earnings

The effects of the Proposed Share Buy-Back on the earnings of the Group would depend on the purchase price and number of Purchased Shares, the effective funding cost to HHRG to finance the Purchased Shares or any loss in interest income to HHRG.

Assuming the purchased Shares would be retained as treasury shares, the reduction in the number of Shares applied in the computation of the EPS pursuant to the Proposed Share Buy-Back may generally, all else being equal, have a positive impact on the EPS for the financial year ending 31 March 2025.

Should the purchased Shares be resold, the extent of the impact to the EPS of the Group will depend on the actual selling price, the number of treasury shares resold, and any effective funding cost from the Proposed Share Buy-Back.

7.5 Dividends

Assuming the Proposed Share Buy-Back is implemented in full, dividends would be paid on the remaining total number of issued shares of HHRG (excluding the Shares already purchased). The Proposed Share Buy-Back may have an impact on the Company's dividend policy for the financial year ending 31 March 2025 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by HHRG in the future would depend on, *inter-alia*, the profitability and cash flow position of the Group.

7.6 Substantial Shareholders

Shares bought back by the Company under the Proposed Share Buy-Back that are retained as treasury shares will result in a proportionate increase in the percentage shareholdings of the Substantial Shareholders in the Company. Please refer to Section 5 of this Statement for further details.

SHARE BUY-BACK STATEMENT (cont'd)

8. IMPLICATIONS OF THE PROPOSED SHARE BUY-BACK RELATING TO THE RULES ON TAKE-OVERS, MERGER AND COMPULSORY ACQUISITIONS (THE RULES)

As it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory offer under the Rules by any of the Company's shareholders and/or parties acting in concert with them, the Board will ensure that such number of Shares purchased, retained as treasury shares, cancelled or distributed pursuant to the Proposed Share Buy-Back would not result in triggering any mandatory offer obligation on the part of its shareholders and/or parties acting in concert with them.

In this connection, the Board will be mindful of the Rules when making any purchase of the Shares pursuant to the Proposed Share Buy-Back.

9. PURCHASES, RESOLD, TRANSFER AND CANCELLATION MADE BY THE COMPANY OF ITS OWN SHARES IN THE PRECEDING 12 MONTHS

There was no treasury share held and the Company had not purchased, resold, transferred or cancelled any shares in the preceding 12 months.

10. PROPOSED INTENTION OF THE DIRECTORS TO DEAL WITH THE SHARES SO PURCHASED

The Proposed Share Buy-Back, if exercised, the shares shall be dealt with in the following manner:

- to cancel the shares so purchased; or
- to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
- retain part of the shares so purchased as treasury shares and cancel the remainder.

11. PUBLIC SHAREHOLDING SPREAD

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at 2 July 2024, approximately 868,227,559 Shares representing 48.9% of the total number of issued shares of the Company were held by the public shareholders. In this regard, the Board undertakes to purchase Shares only to the extent that the public shareholding spread of HHRG shall not fall below 25% of the total number of issued shares of the Company (excluding treasury shares) at all times pursuant to the Proposed Share Buy-Back, in accordance with Rule 8.02(1) and 12.14 of the Bursa Securities ACE Market Listing Requirements.

12. DIRECTORS' STATEMENT

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Share Buy-Back described above is in the best interest of the Company.

13. DIRECTORS' RECOMMENDATION

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming 13th Annual General Meeting to give effect to the Proposed Share Buy-Back.

SHARE BUY-BACK STATEMENT (cont'd)

14. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of HHRG Shares traded on Bursa Securities for the preceding twelve (12) months are as follows:

	High RM	Low RM
2023		
April	0.44	0.32
May	0.35	0.30
June	0.34	0.30
July	0.36	0.30
August	0.35	0.22
September	0.26	0.22
October	0.26	0.23
November	0.34	0.23
December	0.40	0.31
2024		
January	0.34	0.27
February	0.32	0.26
March	0.29	0.19

Last transacted market price as at 30 June 2024 (being the latest practical date prior to the printing of this Statement) was RM0.16.

(Source: Bursa Malaysia)

15. RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang during normal office hours from Monday to Friday (except for public holidays) from the date of this Statement up to and including the date of the forthcoming AGM :

- (i) Constitution of HHRG; and
- (ii) The audited consolidated financial statements of HHRG for the past two (2) financial years ended 31 March 2023 and 2024 respectively.

17. FURTHER INFORMATION

There is no other information concerning the Proposed Share Buy-Back as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Share Buy-Back and the extent of the risks involved in doing so.

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PROXY FORM



HHRG BERHAD
Company No.: 201101041555 (969678-D)
(Incorporated in Malaysia)

No. of Ordinary Shares held		CDS Account No.	
Contact No.		Email Address	

I/We _____ (NRIC no./Passport No. _____)
of _____

being a member of HHRG Berhad hereby appoint

Proxy 1

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of shareholding
Email:			
Tel:			

or failing him/her

Proxy 2

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of shareholding
Email:			
Tel:			

or failing him*, the Chairman of the Meeting, as my/our proxy(ies), to vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company will be held on a virtual basis through live streaming and online remote voting via Remote Participation and Voting Facilities at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, on Tuesday, 27 August 2024 at 11:00 a.m. and at any adjournment thereof as indicated below:

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits up to an aggregate amount of RM350,000.00 for the financial year ending 31 March 2025.		
2.	To re-elect Mr. Ng Chin Nam as Director.		
3.	To re-elect Mr. Guok Ngek Seong as Director.		
4.	To re-elect Mr. Chan Hon Woo as Director.		
5.	To re-elect Encik Abdul Rahman Bin Haji Din as Director.		
6.	To re-elect Yang Berbahagia Dato' Paduka Ammar Bin Dato' Shaikh Mahmood Naim as Director.		
7.	To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
8.	To authorise Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
9.	To approve the authority to purchase company's own share.		
10.	To approve the proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Signed this _____ day of _____, 2024.

Signature / Common Seal of Shareholder _____

Notes:

1. A member entitled to attend and vote at the meeting may appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy save that the proxy must be of full age.
2. When a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid.
3. 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.
4. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act. Where a member is a corporation, it may appoint a proxy or proxies under the Proxy Form, or appoint such person as its representative at the meeting in accordance with section 333 of the Companies Act 2016.
5. The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

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To:

The Company Secretary
HHRG BERHAD
Company No. 201101041555 (969678-D)
51-8-A Menara BHL
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

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6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang or email to enquiry@braxton.com.my, not less than twenty-four (24) hours before the time appointed for holding the AGM or any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend the meeting, a Record of Depositors ("ROD") as at 19 August 2024 has been requested. Only a depositor whose name appears on the ROD shall be entitled to attend, speak and vote at this meeting or appoint proxies to attend and/or speak and/or vote in his/her behalf.
8. Pursuant to Paragraph 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

PERSONAL DATA POLICY

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.



HHRG BERHAD

201101041555 (969678-D)


Formerly known as Heng Huat Resources Group Berhad


NEW CORPORATE OFFICE

Unit No.3B-06-01, Level 6,
Tower 3B, UOA Business Park,
No. 1, Jalan Pengaturcara U1/51A,
Section U1, 40150 Shah Alam,
Selangor Darul Ehsan, Malaysia.

BUSINESS ADDRESS

Lot 2945 (Plot A2), Jalan Sungai Baong,
Kawasan Perindustrian Perabut Sungai Baong,
MK 5, 14200 Sungai Bakap, Seberang Perai Selatan,
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