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Hwa Tai Industries Berhad
华大工业有限公司

Registration No.: 197401002656 (19688-V)

Annual Report

2023

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of the Company will be held at The Hwa Tai Grand Conference Room, Ground Floor, No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia on Thursday, 30 May 2024 at 11.30 a.m.

AGENDA	RESOLUTION NO.
1. To present the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors' and Auditors' Reports thereon.	-
2. To approve payment of an amount of Directors' fee of RM90,000.00 for the financial year ended 31 December 2023.	Ordinary Resolution 1
3. To re-elect the following Directors who retire in accordance with the Company's Constitution:-	
3.1 YBhg. Datuk Soo Chung Yee J.P.	Ordinary Resolution 2
3.2 Encik Kamal Bin Abd Karim	Ordinary Resolution 3
4. To appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4
5. To transact any other business appropriate to an Annual General Meeting, for which due notice shall have been given in accordance with the Company's Constitution and/ or the Companies Act, 2016.	-
6. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolution:-	
ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT, 2016	Ordinary Resolution 5
"That, subject to the Companies Act, 2016 and approvals from the relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016 to allot and issue shares in the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued shares of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.	
That pursuant to Section 85 of the Companies Act, 2016, read together with Clause 13 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the Shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from issuance of new shares pursuant to this Mandate.	
And that the new shares to be issued shall, upon allotment and issuance, rank equally in all respect with the existing shares of the Company, save and except that they shall not be entitled to any dividend, rights, allotments and/or any other forms of distribution which may be declared, made or paid before the date of allotment of such new shares."	

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

By Order of the Board
JESSICA CHIN TENG LI
(MAICSA 7003181) (SSM PC No.: 202008002790)
Company Secretary

Johor Darul Takzim, Malaysia
29 April 2024

NOTES:

Entitlement to Attend and Proxy

A member entitled to attend and vote at the Meeting is entitled to appoint at least 1 proxy to attend and vote instead of him/her. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia, not less than 48 hours before the time appointed for holding the Meeting.

For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 57(B) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a Record of Depositors as at 21 May 2024. Only a depositor whose name appears on the Record of Depositors as at 21 May 2024 shall be entitled to attend the Meeting or appoint proxies to attend and vote on his/her behalf.

Audited Financial Statements (Agenda No. 1)

Item 1 of the Agenda is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 requires the Directors to only lay before the Company at its annual general meeting its audited financial statements and thus, does not require a formal approval of the members for the audited financial statements. Hence, this item of the Agenda is not put forward for voting.

Auditors (Agenda No. 4)

The Auditors, Messrs. Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

Ordinary Resolution – Authority to the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016 and waiver of pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 (Agenda No. 6)

The proposed Ordinary Resolution on Authority to the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016, if passed, will give a renewed mandate to the Directors of the Company with full power to issue shares in the Company up to an amount not exceeding in total 10% of the issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would enable the Directors to take swift action in case of a need for any possible fund raising corporate exercise or in the event of business opportunities arise which involve the issuance of new shares, thus avoiding any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This renewed mandate, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. At this juncture, there is no decision to issue new shares and the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing Shareholders. If there should be a decision to issue new shares after this renewed mandate is obtained, the Company will make announcement in respect thereof.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

NOTES: (CONTINUED)

As at the date of this Notice, no new shares of the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 8 June 2023, which mandate will lapse at the conclusion of the forthcoming Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

No individual other than the retiring Directors is seeking election as a Director at the forthcoming Forty-Ninth Annual General Meeting of the Company. The details of the retiring Directors standing for re-election are set out in the Directors' Profile appearing on pages 6 and 7 of this Annual Report. An assessment on all the retiring Directors had been conducted by the Nomination Committee.

ADMINISTRATIVE NOTES – HEALTH SAFETY MEASURES

In view that coronavirus Covid-19 is still in the community and the insurgence of other infectious diseases particularly influenza, your safety is our priority. As a precautionary measure, you are strongly advised not to attend the Meeting and to appoint proxy(ies) to attend in your stead, if you have symptoms of being unwell.

For the safety of everyone at the Meeting, we will be practising the wearing of face mask at the Meeting venue throughout the duration of the Meeting. Based on prevailing safety and health guidelines, you may not be allowed into the Meeting if any health protocols is not adhered to or you show symptoms of influenza.

ANNUAL REPORT 2023

The Annual Report 2023 (including the Form of Proxy) may be downloaded from the websites of the Company www.hwatai.com and Bursa Malaysia Securities Berhad www.bursamalaysia.com.

Members may contact the Company or the Share Registrar to receive a printed copy of the Annual Report 2023:-

Company

By mail : Hwa Tai Industries Berhad, No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor, Malaysia

By e-mail : ir@hwatai.com.my

By Phone or Fax : (Tel) 07-415 1688 (Fax) 07-415 1135

Share Registrar

By mail : Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

By e-mail /electronically: ls.enquiry@my.tricorglobal.com or request via <https://tiih.online> by selecting "Request for Annual Report/Circulars" under the "Investor Services",

By Phone or Fax : (Tel) 03-2783 9299 (Fax) 03-2783 9222

CORPORATE INFORMATION

BOARD OF DIRECTORS

**DATUK SOO
CHUNG YEE J.P.**
(Executive Chairman)

**KAMAL BIN
ABD KARIM**

**AISYAH KAMALIAH
BINTI ABU BAKAR**

FONG MAY KHUAN

COMPANY SECRETARY

Jessica Chin Teng Li
(MAICSA 7003181)
(SSM PC No.: 202008002790)

REGISTERED OFFICE & PRINCIPAL BUSINESS ADDRESS

No. 12, Jalan Jorak
Kawasan Perindustrian
Tongkang Pecah
83010 Batu Pahat
Johor Darul Takzim
Malaysia
Tel. No.: 607-415 1688
Fax No.: 607-415 1135
Email: management@hwatai.com.my

CORPORATE OFFICE

No. L9, Jalan ML 16
ML-16 Industrial Park
43300 Seri Kembangan
Selangor Darul Eshan
Malaysia
Tel. No.: 603-8964 5600
Fax No.: 603-8964 5400

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel. No.: 603-2783 9299
Fax No.: 603-2783 9222
Email: Is.enquiry@my.tricorglobal.com

AUDITORS

Baker Tilly Monteiro Heng PLT
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia
Tel. No.: 603-2297 1000
Fax No.: 603-2282 9980

PRINCIPAL BANKERS

RHB Bank Berhad
Bank Muamalat Malaysia Berhad
AmBank (M) Berhad
Bangkok Bank Berhad
Affin Islamic Bank Berhad

LISTING

Bursa Malaysia Securities Berhad,
Main Market – Listed since 1992

WEBSITE

www.hwatai.com

PROFILE OF THE BOARD OF DIRECTORS

YBHG. DATUK SOO CHUNG YEE J.P.

*Non-Independent
Executive Director*

YBhg. Datuk Soo Chung Yee J.P., Malaysian, male, aged 45, is the Executive Chairman. He was appointed to the Board on 16 August 2004 and redesignated to his current position from Group Chief Executive Director on 21 February 2024. YBhg. Datuk Soo holds a Bachelor of Arts from the University of Derby, United Kingdom. He was awarded the Asia Pacific Entrepreneurship Award (Emerging Entrepreneur – Malaysia) in 2007 and the JCI Creative Young Entrepreneur Award (Junior Chamber International – Malaysia) in 2008. He also holds several directorships in private companies in Malaysia and abroad.

He is a member of the Risk Management Committee.

YBhg. Datuk Soo has a direct shareholding of 32,532,267 ordinary shares in the Company as at 31 March 2024 representing 43.47% of the Company's total issued shares. He is deemed to have an interest in the equity holdings held by the Company in its subsidiaries by virtue of his interest in the Company.

He does not have any family relationship with any directors and/or major shareholders of the Company. He also does not have any conflict of interest with the Company nor any conviction for any offence, public sanction or penalty imposed by any relevant regulatory bodies.

ENCIK KAMAL BIN ABD KARIM

*Independent Non-
Executive Director*

Encik Kamal Bin Abd Karim, Malaysian, male, aged 45, was appointed to the Board on 27 June 2016. He holds a Bachelor of Laws LLB (Hons) from International Islamic University Malaysia. Encik Kamal, an advocate & solicitor, was admitted to the Malaysian Bar in year 2003 and has been practicing at Messrs. Soo Thien Ming & Nashrah ever since. He is also a partner of the said firm.

Encik Kamal is the Chairman of the Audit Committee. He also sits in the Nomination Committee, Remuneration Committee and Risk Management Committee.

He does not have any family relationship with any directors and/or major shareholders of the Company. He does not have any interest in the securities of the Company or its subsidiaries. He does not have any conflict of interest with the Company nor any conviction for any offence, public sanction or penalty imposed by any relevant regulatory bodies.

PROFILE OF THE BOARD OF DIRECTORS
(CONTINUED)

**PUAN AISYAH KAMALIAH
BINTI ABU BAKAR**

*Independent Non-
Executive Director*

Puan Aisyah Kamaliah Binti Abu Bakar, female, aged 35, was appointed to the Board on 27 June 2016. She holds a Bachelor of Laws LLB (Hons) from International Islamic University Malaysia. Puan Aisyah Kamaliah is an advocate & solicitor practicing at Messrs. Ang & Koh and a partner of the said firm.

Puan Aisyah Kamaliah sits in the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee.

She does not have any family relationship with any directors and/or major shareholders of the Company. She does not have any interest in the securities of the Company or its subsidiaries. She does not have any conflict of interest with the Company nor any conviction for any offence, public sanction or penalty imposed by any relevant regulatory bodies.

**MADAM
FONG MAY KHUAN**

*Independent Non-
Executive Director*

Madam Fong May Khuan, female, aged 41, was appointed to the Board on 1 August 2018. She is a member of CPA Australia and the Malaysian Institute of Accountants. Madam Fong worked with TAMS Management Services Sdn. Bhd. as an accounts manager. She was also involved in organising annual seminars for analysing the Malaysian National Budget.

Madam Fong May Khuan is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

She does not have any family relationship with any directors and/or major shareholders of the Company. She does not have any interest in the securities of the Company or its subsidiaries. She does not have any conflict of interest with the Company nor any conviction for any offence, public sanction or penalty imposed by any relevant regulatory bodies.

AUDIT COMMITTEE REPORT

1. COMPOSITION OF AUDIT COMMITTEE

Kamal Bin Abd Karim (Chairman)	Independent Non-Executive Director
Aisyah Kamaliah Binti Abu Bakar	Independent Non-Executive Director
Fong May Khuan *	Independent Non-Executive Director

* A member of the Malaysian Institute of Accountants

2. TERMS OF REFERENCE OF AUDIT COMMITTEE

The Terms of Reference of the Audit Committee which had been reviewed and revised on 24 November 2021 to be consistent with the latest Malaysian Code on Corporate Governance is available in the Company's website www.hwatai.com.

3. AUDIT COMMITTEE MEETING

During the financial year ended 31 December 2023, a total of five (5) Audit Committee Meetings were held. Details of the attendance of each Committee Member are as follows:-

Name of Audit Committee Member	Attendance
Kamal Bin Abd Karim	5 of 5
Aisyah Kamaliah Binti Abu Bakar	5 of 5
Fong May Khuan	5 of 5

4. ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2023, the activities of the Audit Committee included the following:

- Reviewed the quarterly unaudited financial results before recommending them for the Board's approval for public announcement. The reviews were conducted through discussions with the head of finance.
- Reviewed and discussed with the External Auditors their audit plan for the financial year ended 31 December 2023 before commencement of the financial year end audit. The matters reviewed and discussed in the audit plan included the independence of the External Auditors, consideration of fraud, related party disclosures & procedures, statutory timeline & audit activities, risk assessment & audit approach, focus areas of the audit & key audit matters, accounting developments, any engagement to provide non-assurance services, introduction of the External Auditors' engagement team and responsibilities of the Board of Directors and External Auditors.

4. ACTIVITIES OF THE AUDIT COMMITTEE (CONTINUED)

During the financial year ended 31 December 2023, the activities of the Audit Committee included the following: (continued)

- c. Reviewed and discussed with the External Auditors their audit review, significant findings and the management's responses in respect of the audit for the financial year ended 31 December 2023. The matters reviewed and discussed in the audit review included the External Auditors terms of engagement, independence of the External Auditors, status of the audit and also focus areas of the audit such as risk management & internal controls, any fraud related matters, related party transactions, significant audit findings, potential key audit matters, matters for control improvements, significant outstanding matters, uncorrected misstatements, accounting developments, other information included in the Annual Report, any provision of non-assurance services and enhanced sustainability reporting requirements. The significant audit findings reviewed and discussed included going concern consideration, valuation of property, plant & equipment, recoverability of long outstanding trade receivables, inventory valuation, impairment review on investment in subsidiaries, provision for advertising & promotional expenses, and potential key audit matters comprising funding requirements & ability to meet short term obligations, valuation of property, plant & equipment, trade receivables, inventories and investment in subsidiaries.
- d. Reviewed and discussed with the External Auditors the Group's audited financial year end statements together with the Directors' and Auditors' Reports before recommending them for the Board's approval for public announcement. The review and discussion also included the potential key audit matters and the management representation letter. The review and discussion were conducted to ensure that the audited financial year end statements are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016, and give a true and fair view of the financial position of the Company and of the Group and of their financial performance and cash flows.
- e. Reviewed the related party transactions that had arisen within the Company and Group. The Audit Committee is satisfied that the transactions with directors, substantial shareholders and persons connected are duly disclosed.
- f. Reviewed with the Internal Auditor the internal audit reports, findings and recommendations and management's responses, and discussed actions taken by the management to improve the internal control system in various divisions in the Group.
- g. Convened meetings with the External Auditors without the attendance of the management. One (1) of such meetings was held during the financial year.
- h. Reviewed the suitability in terms of performance, competency and professionalism of the External Auditors to be recommended for re-appointment, and secured the assurance on independence from the External Auditors.
- i. Observed that there were not any conflict of interest situations involving Directors and key senior management with the Group.

AUDIT COMMITTEE REPORT
(CONTINUED)**5. INTERNAL AUDIT**

The Internal Audit function involves the implementation of independent and systematic reviews of the processes and guidelines of the Group and the reporting of their application and compliance to the Audit Committee and Board of Directors. The Internal Audit function also involves the reporting of the state of internal control of the various operations within the Group and the extent of compliance with the established policies and procedures and the suggestion of any additional improvement opportunities in the areas of internal control, systems and efficiency improvement.

During the financial year ended 31 December 2023, the following Internal Audit activities which were performed in-house, were carried out:-

- a. Mapping of the current state of procedures and process.
- b. Testing, evaluating and identifying potential areas that lack internal control.
- c. Analysing and assessing certain key operation processes, report findings and make recommendation for improvements.
- d. Reviewing compliance with established policies and procedures, as well as assessing the adequacy and effectiveness of the Group's internal control.
- e. Reviewing the related party transactions that had arisen within the Company and Group.

The specific divisions in which Internal Audit was carried out during the financial year are as follows:-

Finance (Johor) – Debtors Ageing and Credit Control Audit. The Internal Audit conducted included trade debtors ageing for local and overseas customers, doubtful debts provided and credit limit and credit terms of local customers.

Finance (Sabah) – Accounts Receivable and Accounts Payable Audit. The Internal Audit conducted included approval matrix for various documents, order release procedure, promotional application procedure, credit sales and receipt cycle, trade debtor ageing, supplier statement reconciliation process, payment authorisation procedure, purchase and payment cycle, analysis of account payable for trade and non-trade creditors, trade creditors ageing and non-trade creditors ageing.

Administration (Johor) – Scrap Sales & Insurance Audit. The Internal Audit conducted included scrap sales procedures, scrap sales submission to Custom Department procedure, scrap sales comparison chart for years 2022 and 2023 and insurance coverage for general insurance and money-in-transit.

Human Resources (Johor) – Human Resources Audit in respect of the Company's workers in Grades C & D. The Internal Audit conducted included recruitment procedure, annual manpower turnover rates, total gross remuneration payout, foreign workers application for approval procedure, claims received from the Human Resources Development Fund (HRDF), HRDF contributions, training cost per head count, training per man-hour, details of injury cases arising from accidents, safety & health procedure and accident & incident investigation & reporting procedure.

The internal audit department consists of one personnel who holds a Bachelor degree and who is free from any relationships or conflicts of interest to carry out the Internal Audit function independently. The current number of resources in the internal audit department is sufficient to carry out all Internal Audit activities as the Group is a mid-size organisation. The Group incurred approximately RM70,000/- for the Internal Audit function during the financial year ended 31 December 2023.

OVERVIEW STATEMENT OF CORPORATE GOVERNANCE

BOARD RESPONSIBILITY

The Board of Directors is committed and continues to ensure the compliance with the principles and best practices as set out in the Malaysian Code on Corporate Governance 2021 ("Code") to ensure high standards of corporate governance are practiced in the Group. The Board is pleased to provide the following overview statement on how the Group has applied the principles and best practices as set out in the Code. The details of the Group's application of each practice of the Code during the financial year may be downloaded from the Company's website www.hwatai.com.

BOARD OF DIRECTORS

A. The Board.

The Board leads and controls the Group. The Board is bestowed with the duty and responsibility to ensure the interests of the shareholders are protected. The duties and responsibilities of the Board which are separated from that of the management, are spelt out in the Board Charter which is available in the Company's website.

Where appropriate, formal structures and committees are in place to facilitate the Board in carrying out its duties. All Board committees report to the Board.

The Board meets on a regular and scheduled basis, at least 4 times a year.

B. Composition and Board Balance.

With the passing of the long serving Chairman, late Mr. Soo Thien Ming @ Soo Thien See, in August 2023 the Board now comprises 4 members to reflect the interests of the major shareholder, management, and minority shareholders.

YBhg. Datuk Soo Chung Yee J.P. was in February 2024 re-designated to Executive Chairman from his former position of Group Chief Executive Director. The Executive Chairman heads the Board with 3 Independent Non-Executive Directors.

The Directors together bring a wide range of business, financial, industrial and legal experience to lead the Group in the area of business strategies, performance, utilization of resources, sustainability initiatives and standards of conduct.

Generally, the Executive Director is responsible for carrying out the day to day operational functions while the Non-Executive Directors will play the supporting role by contributing their knowledge and experience in the business strategic plans.

Where areas of conflict of interest arise, the Director concerned will have to declare his/her interest and abstain from participating in the decision making process.

OVERVIEW STATEMENT OF CORPORATE GOVERNANCE
(CONTINUED)**BOARD OF DIRECTORS (CONTINUED)****C. Board Meetings and Supply of Information.**

A Board report is prepared prior to the Board meeting and sufficient notice is given to the Directors to review the papers and agenda for the meeting.

Generally, the Board papers provide information on the operating results, financial, corporate development, minutes of Board Committees and acquisitions and disposals proposals, if any.

In furtherance of the Directors' duties, all members, either as full Board or in their individual capacities, will have access to all information of the Group.

Directors are also free to seek independent advice should the need arise and have direct access to the advice and services of the Company Secretary.

During the financial year ended 31 December 2023, the total number of Directors' Meetings convened was 5. The details of attendance of Directors at these Meetings are as follows:

Name of Director	Number of Meetings Attended
Soo Thien Ming @ Soo Thien See (deceased on 22 August 2023)	3 of 3
Datuk Soo Chung Yee J.P.	4 of 5
Kamal Bin Abd Karim	5 of 5
Aisyah Kamaliah Binti Abu Bakar	5 of 5
Fong May Khuan	5 of 5

D. Appointments to the Board.

In compliance with the Code on the appointment of Directors, the Board had set up a Nomination Committee to advise the Board on the nomination of new Board members and assess Directors on an ongoing basis.

The duties and responsibilities are spelt out in the Terms of Reference of the Nomination Committee which had been reviewed and revised on 24 November 2021 and is available in the Company's website.

The Nomination Committee comprises En. Kamal Bin Abd Karim, Puan Aisyah Kamaliah Binti Abu Bakar and Mdm. Fong May Khuan, all of whom are Independent Non-Executive Directors.

The Committee shall make recommendations to the Board on the appropriate appointments of new Directors and also to fill seats on committees of the Board. In making recommendation to the Board on the candidate for appointment, the Committee shall determine various criteria objectively including qualities, experience, skills, level of commitment and time that the candidate can contribute and shall also take into consideration the composition and mix skills of the existing Board.

OVERVIEW STATEMENT OF CORPORATE GOVERNANCE
(CONTINUED)**BOARD OF DIRECTORS (CONTINUED)****D. Appointments to the Board. (continued)**

Whilst the Committee respects the requirement for gender diversity, emphasis shall first be placed on the qualities, experience and skills of a candidate irrespective of gender, which would best correspond to the composition of the Board so as to function effectively and efficiently. Nevertheless, with 2 female Board members, Puan Aisyah Kamaliah Binti Abu Bakar and Mdm. Fong May Khuan, the Company fulfilled the 30% female representation on the Board and this is a testament of the Company's support for gender diversity. The Diversity, Equity and Inclusion Policy had been established on 24 November 2021 and is set out on page 18 of this Annual Report and also available in the Company's website.

In addition, the Nomination Committee assesses the contribution of individual Board members, the effectiveness of the Board and the committees of the Board on an annual basis.

During the financial year, the Committee had carried out an evaluation of each Director's ability to contribute to the effectiveness of the Board and its committees, including an assessment of the independent directors on their independence through a formal and objective process. It also evaluated the Directors who were due for retiring and proposed these retiring Directors to the Board to be put forward for re-election by the shareholders.

E. Re-election.

In accordance to the Company's Constitution, an election of Directors shall take place each year at an Annual General Meeting and all Directors shall retire from office at least once in every 3 years. Directors appointed by the Board are subject to retirement at the next Annual General Meeting held following their appointments in accordance with the Company's Constitution. All retiring Directors are eligible for re-election.

The tenure of an Independent Director should not exceed a cumulative term of 9 years. Upon completion of the 9 years, the Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. The Board must justify and seek shareholders' approval in the event it retains, as an Independent Director, a person who has served in that capacity for more than 9 years.

In addition, if the Board continues to retain an Independent Director after the 9th year, the Board should seek annual shareholders' approval through a 2-tier voting process. Under the 2-tier voting process, shareholders' votes will be cast in the following manner whereby the resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution:-

- Tier 1 : Only the *Large Shareholders of the Company vote; and
- Tier 2 : Shareholders other than *Large Shareholders vote.

* *Large Shareholders means a person who:-*

- *is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company;*
- *is the largest shareholder of voting shares in the Company;*
- *has the power to appoint or cause to be appointed a majority of the Directors of the Company;*
- *has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to be given effect to.*

OVERVIEW STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

DIRECTORS' TRAINING

The Nomination Committee is tasked to facilitate Board induction and training programmes.

All the Directors had attended the Mandatory Accreditation Programme within 4 months from their respective dates of appointment.

During the financial year, the Directors were unable to attend any formal training due to their demanding work schedules and commitments. Nevertheless, the Directors, all being professionals in their respective fields, are well-informed of new corporate developments especially in their individual areas of expertise. In addition, the Directors were also updated by the Management and the External Auditors on any latest material development on various relevant rules and regulations.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The Board set up the Remuneration Committee to review the policy and make recommendations to the Board on the remuneration package and benefits annually as accorded to the Executive Directors. The Executive Directors shall not participate in the decision makings relating to their own remunerations. The Executive Directors are delegated to determine the remuneration package of senior management of the Group.

The Terms of Reference of the Remuneration Committee had been reviewed and revised on 24 November 2021. The Remuneration Policy had also been established on the same day. Both documents are available in the Company's website.

The members of the Remuneration Committee comprise En. Kamal Bin Abd Karim, Puan Aisyah Kamaliah Binti Abu Bakar and Mdm. Fong May Khuan, all of whom are Independent Non-Executive Directors.

Fees payable to the Directors are proposed by the Remuneration Committee to the Board who will then recommend for shareholders' approval at the Annual General Meeting.

Generally, the remuneration package will be structured according to the skills, experience and performance of the Executive Directors to ensure the Group attracts and retains the Directors needed to run the Group successfully, whereas the remuneration package for the Non-Executive Directors will hinge on their contribution to the Group in terms of their knowledge and experience.

OVERVIEW STATEMENT OF CORPORATE GOVERNANCE
(CONTINUED)**DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (CONTINUED)**

The breakdown of the Directors' remuneration including the estimated monetary value of benefit in kind during the financial year ended 31 December 2023 is disclosed below:-

Name of Director	Position	Directors' Fees	Salaries	Allowance	Bonus	Other emoluments *
Soo Thien Ming @ Soo Thien See (deceased on 22 August 2023)	Chairman (ceased on 22 August 2023)	–	–	RM80,000	–	–
Datuk Soo Chung Yee J.P.	Executive Chairman (appointed on 21 February 2024)	RM20,000	RM1,415,616	–	–	RM171,079
Kamal Bin Abd Karim	Independent Director	RM30,000	–	–	–	–
Aisyah Kamaliah Binti Abu Bakar	Independent Director	RM20,000	–	–	–	–
Fong May Khuan	Independent Director	RM20,000	–	–	–	–

* Note: Other emoluments refer to employer's statutory contributions.

The Company has a total of 3 personnel in positions of senior manager and above. The breakdown of the remuneration including the estimated monetary value of benefit in kind of these top 3 senior management during the financial year ended 31 December 2023 in bands of RM50,000 is disclosed below. The disclosure below is not on a named basis as it is imperative for the Company to maintain employees' remuneration private and confidential to avoid unhealthy comparison which might lead to discontentment among employees and an unharmonious working environment:-

Ranges of Remuneration	Number of Senior Management			
	Salaries	Bonus	Allowances	Other emoluments *
RM0 – RM50,000	–	1	3	3
RM50,001 – RM100,000	–	1	–	–
RM100,001 – RM150,000	1	–	–	–
RM150,001 – RM200,000	1	–	–	–
RM200,001 – RM250,000	1	–	–	–

* Note: Other emoluments refer to employer's statutory contributions.

OVERVIEW STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

SHAREHOLDERS

Dialogue between the Group and Investors

The Group recognizes the importance of accountability to the shareholders and as such, conveys information on the Group's performance, directions, other matters of interest to the shareholders by way of annual reports, relevant circulars, public announcements, the Company's website and the issuance of press releases.

Annual General Meeting

Annual General Meeting is used as a primary mode of communication to report on the Group's performance. Notice of Annual General Meeting is issued at least 28 days before the date of meeting.

At the Annual General Meeting, shareholders are encouraged to raise any questions pertaining to any issues regarding the Group.

The Executive Chairman, assisted by the Directors are available to answer any queries and discuss matters pertaining to the business activities of the Group.

All resolutions in the Agenda of Annual General Meeting shall be put to vote by poll, and the results of such votes shall be announced to the public detailing the number of votes cast for and against.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In preparing the annual financial statements and quarterly financial results, the Directors take steps to ensure a clear, balanced and understandable assessment of the Group's positions and prospects.

The Audit Committee is tasked to review and recommend for Board approval the Group's annual financial statements and quarterly financial results.

The Statement by Directors pursuant to section 251(2) of the Companies Act 2016 is set out on page 116 of this Annual Report.

Risk Management and Internal Controls

The Board recognizes its responsibilities to maintain a sound system of risk management and internal controls to safeguard shareholders' investment and Group's assets. The Risk Management Committee is established to oversee the Group's risk management framework and policies. The Risk Management Committee comprises a majority of independent directors, namely, YBhg. Datuk Soo Chung Yee J.P., En. Kamal Bin Abd Karim and Puan Aisyah Kamaliah Binti Abu Bakar.

The review of the system of risk management and internal controls is set out under the Statement of Risk Management and Internal Controls set out on pages 19 and 20 of this Annual Report. The Statement on Risk Management and Internal Controls had been reviewed by the external auditors.

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit Committee / Relationship with Auditors

The Audit Committee works closely with the external auditors and maintains a transparent professional relationship with them.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on pages 8 to 10 of this Annual Report.

Ethical Conduct and Sustainability

Employees are introduced to the ethical corporate culture of the Group during employee induction and thereafter, employees are constantly monitored to ensure the culture is upheld in their dealings within the Group and also in their association with our customers, distributors, suppliers, governmental and regulatory authorities and other business associates. Any employee may report directly to the Executive Chairman of any ethical misconduct discovered within the Group. A written Code of Ethics and Business Conduct, a written Whistleblowing Policy and a written Anti-Corruption Policy are established to form a guide to all employees. These said code and policies are available in the Company's website.

The Group consistently conducts its business in a manner which underpins sustainability. The Sustainability Statement is set out on pages 22 to 44 of this Annual Report.

Corporate Social Responsibility

The Company continued with its tradition of contributing annually to various schools and non-profit organisations such as associations of the handicapped and disabled persons and homes for the aged, both monetarily and in-kind.

DIVERSITY, EQUITY AND INCLUSION POLICY

POLICY

Hwa Tai Industries Berhad is committed to promoting, nurturing and preserving a culture of diversity, equity and inclusion within the Group.

Our human capital is the Group's most treasured asset. The summation of the individual differences, experiences, knowledge, resourcefulness, expressiveness, unique skills and talent that our employees contribute in their work represents a significant part the Group's culture, reputation and achievement.

We embrace and foster our employees' differences in age, colour, disability, ethnicity, marital status, gender identity, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, seniority, and other characteristics that make our employees unique.

Hwa Tai Group's diversity initiatives are applicable but not limited to our practices and policies on recruitment, remuneration, benefits, compensation, training, promotions, transfers, social programs, layoffs, terminations, and the ongoing development of a work environment built on the premise of diversity, equity and inclusion that promotes and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity and equity.

All employees of Hwa Tai Group have a responsibility to treat each other with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site and at all other company-sponsored events.

Any employee found to have exhibited any inappropriate conduct or behaviour against others may be subject to disciplinary action.

Employees who believe they have been subjected to any kind of discrimination that conflicts with the Group's Diversity, Equity and Inclusion policy should seek assistance from his / her supervisor. However, if the complainant is not comfortable speaking to the supervisor or not satisfied with the supervisor's response, the complainant is encouraged to speak to the Head of Human Resources Department or anyone in management whom the complainant feels comfortable with.

The supervisor / Head of Human Resources Department / manager must then assist the complainant to submit a written complaint to the Group Chief Executive Director or the Chairman who will, as soon as reasonably possible, nominate an appropriate investigation officer who is without any conflict of interest. The investigation office shall with the assistance, where appropriate, of other individuals in the organisation, investigate the complaint and prepare a written report containing the findings of the investigation and reasons for the judgement. The report will be passed to the Group Chief Executive Director and the Chairman. The Group Chief Executive Director / the Chairman will decide what action to take and ensure the management takes into account recommendations contained in the investigation report to prevent the conduct from continuing or occurring in the future and takes appropriate actions to remedy any harm or loss arising from the conduct.

REVIEW

The Board of Directors can modify this Diversity, Equity and Inclusion Policy at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with laws and regulation and / or accommodate organisational changes within Hwa Tai Group. This Diversity, Equity and Inclusion Policy was approved by the Board of Directors on 24 November 2021.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS

INTRODUCTION

The Board of Directors of Hwa Tai Industries Berhad (“HTIB”) is pleased to present its Statement of Risk Management and Internal Controls for the financial year ended 31 December 2023, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements and guided by the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issues.

BOARD RESPONSIBILITY

The Board of Directors recognises its overall responsibility for maintaining the Group’s system of Risk Management and Internal Controls to safeguard shareholders’ investment and the Group’s assets, as well as for regularly reviewing the adequacy and integrity of the internal control system. Due to limitations inherent in any system of internal control, it is important to note that the system is designed to manage rather than eliminate risk of failure to achieve corporate objectives. Therefore, the system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group Chief Executive Director and the General Manager had given their assurance that, to their best knowledge and belief, the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

RISK MANAGEMENT

The Board also recognises that risk management should be an integral part of the Group culture and is a continuous on going process of identifying, evaluating, minimising and managing of significant risk faced by the Group. The management is responsible for creating risk awareness culture and to build the necessary environment for effective risk management. In addition, the Heads of Department are responsible for managing the risk of their department on a day to day basis. Significant issues related to risk management and internal controls are highlighted to the Board. If deemed necessary, assistance from external parties shall be consulted on issues in which the Board needs to seek an opinion.

KEY ELEMENTS OF INTERNAL CONTROLS

Key elements of the Group’s internal controls that have been in place for the financial year which include the following:

1. The Group has a well defined organisation structure with clear lines of reporting, responsibilities and level of authority.
2. There are clear definition of authorisation procedures for major operating functions including purchases, capital expenditures, payments, credit control and stock control. Authority of the Directors is required for key treasury matters which include loan and trade financing, cheque signatories and opening of bank accounts.
3. There is a budgeting and business planning process in each financial year to establish plans and targets for each operating units. The performance of each operating unit is monitored through monthly reports.
4. The Group’s management team meets frequently to review and monitor the business development, discuss and resolve key operational and management issues and review the performance against the business plan and budget for each operating units within the Group.

The management also highlights any significant issues and changes in the business, major policy matters, external environment affecting the Group and financial performance of each operating unit to the Board of Directors and Audit Committee when the Board and Committee meet quarterly.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROLS
(CONTINUED)**KEY ELEMENTS OF INTERNAL CONTROLS (CONTINUED)**

Key elements of the Group's internal controls that have been in place for the financial year which include the following: (continued)

5. Adequate financial and operational information systems are in place to capture and present timely and pertinent business information.
6. The Audit Committee reviews the quarterly financial results and yearly audited financial statements prior to the approval by the Board of Directors.
7. The Audit Committee also reviews the internal auditor's reports and monitors the status of the implementation of corrective actions to address internal control weaknesses.
8. In addition to the internal controls, the Board of Directors and management have ensured that safety and health regulations have been considered and complied with.
9. The Company was accredited ISO 9002 since 1996 and upgraded to ISO 9001 Quality Management Systems since year 2002. Currently, the Company is holding certificate ISO 9001: 2015. Documented internal procedures and standard operating procedures have been put in place and surveillance audits are conducted by the assessors of the ISO certification body to ensure that the system is adequately implemented.
10. Emphasis is given to food safety. The Company was accredited the Hazard Analysis Critical Control Point (HACCP) system certification since year 2000. The Company continually implements and intergrades more food safety systems and was certified with ISO 22000: 2005 in year 2018. Currently, the Company is holding certificate ISO 22000: 2018. Good Manufacturing Practice is documented and practiced to ensure food safety.
11. Other than above quality and food safety management, the Company was certified with Malaysia Halal Certificate MS 1500: 2019 which is a testimony that its operations and products have qualified in terms of religious assurance, safety and hygiene.
12. Ecosystem and environmental health are also concerns of the Company. Necessary actions and plans have been put in place to ensure compliance of company products, activities and services with legal environmental laws and regulations.
13. In ensuring each operating unit is functioning efficiently, much emphasis is placed on personnel employed. The professionalism and competence of the staff are maintained through a structural recruitment process, performance appraisal system and wide variety of training and development programs.

As required by Paragraph 15.23 of Bursa Securities Listing Requirements, the External Auditors have conducted a limited assurance engagement on this Statement of Risk Management and Internal Controls. Their limited assurance engagement was performed in accordance with ISAE3000, *Assurance Engagement other than Audits or Review of Historical Financial Information* and Audit Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on the Review of Directors' Statement on Internal Control included in the Annual Report*.

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 aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Controls: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate. AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

DIRECTORS' RESPONSIBILITY STATEMENT AND OTHER INFORMATION

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.26(a) of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") to issue a statement explaining their responsibility for preparing the annual audited financial statements.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and of the Group as at the financial year end and of the financial performance and cashflows of the Company and of the Group for the financial year then ended.

The Directors consider that, in preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2023 as set out herein on pages 56 to 115 of this Annual Report, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards have been followed in respect of the preparation of the financial statements.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2016.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

OTHER INFORMATION

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors and chief executive who is not a director or major shareholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year. The Company and its subsidiaries do not have any such chief executive.

Audit Fees

The amount of audit fees incurred for services rendered to the Company and the Group by the Auditors, Messrs. Baker Tilly Monteiro Heng PLT, during the financial year totalled approximately RM117,300/- and RM166,500/- respectively.

Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company and the Group by the Auditors, Messrs. Baker Tilly Monteiro Heng PLT, or a firm or corporation affiliated to them during the financial year totalled approximately RM22,450/- and RM36,950/- respectively. These services comprised the computation and submission of tax and also review of certain statements and information as required by Bursa Malaysia.

Utilisation of Proceeds raised from Corporate Proposals

The Company did not implement any fund raising exercise during the financial year.

Recurrent Related Party Transaction of a Revenue Nature

There was no recurrent related party transaction of a revenue nature which requires Shareholders' mandate during the financial year.

SUSTAINABILITY STATEMENT

1 Sustainability Governance

Oversight of Sustainability Matters:

Hwa Tai Group's commitment to sustainability is steered by the Board of Directors, who had established a dedicated working group to integrate sustainability into the company's business approach. Led by the Group Chief Executive Director (GCED) with the assistance of the General Manager, this working group plays a key role in formulating strategies, policies, and objectives pertaining to sustainability matters. The comprehensive evaluation of economic, environmental, and social impacts guides the Group's decision-making process, ensuring better control and resource efficiency. The General Manager oversees sustainability practices across various operating units, each responsible for embedding sustainability in their day-to-day operations. Regular monitoring and reporting to the GCED contribute to effective oversight.

Strategic Management of Sustainability Matters:

Hwa Tai's strategic approach to material sustainability matters involves collaborative efforts between the Board of Directors and the specialized working group. This strategic management focuses on developing policies, strategies, and objectives that align seamlessly with the company's overall goals. The forward-looking nature of this management aims to integrate sustainability principles into the core of business operations, mitigating risks, and capitalizing on emerging opportunities. The Board ensures that these strategies contribute to the holistic understanding of the company's performance.

Day-to-Day Implementation of Sustainability Matters:

For the day-to-day implementation of sustainability initiatives, Hwa Tai entrusts various operating units within the organization. Guided by the working group under the leadership of the General Manager, each unit seamlessly integrates sustainability into its daily processes. This decentralized approach empowers different units to contribute to the overall sustainability goals, fostering a culture of responsibility and awareness. Regular reporting mechanisms to the GCED ensure transparency and accountability, allowing each unit to actively participate in Hwa Tai's commitment to sustainability.



1.1.1 Scope:

Hwa Tai Group is dedicated to transparently defining the scope of its Sustainability Statement, reflecting our commitment to responsible and accountable business practices. Our sustainability reporting encompasses a comprehensive range of dimensions, including geographical locations, entities controlled by the company and business segments, allowing for a detailed portrayal of our commitment to sustainability. This multi-dimensional approach ensures stakeholders gain a nuanced understanding of our operations. Specifically for this Sustainability Statement for Financial Year 31 December 2023, our reporting scope includes our production segment in Batu Pahat, Johor. It does not include our distribution segment in Seri Kembangan, Selangor and production segment in Kota Kinabalu, Sabah.

The decision to exclude our production segment in Sabah and distribution segment in Selangor is based on the operational significance of our production segment in Batu Pahat, Johor. This location houses the majority of our production processes and resource consumption, providing a more detailed and meaningful representation of our sustainability efforts. Focusing on this main production facility allows us to address site-specific challenges more comprehensively, offering stakeholders a clearer and more accurate depiction of our sustainability performance.

1.1.2 Scope Basis:

In providing a clear basis for our Sustainability Statement's scope, we emphasize transparency and disclosure. The rationale behind selecting reporting boundaries is rooted in our operating context, taking into consideration the demands of key stakeholders and aspiring to align with international sustainability reporting frameworks. Noteworthy is our recent installation of a 490kw solar system in May 2023, contributing to a 30% reduction in electricity costs. Additionally, initiatives such as the transition from liquified petroleum gas (LPG) to natural gas in 2018, outsourcing emission evaluations, wastewater treatment, and implementing oil bund facilities demonstrate our proactive approach. We acknowledge the importance of evolving sustainability reporting and commit to periodic reviews, ensuring the incorporation of recent developments and changes.

SUSTAINABILITY STATEMENT
(CONTINUED)**2. Material Sustainability Matters****2.1 Solar Energy****2.1.1 Introduction**

The Malaysian Government launched the Net Energy Metering Scheme in November 2016, with an initial quota of 500 MW until 2020 to promote the adoption of Renewable Energy (RE) in the country. Net Energy Metering 2.0 (NEM 2.0), implemented on 1 January 2019, introduced the true net energy metering concept, allowing excess solar PV energy to be exported back to the grid on a “one-on-one” offset basis. Managed by the Ministry of Energy and Natural Resources (KeTSA) and regulated by the Energy Commission (EC), the scheme, facilitated by the Sustainable Energy Development Authority (SEDA) Malaysia, successfully reached its 500 MW quota by 31 December 2020. Due to the overwhelming response from the photovoltaic (PV) industry and to further encourage solar energy usage, the Energy and Natural Resources Minister, through a press statement by KeTSA on 29 December 2020, introduced the Net Energy Metering 3.0 programme (NEM 3.0). This initiative aims to provide additional opportunities for electricity consumers to install solar PV systems on their premises, contributing to energy savings. NEM 3.0, effective from 2021 to 2023, comes with a total quota allocation of up to 1050 MW, signalling the government’s commitment to advancing sustainable practices and increasing solar energy capacity in the nation. Solar energy is a crucial component in our commitment to sustainability and we have made significant strides in our use of solar energy in our operations. Through the implementation of solar system on our production facilities and the installation of rooftop solar panels in our factory buildings, we have been able to significantly reduce our carbon footprint and production cost. Solar energy has numerous benefits, including reduced carbon emissions, lower energy costs, and improved energy security. Solar energy systems have a long lifespan, with the average lifespan of a solar panel being over 20 years, making them a cost-effective and reliable source of energy.

Solar energy is a crucial component of our sustainability strategy and a key enabler of our efforts to reduce our carbon footprint and production cost. Through our investments in renewable energy infrastructure and our commitment to using solar energy in our operations, we are taking meaningful steps towards a more sustainable future. We look forward to continuing to innovate and contribute to the development of solar energy in Malaysia and beyond.

2.1.2 Performance target

In a significant stride towards sustainable energy practices, our solar system, commissioned in May 2023, boasts a commendable capacity of 490 kWp. The calculated system generation stands at an impressive 54,698.29 kWh per month, leveraging an estimated 3.67 peak sun hours. The tangible environmental impact is evident in the noteworthy reduction of carbon dioxide (CO₂) emissions, amounting to 4.21 hundred tons saved as of 27 November 2023. This achievement aligns with our commitment to environmental stewardship and signifies a proactive approach in mitigating the ecological footprint.

The financial benefits of this solar initiative are equally remarkable, contributing to substantial monthly savings. Based on a tariff rate of RM 0.441, the estimated monthly bill savings amount to RM 24,121.91. This financial gain not only underscores the efficacy of renewable energy adoption but also aligns with our commitment to responsible resource management. The monitoring system, displaying a cumulative output of 422.68 MWh, reflects the tangible success of our solar energy endeavor.

Furthermore, the equivalent planting of 7.49 hundred trees symbolizes our dedication to fostering biodiversity and enhancing our ecological contributions. This data not only quantifies the positive environmental impact of our solar initiative but also underscores our holistic approach towards sustainability, considering both economic and ecological dimensions

2.1.3 Performance Data

This year, we proudly introduce a new sustainability indicator in our report, marking a significant milestone in our sustainability practices. Acknowledging that historical data for the previous year is not available for this particular indicator, we remain steadfast in our commitment to best practices and transparency. In alignment with these principles, we present data for the current reporting year, offering insights into our initial performance in energy generation. The inclusion of this indicator exemplifies our dedication to continuous improvement and adaptability in line with emerging sustainability standards.

As part of this commitment, disclosed hereunder is the data reflecting our solar generation performance from May to December 2023. This information not only serves as a testament to our commitment to sustainable practices but also provides stakeholders with real-time, tangible evidence of our strides in energy generation. We embrace these enhancements as an opportunity to foster dialogue, engagement, and shared accountability on our sustainability journey.

Month	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
Energy Generation (kWh)	56699	50899	46368	48898	52912	56633	48691	43231

2.1.4 Statement of assurance

Our commitment to the integrity of the Sustainability Statement is underscored by a meticulous internal review conducted by our esteemed internal auditors. Although the entire Sustainability Statement was not subjected to this internal scrutiny, selected aspects were rigorously examined, enhancing the overall credibility of the disclosed information. This internal review process received the seal of approval from the company's Audit Committee, signifying a robust and transparent approach to sustainability reporting.

The specific focus of the internal review encompassed critical indicators related to renewable energy, particularly the monthly energy generation from the two solar systems located in our Batu Pahat factory. The unit of measurement scrutinized was kWh, and the methodology for calculating the total energy generated from the solar system for internal consumption was thoroughly examined. Furthermore, the internal review delved into the presentation of data ratio between non-renewable and renewable energy sources, ensuring accuracy and transparency in our reporting.

To maintain the highest standards of data integrity, the sources of information, including TNB (Tenaga Nasional Berhad, the country's sole electric utility company) bill for external data and eSAJ Home, a smart home energy management system, were identified and verified. The administration department played a pivotal role in collecting this data, and its integration with the Guidelines on Large Scale Solar Photovoltaic Plant For Connection to Electricity Networks (dated 14 February 2019 by Suruhanjaya Tenaga Malaysia) provided a comprehensive framework for the internal review process.

This statement of assurance affirms our unwavering commitment to transparency, accountability, and the continuous improvement of our sustainability reporting practices. Through this internal review, we aim to provide stakeholders with the utmost confidence in the accuracy and reliability of the disclosed sustainability information.

SUSTAINABILITY STATEMENT
(CONTINUED)**2.2 Natural Gas****2.2.1 Introduction**

We are always practicing production process that reduces impact on the environment by allowing the creation of energy efficient process models. More development and upgrading projects will be taken into consideration in keeping with our environmentally sustainable goals.

Gas has been and continues to be the predominant fuel for biscuit baking ovens. The development and availability of natural gas supplies have made gas the main fuel for the baking industry throughout the world. Hwa Tai Group decided to invest in a new facility which enables the production plant to use natural gas as energy source. We successfully converted all existing burning energy source to natural gas in year 2018. Natural gas is one of the world's safest sources of energy used in the industry and it is a better environmental preservation among the alternatives today. Conserving natural resource and creating a more energy efficient plant would reduce pollution and minimise harm to the environment.

2.2.2 Performance Target

In recognizing the significant impact of natural gas combustion on greenhouse gas emissions and the global concern for climate change, we acknowledge the imperative to address this environmental challenge. Our commitment to environmental sustainability is evident in our strategic transition from liquefied petroleum gas (LPG) to natural gas in our production operations since 2018. This conscientious move aligns with our overarching goals to minimize the carbon footprint of the biscuit baking industry, reduce emissions, enhance energy efficiency, and contribute proactively to a greener future. Our performance target encompasses two key facets aligned with our transition to natural gas.

- **Reduced Carbon Emissions:**
Through the adoption of natural gas, our primary goal is a substantial decrease in carbon emissions associated with our production processes. Comparative data and detailed emissions reduction targets will be systematically presented in subsequent reports, highlighting our sustained commitment to environmental stewardship.
- **Enhanced Energy Efficiency:**
We are dedicated to meticulously monitoring and improving energy efficiency metrics. Specific indicators, including energy consumption per month, will be outlined to underscore our commitment to resource optimization and sustainable practices. As part of our control target, we aim to maintain performance below 2500 GJ. Additionally, we will closely monitor natural gas consumption and provide comprehensive results from stack emission monitoring, with a specific focus on Particulate Matter. The emission level of Total Particulate Matter monitored according to the Malaysian Standard MS1596:2003 were within the Malaysian Environmental Quality (Clean Air) Regulations 2014 limits of 50 mg/m³.

Through these performance targets, we aim to not only meet regulatory standards but surpass them, setting benchmarks for responsible and sustainable production practices in the industry.

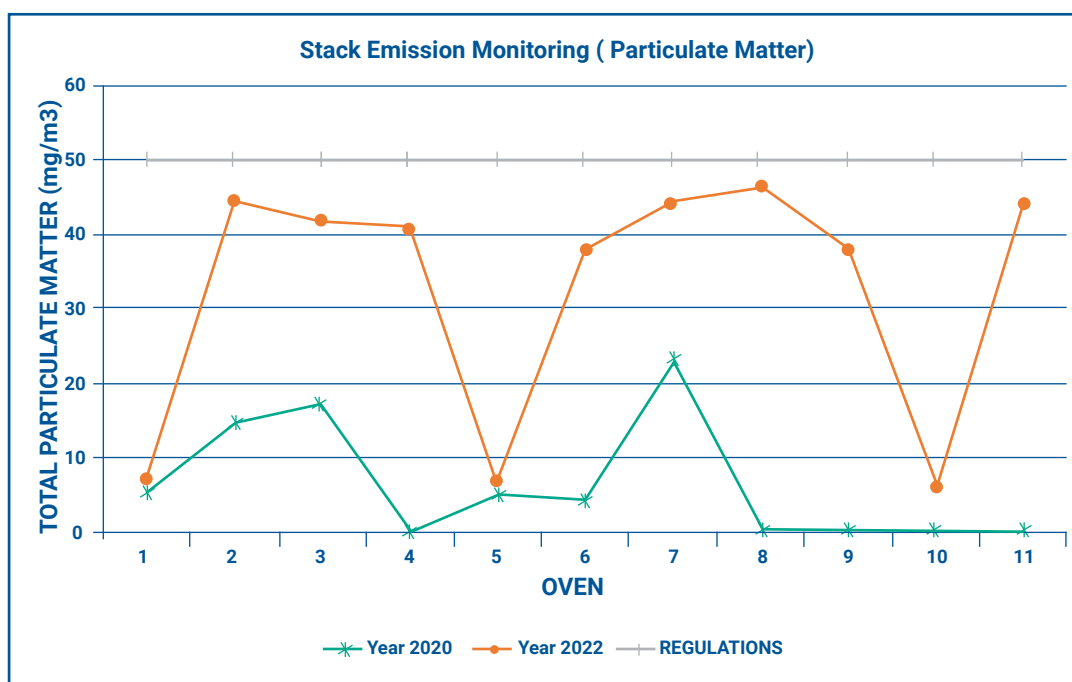
2.2.3 Performance Data

Three-year gas consumption data is presented below, and records have been published on the E-Service portal of Gas Malaysia Energy and Services Sdn. Bhd.

2021	Jan	Feb	Mac	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Vol (GJ)	2008	1859	2140	1829	1204	1687	2107	2607	1757	1982	1555	2754
Total Consumption year 2021 is 23,489 GJ, Monthly Average 1,957												
2022	Jan	Feb	Mac	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Vol (GJ)	2489	2204	2425	1705	962	1422	1258	1352	1458	1681	2164	2118
Total Consumption year 2022 is 21,238 GJ, Monthly Average 1,770												
2023	Jan	Feb	Mac	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Vol (GJ)	1340	1577	1703	1387	1689	1459	1199	1429	1616	2270	2149	2148
Total Consumption year 2023 is 19,966 GJ, Monthly Average 1,663												

The monthly average gas consumption trend indicates a consistent decrease from 2021 to 2023, reflecting our ongoing efforts to enhance energy efficiency and reduce carbon emissions.

Three-year stack emission monitoring data is presented below, with monitoring conducted once every two years by an appointed and accredited consultant, in compliance with Department of Environment of Malaysia (DOE) requirements.



SUSTAINABILITY STATEMENT
(CONTINUED)

Stack emission monitoring consistently meets the target of below 50 mg/m³ for Particulate Matter, affirming our commitment to maintaining air quality standards and environmental sustainability.

This data underscores our dedication to efficient natural gas usage and stringent control over emissions, contributing to our broader sustainability goals.

2.2.4 Statement of assurance

We are pleased to present a robust assurance statement covering our monthly natural gas consumption monitoring and emission monitoring mechanisms. For natural gas consumption, we rely on the e-service dashboard provided by Gas Malaysia Berhad, while our emission monitoring data is gathered by an appointed consultant once every two years.

Our diligent staff consistently monitors and verifies the data collected from both the e-service dashboard and the consultant's emission monitoring systems to ensure accuracy and completeness. Rigorous validation processes are in place, confirming the precision of the data before incorporation into our reports and records.

We take pride in the quality of our monitoring systems, emphasizing attention to detail to ensure precision. Recognizing the significance of monitoring both natural gas consumption and emissions for efficient and responsible resource use, we commit to transparency and accuracy in our reporting.

In August 2022, Gas Malaysia installed an Electronic Gas Volume Corrector (EVC) at Hwa Tai Industries Berhad's natural gas station. This installation aligns with the Energy Commission (ST)'s requirement, ensuring daily usage data records for accuracy and transparency.

The EVC functions to convert uncorrected volume (m³) readings from the flow meter to corrected volume (sm³) based on actual temperature (Degrees Celsius) and pressure (kPa). The accuracy of the EVC adheres to manufacturer specifications, including maximum error at reference conditions for linearity, repeatability, and hysteresis:

Computation: +/- 0.3% of corrected volume reading

Pressure Transducer: +/- 0.4% of full scale

Temperature Sensor: +/- 1.0°F (+/- 0.56°C)

Combined Computation Pressure & Temperature: +/- 0.5% of full scale

Simultaneously, our appointed consultant oversees emission monitoring once every two years, ensuring accurate measurement and reporting of Particulate Matter levels, consistently meeting the regulatory target of below 50 mg/m³. The data records for both natural gas consumption and emission monitoring undergo thorough internal audit reviews to ensure accuracy and compliance with established standards. This commitment reflects our dedication to maintaining high standards in monitoring both natural gas consumption and emissions.

2.3 Waste Water Treatment Plant

2.3.1 Introduction

Since 2014, our commitment to responsible waste management has been evident through the upgrade of our wastewater treatment system to a hybrid treatment plant, incorporating both chemical and biological treatment processes. With our manufacturing operations expanding over the years, the need for an effective solution became crucial. Facing challenges such as organic matters like fats and oils in our effluents and variations in influent conditions, we turned to a hybrid plant design to optimize land area and handle peak-load and fluctuations in wastewater processing.

Designed by our consultant, the hybrid wastewater treatment plant allows us to achieve our wastewater objectives without compromising on parameters, maximizing treatment flow for greater capacity. Despite a current requirement of about 20m³/day, we implemented a design flow of 50m³/day, successfully reducing the concentration of Chemical Oxygen Demand (COD) from above 3000mg/L to less than 100 mg/L and total suspended solids from above 300 mg/L to 10 mg/l (Standard A below 50mg/L).

The monitoring results affirm our commitment to maintaining discharged effluent within the limits of "Standard B," as per the seventh Schedule (Regulation 12, Acceptable Conditions For Discharge of Industrial Effluent containing COD For Specific Trade Or Industry Sector). To ensure our wastewater treatment system's performance, we have a certified internal competence specialist monitoring our system and conduct daily checks on effluent treatment results.

Our Waste Water Treatment Plant is a cornerstone of our waste management efforts, allowing us to discharge treated effluent responsibly into local streams. Aligned with global environmental sustainability goals, Hwa Tai Group remains steadfast in our commitment to environmental stewardship, reflecting our dedication to sustainable practices and regulatory compliance.

2.3.2 Performance Target

Our performance target for the Waste Water Treatment Plant is to consistently maintain effluent discharge below 250 m³ monthly, ensuring COD levels are kept below 150 mg/L (in accordance with the DOE standard of below 200 mg/L), and Biochemical Oxygen Demand (BOD) remains below 30mg/L (meeting the DOE standard of below 50).

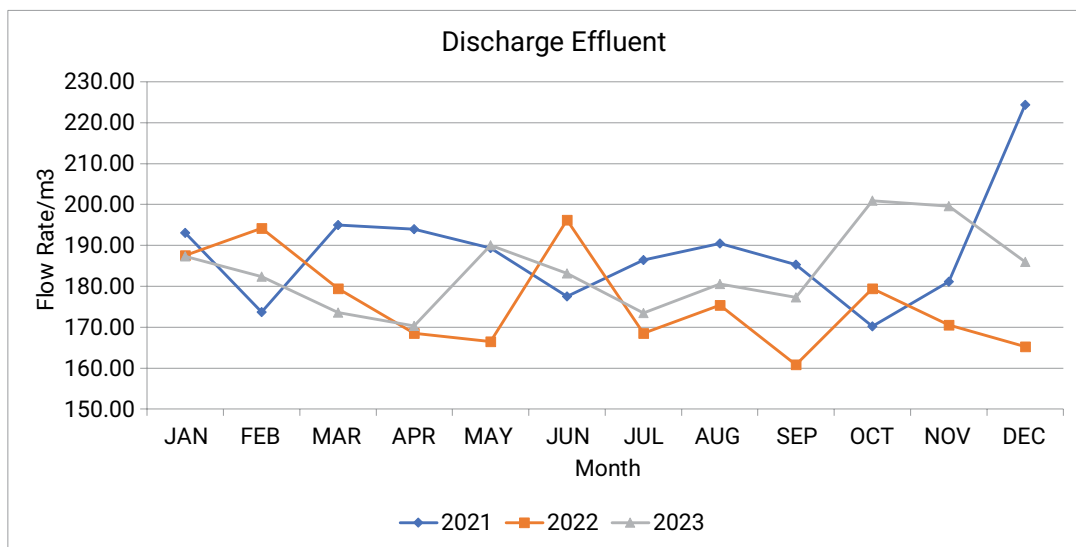
By steadfastly adhering to these targets, we aim to minimize the environmental impact, showcasing our unwavering commitment to responsible water management.

SUSTAINABILITY STATEMENT
(CONTINUED)

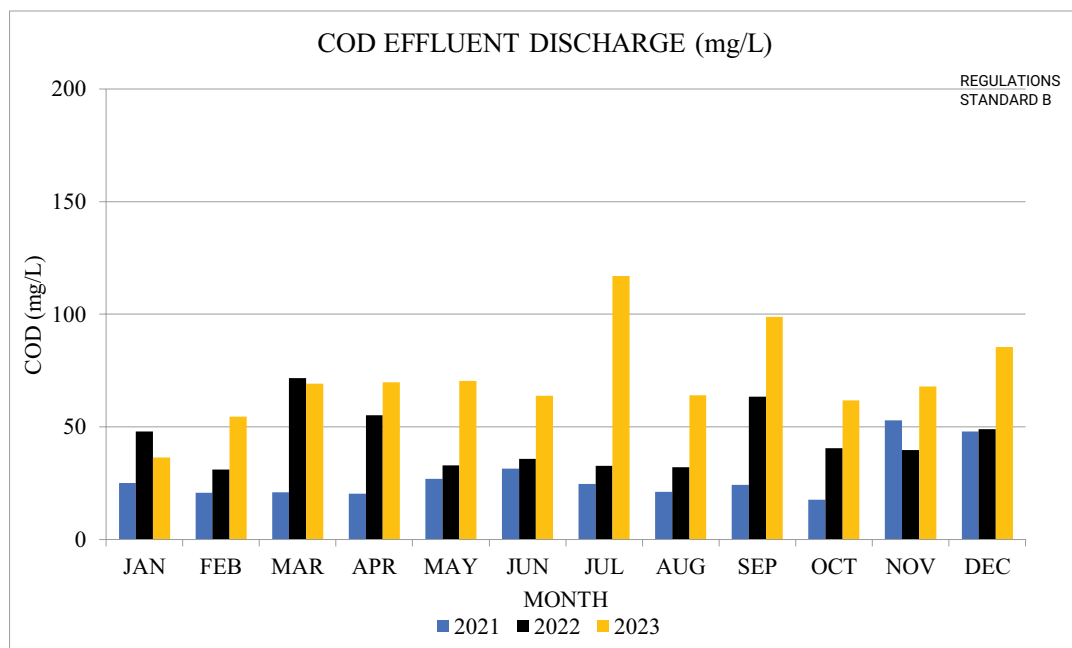
2.3.3 Performance Data

The discharge from our Waste Water Treatment Plant is rigorously monitored, and the performance data is recorded regularly. We can proudly affirm that our effluent discharge consistently falls within the specified range, providing tangible evidence of our efforts to manage water resources sustainably.

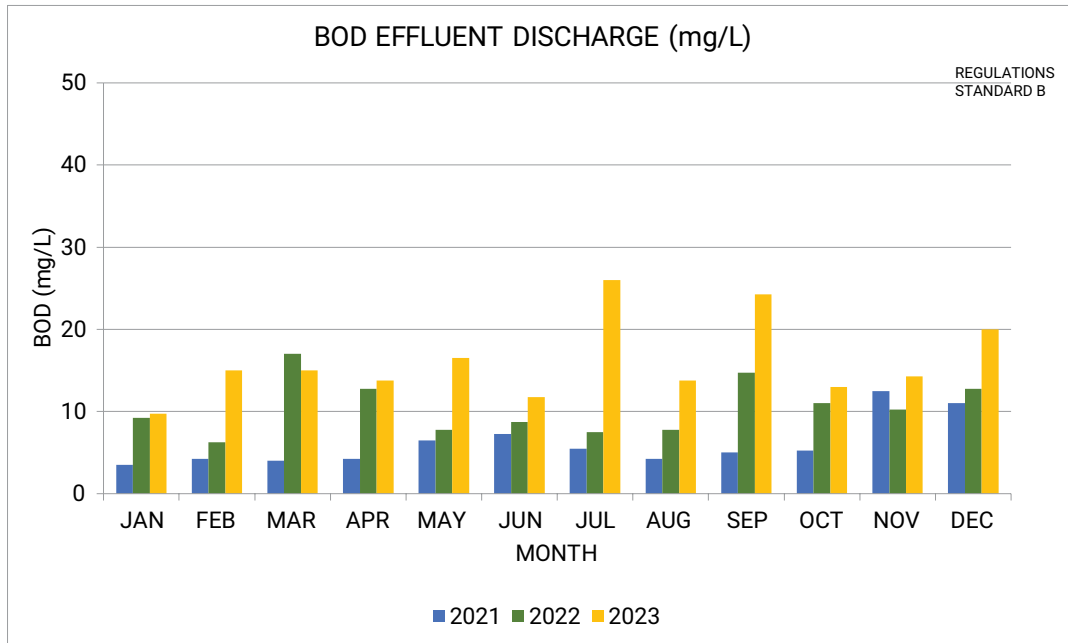
Below is the graph illustrating the monitoring of effluent discharge:



Below is the graph illustrating the monitoring of COD effluent discharge:



Below is the graph illustrating the monitoring of BOD effluent discharge:



2.3.4 Statement of assurance

To uphold the integrity of our sustainability reporting, an internal review, has been conducted by our internal auditors. The specific focus of this review included the effluent discharge data from the Waste Water Treatment Plant. Our sustainability working group has approved the aspects subjected to internal scrutiny, affirming our commitment to transparency and accuracy in reporting.

2.4 Scheduled Waste Management

2.4.1 Introduction

The production of waste is an inevitable byproduct of industrial activities, and it plays a crucial role in our company's developmental processes. In adherence to the Environmental Quality (Scheduled Wastes) Regulations 2005, scheduled wastes encompass various categories listed in the first schedule of the regulation. According to these regulations, scheduled wastes must be stored in containers that are compatible, durable, and capable of preventing spillage or leakage into the environment. Furthermore, incompatible scheduled wastes are segregated into separate containers, each placed within distinct secondary containment areas.

In strict compliance with these regulations, we have established closed scheduled waste storage facilities, accessible only to authorized personnel. The management of these storage facilities involves hazard warning labels, and the waste is clearly labelled in accordance with the specifications outlined in the Third Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005. Additionally, each waste item is marked with the scheduled waste code as specified in the First Schedule of the same regulations, ensuring proper identification and serving as a warning regarding the nature of the waste.

Our commitment to responsible scheduled waste management is further exemplified by a dedicated safety and health team led by a certified environmental professional in scheduled waste management (CePSWaM). This team oversees the effective management of relevant wastes, employing both internal and external methods. Moreover, our certified personnel regularly undergo training organized by the DOE to stay informed about the latest developments in the system and scheduled waste issues.

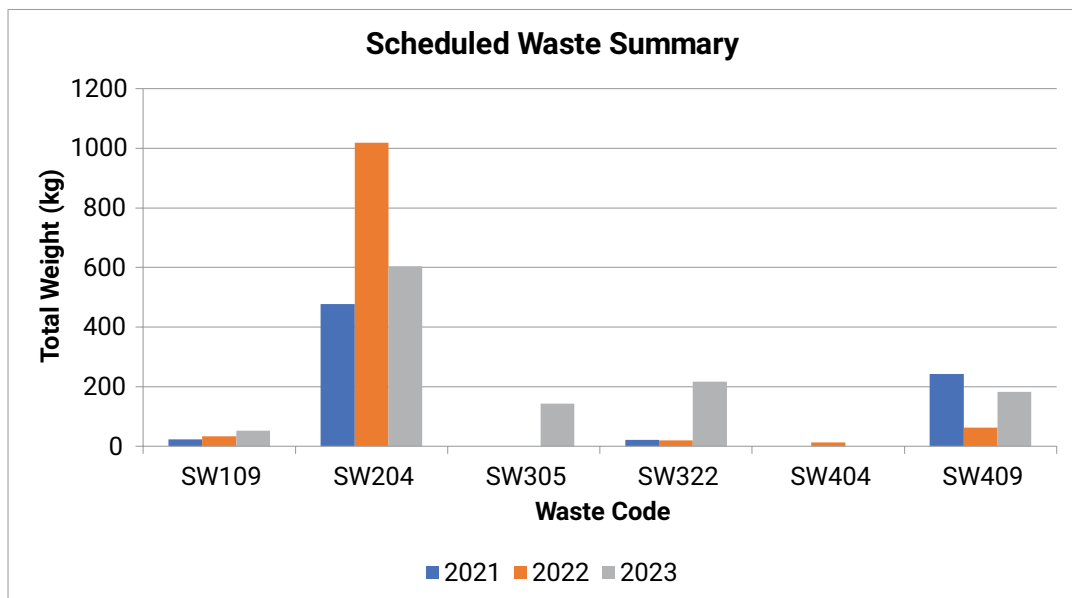
SUSTAINABILITY STATEMENT
(CONTINUED)

2.4.2 Performance Target

Our company is committed to adhering to Regulation 9(5) of the Environmental Quality Regulations 1974 (Scheduled Waste), which stipulates that scheduled waste stored should not exceed 20 metric tons or 180 days after its generation. By setting this time limit, we aim to enhance the efficiency of our scheduled waste management practices, ensuring more optimal storage and timely disposal.

2.4.3 Performance data

According to data released by our company, Hwa Tai Industries Berhad has generated a total of 1199.5 kg of scheduled waste throughout the current year. The predominant type of scheduled waste produced is identified by code SW204, categorized as sludge from the wastewater treatment plant. The average annual production indicates that 604 kg of sludge has been generated during the year.



2.4.4 Statement of Assurance

Hwa Tai Industries Berhad reiterates our steadfast commitment to adhering to the regulations stipulated by the DOE concerning scheduled waste management. The scheduled waste earmarked for disposal is exclusively entrusted to a DOE-licensed contractor, duly authorized for the collection, storage, processing, transportation, and treatment of scheduled waste. Our appointed transport contractor ensures the delivery of scheduled waste to the licensed premises in strict accordance with the DOE-approved scheduled waste code.

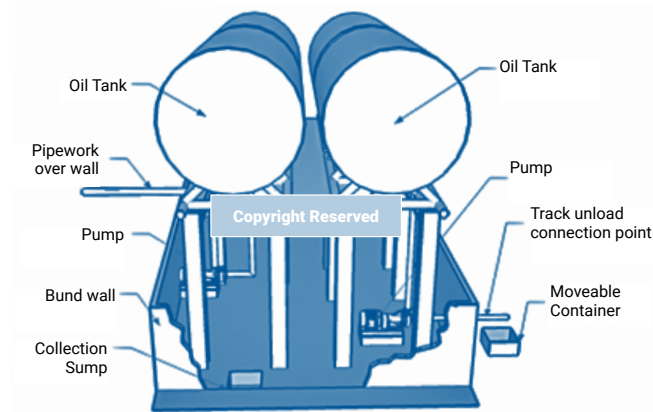
The contracted entity responsible for the collection and transportation of scheduled waste has successfully completed the sixth phase, as outlined in the Environmental Quality (Scheduled Waste) Regulations 2005. An internal review, conducted by our internal auditors, specifically focused on the total weight collected by the contractor for scheduled waste in our company.

We affirm that all activities related to the generation, handling, storage, transportation, and disposal of scheduled waste within our facilities strictly adhere to the guidelines established by the DOE.

2.5 Oil Bund Facility (Food Oil Storage Tank)

2.5.1 Introduction

In adherence to the Environment Quality Act 1974 by the DOE, we have constructed a bund wall facility with a holding capacity of 110 percent of our oil storage capacity. This oil bund serves as a critical measure to prevent unintended leakage or spillage from our food oil storage tanks and pipes, ensuring compliance with environmental regulations and safeguarding against potential harm to surrounding biosystems and public drains. Our commitment to environmental stewardship is evident in the implementation of this facility, which acts as a protective barrier, preventing any accidental leaks of food oil, a key raw material in our production processes.



(Approved design of oil bund by DOE)

2.5.2 Performance Target

Our ongoing commitment involves maintaining the effectiveness of the oil bund facility to prevent any food oil leakage into public drains. We continuously strive to improve and adapt our preventive measures to ensure the highest level of protection for the environment.

2.5.3 Performance Data

Regular monitoring and inspections are conducted to assess the performance of the oil bund facility. As of the reporting period, there have been no incidents of food oil leaks into public drains, underscoring the success of our preventive measures.

2.5.4 Statement of Assurance

While an independent third party has not conducted a formal evaluation of our oil bund facility, it's noteworthy that no issues have been raised by the DOE officers during their site inspections. Our proactive approach to compliance and adherence to environmental regulations, as affirmed by the DOE, underscores our commitment to maintaining the integrity of our sustainability initiatives.

SUSTAINABILITY STATEMENT
(CONTINUED)**2.6 Operating System to Ensure Food Safety and Product Quality****2.6.1 Introduction**

Sustainability matters within our operating systems at Hwa Tai Group are intricately woven into the fabric of our business practices and certifications. Our commitment to sustainability extends beyond the environmental impacts typically associated with sustainability themes like resource depletion, pollution, and energy. With certifications such as ISO 9001, ISO 22000, HACCP, and Halal, we ensure that our operations not only adhere to the highest quality standards but also prioritize safety and ethical considerations.

ISO 9001:2015, our Quality Management System, sets the foundation for our operating systems. This certification reflects our dedication to a set of policies, processes, and procedures designed to ensure the planning and execution of our core business areas, guaranteeing the production and monitoring of our products with a zero-defect principle.

ISO 22000, our Food Safety Management System, plays a crucial role in addressing sustainability matters by focusing on the safety of our food products. This certification provides customer confidence in our products, a testament to our commitment to safe and high-quality food production.

Hazard Analysis and Critical Control Point (HACCP) further reinforces our commitment to sustainability by managing food safety through the analysis and control of biological, chemical, and physical hazards throughout our entire production process. This systematic approach identifies and analyzes elements that may pose quality and food safety risks, ensuring our products are consistently safe for end consumers.

Our adherence to Halal Assurance Management System, complying with MS 1500:2019, emphasizes our commitment to ethical and responsible business practices. This certification assures that our products meet the requirements outlined in Shariah law, providing consumers with products that are not only safe but also align with their cultural and religious beliefs.

In summary, our operating systems, fortified by these certifications, reflect our holistic approach to sustainability matters. We go beyond environmental considerations to ensure the safety, quality, and ethical production of our products. This commitment not only aligns with global sustainability goals but also reflects our responsibility to stakeholders and end consumers.

2.6.2 Performance Target

- **Audit Frequency:**
Maintain a structured schedule for regular internal audits aligned with ISO 9001, ISO 22000, HACCP, and Halal certification requirements.
Prepare for unscheduled audits conducted by certification bodies for ISO, HACCP, and Halal standards.
- **Audit Success Rate:**
Aim for 100% success rate in all certification audits, including both scheduled and unscheduled audits, annually.
Swiftly address and rectify any non-conformities identified during both scheduled and unscheduled audits.
- **Continuous Compliance:**
Ensure continuous compliance with HACCP, ISO 9001, ISO 22000, and Halal standards during both scheduled and unscheduled audits.
Proactively adapt to changes in standards or regulations to ensure consistent adherence.

- **Risk Mitigation:**
Implement proactive measures to identify and mitigate risks arising from both scheduled and unscheduled audits.
Develop strategies to address recurrent issues identified in audits to enhance the overall audit process.
- **Enhanced Certification Scope:**
Explore opportunities to expand the certification scope, considering additional relevant standards or extending certification coverage to various product lines.
Strategically plan for new certifications aligned with industry trends and consumer demands.

These performance targets are crucial for effective audit management, demonstrating our commitment to achieving and maintaining excellence in food safety, quality, and regulatory compliance across both scheduled and unscheduled audits. Regular reviews and adjustments will be conducted to exceed these targets and continually enhance our audit processes.

2.6.3 Performance data

At Hwa Tai Group, our unwavering commitment to excellence in food safety, quality management, and regulatory compliance is reflected in our systematic approach to audits. We are pleased to present comprehensive performance data related to the audits conducted by esteemed certification bodies – covering ISO 9001, ISO 22000, HACCP, and Halal standards. These audits play a pivotal role in ensuring the robustness of our operating system and the safety of our products for end consumers.

The following performance data encapsulates the outcomes of both scheduled and unscheduled audits, showcasing our dedication to transparency, continuous improvement, and adherence to the highest industry standards. Each audit is a testament to our proactive measures, risk mitigation strategies, and commitment to maintaining a culture of excellence throughout our operations.

The data includes pertinent information such as audit dates, certifying bodies involved, and, notably, the consistently positive results—demonstrating that all audits were successfully passed. We believe that these results affirm our ongoing efforts to meet and exceed the stringent requirements set forth by ISO, HACCP, and Halal standards.

Our commitment to open communication and accountability underscores the importance of sharing this performance data with our stakeholders. As we delve into the specifics of each audit, we invite stakeholders to gain insights into our audit processes, outcomes, and our dedication to continual enhancement.

This performance data not only reflects our past achievements but sets the stage for our future endeavors in maintaining the highest standards of quality, safety, and compliance. We remain steadfast in our pursuit of operational excellence and look forward to sharing our continued success in the years to come.

SUSTAINABILITY STATEMENT
(CONTINUED)

Audit details from the authorities conducted over the past 3 years are as follows:

Authority	Year 2021		Year 2022		Year 2023	
	Audit Date	Result	Audit Date	Result	Audit Date	Result
SIRIM ISO 22000	2-3/8/2021	Pass	29-30/9/2022	Pass	16-17/10/2023	Pass
SIRIM ISO MS 9001	2-3/8/2021	Pass	29-30/9/2022	Pass	16-17/10/2023	Pass
MOH HACCP MS 1480:2019	21/9/2020	Pass	15-16/11/2022	Pass	9/10/2023	Pass
Jabatan Agama Islam Johor (HALAL)	1/9/2021	Pass	19/1/2023	Pass	18/10/2023	Pass

Details of internal audits conducted over the past 3 years are as follow:

Audit Scope	Year 2021		Year 2022		Year 2023	
	Audit Date	Result	Audit Date	Result	Audit Date	Result
ISO 22000	21-22/7/2021	Pass	13-14/9/2022	Pass	5-6/9/2023	Pass
ISO MS 9001	21-22/7/2021	Pass	13-14/9/2022	Pass	5-6/9/2023	Pass
HACCP MS 1480	21-22/7/2021	Pass	13-14/9/2022	Pass	5-6/9/2023	Pass
Halal (HAS)	18-19/2/2021 18-19/8/2021	Pass	17-18/2/2022 17-18/8/2022	Pass	16-17/2/2023 16-17/8/2023	Pass

2.6.4 Statement of Assurance

We affirm the transparency and accuracy of the audit performance data presented in this report. The details of internal and external audits conducted over the past three years have been meticulously documented, including schedules, outcomes, and assessments by certification bodies for ISO, HACCP, and Halal standards.

Our commitment to maintaining high standards of quality, safety, and compliance is evident in the consistently positive results of these audits. The information provided here reflects our dedication to transparency, accountability, and responsible business practices. The audit performance data is regularly reviewed, validated, and aligned with our sustainability goals, ensuring that stakeholders receive reliable insights into our commitment to excellence.

2.7 Safe, Healthy and Conducive Environment

2.7.1 Introduction

At Hwa Tai Group, our commitment to sustainability extends beyond production processes to creating a safe, healthy, and conducive environment for our workforce. We recognize that a harmonious and supportive workplace not only enhances the well-being of our employees but also contributes to increased productivity and overall business success. This section delves into the various initiatives and practices we've implemented to foster a work environment that prioritizes safety, health, and the overall welfare of our employees.

2.7.2 Performance target

In our pursuit of fostering a secure, healthy, and comfortable work environment, Hwa Tai Industries Berhad has established robust performance targets to guide and evaluate our ongoing initiatives. Key focus areas include:

- **Security Excellence:**
We aim to maintain and elevate 24-hour security surveillance, striving for zero security breaches, implementing swift incident responses, and continuously advancing surveillance technology.
- **Occupational Safety and Health (OSH) Compliance:**
Our seamless appointment of an OSH Coordinator aligns with the 2022 amendment to the Occupational Safety and Health Act 1974, showcasing our commitment to comprehensive safety and health management.
- **Chemical Health Risk Assessments (CHRA):**
Conducting periodic CHRA every five years emphasizes our dedication to controlling chemical exposure. This ensures employees handling chemicals receive the necessary information, training, and personal protective equipment for their well-being.
- **Anti-Harassment Initiatives:**
Our goal is to create a workplace free from abuse and discrimination, with targets set for anti-harassment training and the achievement of zero reported incidents. This underscores our commitment to fostering a culture of respect and inclusivity.
- **Emergency Preparedness:**
To enhance emergency preparedness, we conduct annual Emergency Response Team (ERT) training and fire drills in alignment with the Fire Services Act 1988 (Act 341). This proactive approach ensures our readiness for potential emergencies.

In conclusion, these performance targets collectively embody Hwa Tai Industries Berhad's holistic approach to workplace well-being, security, and compliance. By steadfastly pursuing these targets, the company reaffirms its dedication to providing a safe, healthy, and thriving environment for its employees.

SUSTAINABILITY STATEMENT
(CONTINUED)

2.7.3 Performance Data

Over the past three years, our security measures have proven highly effective, with zero major incidents recorded. This success is a direct result of the rigorous training provided to our security guards, who conduct hourly patrols complemented by vigilant CCTV monitoring. Our comprehensive approach ensures an elevated level of security and a rapid response capability, showcasing the positive impact of our well-trained security personnel. The following details present the recorded major incidents over the past three years and provide insights into the training initiatives undertaken by our dedicated security guards.

Record of major incident for 3 years

Particulars	Frequency	Number of Major Incident Detected		
		Year 2021	Year 2022	Year 2023
Security guard patrolling for 24 hours	Every 1 hour	0	0	0
CCTV Monitoring	Production -Everyday	0	0	0
	Admin -Every week	0	0	0

Record of training Data as below

List of Training	Date	No of Participant
Fire Prevention Talk	8 March 2019	2pax
Incident Reporting and Investigation Training	15 September 2022	4pax
Patrolling techniques and surveillance method	20 June 2023	7pax
Emergency Response Training (ERT)	9 – 10 May 2023	1pax

Next, our company sent the appointed employee to the Occupational Safety and Health Coordinator course from 5 to 7 December 2023. This initiative aims to ensure that our staff meet local authorities' requirements, contributing to enhanced performance in ensuring compliance and maintaining a secure work environment.

Reviewing the table below reveals the completion of two Chemical Health Risk Assessments (CHRAs) in 2018 and 2023. A comparison of the chemical lists between these two years indicates variations in the chemicals assessed, aligning with the updated list. The successful implementation of CHRA during these periods demonstrates our factory's adherence to and compliance with the regulatory standards set by the Department of Occupational Safety and Health (JKKP).

	Year 2018	Year 2023
Date	4 October 2018	25 July 2023
List of Chemicals	Work Unit : QA Lab <ul style="list-style-type: none"> • Cyclohexanone • Chloroform • Acetic Acid Glacial • Isopropyl Ether • Petroleum Ether • Iodine Solution (WIJS) Work Unit : IETS <ul style="list-style-type: none"> • ECO 101 • ECO 121 • ECO 232 • SW 204 Work Unit : Production (Printing) <ul style="list-style-type: none"> • A188-4 • MB175-4 	Work Unit : QA Lab <ul style="list-style-type: none"> • Acetic Acid Glacial • Chloroform • Chclohexane • Isopropyl Alcohol • Petroleum Ether Work Unit : IETS Lab <ul style="list-style-type: none"> • Nanocolor COD 60 Work Unit : Ingredient <ul style="list-style-type: none"> • Sodium Acid Pyrophosphate • Ammonium Bicarbonate • Citric Acid Anhydrous • Sodium Metabisulphite • Sodium Bicarbonate Work Unit : IETS <ul style="list-style-type: none"> • ECO232A
Result	Passed	Passed

We are proud to maintain a record of zero reported major incidents related to sexual harassment, discrimination, and abuse, reflecting our commitment to fostering a safe and inclusive environment. The following details provide a report covering the past three years.

Particular	Year	Number of major sexual harassment case
Sexual harassment case	2021	0
	2022	0
	2023	0

We have successfully conducted annual Emergency Response Team (ERT) training and Fire Drill training, ensuring compliance with the BOMBA Act (Fire and Rescue Department of Malaysia) and enhancing overall preparedness and safety performance. The following details outline the ERT training and Fire Drill Training conducted over the past two years:

Training	Year 2022	Year 2023
Fire Drill	Date : 31 January 2022	Date : 15 May 2023
	Total Pax = 105	Total Pax = 182
Emergency Response Team	Date :17-18 May 2022	Date : 9-10 May 2023
	Total Pax = 22	Total Pax = 28

In conclusion, our continuous surveillance, appointment of a safety coordinator, incident-free record, and ongoing training efforts underscore our commitment to maintaining a secure and welcoming workplace, reflecting our strong performance in safety and preparedness.

SUSTAINABILITY STATEMENT
(CONTINUED)**2.7.4 Statement of Assurance**

To ensure the integrity of our sustainability reporting, our internal auditor conducted a comprehensive review with a specific focus on fostering a conducive work environment. This thorough examination included proactive safety compliance measures, which have been confirmed by the Department of Occupational Safety and Health (DOSH) and BOMBA, reaffirming our commitment to upholding the integrity of our sustainability initiatives.

2.8 Employee Well-being and Rights**2.8.1 Introduction**

At Hwa Tai, we recognize that our employees are the cornerstone of our business. They are integral to the smooth functioning of our operations and are essential contributors to our success and sustainability as a Group. We are committed to providing equal opportunities for employment, fostering a workplace where diversity is embraced and respected. As a responsible employer, we prioritize building enduring relationships with our employees, valuing their contributions, and ensuring their well-being. Central to this commitment is the protection of our employees' rights, which is fundamental to creating a positive and productive work environment. Through our initiatives, we strive to safeguard our employees' rights and promote a culture of fairness and respect across all aspects of our operations.

2.8.2 Performance Target

The Group is dedicated to enhancing employees' human rights and fostering an engaged workforce. Key focus areas include:

1. Diversity, equal opportunity and non-discrimination:

We are an equal opportunity employer and shall remain guided by the principle of meritocracy and fairness in all decisions regarding employment, transfers, benefits, rewards and the professional development of our employees.

We do not practise any form of discrimination based on race, gender or religion and this is clearly stated in our Code of Ethics ("Code"). We provide employment opportunities to people with disabilities. Currently we have three in our workforces.

Hwa Tai is committed to ensuring that the mix and profiles of our members of the Board of Directors ("Board") and our employees, in terms of age, ethnicity and gender, provide the necessary range of perspectives, experience and expertise required to achieve our objectives. Breakdown of Age Diversity of our employees can be found at Performance Data Section of this Report.

2. Grievances Mechanism for Labor Practice:

We have established a grievances procedure to handle any labour disputes between our employees or the Food National Union and the Management. Employee's rights are protected under our Employee Handbook, our Collective Agreement and the provisions of the Industrial Relation Act 1967 or such other laws which the Company strictly adheres to.

We are pleased to report that in 2023, there was no grievances report on our labour practise filed through formal grievances mechanisms.

3. Grievances Mechanism for Human Right Practise:

A grievances procedure has been established to handle any dispute on our human rights practises between employees or the National Food Union and the Management. Employees may also refer their disputes for settlement under the provisions of the Industrial Relations Act 1967 or such law as may be then in force.

We are pleased to report that in 2023, there was no grievances report on our human rights practices, filed through formal grievances mechanisms.

4. Child Labour:

The Children and Young Persons (Employment) Act 1966 defines “child” as any person who has not completed his 15th year of age and “young person” as any person who not being a child, has not completed “18” years of age. While Hwa Tai Group remains guided by this Act, due to the nature of our business, we do not employ children or young persons.

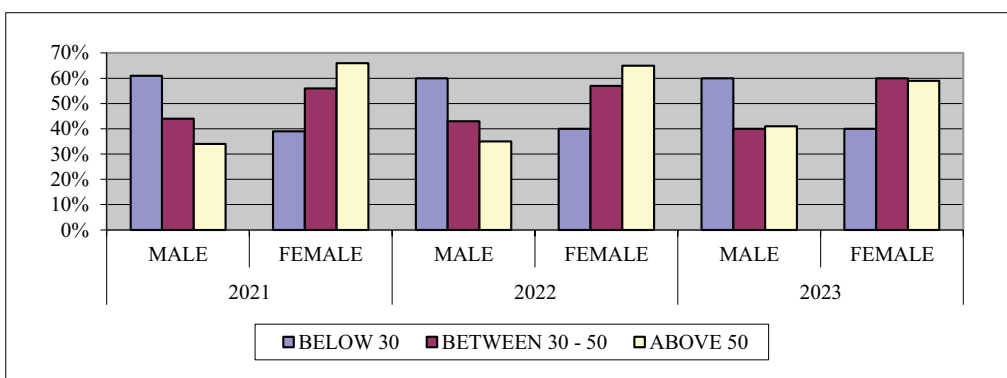
2.8.3 Performance Data

In alignment with our commitment to employee well-being and rights, we present the following data reflecting our efforts in key focus areas:

Age Diversity Table 3 years

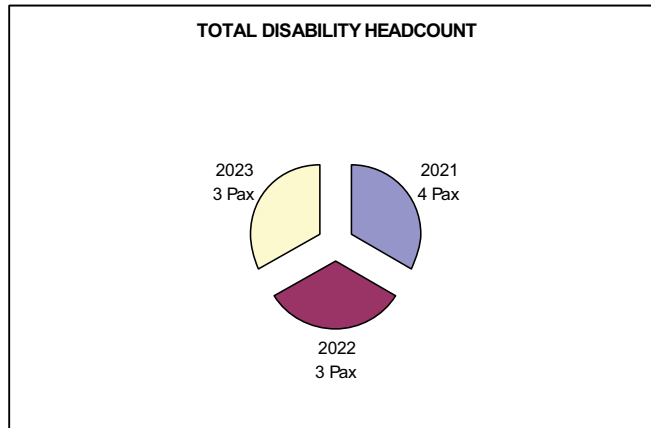
AGE	2021		2022		2023	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
BELOW 30	61%	39%	60%	40%	60%	40%
BETWEEN 30 - 50	44%	56%	43%	57%	40%	60%
ABOVE 50	34%	66%	35%	65%	41%	59%

Diversity Age



SUSTAINABILITY STATEMENT
(CONTINUED)

Total headcount of disability 3 years



2.8.4 Statement of assurance

As an organization deeply committed to upholding the rights and well-being of our employees, we stand by the integrity and effectiveness of our policies and procedures outlined in this section. Our dedication to diversity, non-discrimination, and the protection of employee rights remains unwavering. We assure stakeholders of our continued efforts to maintain a fair, safe, and inclusive workplace environment, where grievances are addressed promptly and in accordance with established regulations. Through transparent reporting and diligent adherence to legal frameworks, we uphold our pledge to foster a workplace culture built on trust, respect, and equality.

2.9 Employee Development and Training Initiatives

2.9.1 Introduction

Employee development is vital to maintaining and improving the skills of our workforce and the quality of our products. We want to offer careers instead of jobs and to prepare our employees for the fast-changing world. We continuously strive to enhance our employees' competencies by encouraging them to participate in trainings, both external and in house trainings. This improves their motivation and performance on the job, and increases their long-term employability.

2.9.2 Performance Target

- The Group seeks to promote and develop its human assets to be competent, multi-skilled and well-motivated to increase their career advancement opportunities.
- To build a more effective workforce, the Human Resources Department develops the Annual Training Plan, taking into consideration feedback from employees who can suggest the types of training courses, continuous and structured job-related trainings, seminars and workshops to regularly enhance their technical skills and knowledge as well as soft management skills.
- Requiring all new employees to participate in new employees' orientation to get clear insights into the Group's operation.
- Our training programmes are constantly revised and improved based on changing business needs, and are delivered by internal and external training provider.

Our objective of staff training is more focused on the On-The-Job Training for the new employees and existing employees; targeting positions of Supervisors/Leaders/Operators/Forklift Drivers and department/section in Production/QA&QC/Environment/Warehouse.

2.9.3 Performance Data

Our Training Objective is to achieve 1 hour training per employee per year. Data Record of 3 years Total Man-Hours Related to Food Safety & Non- Related to Food Safety as per below:

- **Relate food safety 2021**

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
During Working Hours	Public Training	56	56	0.182
During Working Hours	In-house: External	4	80	0.26
During Working Hours	In-house: Internal	11	96	0.31
	Total	71	232	0.76
Training Objective - Target - Average 1 hour training per employee per year				1.00

- **Related food safety 2022**

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
During Working Hours	Public Training	33	42	0.137
During Working Hours	In-house: External	128	460	1.50
During Working Hours	In-house: Internal	24.5	196	0.64
	Total	185.5	698	2.27
Training Objective - Target - Average 1 hour training per employee per year				1.00

- **Related food safety 2023**

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
During Working Hours	Public Training	168	192	0.625
During Working Hours	In-house: External	20	116	0.38
During Working Hours	In-house: Internal	26.5	217.5	0.71
	Total	214.5	525.5	1.71
Training Objective - Target - Average 1 hour training per employee per year				1.00

SUSTAINABILITY STATEMENT
(CONTINUED)

• **Non-related food safety 2021**

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
During Working Hours	Public Training	93.5	105.5	0.34
During Working Hours	In-house: External	0	0	0.00
During Working Hours	In-house: Internal	4.5	34	0.11
	Total	98	139.5	0.45
Training Objective - Target - Average 1 hour training per employee per year				1.00

• **Non-related food safety 2022**

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
During Working Hours	Public Training	116.5	125.5	0.41
During Working Hours	In-house: External	152	488	1.59
During Working Hours	In-house: Internal	11.5	109.5	0.36
	Total	280	723	2.36
Training Objective - Target - Average 1 hour training per employee per year				1.00

• **Non-related food safety 2023**

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
During Working Hours	Public Training	120	156	2.78
During Working Hours	In-house: External	280	920	29.71
During Working Hours	In-house: Internal	20	237	11.29
	Total	420	1313	43.78
Training Objective - Target - Average 1 hour training per employee per year				1.00

2.9.4 Statement of Assurance

Our commitment to the integrity of the Sustainability Statement is underscored by a meticulous internal review conducted by our esteemed team of top management review internal auditors and external auditors from government bodies on yearly basis. This is a way to be assured that the Group complies with regulatory requirements and standards or disclose areas where they need to be improved.

STATEMENT OF MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

Hwa Tai Industries Berhad (“Hwa Tai” or “the Company”) and its subsidiaries (“the Group”) are prominent players in the manufacturing of biscuits and confectionery products, boasting brand names such as LUXURY, HWA TAI, and PESTA. Our operations extend beyond manufacturing to encompass trading, distribution, and serving as an original equipment manufacturer (“OEM”) for third-party biscuit brands.

OUR VISION & COMMITMENT

As a leading confectionery manufacturer in the region, Hwa Tai is dedicated to upholding the highest standards of product quality and variety. With over six decades of manufacturing experience, we manage our entire value chain, from raw material procurement to product distribution. We are committed to providing top-tier biscuit products globally while creating business opportunities for our partners. Moreover, our ethos emphasizes community support, as we believe in fostering happiness, health, and aid for the needy through our operations.

FINANCIAL AND OPERATIONS REVIEWS

The table below highlights the Group’s key performance in FYE2023 and FYE2022:

	FYE2023 RM'000	FYE2022 RM'000
Revenue	80,682	76,256
Cost of sales	(62,275)	(59,593)
Gross profit	18,407	16,663
Expenses	(25,749)	(22,743)
Other income	239	216
Share of loss from associated company	–	–
Loss before taxation	(7,103)	(5,864)
Taxation	–	30
Loss for the financial year	(7,103)	(5,834)
Gross profit margin	23%	22%

The breakdown of revenue of the Group in FYE2023 and FYE2022:

	FYE2023 RM'000	%	FYE2022 RM'000	%
Export sales	11,934	15	13,178	17
Local sales - Hwa Tai & OEM Products	68,748	85	63,078	83
Total	80,682	100	76,256	100

STATEMENT OF MANAGEMENT DISCUSSION & ANALYSIS
(CONTINUED)**FINANCIAL AND OPERATIONS REVIEWS (CONTINUED)**

In the financial year ended 31 December 2023 ("FYE2023"), Hwa Tai reported a marginal revenue increase to RM80.68 million, marking a 5.80% rise from FYE2022. This growth was primarily driven by increased sales in local markets across Peninsular Malaysia, East Malaysia, and e-commerce platforms. Despite facing logistical challenges such as fluctuating currency exchange rates and supply chain disruptions, our export sales remained resilient, maintaining parity with the previous year's performance.

Operating in an increasingly competitive market, the Group faced higher operating costs in FYE2023, primarily attributed to escalating raw material and labor expenses. Total expenses increased marginally to RM25.74 million, reflecting investments in advertising, promotions, staff, and depreciation. Other income remained steady, derived from interests earned and proceeds from asset disposals.

Despite efforts to mitigate losses, Hwa Tai reported a loss of RM7.10 million in FYE2023, compared to RM5.83 million in FYE2022. This loss was primarily driven by increased operating costs and challenges in international markets. However, our commitment to innovation, operational efficiency, and customer engagement remains unwavering.

FINANCIAL POSITION

The table below highlights the Group's financial position in FYE2023 and FYE2022:

	FYE2023 RM'000	FYE2022 RM'000
Total assets	96,847	72,219
Total liabilities	70,163	56,371
Shareholders' equity	26,665	15,827
Total borrowings (Secured lease liabilities were excluded)	29,859	28,503
Cash, bank balances and short-term deposits	7,607	6,080
Net assets per share (sen)	35.63	21.15
Loss per share (sen)	(9.49)	(7.81)

In FYE2023, Hwa Tai witnessed a significant improvement in shareholders' equity, which increased to RM26.66 million, attributed mainly to property revaluation. Total assets and liabilities also saw notable increases, reflecting growth in trade receivables, inventories, and borrowings. Cash reserves improved slightly, reaching RM7.61 million. Despite the loss incurred, net assets per share increased to 35.63 sen, reflecting the Company's strengthened financial position.

Investments in capital expenditure focused on machinery upgrades and factory renovations, underscoring our commitment to enhancing production efficiency and technological capabilities.

STATEMENT OF MANAGEMENT DISCUSSION & ANALYSIS
(CONTINUED)**BUSINESS STRATEGICS AND RISK FACTORS**

Hwa Tai remains committed to innovation, customer expansion, and operational excellence. Our Research and Development division continues to focus on product innovation and market research to meet evolving consumer preferences. Expansion into new markets, product diversification, and e-commerce initiatives are key strategies to drive growth.

Operational improvements, including factory upgrades and machinery investments, aim to enhance efficiency and product quality while mitigating risks associated with labor shortages and fluctuating raw material prices. Comprehensive quality control measures ensure product safety and compliance with industry standards.

Business Strategies:

1. **Innovation and Product Development:** Hwa Tai's Research and Development division remains dedicated to continuous innovation and product development. We prioritize creating healthier product options and enhancing our existing product portfolio to align with evolving consumer preferences.
2. **Market Expansion:** To drive growth, we are actively expanding our customer base both locally and internationally. This includes entering new markets, launching new products, and strengthening our distribution network to increase market penetration.
3. **E-commerce Initiatives:** Recognizing the importance of e-commerce in today's business landscape, Hwa Tai is investing in various online shopping initiatives to capitalize on the growing trend of online consumerism. We aim to enhance our digital presence and improve accessibility to our products through online platforms.
4. **Operational Efficiency:** Operational excellence is crucial for maintaining competitiveness and sustainability. We continue to invest in factory upgrades, machinery, and automation to improve production efficiency, reduce costs, and ensure consistent product quality.
5. **Brand Recognition and Marketing:** Our marketing efforts focus on enhancing brand recognition and consumer engagement through various channels, including social media, advertising, and promotional activities. We aim to strengthen our brand presence and increase consumer loyalty through targeted marketing strategies.

Business Strategies SWOT Analysis

Overview of Hwa Tai's internal strengths and weaknesses, as well as external opportunities and threats.

Strengths: Internal factors that give Hwa Tai a competitive advantage, such as innovation, market expansion, e-commerce initiatives, operational efficiency, and brand recognition.

Weaknesses: Internal factors that may hinder Hwa Tai's performance or competitive position, such as dependency on R&D, risks associated with market expansion, challenges in e-commerce implementation, operational complexity, and competitive pressure.

Opportunities: External factors that Hwa Tai could capitalize on to achieve growth and success, such as health and wellness trends, global market expansion, digital transformation, strategic partnerships, and brand differentiation.

Threats: External factors that pose risks or challenges to Hwa Tai's business, such as market saturation, regulatory compliance, economic uncertainty, technological disruptions, and supply chain disruptions.

SWOT offers a clear and concise understanding of Hwa Tai's strategic position in the market, facilitating informed decision-making and strategic planning for the company's future endeavors.

STATEMENT OF MANAGEMENT DISCUSSION & ANALYSIS
(CONTINUED)**BUSINESS STRATEGICS AND RISK FACTORS (CONTINUED)****Risk Factors:**

1. **Market Competition:** The biscuit manufacturing industry is highly competitive, with the emergence of new players and changing consumer preferences. Intensifying competition may put pressure on profit margins and market share.
2. **Raw Material Price Volatility:** Fluctuations in the prices of raw materials, such as wheat, sugar, and packaging materials, pose a significant risk to our profitability. Sudden price increases could impact production costs and erode margins if not adequately managed.
3. **Supply Chain Disruptions:** Disruptions in the supply chain, whether due to natural disasters, geopolitical tensions, or transportation issues, could disrupt production schedules and impact our ability to fulfill customer orders on time.
4. **Consumer Demand Shifts:** Changes in consumer preferences, dietary trends, or economic conditions may impact demand for our products. Failure to anticipate and adapt to these shifts could result in inventory imbalances and decreased sales.
5. **Regulatory Compliance:** As a food manufacturer, we are subject to stringent regulations and standards related to food safety, labeling, and quality control. Non-compliance with regulatory requirements could result in legal penalties, reputational damage, and loss of consumer trust.
6. **Geopolitical and Economic Risks:** Global economic uncertainties, geopolitical tensions, and trade disputes can have a significant impact on our business operations, including currency exchange rates, export/import regulations, and market access.
7. **Labor Shortages:** Recruiting and retaining skilled labor is essential for maintaining production efficiency and quality standards. Labor shortages or disruptions could hinder operations and increase labor costs.
8. **Technological Disruptions:** Rapid advancements in technology could disrupt traditional manufacturing processes and require significant investments in upgrading equipment and training personnel to remain competitive.

Despite these challenges, Hwa Tai is committed to proactively managing risks and capitalizing on strategic opportunities to drive sustainable growth and value creation for our stakeholders.

DIVIDEND

The Board of Directors has decided not to recommend any dividend for FYE2023, considering the Company's financial performance and strategic priorities.

STATEMENT OF MANAGEMENT DISCUSSION & ANALYSIS
(CONTINUED)

OUTLOOK AND FUTURE PROSPECTS

Looking ahead, Hwa Tai acknowledges the challenges posed by global economic uncertainties and geopolitical tensions. However, with economies gradually recovering and supply chains stabilizing, we remain cautiously optimistic about the future.

Our continued focus on consumer trends, operational efficiency, and market expansion will be pivotal in driving future growth. We recognize the importance of diversifying our product portfolio to mitigate risks and capture new market opportunities. Strategic partnerships and collaborations within the food industry will play a key role in leveraging our strengths and expanding our market presence.

Furthermore, we are committed to investing in sustainability initiatives throughout our supply chain to meet evolving consumer expectations and regulatory requirements. By prioritizing sustainability, we aim to enhance our brand reputation and appeal to environmentally-conscious consumers.

Expanding into emerging markets with growing demand for biscuits and confectionery products presents significant opportunities for growth. We will carefully assess market potential and develop tailored market entry strategies to maximize our success.

Embracing digital transformation initiatives will be essential in enhancing customer engagement, optimizing operational processes, and driving sales growth. By investing in e-commerce platforms, digital marketing strategies, and data analytics capabilities, we aim to better understand consumer behaviour and preferences, improve targeting, and drive conversion rates.

Our commitment to continuous improvement and innovation will remain unwavering. We will foster a culture of innovation within the organization, encouraging employees to contribute ideas for product innovation, process optimization, and cost-saving initiatives.

Finally, we recognize the importance of robust risk management strategies and contingency planning to mitigate potential threats to the business. By proactively addressing risks and implementing proactive measures, we will strive to safeguard our business and maintain our competitive edge in the market.

In conclusion, despite the challenges and uncertainties ahead, Hwa Tai is well-positioned for long-term success and sustainable growth. We are committed to navigating challenges, adapting to market dynamics, and delivering long-term value to our shareholders and stakeholders.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are biscuit manufacturing and investment holding. The principal activities of its subsidiaries include biscuit manufacturing, property holding and trading. There are also some subsidiaries which are dormant.

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

RESULTS

	Group RM	Company RM
Loss for the financial year, net of tax	(7,103,021)	(6,270,908)
Attributable to:		
Owners of the Company	(7,101,888)	(6,270,908)
Non-controlling interests	(1,133)	-
	(7,103,021)	(6,270,908)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2023.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group or 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 liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company 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 or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT
(CONTINUED)**AUDITORS' REMUNERATION AND INDEMNITY**

The auditors' remuneration of the Group and the Company during the financial year were RM166,500 and RM117,300 respectively.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Soo Thien Ming @ Soo Thien See (Demised on 22 August 2023)
 Datuk Soo Chung Yee J.P.*
 Kamal Bin Abd Karim
 Aisyah Kamaliah Binti Abu Bakar
 Fong May Khuan

* Director of the Company and subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Yap Lee Yong
 Teo Giap Cheng

DIRECTORS' INTERESTS

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

	Number of ordinary shares			At 31 December 2023
	At 1 January 2023	Bought	Transferred	
The Company				
Direct interests:				
Datuk Soo Chung Yee J.P.	1,315,500	267,200	67,500	1,650,200

Subsequent to the financial year end, all ordinary shares totalling 30,882,067 held by Soo Thien Ming @ Soo Thien See (deceased) were transmitted to Datuk Soo Chung Yee J.P. resulting in Datuk Soo Chung Yee J.P. holding 32,532,267 ordinary shares. By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Datuk Soo Chung Yee J.P. is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

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

The directors' benefits of the Group and the Company are as follows:

	Group and Company RM
Directors of the Company	
Executive directors:	
- Fees	20,000
- Other emoluments	1,586,695
	1,606,695
Non-executive directors:	
- Fees	70,000
- Other emoluments	80,000
	150,000
	1,756,695

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity was given to or insurance effected for, any director or officer of the Company.

DIRECTORS' REPORT
(CONTINUED)**SUBSIDIARIES**

The details of the Company's subsidiaries are as follows:

Name of companies	Ownership interest		Principal activities
	2023 %	2022 %	
Epro Industries Sdn. Bhd.	100	100	Property holding
Suria Merah Manufactory (Segamat) Sdn. Bhd.	100	100	Property holding
Hwa Tai Food Industries (Sabah) Sdn. Bhd.	100	100	Biscuit manufacturer
Hwa Tai Wholesale Sdn. Bhd.	100	100	Trading
Hwa Tai Manufacturing Sdn. Bhd.	100	100	Dormant
Acetai Corporation Sdn. Bhd.	90	90	Trading
Hwa Tai Import Sdn. Bhd.	100	100	Dormant
Hwa Tai (Sarawak) Sdn. Bhd.	100	100	Dormant
Hwa Tai Distribution Sdn. Bhd.	100	100	Trading
Hwa Tai Services Sdn. Bhd.	100	100	Dormant
Absolute Focus Sdn. Bhd.	100	100	Dormant
Absolute Palmers Food Sdn. Bhd.	100	100	Trading
Held through Acetai Corporation Sdn. Bhd.			
Anika Bebas Sdn. Bhd.	100	100	Dormant
Esprit Classic Sdn. Bhd.	100	100	Dormant

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

DATUK SOO CHUNG YEE J.P.
Director

KAMAL BIN ABD KARIM
Director

Date: 15 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	43,728,608	23,318,006	28,938,626	21,603,963
Investment in subsidiaries	6	–	–	6,937,002	6,937,002
Investment in an associate	7	–	–	–	–
Total non-current assets		43,728,608	23,318,006	35,875,628	28,540,965
Current assets					
Inventories	8	11,428,167	12,769,069	9,248,007	10,128,903
Trade and other receivables	9	32,774,737	28,699,029	26,797,120	22,654,872
Prepayments		340,052	378,558	291,510	311,689
Tax recoverable		968,083	974,124	570,000	634,124
Cash, bank balances and short-term deposits	10	7,607,339	6,079,836	6,733,826	5,321,947
Total current assets		53,118,378	48,900,616	43,640,463	39,051,535
TOTAL ASSETS		96,846,986	72,218,622	79,516,091	67,592,500

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(CONTINUED)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	11	29,933,308	29,933,308	29,933,308	29,933,308
Accumulated losses		(21,522,958)	(14,421,070)	(16,873,662)	(10,602,754)
Revaluation reserves	12	17,939,680	–	7,426,412	–
Translation reserves		314,637	314,637	–	–
Shareholders' equity		26,664,667	15,826,875	20,486,058	19,330,554
Non-controlling interests		19,655	20,788	–	–
TOTAL EQUITY		26,684,322	15,847,663	20,486,058	19,330,554
Non-current liabilities					
Loans and borrowings	13	1,728,170	2,613,214	1,597,215	2,534,490
Deferred tax liabilities	14	5,665,161	–	2,345,183	–
Other payable	15	8,000,000	2,000,000	8,000,000	2,000,000
Total non-current liabilities		15,393,331	4,613,214	11,942,398	4,534,490
Current liabilities					
Trade and other payables	15	22,155,297	21,751,704	16,520,520	15,771,816
Contract liabilities	16	4,224,343	3,572,322	4,163,902	3,219,643
Loans and borrowings	13	28,389,693	26,433,719	26,403,213	24,735,997
Total current liabilities		54,769,333	51,757,745	47,087,635	43,727,456
TOTAL LIABILITIES		70,162,664	56,370,959	59,030,033	48,261,946
TOTAL EQUITY AND LIABILITIES		96,846,986	72,218,622	79,516,091	67,592,500

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	17	80,682,494	76,255,581	65,874,137	63,364,454
Cost of sales	18	(62,275,169)	(59,593,332)	(49,969,394)	(49,580,902)
Gross profit		18,407,325	16,662,249	15,904,743	13,783,552
Other income		238,528	216,461	247,764	228,692
Selling and distribution expenses		(14,837,066)	(12,583,948)	(13,143,189)	(10,809,940)
Administrative expenses		(8,996,520)	(8,920,041)	(7,471,746)	(7,779,621)
Net (impairment losses)/ reversal of impairment on financial instruments		(108,181)	98,940	(89,875)	68,539
Operating loss		(5,295,914)	(4,526,339)	(4,552,303)	(4,508,778)
Finance costs	19	(1,806,664)	(1,337,656)	(1,718,605)	(1,262,186)
Loss before tax	20	(7,102,578)	(5,863,995)	(6,270,908)	(5,770,964)
Tax (expense)/credit	21	(443)	30,000	-	30,000
Loss for the financial year		(7,103,021)	(5,833,995)	(6,270,908)	(5,740,964)
Other comprehensive income, net of tax					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Revaluation gain on properties		17,939,680	-	7,426,412	-
Total comprehensive income/ (loss) for the financial year		10,836,659	(5,833,995)	1,155,504	(5,740,964)
Loss for the financial year attributable to:					
Owners of the Company		(7,101,888)	(5,842,268)	(6,270,908)	(5,740,964)
Non-controlling interests		(1,133)	8,273	-	-
		(7,103,021)	(5,833,995)	(6,270,908)	(5,740,964)
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		10,837,792	(5,842,268)	1,155,504	(5,740,964)
Non-controlling interests		(1,133)	8,273	-	-
		10,836,659	(5,833,995)	1,155,504	(5,740,964)
Loss per ordinary share (sen)	22				
- basic		(9.49)	(7.81)		
- diluted		(9.49)	(7.81)		

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

STATEMENTS OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	← Attributable to owners of the Company →						
	Share capital RM	Accumulated losses RM	Revaluation reserves RM	Translation reserves RM	Shareholders' equity RM	Non- controlling interests RM	Total equity RM
Group							
At 1 January 2022	29,933,308	(8,578,802)	-	314,637	21,669,143	12,515	21,681,658
Total comprehensive loss for the financial year							
(Loss)/Profit for the financial year	-	(5,842,268)	-	-	(5,842,268)	8,273	(5,833,995)
At 31 December 2022	29,933,308	(14,421,070)	-	314,637	15,826,875	20,788	15,847,663
Total comprehensive (loss)/income for the financial year							
Loss for the financial year	-	(7,101,888)	-	-	(7,101,888)	(1,133)	(7,103,021)
Other comprehensive income for the financial year	-	-	17,939,680	-	17,939,680	-	17,939,680
Total comprehensive (loss)/income	-	(7,101,888)	17,939,680	-	10,837,792	(1,133)	10,836,659
At 31 December 2023	29,933,308	(21,522,958)	17,939,680	314,637	26,664,667	19,655	26,684,322

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONTINUED)

	Attributable to owners of the Company			Total equity
	Share capital RM	Accumulated losses RM	Revaluation reserves RM	RM
Company				
At 1 January 2022	29,933,308	(4,861,790)	–	25,071,518
Total comprehensive loss for the financial year				
Loss for the financial year	–	(5,740,964)	–	(5,740,964)
At 31 December 2022	29,933,308	(10,602,754)	–	19,330,554
Total comprehensive (loss)/income for the financial year				
Loss for the financial year	–	(6,270,908)	–	(6,270,908)
Other comprehensive income for the financial year	–	–	7,426,412	7,426,412
Total comprehensive (loss)/income	–	(6,270,908)	7,426,412	1,155,504
At 31 December 2023	29,933,308	(16,873,662)	7,426,412	20,486,058

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

STATEMENTS OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities:					
Loss before tax		(7,102,578)	(5,863,995)	(6,270,908)	(5,770,964)
Adjustments for:					
Bad debts recovered		(3,376)	-	-	-
Depreciation of property, plant and equipment	5	3,564,667	2,749,002	2,631,477	2,568,276
Derecognition of property, plant and equipment		8,950	-	8,950	-
Impairment loss on trade receivables		114,144	123,496	89,875	123,496
Interest expenses		1,806,664	1,337,656	1,718,605	1,262,186
Interest income		(140,567)	(96,604)	(140,567)	(96,604)
Inventories written down		50,641	91,566	50,641	91,566
Loss/(Gain) on disposal of property, plant and equipment		1,102	(2,569)	1,102	(2,569)
Net loss on unrealised foreign exchange		25,536	12,168	25,536	12,168
Property, plant and equipment written off		1,878	-	1,878	-
Reversal of impairment loss on:					
- trade receivables	9	(5,963)	(222,436)	-	(92,035)
- amount owing by subsidiaries (trade)		-	-	-	(100,000)
Reversal of inventories written down		(15,903)	(25,405)	(15,903)	(10,490)
Operating loss before changes in working capital					
		(1,694,805)	(1,897,121)	(1,899,314)	(2,014,970)
Changes in working capital:					
Inventories		1,306,164	(1,833,109)	846,158	(1,237,311)
Receivables		(4,206,049)	(7,258,535)	(4,216,909)	(5,582,082)
Prepayments		38,506	(81,027)	20,179	(111,267)
Payables		1,055,614	5,147,378	1,651,006	3,804,219
Net cash used in operations					
		(3,500,570)	(5,922,414)	(3,598,880)	(5,141,411)
Interest paid		(30,343)	(52,374)	(30,343)	(52,374)
Income tax refunded/ (paid), net		5,598	(253,000)	64,124	(25,500)
Net cash used in operating activities					
		(3,525,315)	(6,227,788)	(3,565,099)	(5,219,285)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONTINUED)

	Note	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Cash flows from investing activities:					
Interest received		140,567	96,604	140,567	96,604
Proceeds from disposal of property, plant and equipment		9,233	64,333	9,233	64,333
Purchase of property, plant and equipment	(a)	(59,850)	(1,982,877)	(25,699)	(1,766,625)
Repayments to subsidiaries		-	-	(40,750)	(99,811)
Net cash from/(used) in investing activities		89,950	(1,821,940)	83,351	(1,705,499)
Cash flows from financing activities:					
Advance from director	(b)	6,000,000	2,000,000	6,000,000	2,000,000
Repayment of short term borrowings	(b)	(100,825,852)	(88,020,133)	(93,558,124)	(86,912,703)
Drawdown of short term borrowings	(b)	103,364,104	90,109,528	95,753,124	87,850,703
Payment of lease liabilities	(b)	(293,658)	(296,486)	(293,658)	(296,486)
Payment of hire purchase	(b)	(894,531)	(734,827)	(817,948)	(664,100)
Repayments from/(to) subsidiaries	(b)	-	-	41,957	(14,181)
Interest paid		(1,776,321)	(1,285,282)	(1,688,262)	(1,209,812)
Net cash from financing activities		5,573,742	1,772,800	5,437,089	753,421
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,138,377	(6,276,928)	1,955,341	(6,171,363)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,445,769	7,722,697	1,171,311	7,342,674
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	10	3,584,146	1,445,769	3,126,652	1,171,311

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONTINUED)

- (a) During the financial year, the Group and the Company made the following cash payments for the purchase of property, plant and equipment:

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Purchase of property, plant and equipment	5	391,591	4,493,689	215,708	4,176,871
Financed by way of lease arrangement		(331,741)	(2,510,812)	(190,009)	(2,410,246)
Cash payments on purchase of property, plant and equipment		59,850	1,982,877	25,699	1,766,625

- (b) Reconciliation of changes in liabilities arising from financing activities are as follows:

	Note	At 1 January 2023 RM	Cash flows RM	Non-cash Acquisition RM	At 31 December 2023 RM
Group					
Lease liabilities	13	543,877	(293,658)	8,848	259,067
Hire purchase payables	13	3,212,594	(894,531)	322,893	2,640,956
Bankers' acceptance	13	20,656,395	2,538,252	–	23,194,647
Advance from a director	15	2,000,000	6,000,000	–	8,000,000
		26,412,866	7,350,063	331,741	34,094,670
Company					
Lease liabilities	13	543,877	(293,658)	8,848	259,067
Hire purchase payables	13	3,070,974	(817,948)	181,161	2,434,187
Bankers' acceptance	13	19,505,000	2,195,000	–	21,700,000
Advance from a director	15	2,000,000	6,000,000	–	8,000,000
Advances from subsidiaries	15	550,489	41,957	–	592,446
		25,119,851	7,083,394	190,009	32,393,254

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONTINUED)

(b) Reconciliation of changes in liabilities arising from financing activities are as follows: (continued)

	Note	At 1 January 2022 RM	Cash flows RM	Non-cash Acquisition RM	At 31 December 2022 RM
Group					
Lease liabilities	13	840,363	(296,486)	–	543,877
Hire purchase payables	13	1,436,609	(734,827)	2,510,812	3,212,594
Bankers' acceptance	13	18,567,000	2,089,395	–	20,656,395
Advance from a director	15	–	2,000,000	–	2,000,000
		20,843,972	3,058,082	2,510,812	26,412,866
Company					
Lease liabilities	13	840,363	(296,486)	–	543,877
Hire purchase payables	13	1,324,828	(664,100)	2,410,246	3,070,974
Bankers' acceptance	13	18,567,000	938,000	–	19,505,000
Advance from a director	15	–	2,000,000	–	2,000,000
Advances from subsidiaries	15	564,670	(14,181)	–	550,489
		21,296,861	1,963,233	2,410,246	25,670,340

(c) Total cash outflows for leases as a lessee:

	Note	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Included in net cash from operating activities:					
Payment relating to short-term leases	20	83,280	63,320	65,280	45,320
Payment relating to leases of low-value assets	20	22,028	23,112	5,300	5,160
Interest paid in relation to lease liabilities (unsecured)	19	30,343	52,374	30,343	52,374
Included in net cash from financing activities:					
Payment of lease liabilities		293,658	296,486	293,658	296,486
Payment of hire purchase		894,531	734,827	817,948	664,100
Interest paid in relation to hire purchase payables	19	177,367	154,690	167,218	142,584
Total cash outflows for leases		1,501,207	1,324,809	1,379,747	1,206,024

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Hwa Tai Industries Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company are located at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim.

The principal activities of the Company are biscuit manufacturer and investment holding. The principal activities of its subsidiaries are disclosed in Note 6. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 April 2024.

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 the Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of new MFRS, amendments to MFRSs and explanation of change in accounting policy

(a) Adoption of new MFRS and amendments to MFRSs

The Group and the Company have adopted the following applicable new MFRS and amendments to MFRSs for the current financial year:

New MFRS

MFRS 17	Insurance Contracts
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Amendments to MFRSs

MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes

The adoption of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies, except as discussed below:

Amendments to MFRS 101 Presentation of Financial Statements

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)****2.2 Adoption of new MFRS, amendments to MFRSs and explanation of change in accounting policy (continued)****(b) Change in accounting policy****Accounting policy for property, plant and equipment**

In the previous financial years, leasehold lands and buildings were measured at cost less accumulated depreciation and accumulated impairment losses. During the financial year, the accounting policy has been changed to measure the leasehold lands and buildings at their fair value with changes in fair value to be recognised in other comprehensive income.

Leasehold lands and buildings are measured using revaluation model, based on valuations by external independent valuers, less accumulated depreciation on leasehold lands and buildings and any accumulated impairment losses recognised after the date of revaluation. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

The change in accounting policy has been applied prospectively.

2.3 Amendments to MFRSs that have been issued, but yet to be effective

- (a) The Group and the Company have not adopted the following amendments to MFRSs that have been issued, but yet to be effective:

<u>Amendments to MFRSs</u>		Effective for financial periods beginning on or after
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

2. BASIS OF PREPARATION (CONTINUED)

2.3 Amendments to MFRSs that have been issued, but yet to be effective (continued)

- (b) The Group and the Company plan to adopt the above applicable amendments to MFRSs when they become effective. A brief discussion on the above significant amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)****2.3 Amendments to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group and the Company plan to adopt the above applicable amendments to MFRSs when they become effective. A brief discussion on the above significant amendments to MFRSs that may be applicable to the Group and the Company are summarised below. (continued)

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangements – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

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

Amendments to MFRS 121 respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.

Applying the Amendments, entities will be applying a consistent approach in determining if a currency can be exchanged into another currency. These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

(a) Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group.

(b) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

(c) Associates

Investment in associates is accounted for in the consolidated financial statements of the Group using the equity method.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

(a) Financial assets

Financial assets measured at amortised cost

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

(b) Financial liabilities

Financial liabilities measured at amortised cost

The Group and the Company subsequently measure other financial liabilities at amortised cost under the effective interest method. Interest expenses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****3.4 Property, plant and equipment**

Property, plant and equipment other than leasehold lands and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold lands and buildings are measured using revaluation model, based on valuations by external independent valuers, less accumulated depreciation on leasehold lands and buildings and any accumulated impairment losses recognised after the date of revaluation. The Group and the Company revalue its leasehold lands and buildings every three or five years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (%)
Leasehold buildings	1% - 10%
Renovation	10%
Plant and machinery	5% - 33%
Office equipment, furniture and fittings and motor vehicles	10% - 20%

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Leases

(a) Lessee accounting

The Group and the Company present right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 13.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets other than leasehold lands that measures using revaluation model are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right of- use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(b) Lessor accounting

Rental income from sublease properties which recognise as other income.

When the Group and the Company are the intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.5(a), then it classifies the sub-lease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****3.6 Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a standard costing basis.

3.7 Revenue and other income**(a) Sale of goods – manufacturing**

The Group manufactures and sells a range of biscuit and cake products to local and foreign customers. Revenue from sale of manufactured goods is recognised at a point in time when control of the goods has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term ranging from 7 days to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present.

Revenue is recognised based on the price specified in the contract, net of the volume rebate and returns where applicable.

The Group's customary business practice is to allow a customer to return any defected and expired products and receive a full refund.

(b) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

(c) Interest income

Interest income is recognised using the effective interest rate method.

3.8 Deferred tax

When leasehold lands and buildings are carried at fair value in accordance with the material accounting policy information as disclosed in Note 3.4, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Inventories

The costs of inventories comprise the cost of raw materials, direct labour, conversion costs such as variable and fixed overheads. The cost allocation to the work-in-progress and finished goods involves multiple inputs which comprise the cost of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads are based on normal operating capacity.

Reviews are made periodically on inventories for cost allocation, obsolete and decline in net realisable value. These reviews require the use of judgement and estimate. Possible changes in these estimates may result in revision to the valuation of inventories.

The carrying amount of the Group's and the Company's inventories are disclosed in Note 8.

(b) Trade receivables

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history and forward-looking estimates at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit losses ("ECL") for trade receivables. The provision rates are depending on the number of days that a trade receivable is past due.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)****(b) Trade receivables (continued)**

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of trade receivables. 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.

The information about the impairment losses on the Group's and the Company's trade receivables are disclosed in Note 26(b)(i).

(c) Funding requirements and ability to meet short term obligations

The Group and the Company apply judgement in determining the funding requirements and its ability to meet short term obligations. The Group and the Company consider the facts and circumstances and make assumptions about the future, including the cash flows to be generated from the operations of the Group and the Company and the available financing facilities.

The details of funding requirements and ability to meet short term obligations are disclosed in Note 26(b)(ii).

(d) Investment in subsidiaries

The Company assesses impairment of the investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of the investment in subsidiaries may not be recoverable i.e. the carrying amount of the investment in subsidiaries is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for the investment in subsidiaries and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from the subsidiaries discounted at an appropriate discount rate. The Company uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Company's financial positions and results if the actual cash flows are less than the expected.

The carrying amount of the investment in subsidiaries are disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2023	Buildings RM	Hostel RM	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Capital work-in- progress RM	Note (a) Right-of-use assets RM	Total RM
Cost/Valuation									
At 1 January 2023	13,821,746	606,624	42,642,040	4,011,050	821,507	1,630,785	8,191,912	2,771,354	74,497,018
Additions	-	-	360,567	17,003	-	-	5,173	8,848	391,591
Derecognition	-	-	-	-	-	-	(8,950)	(26,329)	(35,279)
Adjustment on revaluation	4,779,820	-	(117,290)	(30,125)	-	-	-	9,893,710	14,673,530
Disposals	-	-	-	(6,103)	-	-	-	-	(147,415)
Written off	-	-	-	-	-	-	-	-	(6,103)
Reclassification	-	-	1,412,489	-	-	-	(1,412,489)	-	-
At 31 December 2023	18,601,566	606,624	44,297,806	3,991,825	821,507	1,630,785	6,775,646	12,647,583	89,373,342
Accumulated depreciation and impairment loss									
At 1 January 2023	8,241,302	87,589	35,896,896	3,538,730	731,578	1,101,205	-	1,502,185	51,099,485
Accumulated depreciation	-	79,527	-	-	-	-	-	-	79,527
Accumulated impairment loss	8,241,302	167,116	35,896,896	3,538,730	731,578	1,101,205	-	1,502,185	51,179,012
Depreciation for the financial year	1,218,300	5,168	1,177,191	126,934	21,943	96,003	-	919,128	3,564,667
Derecognition	-	-	-	-	-	-	-	(26,329)	(26,329)
Adjustment on revaluation	(7,995,605)	-	-	-	-	-	-	(935,706)	(8,931,311)
Disposals	-	-	(106,955)	(30,125)	-	-	-	-	(137,080)
Written off	-	-	-	(4,225)	-	-	-	-	(4,225)
Accumulated depreciation	1,463,997	92,757	36,967,132	3,631,314	753,521	1,197,208	-	1,459,278	45,565,207
Accumulated impairment loss	-	79,527	-	-	-	-	-	-	79,527
At 31 December 2023	1,463,997	172,284	36,967,132	3,631,314	753,521	1,197,208	-	1,459,278	45,644,734
Carrying amount									
At cost	-	434,340	7,330,674	360,511	67,986	433,577	6,775,646	230,398	15,633,132
At valuation	17,137,569	-	-	-	-	-	-	10,957,907	28,095,476
	17,137,569	434,340	7,330,674	360,511	67,986	433,577	6,775,646	11,188,305	43,728,608

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2022	Buildings RM	Hostel RM	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Capital work-in- progress RM	Note (a) Right-of-use assets RM	Total RM
Cost									
At 1 January 2022	12,947,815	606,624	41,279,138	3,904,495	818,216	1,564,785	7,161,672	2,816,101	71,098,846
Additions	699,279	-	2,198,859	104,821	3,291	66,000	1,421,439	-	4,493,689
Derecognition	-	-	-	-	-	-	-	(44,747)	(44,747)
Disposals	(1,350)	-	(1,036,249)	(13,171)	-	-	-	-	(1,050,770)
Reclassification	176,002	-	200,292	14,905	-	-	(391,199)	-	-
At 31 December 2022	13,821,746	606,624	42,642,040	4,011,050	821,507	1,630,785	8,191,912	2,771,354	74,497,018
Accumulated depreciation and impairment loss									
At 1 January 2022	7,574,495	82,421	35,406,854	3,413,299	711,188	997,252	-	1,198,727	49,384,236
Accumulated depreciation	-	79,527	-	-	-	-	-	-	79,527
Accumulated impairment loss	7,574,495	161,948	35,406,854	3,413,299	711,188	997,252	-	1,198,727	49,463,763
Depreciation for the financial year	667,685	5,168	1,465,644	137,957	20,390	103,953	-	348,205	2,749,002
Derecognition	-	-	-	-	-	-	-	(44,747)	(44,747)
Disposals	(878)	-	(975,602)	(12,526)	-	-	-	-	(989,006)
Accumulated depreciation	8,241,302	87,589	35,896,896	3,538,730	731,578	1,101,205	-	1,502,185	51,099,485
Accumulated impairment loss	-	79,527	-	-	-	-	-	-	79,527
At 31 December 2022	8,241,302	167,116	35,896,896	3,538,730	731,578	1,101,205	-	1,502,185	51,179,012
Carrying amount									
At cost	5,580,444	439,508	6,745,144	472,320	89,929	529,580	8,191,912	1,269,169	23,318,006
At 31 December 2022	5,580,444	439,508	6,745,144	472,320	89,929	529,580	8,191,912	1,269,169	23,318,006

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2023	Buildings RM	Hostel RM	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Capital work-in- progress RM	Note (a) Right-of-use assets RM	Total RM
Cost/Valuation									
At 1 January 2023	12,321,604	606,624	38,869,833	3,520,752	719,535	1,265,607	8,191,912	1,911,524	67,407,391
Additions	-	-	184,684	17,003	-	-	5,173	8,848	215,708
Derecognition	-	-	-	-	-	-	(8,950)	(26,329)	(35,279)
Adjustment on revaluation	572,276	-	-	-	-	-	-	1,914,540	2,486,816
Disposals	-	-	(117,290)	(30,125)	-	-	-	-	(147,415)
Written off	-	-	-	(6,103)	-	-	-	-	(6,103)
Reclassification	-	-	1,412,489	-	-	-	(1,412,489)	-	-
At 31 December 2023	12,893,880	606,624	40,349,716	3,501,527	719,535	1,265,607	6,775,646	3,808,583	69,921,118
Accumulated depreciation and impairment loss									
At 1 January 2023									
Accumulated depreciation	7,129,103	87,589	33,008,351	3,088,696	642,014	798,177	-	969,971	45,723,901
Accumulated impairment loss	-	79,527	-	-	-	-	-	-	79,527
	7,129,103	167,116	33,008,351	3,088,696	642,014	798,177	-	969,971	45,803,428
Depreciation for the financial year	884,918	5,168	1,042,883	117,828	20,109	89,403	-	471,168	2,631,477
Derecognition	-	-	-	-	-	-	-	(26,329)	(26,329)
Adjustment on revaluation	(6,882,672)	-	-	-	-	-	-	(402,107)	(7,284,779)
Disposals	-	-	(106,955)	(30,125)	-	-	-	-	(137,080)
Written off	-	-	-	(4,225)	-	-	-	-	(4,225)
	1,131,349	92,757	33,944,279	3,172,174	662,123	887,580	-	1,012,703	40,902,965
Accumulated depreciation	-	79,527	-	-	-	-	-	-	79,527
Accumulated impairment loss	-	-	-	-	-	-	-	-	-
At 31 December 2023	1,131,349	172,284	33,944,279	3,172,174	662,123	887,580	-	1,012,703	40,982,492
Carrying amount									
At cost	-	434,340	6,405,437	329,353	57,412	378,027	6,775,646	230,398	14,610,613
At valuation	11,762,531	-	-	-	-	-	-	2,565,482	14,328,013
At 31 December 2023	11,762,531	434,340	6,405,437	329,353	57,412	378,027	6,775,646	2,795,880	28,938,626

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2022	Buildings RM	Hostel RM	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Capital work-in- progress RM	Note (a) Right-of-use assets RM	Total RM
Cost									
At 1 January 2022	11,535,478	606,624	37,848,624	3,421,340	716,246	1,265,607	6,975,847	1,956,271	64,326,037
Additions	611,474	-	2,042,991	97,678	3,289	-	1,421,439	-	4,176,871
Derecognition	-	-	-	-	-	-	-	(44,747)	(44,747)
Disposals	(1,350)	-	(1,036,249)	(13,171)	-	-	-	-	(1,050,770)
Reclassification	176,002	-	14,467	14,905	-	-	(205,374)	-	-
At 31 December 2022	12,321,604	606,624	38,869,833	3,520,752	719,535	1,265,607	8,191,912	1,911,524	67,407,391
Accumulated depreciation and impairment loss									
At 1 January 2022									
Accumulated depreciation	6,485,047	82,421	32,643,988	2,974,761	621,937	698,074	-	683,150	44,189,378
Accumulated impairment loss	-	79,527	-	-	-	-	-	-	79,527
At 31 December 2022	6,485,047	161,948	32,643,988	2,974,761	621,937	698,074	-	683,150	44,268,905
Depreciation for the financial year	644,934	5,168	1,339,965	126,461	20,077	100,103	-	331,568	2,568,276
Derecognition	-	-	-	-	-	-	-	(44,747)	(44,747)
Disposals	(878)	-	(975,602)	(12,526)	-	-	-	-	(989,006)
At 31 December 2022	7,129,103	87,589	33,008,351	3,088,696	642,014	798,177	-	969,971	45,723,901
Accumulated depreciation	-	79,527	-	-	-	-	-	-	79,527
At 31 December 2022	7,129,103	167,116	33,008,351	3,088,696	642,014	798,177	-	969,971	45,803,428
Carrying amount									
At cost	5,192,501	439,508	5,861,482	432,056	77,521	467,430	8,191,912	941,553	21,603,963
At 31 December 2022	5,192,501	439,508	5,861,482	432,056	77,521	467,430	8,191,912	941,553	21,603,963

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

(a) The Group's right-of-use assets consist of:

Group	Leasehold lands RM	Buildings RM	Warehouse RM	Total RM
Cost/Valuation				
At 1 January 2022	1,698,290	648,246	469,565	2,816,101
Derecognition	–	(44,747)	–	(44,747)
At 31 December 2022	1,698,290	603,499	469,565	2,771,354
Additions	–	8,848	–	8,848
Derecognition	–	(26,329)	–	(26,329)
Adjustment on revaluation	9,893,710	–	–	9,893,710
At 31 December 2023	11,592,000	586,018	469,565	12,647,583
Accumulated depreciation				
At 1 January 2022	888,653	257,900	52,174	1,198,727
Depreciation for the financial year	43,434	148,250	156,521	348,205
Derecognition	–	(44,747)	–	(44,747)
At 31 December 2022	932,087	361,403	208,695	1,502,185
Depreciation for the financial year	637,712	124,894	156,522	919,128
Derecognition	–	(26,329)	–	(26,329)
Adjustment on revaluation	(935,706)	–	–	(935,706)
At 31 December 2023	634,093	459,968	365,217	1,459,278
Carrying amount				
At cost	766,203	242,096	260,870	1,269,169
At 31 December 2022	766,203	242,096	260,870	1,269,169
Carrying amount				
At cost	–	126,050	104,348	230,398
At valuation	10,957,907	–	–	10,957,907
At 31 December 2023	10,957,907	126,050	104,348	11,188,305

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The Company's right-of-use assets consist of: (continued)

Company	Leasehold lands RM	Buildings RM	Warehouse RM	Total RM
Cost/Valuation				
At 1 January 2022	838,460	648,246	469,565	1,956,271
Derecognition	–	(44,747)	–	(44,747)
At 31 December 2022	838,460	603,499	469,565	1,911,524
Additions	–	8,848	–	8,848
Derecognition	–	(26,329)	–	(26,329)
Adjustment on revaluation	1,914,540	–	–	1,914,540
At 31 December 2023	2,753,000	586,018	469,565	3,808,583
Accumulated depreciation				
At 1 January 2022	373,076	257,900	52,174	683,150
Depreciation for the financial year	26,797	148,250	156,521	331,568
Derecognition	–	(44,747)	–	(44,747)
At 31 December 2022	399,873	361,403	208,695	969,971
Depreciation for the financial year	189,752	124,894	156,522	471,168
Derecognition	–	(26,329)	–	(26,329)
Adjustment on revaluation	(402,107)	–	–	(402,107)
At 31 December 2023	187,518	459,968	365,217	1,012,703
Carrying amount				
At cost	438,587	242,096	260,870	941,553
At 31 December 2022	438,587	242,096	260,870	941,553
Carrying amount				
At cost	–	126,050	104,348	230,398
At valuation	2,565,482	–	–	2,565,482
At 31 December 2023	2,565,482	126,050	104,348	2,795,880

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

- (b) The Group and the Company lease lands, buildings and warehouse for their office space, operation site and staff accommodation. The leases for lands, office space, operation site and staff accommodation have remaining lease term between 1 to 74 years (2022: 1 to 75 years).
- (c) The Group and the Company also have lease for motor vehicles, plant and machinery and office equipment with remaining lease term between 1 to 5 years (2022: 1 to 5 years) and pledged as security for the related lease liabilities as disclosed in Note 13(b).
- (d) Revaluation of leasehold lands and buildings

The Group and the Company have changed its accounting policy for leasehold lands and buildings from cost model to revaluation model in current financial year.

Level 2 fair values of leasehold lands and buildings were revalued on 31 January 2023 and 24 February 2023 using the sales comparison approach based on the valuation performed by independent firms of professional valuers. Sales prices of comparable leasehold lands and buildings in close proximity are adjusted for differences in key attributes such as property size.

Had the revalued leasehold lands and buildings and right-of-use assets been carried at historical cost less accumulated depreciation, the net carrying amount of the leasehold lands and buildings and right-of-use assets that would have been included in the financial statements of the Group are as follows:

	Group 2023 RM	Company 2023 RM
Buildings	4,910,316	4,545,124
Right-of-use assets:		
- Leasehold land	720,045	409,065

6. INVESTMENT IN SUBSIDIARIES

	2023 RM	Company 2022 RM
Unquoted shares - at cost	12,764,671	12,764,671
Less: Accumulated impairment losses	(5,827,669)	(5,827,669)
	6,937,002	6,937,002

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**6. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Details of the subsidiaries which have principal place of business and are all incorporated in Malaysia are as follows:

Name of companies	Ownership interest		Principal activities
	2023 %	2022 %	
Epro Industries Sdn. Bhd.	100	100	Property holding
Suria Merah Manufactory (Segamat) Sdn. Bhd.	100	100	Property holding
Hwa Tai Food Industries (Sabah) Sdn. Bhd.	100	100	Biscuit manufacturer
Hwa Tai Wholesale Sdn. Bhd.	100	100	Trading
Hwa Tai Manufacturing Sdn. Bhd.	100	100	Dormant
Acetai Corporation Sdn. Bhd.	90	90	Trading
Hwa Tai Import Sdn. Bhd.	100	100	Dormant
Hwa Tai (Sarawak) Sdn. Bhd.	100	100	Dormant
Hwa Tai Distribution Sdn. Bhd.	100	100	Trading
Hwa Tai Services Sdn. Bhd.	100	100	Dormant
Absolute Focus Sdn. Bhd.	100	100	Dormant
Absolute Palmers Food Sdn. Bhd.	100	100	Trading
Held through Acetai Corporation Sdn. Bhd.			
Anika Bebas Sdn. Bhd.	100	100	Dormant
Esprit Classic Sdn. Bhd.	100	100	Dormant

The financial information of the Company's subsidiary with non-controlling interest is not disclosed as the non-controlling interest is not material.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**7. INVESTMENT IN AN ASSOCIATE**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unquoted shares - at cost	1,791,457	1,791,457	1,791,457	1,791,457
Share of post-acquisition losses	(1,791,457)	(1,791,457)	-	-
	-	-	1,791,457	1,791,457
Less: Accumulated impairment losses	-	-	(1,791,457)	(1,791,457)
	-	-	-	-

Details of the associate which has principal place of business and is incorporated in the People's Republic of China are as follows:

Name of company	Issued share capital Chinese Renminbi (RMB)	Ownership interest		Nature of the relationship
		2023 %	2022 %	
Shan Dong Yingerle Hwa Tai Food Industry Co. Ltd.*	10,500,000	48	48	Dealers, importers and exporters of biscuit, cake and baby products. The activities contribute to the Group's manufacturing segment.

* Audited by auditor other than Messrs Baker Tilly Monteiro Heng PLT.

The Group has not recognised its share of losses of Shan Dong Yingerle Hwa Tai Food Industry Co. Ltd. amounting to RM198,059/- (2022: RM269,644/-) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM1,126,900/- (2022: RM928,841/-).

8. INVENTORIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Raw materials	2,909,251	3,022,642	2,199,268	2,354,465
Packing materials	3,647,622	4,470,115	2,875,882	3,526,194
Work-in-progress	428,805	449,877	266,370	330,183
Finished goods	4,244,333	4,576,047	3,755,917	3,739,206
Consumables and spare parts	198,156	250,388	150,570	178,855
	11,428,167	12,769,069	9,248,007	10,128,903

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

8. INVENTORIES (CONTINUED)

The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year was RM45,922,812/- (2022: RM43,956,619/-) and RM37,430,453/- (2022: RM37,071,202/-) respectively. In addition, the expense and income recognised in profit or loss included the following:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Inventories written down	50,641	91,566	50,641	91,566
Reversal of inventories written down	(15,903)	(25,405)	(15,903)	(10,490)

9. TRADE AND OTHER RECEIVABLES

	Note	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Current Trade					
Trade receivables	(a)	35,205,555	31,058,528	28,714,752	24,586,048
Amount owing by subsidiaries		-	-	15,832,696	15,806,886
		35,205,555	31,058,528	44,547,448	40,392,934
Less: Impairment losses	(b)				
- Trade receivables		(3,335,585)	(3,227,404)	(3,161,239)	(3,071,364)
- Amount owing by subsidiaries		-	-	(15,772,924)	(15,772,924)
		(3,335,585)	(3,227,404)	(18,934,163)	(18,844,288)
Trade receivables, net		31,869,970	27,831,124	25,613,285	21,548,646
Non-trade					
Other receivables		125,246	86,148	67,321	28,226
Amount owing by subsidiaries	(c)	-	-	428,873	388,123
Deposits	(d)	837,310	839,546	829,660	831,896
		962,556	925,694	1,325,854	1,248,245
Less: Impairment losses	(b)				
- Other receivables		(57,789)	(57,789)	-	-
- Amount owing by subsidiaries		-	-	(142,019)	(142,019)
		(57,789)	(57,789)	(142,019)	(142,019)
Other receivables, net		904,767	867,905	1,183,835	1,106,226
Total trade and other receivables		32,774,737	28,699,029	26,797,120	22,654,872

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**9. TRADE AND OTHER RECEIVABLES (CONTINUED)**

- (a) Trade receivables are non-interest bearing and are generally on 7 to 90 days (2022: 7 to 90 days) terms. They are recognised on their original invoice amount which represents their fair values on initial recognition.
- (b) The movement in the impairment losses of trade and other receivables are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
At 1 January	3,227,404	3,326,344	18,844,288	18,912,827
Charge for the financial year	114,144	123,496	89,875	123,496
Reversal of impairment losses	(5,963)	(222,436)	–	(192,035)
At 31 December	3,335,585	3,227,404	18,934,163	18,844,288
Other receivables				
At 1 January/31 December	57,789	57,789	142,019	142,019

Included in trade receivables of the Group are amounts totalling of RM 14,269,244/- (2022: RM12,244,947/-) due from 2 (2022: 2) of its receivables.

- (c) Amount owing by subsidiaries is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.
- (d) Included in deposits of the Group and of the Company are amount totalling of RM610,660/- (2022: RM610,660/-) placed for purchase of machineries as disclosed in Note 24.
- (e) The foreign currency exposure profile of trade and other receivables are as follows:

	Group and Company	
	2023 RM	2022 RM
USD	1,611,134	1,281,845

The information about the credit exposures are disclosed in Note 26(b)(i).

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**10. CASH, BANK BALANCES AND SHORT-TERM DEPOSITS**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	2,607,339	1,579,836	1,733,826	821,947
Deposits with licensed banks	5,000,000	4,500,000	5,000,000	4,500,000
	7,607,339	6,079,836	6,733,826	5,321,947
Less: Bank overdrafts	(4,023,193)	(4,634,067)	(3,607,174)	(4,150,636)
Cash and cash equivalents	3,584,146	1,445,769	3,126,652	1,171,311

The foreign currency exposure profile of cash and bank balances are as follows:

	Group and Company	
	2023 RM	2022 RM
USD	1,937	13,193
Others	8,852	10,831

The deposits with licensed banks of the Group and of the Company earn interest at rates ranging from 2.10% to 3.75% (2022: 1.65% to 2.60%) per annum. Deposits of the Group and of the Company have maturity period ranging from 3 to 35 days (2022: 7 to 63 days).

11. SHARE CAPITAL

	Group and Company		Amounts	
	2023 Unit	2022 Unit	2023 RM	2022 RM
Issued and fully paid up (no par value):				
At 1 January/31 December	74,833,270	74,833,270	29,933,308	29,933,308

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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**12. REVALUATION RESERVES**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	-	-	-	-
Surplus arising from revaluation of leasehold lands and buildings	17,939,680	-	7,426,412	-
At 31 December	17,939,680	-	7,426,412	-

The revaluation reserves represent the surplus arising from revaluation of leasehold lands and buildings. The amount presented is net of deferred tax liabilities.

13. LOANS AND BORROWINGS

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Non-current					
Lease liabilities		2,357	252,290	2,357	252,290
Hire purchase payables		1,725,813	2,360,924	1,594,858	2,282,200
		1,728,170	2,613,214	1,597,215	2,534,490
Current					
Lease liabilities		256,710	291,587	256,710	291,587
Hire purchase payables		915,143	851,670	839,329	788,774
Bankers' acceptances		23,194,647	20,656,395	21,700,000	19,505,000
Bank overdrafts		4,023,193	4,634,067	3,607,174	4,150,636
		28,389,693	26,433,719	26,403,213	24,735,997
Total loans and borrowings					
Lease liabilities	(a)	259,067	543,877	259,067	543,877
Hire purchase payables	(b)	2,640,956	3,212,594	2,434,187	3,070,974
Bankers' acceptances	(c)	23,194,647	20,656,395	21,700,000	19,505,000
Bank overdrafts	(d)	4,023,193	4,634,067	3,607,174	4,150,636
		30,117,863	29,046,933	28,000,428	27,270,487

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**13. LOANS AND BORROWINGS (CONTINUED)****(a) Lease liabilities**

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group and Company	
	2023	2022
	RM	RM
Minimum lease payments		
- Within one year	264,800	321,600
- Later than one year but not later than two years	2,400	260,000
	267,200	581,600
Less: Future finance charges	(8,133)	(37,723)
	259,067	543,877

	Group and Company	
	2023	2022
	RM	RM
Represented by:		
Non-current		
- Later than one year but not later than two years	2,357	252,290
Current		
- On demand and within one year	256,710	291,587
	259,067	543,877

(b) Hire purchase payables

Hire purchase payables of the Group of RM2,640,956/- (2022: RM3,212,593/-) bear interest ranging from 3% to 3.75% (2022: 3% to 3.8%) per annum and are secured by the Group's motor vehicles and plant and machinery under hire purchase arrangements as disclosed in Note 5(c).

13. LOANS AND BORROWINGS (CONTINUED)**(c) Bankers' acceptances**

Bankers' acceptances of the Group bear interest at rates ranging from 3.75% to 8.02% (2022: 3.53% to 7.19%) per annum.

Banker acceptance of a subsidiary of RM1,494,647 (2022: RM1,151,396) is secured and supported by corporate guarantee of the Company.

(d) Bank overdrafts

Bank overdrafts of the Group bear interest at rates ranging from 7.81% to 9.20% (2022: 6.81% to 8.95%) per annum.

Bank overdraft of a subsidiary of RM416,019 (2022: RM483,431) is secured and supported by corporate guarantee of the Company.

14. DEFERRED TAX LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	–	–	–	–
Deferred tax relating to revaluation of leasehold lands and buildings	5,665,161	–	2,345,183	–
At 31 December	5,665,161	–	2,345,183	–

This is in respect of estimated deferred tax liabilities arising from temporary differences as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax liabilities				
Surplus arising from revaluation of leasehold lands and buildings	5,665,161	–	2,345,183	–

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

14. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Provisions	4,053,835	4,226,324	19,948,669	20,121,158
Others	37,703	12,169	37,703	12,169
Right-of-use assets	28,669	40,911	28,669	40,911
Unabsorbed capital allowances	7,097,082	6,722,922	6,816,569	6,522,328
Unused tax losses	26,386,539	23,594,743	6,246,943	3,420,333
	37,603,828	34,597,069	33,078,553	30,116,899
Potential deferred tax assets not recognised at 24%	9,024,919	8,303,297	7,938,853	7,228,056

The unused tax losses are available for offset against future taxable profits of the Group and the Company up to the following financial years:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
2028	20,126,872	20,166,019	–	–
2029	888	888	–	–
2030	7,503	7,503	–	–
2031	341,031	341,031	341,031	341,031
2032	3,083,635	3,079,302	3,079,302	3,079,302
2033	2,826,610	–	2,826,610	–
	26,386,539	23,594,743	6,246,943	3,420,333

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

15. TRADE AND OTHER PAYABLES

	Note	2023 RM	Group 2022 RM	2023 RM	Company 2022 RM
Non-current Non-trade					
Amount owing to a director	(a)	8,000,000	2,000,000	8,000,000	2,000,000
Current Trade	(b)				
Third parties		15,723,570	15,670,900	10,202,893	9,976,074
Amount owing to subsidiaries		–	–	344,051	372,508
		15,723,570	15,670,900	10,546,944	10,348,582
Non-trade					
Accrued operating expenses		4,904,853	4,269,354	4,084,091	3,305,260
Other payables		691,081	978,662	590,434	837,726
GST and sales tax payable		819,993	737,577	690,805	634,548
Refundable deposits		15,800	95,211	15,800	95,211
Amount owing to subsidiaries	(c)	–	–	592,446	550,489
		6,431,727	6,080,804	5,973,576	5,423,234
Total trade and other payables (current)		22,155,297	21,751,704	16,520,520	15,771,816
Total trade and other payables (non-current and current)		30,155,297	23,751,704	24,520,520	17,771,816

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**15. TRADE AND OTHER PAYABLES (CONTINUED)**

- (a) The amount owing to a director is unsecured, non-interest bearing and repayable beyond 15 months of the end of the financial year or thereafter upon mutual agreement and is expected to be settled in cash.
- (b) Trade payables are non-interest bearing and are normally granted on 7 to 90 days (2022: 7 to 90 days) terms.
- (c) Amount owing to subsidiaries is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash, except for amount owing to one of the subsidiaries represent advance from the subsidiary which is unsecured, subject to interest at rates ranging from 8.42% to 8.67% (2022: 7.42% to 8.42%) per annum and is expected to be settled in cash.
- (d) The foreign currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
USD	207,993	161,090	207,993	159,536

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 26(b)(ii).

16. CONTRACT LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Rebate liabilities	4,224,343	3,572,322	4,163,902	3,219,643

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**17. REVENUE**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Sales of goods	80,682,494	76,255,581	65,874,137	63,364,454
Timing of revenue recognition:				
At a point in time	80,682,494	76,255,581	65,874,137	63,364,454

18. COST OF SALES

Cost of sales represents the production costs, direct material, labour costs and related overheads as well as the costs of inventories sold.

19. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expenses on:				
- bank overdrafts	236,611	166,288	199,583	160,898
- lease liabilities	30,343	52,374	30,343	52,374
- hire purchase payables	177,367	154,690	167,218	142,584
- bankers' acceptances	1,362,343	964,304	1,291,797	904,484
- others	-	-	29,664	1,846
	1,806,664	1,337,656	1,718,605	1,262,186

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

20. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax:

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
After charging:					
Auditors' remuneration - statutory audit:					
- Baker Tilly Monteiro					
Heng PLT		166,500	160,600	117,300	114,500
Other services					
- Baker Tilly Monteiro					
Heng PLT		5,300	5,000	5,300	5,000
- Member firms of Baker					
Tilly International		33,650	28,900	17,150	12,900
Depreciation of property, plant and equipment		3,564,667	2,749,002	2,631,477	2,568,276
Directors' remuneration:	(a)				
- Directors of the Company					
- fees		90,000	120,000	90,000	120,000
- other emoluments		1,666,695	1,706,539	1,666,695	1,706,539
- Director of the subsidiary					
- other emoluments		119,050	117,650	-	-
Expense relating to lease of low value assets		22,028	23,112	5,300	5,160
Expense relating to short-term lease		83,280	63,320	65,280	45,320
Impairment loss on trade receivables		114,144	123,496	89,875	123,496
Inventories written down		50,641	91,566	50,641	91,566
Loss on disposal of property, plant and equipment		1,102	-	1,102	-
Loss on foreign exchange:					
- realised		83,782	11,440	83,782	6,422
- unrealised		25,536	12,168	25,536	12,168
Property, plant and equipment written off		1,878	-	1,878	-
Staff costs:					
- salaries, wages and allowances		12,642,250	12,198,788	10,291,656	10,066,812
- bonus		730,792	912,740	553,009	798,514
- defined contribution plans		1,130,328	1,188,594	845,904	932,785
- SOCSO		158,797	155,044	120,478	120,624
- other staff related expenses		704,566	643,575	629,392	531,934

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**20. LOSS BEFORE TAX (CONTINUED)**

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax: (continued)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
And crediting:				
Bad debts recovered	3,376	–	–	–
Gain on disposal of property, plant and equipment	–	2,569	–	2,569
Income from subleasing right-of-use assets	7,210	7,200	26,410	26,400
Interest income	140,567	96,604	140,567	96,604
Reversal of impairment loss on:				
- trade receivables	5,963	222,436	–	92,035
- amount owing by subsidiaries (trade)	–	–	–	100,000
Reversal of inventories written down	15,903	25,405	15,903	10,490

(a) Directors' remuneration

Details of directors' remuneration including the estimated monetary value of benefits-in-kind are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company				
Executive directors:				
- Fees	20,000	20,000	20,000	20,000
- Other emoluments	1,586,695	1,586,539	1,586,695	1,586,539
	1,606,695	1,606,539	1,606,695	1,606,539
Non-executive directors:				
- Fees	70,000	100,000	70,000	100,000
- Other emoluments	80,000	120,000	80,000	120,000
	150,000	220,000	150,000	220,000
	1,756,695	1,826,539	1,756,695	1,826,539
Director of the subsidiary				
Non-executive directors:				
- Other emoluments	119,050	117,650	–	–
Grand total				
- Fees	90,000	120,000	90,000	120,000
- Other emoluments	1,785,745	1,824,189	1,666,695	1,706,539
	1,875,745	1,944,189	1,756,695	1,826,539

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

20. LOSS BEFORE TAX (CONTINUED)

(a) Directors' remuneration (continued)

The number of directors of the Company whose total remuneration fall within the respective ranges are as follows:

	← Number of Directors →			
	2023	Non-Executive Director	2022	2022
	Executive Director	Executive Director	Executive Director	Executive Director
Ranges of remuneration:				
RM0 - RM50,000	-	3	-	3
RM50,001 - RM100,000	-	1	-	-
RM100,001 - RM150,000	-	-	-	1
RM1,600,001 - RM1,650,000	1	-	1	-
	1	4	1	4

(b) Key management personnel

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' remunerations	1,875,745	1,944,189	1,756,695	1,826,539
Other key management personnel				
- salaries, bonus and other emoluments	2,793,360	3,138,780	2,376,086	2,752,985
- defined contribution plan	370,926	377,406	312,647	334,849
	5,040,031	5,460,375	4,445,428	4,914,373

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**21. TAX (EXPENSE)/CREDIT**

The major components of income tax expense for the financial years ended 31 December 2023 and 31 December 2022 are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	-	-	-	-
- Adjustment in respect of prior year	(443)	30,000	-	30,000
Income tax (expenses)/credit recognised in profit or loss	(443)	30,000	-	30,000

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

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax credit are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss before tax	(7,102,578)	(5,863,995)	(6,270,908)	(5,770,964)
Tax at Malaysian statutory income tax rate of 24% (2022:24%)	1,704,618	1,407,358	1,505,018	1,385,031
Adjustments:				
- Income not subject to tax	324	23,018	-	-
- Non-deductible expenses	(983,320)	(695,568)	(794,221)	(655,703)
- Deferred tax asset not recognised	(722,880)	(734,808)	(710,797)	(729,328)
- Utilisation of previously unrecognised deferred tax asset	1,258	-	-	-
- Adjustment in respect prior years income tax	(443)	30,000	-	30,000
Income tax (charge)/credit for the financial year	(443)	30,000	-	30,000

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**22. LOSS PER ORDINARY SHARE****(a) Basic loss per ordinary share**

Basic loss per ordinary share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	2023	Group	2022
Loss attributable to owners of the Company (RM)	(7,101,888)		(5,842,268)
Number of ordinary shares in issue (units)	74,833,270		74,833,270
Basic loss per ordinary share (sen)	(9.49)		(7.81)

(b) Diluted loss per ordinary share

The Group has no potential dilutive of ordinary shares. As such, there is no dilution effect on the loss per ordinary share of the Group.

23. RELATED PARTIES**(a) Identity of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Associate;
- (iii) Entities in which directors have substantial financial interests; and
- (iv) Key management personnel of the Group and of the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

23. RELATED PARTIES (CONTINUED)**(b) Significant related party transactions**

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<i>Transactions with subsidiaries</i>				
Sales to subsidiaries				
- Hwa Tai Distribution Sdn. Bhd.	-	-	14,083,049	12,870,266
- Hwa Tai Wholesale Sdn. Bhd.	-	-	110,836	59,542
Commission fees paid to subsidiary				
- Hwa Tai Food Industries (Sabah) Sdn. Bhd.	-	-	(257,617)	(176,357)
Interest paid to subsidiary				
- Hwa Tai Food Industries (Sabah) Sdn. Bhd.	-	-	(29,664)	(1,846)
Rental received from subsidiary				
- Hwa Tai Distribution Sdn. Bhd.	-	-	22,800	22,800
<i>Transactions with directors, substantial shareholders and persons connected</i>				
Rental of premises paid to a company in which certain directors are the directors and substantial shareholders	(144,000)	(144,000)	(144,000)	(144,000)
Rental of premises paid to a director and substantial shareholder	(33,600)	(33,600)	(33,600)	(33,600)
Purchase of vehicle from a director and substantial shareholder	-	(66,000)	-	-
Advances from a director	6,000,000	2,000,000	6,000,000	2,000,000
<i>Transactions with a company in which a director has interest</i>				
Legal and consultancy fees paid to a firm in which certain directors are partners	-	(33,600)	-	(4,000)

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**23. RELATED PARTIES (CONTINUED)****(c) Compensation of key management personnel**

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company. The remuneration of the key management personnel are disclosed in Note 20(b).

24. CAPITAL EXPENDITURE COMMITMENTS

	Group and Company	
	2023	2022
	RM	RM
Capital expenditure contracted but not provided for:		
- purchase of property, plant and equipment	57,777	66,970

25. SEGMENTAL INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Director for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follows:

<u>Segments</u>	<u>Products and services</u>
Manufacturing and Trading	Manufacturing and trading of biscuits and cakes

The inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Segment profit

Segment performance is used to measure performance as Group's Chief Executive Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Segment assets and liabilities

The total of segment assets and liabilities is measured based on all assets and liabilities (excluding investment in associate) of a segment, as included in the internal reports that are reviewed by the Group's Chief Executive Director.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

25. SEGMENTAL INFORMATION (CONTINUED)

2023		Manufacturing RM	Trading RM	Others RM	Total RM	Adjustment and elimination RM	Total RM
Revenue							
Revenue from external customer		64,909,535	15,772,959	-	80,682,494	-	80,682,494
Inter - segment revenue	A	14,193,885	-	-	14,193,885	(14,193,885)	-
		79,103,420	15,772,959	-	94,876,379	(14,193,885)	80,682,494
Results :							
Included in the measure of segment (loss)/profit are:							
Bad debts recovered		-	-	3,376	3,376	-	3,376
Depreciation of property, plant and equipment		(3,141,508)	(10,791)	(412,368)	(3,564,667)	-	(3,564,667)
Expense relating to lease of low value assets		(14,660)	(7,368)	-	(22,028)	-	(22,028)
Expense relating to short-term lease		(83,280)	(22,800)	-	(106,080)	22,800	(83,280)
Impairment loss on trade receivables		(89,875)	(24,269)	-	(114,144)	-	(114,144)
Income from subleasing right-of-use assets		30,010	-	-	30,010	(22,800)	7,210
Interest expenses		(1,836,328)	-	-	(1,836,328)	29,664	(1,806,664)
Interest income		170,231	-	-	170,231	(29,664)	140,567
Inventories written down		(50,641)	-	-	(50,641)	-	(50,641)
Loss on disposal of property, plant and equipment		(1,102)	-	-	(1,102)	-	(1,102)
Loss on foreign exchange - realised		(83,782)	-	-	(83,782)	-	(83,782)
- unrealised		(25,536)	-	-	(25,536)	-	(25,536)
Property, plant and equipment written off		(1,878)	-	-	(1,878)	-	(1,878)
Reversal of impairment loss on trade receivables		-	5,963	-	5,963	-	5,963
Reversal of inventories written down		15,903	-	-	15,903	-	15,903
Segment (loss)/profit	B	(6,620,264)	19,440	(501,754)	(7,102,578)	-	(7,102,578)
Income tax expense		(443)	-	-	(443)	-	(443)
(Loss)/Profit for the financial year	B	(6,620,707)	19,440	(501,754)	(7,103,021)	-	(7,103,021)
Other information							
Segment assets	C	94,277,268	4,986,027	6,680,224	105,943,519	(9,096,533)	96,846,986
Segment liabilities	D	64,633,108	7,145,114	19,009,668	90,787,890	(20,625,226)	70,162,664
Segment capital expenditure		391,591	-	-	391,591	-	391,591

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

25. SEGMENTAL INFORMATION (CONTINUED)

2022		Manufacturing RM	Trading RM	Others RM	Total RM	Adjustment and elimination RM	Total RM
Revenue							
Revenue from external customer		61,834,809	14,420,772	-	76,255,581	-	76,255,581
Inter - segment revenue	A	12,929,808	-	-	12,929,808	(12,929,808)	-
		74,764,617	14,420,772	-	89,185,389	(12,929,808)	76,255,581
Results :							
Included in the measure of segment (loss)/profit are:							
Depreciation of property, plant and equipment		(2,715,812)	(8,557)	(24,633)	(2,749,002)	-	(2,749,002)
Expense relating to short-term lease		(63,320)	(22,800)	-	(86,120)	22,800	(63,320)
Expense relating to lease of low value assets		(14,520)	(8,592)	-	(23,112)	-	(23,112)
Gain on disposal of property, plant and equipment		2,569	-	-	2,569	-	2,569
Impairment loss on trade receivables		(123,496)	-	-	(123,496)	-	(123,496)
Interest income		98,450	-	-	98,450	(1,846)	96,604
Income from subleasing right-of-use assets		30,000	-	-	30,000	(22,800)	7,200
Interest expenses		(1,339,502)	-	-	(1,339,502)	1,846	(1,337,656)
Inventories written down		(91,566)	-	-	(91,566)	-	(91,566)
Reversal of inventories written down		25,405	-	-	25,405	-	25,405
Loss on foreign exchange							
- realised		(11,440)	-	-	(11,440)	-	(11,440)
- unrealised		(12,168)	-	-	(12,168)	-	(12,168)
Loss on disposal of property, plant and equipment		-	-	-	-	-	-
Reversal of impairment loss on:							
- trade receivables		92,035	130,401	-	222,436	-	222,436
- amount owing by subsidiaries (trade)		100,000	-	-	100,000	(100,000)	-
Segment (loss)/profit	B	(5,765,458)	101,168	(99,705)	(5,763,995)	(100,000)	(5,863,995)
Income tax credit		30,000	-	-	30,000	-	30,000
(Loss)/Profit for the financial year	B	(5,735,458)	101,168	(99,705)	(5,733,995)	(100,000)	(5,833,995)
Other information							
Segment assets	C	73,103,797	4,597,355	497,076	78,198,228	(5,979,606)	72,218,622
Segment liabilities	D	51,987,940	23,689,381	377,452	76,054,773	(19,683,814)	56,370,959
Segment capital expenditure		4,427,689	66,000	-	4,493,689	-	4,493,689

25. SEGMENTAL INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue, profit or loss and assets are as follows:

A Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

B Reconciliation of profit or loss

	2023 RM	2022 RM
Elimination of inter-segment transactions	–	(100,000)

C Reconciliation of assets

	2023 RM	2022 RM
Investment in subsidiaries	6,937,002	6,937,002
Investment in associate	(2,175,515)	(2,175,515)
Inter-segment assets	4,335,046	1,218,119
	9,096,533	5,979,606

D Reconciliation of liabilities

	2023 RM	2022 RM
Inter-segment liabilities	20,625,226	19,683,814

Geographical information

Revenue from local and international sales amount to RM68,748,322/- (2022: RM RM63,077,724/-) and RM11,934,172/- (2022: RM13,177,857/-) respectively.

Information about major customer

Revenue from 1 (2022: 1) major customer amount to RM28,994,334 (2022: RM24,738,112/-) arising from sales of manufactured biscuits.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	Carrying Amount RM	Amortised cost RM
At 31 December 2023		
Financial assets		
Group		
Trade and other receivables	32,774,737	32,774,737
Cash, bank balances and short-term deposits	7,607,339	7,607,339
	40,382,076	40,382,076
Company		
Trade and other receivables	26,797,120	26,797,120
Cash, bank balances and short-term deposits	6,733,826	6,733,826
	33,530,946	33,530,946
Financial liabilities		
Group		
Trade and other payables [^]	(29,335,304)	(29,335,304)
Loans and borrowings	(29,858,796)	(29,858,796)
	(59,194,100)	(59,194,100)
Company		
Trade and other payables [^]	(23,829,715)	(23,829,715)
Loans and borrowings	(27,741,361)	(27,741,361)
	(51,571,076)	(51,571,076)

[^] Excluded GST payable and sales tax payable

26. FINANCIAL INSTRUMENTS (CONTINUED)**(a) Categories of financial instruments (continued)**

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (continued)

	Carrying Amount RM	Amortised cost RM
At 31 December 2022		
Financial assets		
Group		
Trade and other receivables	28,699,029	28,699,029
Cash, bank balances and short-term deposits	6,079,836	6,079,836
	34,778,865	34,778,865
Company		
Trade and other receivables	22,654,872	22,654,872
Cash, bank balances and short-term deposits	5,321,947	5,321,947
	27,976,819	27,976,819
Financial liabilities		
Group		
Trade and other payables [^]	(23,014,127)	(23,014,127)
Loans and borrowings	(28,503,056)	(28,503,056)
	(51,517,183)	(51,517,183)
Company		
Trade and other payables [^]	(17,137,268)	(17,137,268)
Loans and borrowings	(26,726,610)	(26,726,610)
	(43,863,878)	(43,863,878)

[^] Excluded GST payable and sales tax payable

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management**

The Group's and the Company's activities 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, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

26. FINANCIAL INSTRUMENTS (CONTINUED)**(b) Financial risk management (continued)****(i) Credit risk (continued)****Trade receivables (continued)**Credit risk concentration profile

The information on credit risk concentration is disclosed in Note 9 to the financial statements.

Analysis on trade receivables

The Group and the Company maintain an ageing analysis in respect of trade receivables as follow:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Neither past due nor impaired	22,432,876	19,560,239	19,084,411	16,321,366
Past due 1 - 30 days	4,214,338	3,649,350	2,472,297	2,084,471
Past due 31 - 120 days	3,688,586	3,373,431	3,223,528	2,314,074
Past due more than 120 days	1,534,170	1,248,104	833,049	828,735
	9,437,094	8,270,885	6,528,874	5,227,280
Impaired	3,335,585	3,227,404	18,934,163	18,844,288
	35,205,555	31,058,528	44,547,448	40,392,934

The Group and the Company apply the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit losses provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Other receivables and other financial assets**

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM1,910,666 (2022: RM1,634,827) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 26(b)(ii). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

As at 31 December 2023, the Group's and the Company's current liabilities exceeded its current assets by RM1,650,955 (2022: RM2,857,129) and RM3,447,172 (2022: RM4,675,921) respectively.

26. FINANCIAL INSTRUMENTS (CONTINUED)**(b) Financial risk management (continued)****(ii) Liquidity risk (continued)**

The Group has prepared a cash flow forecast to assess the funding requirement for the next 12 months from the end of financial year and to assess the working capital requirements to meet their obligation as and when they fall due. The Directors are exploring various options, such as raising additional financing from properties which are free from encumbrance and potential divestment of certain assets. In the previous financial year and during the financial year, a director has advanced funds to the Group as additional working capital and the said amount are repayable beyond 15 months after the end of the financial year or thereafter upon mutual agreement.

Maturity analysis

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	← Contractual cash flows →			Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	
Group				
At 31 December 2023				
Financial liabilities				
Trade and other payables [^]	29,335,304	29,335,304	–	29,335,304
Loans and borrowings	30,117,863	28,526,796	1,853,008	30,379,804
	59,453,167	57,862,100	1,853,008	59,715,108
At 31 December 2022				
Financial liabilities				
Trade and other payables [^]	23,014,127	23,014,127	–	23,014,127
Loans and borrowings	29,046,933	28,101,791	2,832,638	30,934,429
	52,061,060	51,115,918	2,832,638	53,948,556

[^] Excluded GST payable and sales tax payables

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(ii) Liquidity risk (continued)****Maturity analysis (continued)**

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows: (continued)

	Contractual cash flows			Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	
Company				
At 31 December 2023				
Financial liabilities				
Trade and other payables	23,829,715	23,829,715	–	23,829,715
Loans and borrowings	28,000,428	26,528,112	1,706,159	28,234,271
Financial guarantee contracts	–	1,910,666	–	1,910,666
	51,830,143	52,268,493	1,706,159	53,974,652
At 31 December 2022				
Financial liabilities				
Trade and other payables	17,137,268	17,137,268	–	17,137,268
Loans and borrowings	27,270,487	26,296,736	2,749,766	29,046,502
Financial guarantee contracts	–	1,634,827	–	1,634,827
	44,407,755	45,068,831	2,749,766	47,818,597

[^] Excluded GST payable and sales tax payables

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales and purchases that are denominated in a foreign currency) and the Group's net investments in foreign associate.

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. The Group and the Company do not hedge their foreign currency exposures. In addition, the Group and the Company also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

26. FINANCIAL INSTRUMENTS (CONTINUED)**(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	USD RM	EUR RM	Total RM
Group			
At 31 December 2023			
Trade and other receivables	1,611,134	–	1,611,134
Cash and bank balances	1,937	–	1,937
Other payables	(207,993)	–	(207,993)
Net exposure	1,405,078	–	1,405,078
At 31 December 2022			
Trade receivables	1,281,845	–	1,281,845
Cash and bank balances	13,193	285	13,478
Other payables	(161,090)	–	(161,090)
Net exposure	1,133,948	285	1,134,233
Company			
At 31 December 2023			
Trade and other receivables	1,611,134	–	1,611,134
Cash and bank balances	1,937	–	1,937
Other payables	(207,993)	–	(207,993)
Net exposure	1,405,078	–	1,405,078
At 31 December 2022			
Trade receivables	1,281,845	–	1,281,845
Cash and bank balances	13,193	285	13,478
Other payables	(159,536)	–	(159,536)
Net exposure	1,135,502	285	1,135,787

The sensitivity analysis for foreign currency risk is not disclosed as the effect on the profit or loss is immaterial if the foreign currency changes against the functional currency by 50 basis point with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iv) Interest rate risk**

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and of the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings with floating interest rates. The Group's and the Company's policy to manage their interest rate risk is to hedge all material floating rate borrowings using interest rate swaps.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and loss for the financial year.

	Change in basis point	Effect on loss for the financial year RM	Effect on equity RM
Group			
At 31 December 2023	+100	206,856	206,856
	-100	(206,856)	(206,856)
At 31 December 2022	+100	192,208	192,208
	-100	(192,208)	(192,208)
Company			
At 31 December 2023	+100	192,335	192,335
	-100	(192,335)	(192,335)
At 31 December 2022	+100	179,783	179,783
	-100	(179,783)	(179,783)

26. FINANCIAL INSTRUMENTS (CONTINUED)**(c) Fair value measurement**

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

There have been no transfers between Level 1 and Level 2 during the financial year (2022: no transfer in either directions).

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount RM	Fair value of financial instruments not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	
Group					
At 31 December 2023					
Financial liabilities					
Loan and borrowings					
- Bankers' acceptances	23,194,647	-	-	23,194,647	23,194,647
- Bank overdrafts	4,023,193	-	-	4,023,193	4,023,193
- Lease liabilities	259,067	-	-	259,067	259,067
- Hire purchase payables	2,640,956	-	-	2,640,956	2,640,956
	30,117,863	-	-	30,117,863	30,117,863
At 31 December 2022					
Financial liabilities					
Loan and borrowings					
- Bankers' acceptances	20,656,395	-	-	20,656,395	20,656,395
- Bank overdrafts	4,634,067	-	-	4,634,067	4,634,067
- Lease liabilities	543,877	-	-	543,877	543,877
- Hire purchase payables	3,212,594	-	-	3,212,594	3,212,594
	29,046,933	-	-	29,046,933	29,046,933

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) **Fair value measurement (continued)**

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments: (continued)

	Carrying amount RM	Fair value of financial instruments not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	
Company					
At 31 December 2023					
Financial liabilities					
Loan and borrowings					
- Bankers' acceptances	21,700,000	-	-	21,700,000	21,700,000
- Bank overdrafts	3,607,174	-	-	3,607,174	3,607,174
- Lease liabilities	259,067	-	-	259,067	259,067
- Hire purchase payables	2,434,187	-	-	2,434,187	2,434,187
	28,000,428	-	-	28,000,428	28,000,428
At 31 December 2022					
Financial liabilities					
Loan and borrowings					
- Bankers' acceptances	19,505,000	-	-	19,505,000	19,505,000
- Bank overdrafts	4,150,636	-	-	4,150,636	4,150,636
- Lease liabilities	543,877	-	-	543,877	543,877
- Hire purchase payables	3,070,974	-	-	3,070,974	3,070,974
	27,270,487	-	-	27,270,487	27,270,487

27. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of 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 objectives, policies and processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The gearing ratio at 31 December 2023 and 31 December 2022 are as follows:

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Trade and other payables	15	30,155,297	23,751,704	24,520,520	17,771,816
Loans and borrowings	13	30,117,863	29,046,933	28,000,428	27,270,487
Total debts		60,273,160	52,798,637	52,520,948	45,042,303
Shareholders' equity		26,664,667	15,826,875	20,486,058	19,330,554
Gearing ratio		226%	334%	256%	233%

STATEMENT BY DIRECTORS

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

We, **DATUK SOO CHUNG YEE J.P.** and **KAMAL BIN ABD KARIM**, being two of the directors of Hwa Tai Industries Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 56 to 115 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

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

DATUK SOO CHUNG YEE J.P.
Director

KAMAL BIN ABD KARIM
Director

Kuala Lumpur

Date: 15 April 2024

STATUTORY DECLARATION

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

I, **DATUK SOO CHUNG YEE J.P.**, being the director primarily responsible for the financial management of Hwa Tai Industries Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 56 to 115 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

DATUK SOO CHUNG YEE J.P.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 15 April 2024.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HWA TAI INDUSTRIES BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hwa Tai Industries Berhad, which comprise the statements of financial position as at 31 December 2023 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 56 to 115.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HWA TAI INDUSTRIES BERHAD
(CONTINUED)

Key Audit Matters

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

Group and Company

Inventories (Notes 4(b) and 8 to the financial statements)

The valuation of these inventories at lower of cost and net realisable value by the Group is an area of significant estimate made by the directors.

We focused on this area because the computation and cost allocation process involve multiple inputs and judgement by directors. The Group is required to estimate the cost of finished goods and work-in-progress which comprise the cost of raw materials, direct labour, other costs and the appropriate allocation of overheads based on normal operating capacity. The valuation of these inventories at lower of cost and net realisable value by the Group is an area of significant estimate made by the directors.

Our response:

Our audit procedures included, among others:

- reviewing the computation of inventory costing which includes costs of raw materials, direct labour and other costs incurred in bringing the inventories to their present location and condition;
- observing year end physical inventory count to examine physical existence; and
- checking subsequent sales and understanding the Group's and the Company's assessment on estimated net realisable value on selected inventory items.

Trade receivables (Notes 4(c) and 9 to the financial statements)

The Group has trade receivables as at 31 December 2023 which include certain amounts which are long outstanding.

We focused on this area because the Group made judgements and assumptions about risk of default and expected loss rate. In making these assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history and existing market condition at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- understanding the design and controls associated with monitoring of outstanding receivables;
- developing understanding of significant credit exposures which were overdue through analysis of ageing reports;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts and considering level of activity with the customer; and
- assessing the reasonableness and calculation of impairment loss provided as at the end of the reporting period.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HWA TAI INDUSTRIES BERHAD
(CONTINUED)**Key Audit Matters (continued)****Group and Company (continued)**

Funding requirements and ability to meet short term obligations (Notes 4(d) and 26(b)(ii) to the financial statements)

The Group and the Company incurred loss for the financial year of RM7,103,021 (2022: RM5,833,995) and RM6,270,908 (2022: RM5,740,964) respectively during the financial year ended 31 December 2023 and, as of that date, the Group's and the Company's current liabilities exceeded its current assets by RM1,650,955 (2022: RM2,857,129) and RM3,447,172 (2022: RM4,675,921) respectively.

We focused on this area due to the significant amount of the short term liabilities and significant directors' judgement and estimates were involved in determining the assumptions used by the directors in arriving at the Group's cash flow forecast for the next 12 months from the end of reporting period.

Our response:

Our audit procedures included, among others:

- comparing the Group's assumptions to our understanding obtained during our audit in relation to key assumptions to assess their reasonableness;
- testing the mathematical accuracy of the cash flow forecast calculation; and
- agreeing sources of financing to relevant supporting documents.

Company

Investment in subsidiaries (Note 4(e) and 6 to the financial statements)

The Company has balance of investment in subsidiaries. At the end of the financial year, the directors are required to determine if there is any indication of impairment in investment in the subsidiaries. If such an indication of impairment exists, the directors are required to determine the recoverable amount of this investment.

We focused on this area because the Company's determination of the recoverable amount requires significant judgement to be made by the directors, especially in determining the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Company's assumptions to our assessments in relation to key assumptions and its recoverable amount;
- testing the mathematical accuracy of the impairment assessment; and
- analysing the sensitivity of key assumptions by assessing the impacts of these key assumptions.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HWA TAI INDUSTRIES BERHAD
(CONTINUED)

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.

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HWA TAI INDUSTRIES BERHAD
(CONTINUED)**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HWA TAI INDUSTRIES BERHAD
(CONTINUED)

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kuala Lumpur

Date: 15 April 2024

Ng Boon Hiang
No. 02916/03/2026 J
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2024

Class of securities	:	Ordinary shares
Total amount of shares issued as fully paid	:	74,833,270
Voting rights	:	Registered shareholders are entitled to one vote per ordinary share held at all general meetings.

SIZE OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	132	4.23	2,620	0.01
100 - 1,000	761	24.39	576,862	0.77
1,001 - 10,000	1,660	53.21	7,835,671	10.47
10,001 - 100,000	512	16.41	14,737,700	19.69
100,001 - less than 5% of issued shares	54	1.73	20,798,350	27.79
5% and above of issued shares	1	0.03	30,882,067	41.27
Total	3,120	100.00	74,833,270	100.00

THIRTY LARGEST SHAREHOLDERS

Name of Shareholders as per Register of Members		No. of Shares	No. of Shareholdings
1.	Soo Chung Yee	30,882,067	41.27
2.	Teh Leong Kok	3,162,800	4.23
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C Soo Chung Yee)	1,650,200	2.20
4.	Lanjut Bestari Sdn Bhd	1,434,750	1.92
5.	Mohd Nasri Bin Abdul Rahim	1,230,000	1.64
6.	Yam Lai Mun	1,218,000	1.63
7.	Tan Leok Kwee	1,200,000	1.60
8.	Addeen Trading Sdn Bhd	1,076,900	1.44
9.	Eik Chu Yew	650,000	0.87
10.	Suzana Binti Shamsudin	637,000	0.85
11.	Public Nominees (Tempatan) Sdn Bhd (A/C Sii Toh Ping)	400,000	0.53
12.	Syed Alwi Bin Syed Abbas Al-Habshee	400,000	0.53
13.	Kenanga Nominees (Tempatan) Sdn Bhd (A/C Rakuten Trade Sdn Bhd for Norhaslina Binti Mohd Hanafi)	374,700	0.50
14.	Ng Ah Poh	334,100	0.45

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2024
(CONTINUED)

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

Name of Shareholders as per Register of Members		No. of Shares	No. of Shareholdings
15.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd (A/C Razana Binti Amran)	300,100	0.40
16.	Lau Pak Lam	300,000	0.40
17.	Lee Sau Kwang	250,000	0.33
18.	Sia Ean Son	244,300	0.33
19.	Tiong Yee Fan	240,000	0.32
20.	Tan Pek Leng	235,000	0.31
21.	Thong Foo Ching @ Thong Chuan Ching	220,800	0.29
22.	Saw Ah Kee	214,900	0.29
23.	Zhao, Xiaodan	214,200	0.29
24.	Maybank Nominees (Tempatan) Sdn Bhd (A/C Pui Wee Kuan)	210,000	0.28
25.	Chung Shan Hui	200,000	0.27
26.	Shaharudin Bin Mohamad Hashim	200,000	0.27
27.	Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C Sett Ee-Rian)	199,300	0.27
28.	Chai Koon Khow	195,200	0.26
29.	Maybank Nominees (Tempatan) Sdn Bhd (A/C Tay Sian Tuan)	176,000	0.23
30.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd (A/C Law Kim Huat)	175,700	0.23
Total		48,226,017	64.43

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2024
(CONTINUED)**SUBSTANTIAL SHAREHOLDERS**

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company:

Name of Substantial Shareholder	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A) + (B)	%
Datuk Soo Chung Yee J.P.	32,532,267	43.47	–	–	32,532,267	43.47

DIRECTORS' SHAREHOLDINGS

According to the registers required to be kept under Section 59 of the Companies Act 2016, the directors' interest in the ordinary shares of the Company are as follows:-

Name of Director	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A) + (B)	%
Datuk Soo Chung Yee J.P.	32,532,267	43.47	–	–	32,532,267	43.47

Datuk Soo Chung Yee J.P. is deemed to have an interest in the equity holdings held by the Company in its subsidiaries by virtue of his interest in the ordinary shares of the Company.

Other than as disclosed above, none of the other directors hold any share in the Company or its related companies.

LIST OF GROUP PROPERTIES

HELD AS AT 31 DECEMBER 2023

	Location	Land Area (Sq.ft.)	Build up Area (Sq.ft.)	Tenure	Description	Date of Acquisition/ Revaluation (Year)	Date of Expiry (Year)	Estimated Age of Building (Years)	Net Book Value (RM'000)
1	Lot No. PTD 1098 & PTD 1099 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	87,120	56,150	Leasehold	Factory land & Industrial buildings (Own Occupation)	1983 (R) 2023 (R)	2037	46	8,266
2	Lot No. PTD 1731 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	43,560	23,745	Leasehold	Factory land & Industrial buildings (Own Occupation)	1985 (R) 2023 (R)	2039	41	3,299
3	Lot No. PTD 1171 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	43,560	19,670	Leasehold	Factory land & Industrial buildings (Own Occupation)	1978 (A) 2023 (R)	2038	44	3,223
4	Lot No. PTD 881 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	21,780	6,600	Leasehold	Factory land & Industrial buildings (Own Occupation)	1991 (A) 2023 (R)	2035	44	1,517
5	Lot No. PTD 1007 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor Darul Takzim	21,775	15,923	Leasehold	Factory land & Industrial buildings (Own Occupation)	2011 (A) 2023 (R)	2036	47	1,822
6	Lot No. PTD 7028 & 7029 at Mukim Linau, District of Batu Pahat, Johor Darul Takzim	1,540 (per unit)	1,540 (per unit)	Freehold	2 units single storey terrace houses (Own Occupation)	1992 (A)	-	31	133
7	Lot No. PTD 80369 1 Jalan Impian Ria 6, Taman Impian Jaya, Skudai, Johor Darul Takzim	7,476	1,592	Leasehold	1 unit 2 storey corner house (Vacant)	2006 (A)	2097	25	302
8	Lot No. PTD 40 (CL.025336609), PTD 41 (CL.025336618) & CL.025341548 Lok Kawi Light Industrial Estate, District of Kota Kinabalu, Sabah	121,908	49,237	Leasehold	Factory land & Industrial buildings (Own Occupation)	1989 (A) 2023 (R)	2042 (CL.025336618 & CL.025336609) 2091 (CL.025341548)	31	9,898



Hwa Tai Industries Berhad
华大工业有限公司
Registration No.: 197401002656 (19688-V)

FORM OF PROXY

I / We, NRIC/Passport No.
of being a member of
HWA TAI INDUSTRIES BERHAD, hereby appoint
NRIC/Passport No. of
or failing him / her NRIC/Passport No.
of or failing him / her
the Chairman of the Meeting, as my / our proxy, to vote for me / us and on my / our behalf at the Forty-Ninth Annual General Meeting of the Company to be held on Thursday, 30 May 2024 at 11.30 a.m. and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:-

Resolution	Resolutions relating to:	For	Against
Ordinary Resolution 1	Payment of Directors' fees		
Ordinary Resolution 2	Re-election of Director, YBhg. Datuk Soo Chung Yee J.P.		
Ordinary Resolution 3	Re-election of Director, Encik Kamal Bin Abd Karim		
Ordinary Resolution 4	Appointment of Baker Tilly Monteiro Heng PLT as Auditors and their remuneration		
Ordinary Resolution 5	Ordinary Resolution – Authority to allot and issue shares in general pursuant to Sections 75 & 76 of the Companies Act, 2016 and waiver of pre-emptive rights pursuant to Section 85 of the Companies Act, 2016		

Please indicate with (X) how you wish your vote to be cast.

No. of Shares Held	
--------------------	--

Date:

Signature:

NOTES:

- (1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint at least 1 proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) Where a member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (3) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of such securities account.
- (4) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
- (5) The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.



Fold this flap for sealing

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Postage

THE SECRETARY
HWA TAI INDUSTRIES BERHAD
NO. 12 JALAN JORAK
KAWASAN PERINDUSTRIAN TONGKANG PECAH
83010 BATU PAHAT
JOHOR DARUL TAKZIM
MALAYSIA

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