

# Hwa Tai Industries Berhad 华大工业有限公司

Registration No.: 197401002656 (19688-V)

# 2024 Annual Report



Mengandungi  
Vitamin  
A, B1, B2, B6 & D  
Kalsium  
Best



Rasa produk **HWA TAI** Since 1962 adalah **LUXURY** yang anda tidak akan menyesal & **PESTA** untuk semua

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fiftieth 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, 29 May 2025 at 11.30 a.m.

<b>AGENDA</b>	<b>RESOLUTION NO.</b>
1. To present the Audited Financial Statements for the financial year ended 31 December 2024 together with the Directors' and Auditors' Reports thereon.	–
2. To approve payment of an increased amount of Directors' fee of RM100,000.00 for the financial year ended 31 December 2024.	<b>Ordinary Resolution 1</b>
3. To re-elect the following Directors who retire in accordance with the Company's Constitution:-	
3.1 Puan Aisyah Kamaliah Binti Abu Bakar	<b>Ordinary Resolution 2</b>
3.2 Madam Fong May Khuan	<b>Ordinary Resolution 3</b>
4. To appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company for the financial year ending 31 December 2025 and to authorise the Directors to fix their remuneration.	<b>Ordinary Resolution 4</b>
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	<b>Ordinary Resolution 5</b>
"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 2025

**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 22 May 2025. Only a depositor whose name appears on the Record of Depositors as at 22 May 2025 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 30 May 2024, 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 Fiftieth 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.

**ANNUAL REPORT 2024**

The Annual Report 2024 (including the Form of Proxy) may be downloaded from the websites of the Company [www.hwatai.com](http://www.hwatai.com) and Bursa Malaysia Securities Berhad [www.bursamalaysia.com](http://www.bursamalaysia.com).

Members may contact the Company or the Share Registrar to receive a printed copy of the Annual Report 2024:-

**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](mailto:ir@hwatai.com.my)

By Phone or Fax : (Tel) 607-415 1688 (Fax) 607-415 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: [is.enquiry@vistra.com](mailto:is.enquiry@vistra.com) or request via <https://tiih.online> by selecting "Request for Annual Report" under the "Investor Services",

By Phone or Fax : (Tel) 603-2783 9299 (Fax) 603-2783 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](mailto: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@vistra.com](mailto:is.enquiry@vistra.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](http://www.hwatai.com)

## PROFILE OF THE BOARD OF DIRECTORS

### **YBHG. DATUK SOO CHUNG YEE J.P.**

*Non-Independent Executive Director*

Malaysian | Male | Aged 46

**YBhg. Datuk Soo Chung Yee J.P.** 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 32,768,367 ordinary shares in the Company as at 31 March 2025 representing 43.79% 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 or potential conflict of interest including interest in any competing business with the Company nor its subsidiaries. He does not have any conviction for any offence, public sanction or penalty imposed by any relevant regulatory bodies.

### **ENCIK KAMAL BIN ABD KARIM**

*Independent Non-Executive Director*

Malaysian | Male | Aged 46

**Encik Kamal Bin Abd Karim** 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 or potential conflict of interest including interest in any competing business with the Company nor its subsidiaries. He does not have 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*

Malaysian | Female | Aged 36

**Puan Aisyah Kamaliah Binti Abu Bakar** 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 or potential conflict of interest including interest in any competing business with the Company nor its subsidiaries. She does not have any conviction for any offence, public sanction or penalty imposed by any relevant regulatory bodies.

**MADAM FONG MAY KHUAN**

*Independent Non-Executive Director*

Malaysian | Female | Aged 42

**Madam Fong May Khuan** 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 or potential conflict of interest including interest in any competing business with the Company nor its subsidiaries. She does not have 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](http://www.hwatai.com).

### 3. AUDIT COMMITTEE MEETING

During the financial year ended 31 December 2024, 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 2024, 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 2024 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, financial impact of climate-related risks, focus areas of the audit & key audit matters, accounting developments, sustainability reporting requirements, any engagement to provide non-assurance services, introduction of the External Auditors' engagement team and responsibilities of the Board of Directors and External Auditors.

AUDIT COMMITTEE REPORT  
(CONTINUED)**4. ACTIVITIES OF THE AUDIT COMMITTEE (CONTINUED)**

During the financial year ended 31 December 2024, 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 2024. 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, enhanced sustainability reporting requirements including the National Sustainability Reporting Framework and submission of financial statements via digital filing system i.e. Malaysian Business Reporting System. The significant audit findings reviewed and discussed included recoverability of long outstanding trade receivables, inventory valuation, impairment review on property, plant & equipment, recoverability of deposit, impairment review on investment in subsidiaries; and potential key audit matters comprising trade receivables, inventories, investment in subsidiaries, property, plant & equipment (work-in-progress).
- 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. Two (2) of such meetings were 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 2024, the following Internal Audit activities 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) – Accounts Payable & Accounts Receivable Audit. The Internal Audit conducted included approval matrix for various documents, internal control of accounts payable procedure, accounts payable statement reconciliation procedure, analysis of trade and non-trade creditors, top ten purchases from trade creditors with types of purchases, top ten purchases from non-trade creditors with types of purchases and top ten major creditors ageing.

Logistic (Johor) – Finished Goods, Raw Materials & Packaging Materials Inventory Audit. The Internal Audit conducted included breakdown of closing inventories for finished goods, raw & packaging materials, inventory control measures and exercises, inventory-take procedure, daily material ordering, receiving and returning procedure, internal control of incoming material from warehouse to production, inventory turnover ratio and inventory holding period of materials & finished goods, daily finished goods from production to warehouse procedure and goods returned from distributors/wholesalers to warehouse procedure.

International Sales & Shipping (Johor) – International Sales & Shipping Department Audit. The Internal Audit conducted included approval matrix for authorising various documents, sales order procedure, shipping procedure, sales performance, comparison of actual sales performance against sales budget, achievement of sales budget by each customer and international sales receivables ageing.

Administration: Scrap Sales (Johor) – Administration Department Audit. The Internal Audit conducted included scrap sales procedure, approval matrix for scrap sales, annual scrap sales contracts by tender and scrap sales comparison of various scrap categories.

Administration: Insurance Coverage (Johor) – Administration Department Audit. The Internal Audit conducted included summary of the Company's various insurance coverages and money-in-transit insurance.

The internal audit function is outsourced to an individual who holds a Bachelor degree and who is free from any relationships or conflicts of interest to carry out the Internal Audit function independently, Lam Ruey Shiang. The Group incurred approximately RM53,000/- for the Internal Audit function during the financial year ended 31 December 2024.

## 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](http://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.

The Board comprises 4 members to reflect the interests of the major shareholder, management, and minority shareholders.

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 Chairman 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 2024, 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
Datuk Soo Chung Yee J.P.	5 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 Encik Kamal Bin Abd Karim, Puan Aisyah Kamaliah Binti Abu Bakar and Madam 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 Madam 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. In addition, the Committee reviewed and made recommendations to the Board in respect of the composition of the Board and Committees.

**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 Part I within 4 months from their respective dates of appointment.

During the financial year, YBhg. Datuk Soo Chung Yee J.P., Encik Kamal Bin Abd Karim and Puan Aisyah Kamaliah Binti Abu Bakar had attended the Mandatory Accreditation Programme Part II whereas Madam Fong May Khuan is scheduled to attend the said programme in year 2025.

### 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 Encik Kamal Bin Abd Karim, Puan Aisyah Kamaliah Binti Abu Bakar and Madam 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 2024 is disclosed below:-

Name of Director	Position	Directors' Fees	Salaries	Allowance	Bonus	Other emoluments *
Datuk Soo Chung Yee J.P.	Executive Chairman of the Board	RM30,000	RM1,415,616	–	–	RM 171,137
Kamal Bin Abd Karim	Chairman of Audit Committee	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 had a total of 4 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 4 senior management during the financial year ended 31 December 2024 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 and also to avoid employee poaching from competitors:-

Ranges of Remuneration	Number of Senior Management			
	Salaries	Bonus	Allowances	Other emoluments *
RM0 – RM50,000	1	3	4	–
RM50,001 – RM100,000	1	–	–	4
RM100,001 – RM150,000	1	–	–	–
RM150,001 – RM200,000	–	–	–	–
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 110 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., Encik 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.

OVERVIEW STATEMENT OF CORPORATE GOVERNANCE  
(CONTINUED)

**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 40 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 2024, 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 Executive Chairman and the Chief Operating Officer 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 2024 as set out herein on pages 51 to 109 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 RM125,300/- and RM179,900/- 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 RM24,950/- and RM43,600/- 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 Executive Chairman with the assistance of the Chief Operating Officer, 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 Chief Operating Officer, oversees sustainability practices across various operating units, each responsible for embedding sustainability in their day-to-day operations. Regular monitoring and reporting to the Executive Chairman contribute to effective oversight

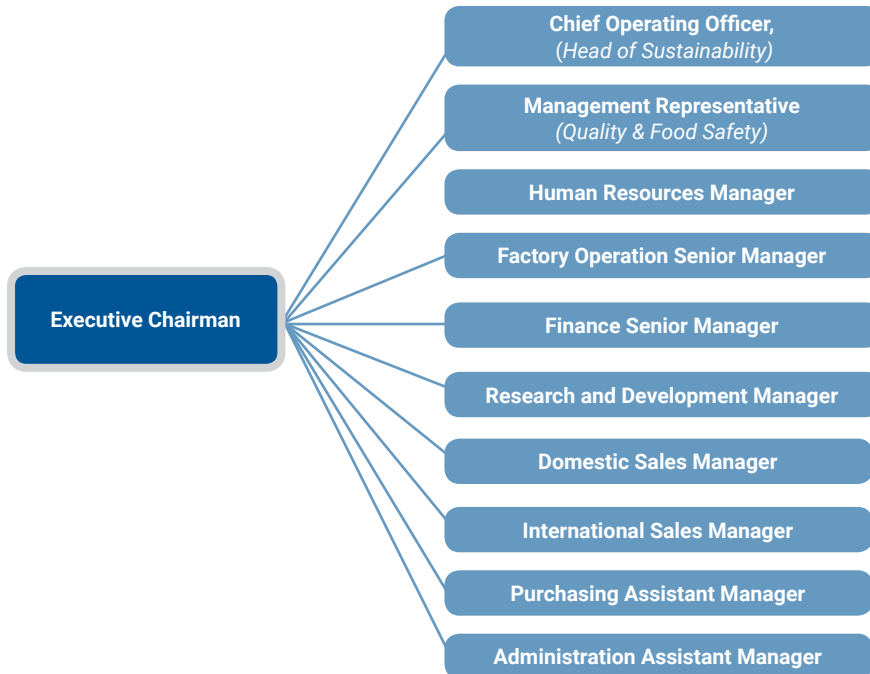
### **Strategic Management of Sustainability Matters:**

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 Chief Operating Officer, 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 Executive Chairman ensure transparency and accountability, allowing each unit to actively participate in Hwa Tai's commitment to sustainability.

SUSTAINABILITY STATEMENT  
(CONTINUED)



**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 2024, 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

**1.2. 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**

In line with Malaysia's commitment to renewable energy, solar power continues to play a crucial role in driving sustainability efforts. The government has implemented various initiatives, such as the Net Energy Metering (NEM) 3.0 program and the Solar for Rakyat Incentive Scheme (SolaRIS), to encourage wider adoption of solar energy. As of July 2024, the NEM Rakyat program has facilitated over 20,000 solar installations, contributing 151.86 MW of operational capacity. Additionally, the extension of solar panel rebates until April 2025 further supports residential and corporate investments in solar solutions.

Malaysia has also set ambitious renewable energy targets, aiming for 31% renewable energy capacity by 2025 and 40% by 2035, as outlined in the National Energy Policy (2022-2040). With more corporations integrating solar energy into their operations, the transition towards a low-carbon economy is accelerating. These efforts align with our own sustainability goals, reinforcing our commitment to reducing carbon emissions through solar energy initiatives.

**2.1.2. Performance target**

Building on the progress of previous years, our solar system, commissioned in May 2023, reached a cumulative total generation of 1,082MWh as of 31 December 2024. Using a tariff rate of RM 0.441, this total energy generation equates to an estimated value of RM 477468.05.

The environmental impact is equally notable. The solar system facilitated a total carbon reduction of 1,064 tons, with the equivalent of 1,892 trees planted as of 31 December 2024. These achievements emphasize our continued dedication to minimizing our ecological footprint.

**2.1.3. Performance Data**

In 2024, our solar energy generation demonstrated consistent growth, accounting for seasonal variations while maintaining a steady overall performance. The table on the right summarizes our monthly energy generation (kWh) for the reporting period.

As the solar system was commissioned in May 2023, data prior to this period is unavailable. This new installation marks a significant milestone in our sustainability journey, and the inclusion of historical data will be progressively developed in future reports as the system matures.

This table highlights the journey of our solar energy system since its inception, providing a baseline for tracking future performance.

Month	2023 (kWh)	2024 (kWh)
January	N/A	40,656
February	N/A	53,714
March	N/A	57,796
April	N/A	53,245
May	56,699	51,792
June	50,899	48,371
July	46,368	54,154
August	48,898	50,688
September	52,912	53,882
October	56,633	55,025
November	48,691	46,930
December	43,231	49,760

SUSTAINABILITY STATEMENT  
(CONTINUED)**2.1.4. Statement of assurance**

We are committed to ensuring the accuracy and transparency of our solar energy data. The energy generation figures reported in this sustainability statement have been systematically recorded and verified through multiple sources, including TNB (Tenaga Nasional Berhad) electricity bills for external validation and the eSAJ Home smart energy management system for internal monitoring.

Our administration department plays a crucial role in collecting, reviewing, and consolidating this data to maintain consistency and reliability. An internal validation process is in place to ensure compliance with relevant energy management practices, reinforcing our commitment to sustainable operations and responsible reporting.

**2.2. Natural Gas****2.2.1. Introduction**

We continuously enhance our production processes to reduce environmental impact by adopting energy-efficient models. As part of our sustainability commitment, we prioritize ongoing development and upgrades to improve efficiency and minimize our carbon footprint.

Natural gas has long been the primary fuel for biscuit baking ovens worldwide due to its efficiency and reliability. Recognizing its environmental benefits, we invested in a facility upgrade and successfully transitioned our entire production plant to natural gas in 2018. This conversion not only optimizes energy use but also contributes to lower emissions and a cleaner environment. By conserving natural resources and adopting more sustainable energy solutions, we remain dedicated to reducing pollution and promoting responsible manufacturing practices.

**2.2.2. Performance Target****2.2.2.1. Emission Reduction:**

We aim to achieve a measurable decrease in carbon emissions from our production processes. Detailed comparative data and specific reduction targets will be systematically presented in our sustainability reports, demonstrating our ongoing commitment to environmental stewardship.

**2.2.2.2. Energy Efficiency:**

Our objective is to maintain energy consumption below 2,500 gigajoules (GJ) per month. We closely monitor natural gas usage and conduct stack emission assessments, focusing on particulate matter. Notably, our Total Particulate Matter emissions consistently remain within the Malaysian Environmental Quality (Clean Air) Regulations 2014 limit of 50 mg/m<sup>3</sup>.

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**

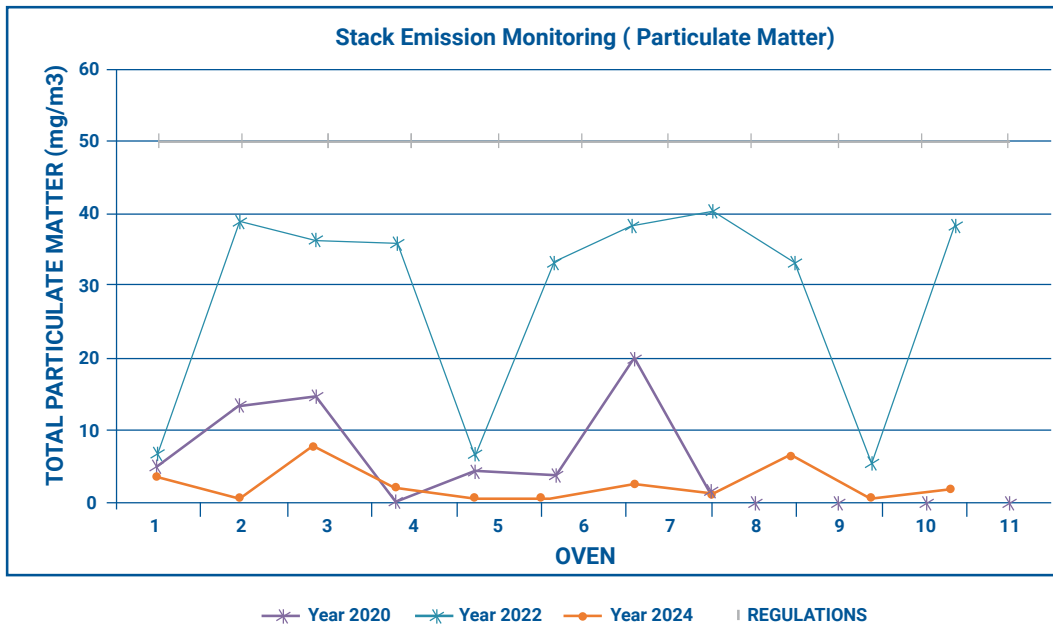
Our natural gas consumption has shown year-on-year variations in response to production demands. In 2022, total consumption was recorded at 21,238 GJ, with a monthly average of 1,770 GJ. In 2023, total consumption decreased to 19,966 GJ, averaging 1,663 GJ per month. However, in 2024, consumption increased to 24,379 GJ, with a monthly average of 2,032 GJ. This rise in consumption is attributed to our expanded production capacity to meet growing market demand.

SUSTAINABILITY STATEMENT  
(CONTINUED)

Despite increased consumption, we remain committed to environmental compliance. Our stack emission monitoring for Total Particulate Matter, conducted in accordance with Malaysian Standard MS1596:2003, has consistently met the Malaysian Environmental Quality (Clean Air) Regulations 2014 limit of 50 mg/m<sup>3</sup>. This demonstrates our continued efforts to balance production growth with sustainable environmental practices.

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.

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 2022 is 21,238 GJ, Monthly Average 1,663												
2024	Jan	Feb	Mac	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Vol (GJ)	2361	2108	2133	1889	1824	1817	1983	1905	1972	1942	2130	2315
Total Consumption year 2024 is 24,379 GJ, Monthly Average 2,032												



Over the past three years, stack emission monitoring has been conducted biennially by an accredited consultant, in compliance with the Department of Environment Malaysia (DOE) requirements. The results have consistently met the target of below 50 mg/m<sup>3</sup> for Total Particulate Matter, reinforcing our commitment to air quality standards and environmental sustainability. These findings underscore our dedication to efficient natural gas usage and strict emission control, aligning with our broader sustainability goals to minimize environmental impact.

SUSTAINABILITY STATEMENT  
(CONTINUED)

**2.2.4. Statement Assurance**

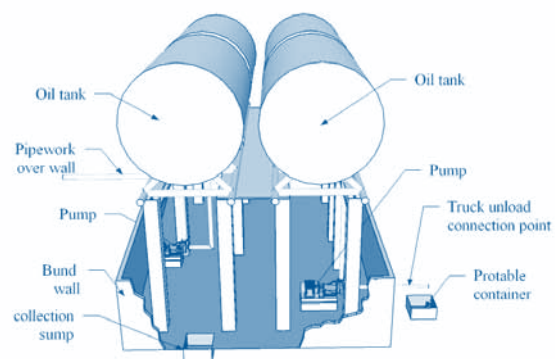
We are committed to ensuring the accuracy and reliability of our natural gas consumption and emission monitoring data. Our natural gas consumption records are obtained from the e-service portal of Gas Malaysia Energy and Services Sdn Bhd, providing real-time and transparent data. Emission monitoring data is collected by an appointed consultant once every two years, ensuring compliance with regulatory requirements.

To maintain data integrity, our team diligently verifies and validates all records before incorporating them into reports. By implementing stringent monitoring processes, we uphold transparency and accuracy in tracking resource usage and environmental impact, reinforcing our commitment to responsible energy management.

**2.3. Oil Bund Facility (Food Oil Storage Tank)**

**2.3.1. 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)

**2.3.2. 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.

**2.3.3. 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.

**2.3.4. 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)**2.4. Operating System to Ensure Food Safety and Product Quality****2.4.1. 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 analyses 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

**2.4.2. 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.

SUSTAINABILITY STATEMENT  
(CONTINUED)

- **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

**2.4.3. Performance Data**

We are proud to claim that all our products are Halal, safe and good quality as they meet and complied with standard requirements of ISO 22000, ISO 9001, HACCP and Halal Assurance System. This is evident from the audits conducted by a competent authority every year and the company has passed in every audit conducted.

Details of audit from the authorities that have been carried out over the past 3 years:

Authority	Year 2022		Year 2023		Year 2024	
	Audit Date	Result	Audit Date	Result	Audit Date	Result
<b>SIRIM (ISO 22000:2018)</b>	29-30/9/2022	Pass	16-17/10/2023	Pass	8-9/8/2024	Pass
<b>SIRIM (ISO MS 9001:2015)</b>	29-30/9/2022	Pass	16-17/10/2023	Pass	8-9/8/2024	Pass
<b>MOH (HACCP MS 1480:2019)</b>	15-16/11/2022	Pass	9/10/2023	Pass	-	-
<b>Jabatan Agama IslamJohor (HALAL MS 1500:2019)</b>	19/1/2023	Pass	18/10/2023	Pass	12/9/2024	Pass

In order to ensure the completeness and integrity of our food safety, quality and halal systems that comply with the ISO, HACCP and Halal systems, we also conduct internal audits every year. These audits are cross-departmental oriented to ensure that the entire audit is carried out without any bias and that all our auditors are well trained.

SUSTAINABILITY STATEMENT  
(CONTINUED)

Details of internal audits that have been carried out over the past 3 years:

Audit Scope	Year 2022		Year 2023		Year 2024	
	Audit Date	Result	Audit Date	Result	Audit Date	Result
<b>ISO, FSMS – ISO 22000:2018</b>	13-14/9/2022	Pass	5-6/9/2023	Pass	16-19/7/2024	Pass
<b>ISO, QMS – MS 9001:2015</b>	13-14/9/2022	Pass	5-6/9/2023	Pass	16-19/7/2024	Pass
<b>HACCP – MS 1480:2019</b>	13-14/9/2022	Pass	5-6/9/2023	Pass	16-19/7/2024	Pass
<b>HALAL – MS 1500 : 2019</b>	17-18/2/2022 17-18/8/2022	Pass	16-17/2/2023 16-17/8/2023	Pass	27-28/2/2024 27-28/8/2024	Pass

#### 2.4.4. Statement of Assurance

As proof that we run the system well and comply with all standard requirements, the authorities conduct audits every year and the company passes in each audit.

We have also conducted internal audits to ensure that the works are carried out in compliance and according to the required standards.

#### 2.5. Safe, Healthy and conducive Environment

##### 2.5.1. 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

##### 2.5.2. 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.

SUSTAINABILITY STATEMENT  
(CONTINUED)

- 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.

**2.5.3. 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 2022	Year 2023	Year 2024
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 Date as below

List of Training	Date	No of Participant
Incident Reporting and Investigation Training	15 September 2022	4pax
Patrolling techniques and surveillance method	20 June 2023	7pax
Emergency Response Training (ERT) 2023	9 – 10 May 2023	1pax
Fire Drill Training	7 March 2024	4pax
Emergency Response Training (ERT) 2023	7 March 2024	1pax

SUSTAINABILITY STATEMENT  
(CONTINUED)

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
<b>Date</b>	04/10/2018	25/07/2023
<b>Company</b>	Acumen Scientific Sdn. Bhd. HQ/15/ASS/00/363  Work Unit : QA Lab • Cyclohexanone • Chloroform • Acetic Acid Glacial • Isopropyl Ether • Petroleum Ether • Iodine Solution (WIJS)	Safety Solutions PLT HQ/04/ASS/00/203  Work Unit : QA Lab • Acetic Acid Glacial • Chloroform • Chclohexane • Isopropyl Alcohol • Petroleum Ether
<b>List of Chemicals</b>	Work Unit : IETS • ECO 101 • ECO 121 • ECO 232 • SW 204 Work Unit : Production (Printing) • A188-4 • MB175-4	Work Unit : IETS Lab • Nanocolor COD 60 Work Unit : Ingredient • Sodium Acid Pyrophosphate • Ammonium Bicarbonate • Citric Acid Anhydrous • Sodium Metabisulphite • Sodium Bicarbonate Work Unit : IETS • ECO232A
<b>Result</b>	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	2022	0
	2023	0
	2024	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 three years:

Training	Year 2022	Year 2023	Year 2024
Fire Drill	Date : 31 Jan 2022	Date : 15 May 2023	Date : 07 March 2024
	Total Pax = 105	Total Pax = 182	Total Pax = 201
Emergency Response Team	Date :17-18 May 2022	Date : 9-10 May 2023	Date : 7 - 8 May 2024
	Total Pax = 22	Total Pax = 28	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)**2.5.4. 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.

**2.6. Employee Well-being and Rights****2.6.1. 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.

**2.6.2. Performance Target**

The Group is dedicated to enhancing employees' human rights and fostering an engaged workforce.

Key focus areas include:

**2.6.2.1. 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.

**2.6.2.2. 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 2024, there was no grievances report on our labour practise filed through formal grievances mechanisms.

SUSTAINABILITY STATEMENT  
(CONTINUED)**2.6.2.3. 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 2024, there was no grievances report on our human rights practices, filed through formal grievances mechanisms.

**2.6.2.4. Child Labour:**

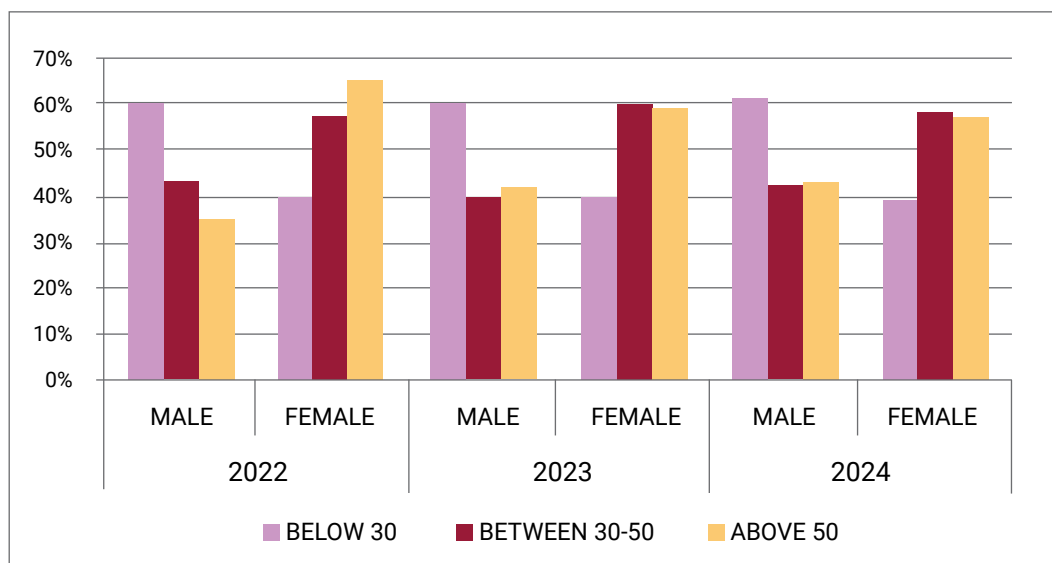
The Children and Young Persons (Employment) Act 1966 defines “child” as any person who has not completed his 15th year of age and “young person” as any person who not being a child, has not completed “18” years of age. While Hwa Tai Group remains guided by this Act, due to the nature of our business,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

**2.6.3. 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:

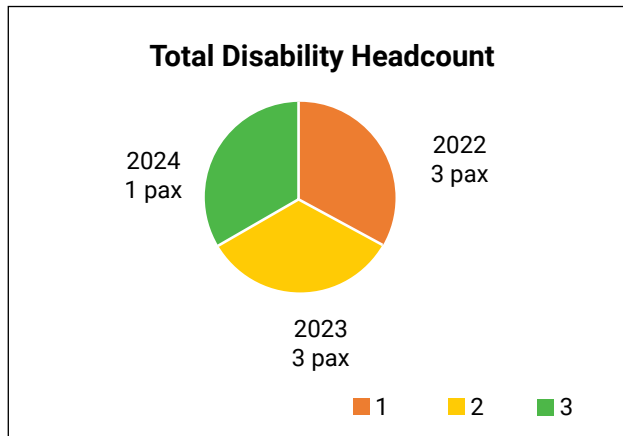
**Age Diversity Table 3 Years**

AGE	2022		2023		2024	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
<b>BELOW 30</b>	60%	40%	60%	40%	61%	39%
<b>BETWEEN 30 - 50</b>	43%	57%	40%	60%	42%	58%
<b>ABOVE 50</b>	35%	65%	41%	59%	43%	57%

**Diversity Age**

SUSTAINABILITY STATEMENT  
(CONTINUED)

**Total headcount of disability 3 years**



**2.6.4 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.

**2.7. Employee Development and Training Initiatives**

**2.7.1. 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.

**2.7.2. 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.

SUSTAINABILITY STATEMENT  
(CONTINUED)**2.7.3. 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:

- Related food safety 2022**

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

- Related food safety 2023**

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
<b>During Working Hours</b>	Public Training	168	192	0.625
<b>During Working Hours</b>	In-house: External	20	116	0.38
<b>During Working Hours</b>	In-house: Internal	27	218.5	0.71
	<b>Total</b>	<b>215</b>	<b>526.5</b>	<b>1.71</b>
<b>Training Objective - Target - Average 1 hour training per employee per year</b>				<b>1.00</b>

- Related food safety 2024**

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
<b>During Working Hours</b>	Public Training	126	142	0.463
<b>During Working Hours</b>	In-house: External	188	616	2.01
<b>During Working Hours</b>	In-house: Internal	47.5	397	1.29
	<b>Total</b>	<b>361.5</b>	<b>1155</b>	<b>3.76</b>
<b>Training Objective - Target - Average 1 hour training per employee per year</b>				<b>1.00</b>

SUSTAINABILITY STATEMENT  
(CONTINUED)

• **Non-related food safety 2022**

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

• **Non-related food safety 2023**

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
<b>During Working Hours</b>	Public Training	120	156	0.51
<b>During Working Hours</b>	In-house: External	296	968	3.15
<b>During Working Hours</b>	In-house: Internal	20	237	0.77
	<b>Total</b>	<b>436</b>	<b>1361</b>	<b>4.43</b>
<b>Training Objective - Target - Average 1 hour training per employee per year</b>				<b>1.00</b>

• **Non-related food safety 2024**

Remark For Column Time	External / Internal Trainer	Learn Hour	Total Learned Hour	Man-Hour
<b>During Working Hours</b>	Public Training	126	126	0.41
<b>During Working Hours</b>	In-house: External	240	832	2.71
<b>During Working Hours</b>	In-house: Internal	12	201	0.65
	<b>Total</b>	<b>378</b>	<b>1159</b>	<b>3.78</b>
<b>Training Objective - Target - Average 1 hour training per employee per year</b>				<b>1.00</b>

**2.7.4. 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.

SUSTAINABILITY STATEMENT  
(CONTINUED)**DATA TABLE**

From Bursa ESG Reporting Platform

Common Indicator	Measurement Unit	FYE 2024
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	1,685.97
<b>Bursa (Emissions management)</b>		
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	1,120.03
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	984.70
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (at least for the categories of business travel and employee commuting)	Metric tonnes	111.35
<b>Bursa (Waste management)</b>		
Bursa C10(a) Total waste generated	Metric tonnes	230.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	228.05
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	1.96
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	8.583000
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	13.02
Bursa C5(c) Number of employees trained on health and safety standards	Number	1
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	813
Executive	Hours	339
Non-executive/Technical Staff	Hours	310
General Workers	Hours	1,245
Bursa C6 (b) Percentage of employees that are contractors or temporary staff	Percentage	0.00%
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	3
Executive	Number	3
Non-executive/Technical Staff	Number	36
General Workers	Number	1
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0

SUSTAINABILITY STATEMENT  
(CONTINUED)

**DATA TABLE (CONT'D)**  
From Bursa ESG Reporting Platform

Common Indicator	Measurement Unit	FYE 2024
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.44%
Management Between 30-50	Percentage	7.46%
Management Above 50	Percentage	2.19%
Executive Under 30	Percentage	0.88%
Executive Between 30-50	Percentage	4.82%
Executive Above 50	Percentage	3.07%
Non-executive/Technical Staff Under 30	Percentage	26.32%
Non-executive/Technical Staff Between 30-50	Percentage	32.02%
Non-executive/Technical Staff Above 50	Percentage	20.17%
General Workers Under 30	Percentage	0.44%
General Workers Between 30-50	Percentage	0.44%
General Workers Above 50	Percentage	1.75%
Gender Group by Employee Category		
Management Male	Percentage	5.27%
Management Female	Percentage	4.82%
Executive Male	Percentage	3.07%
Executive Female	Percentage	5.70%
Non-executive/Technical Staff Male	Percentage	38.16%
Non-executive/Technical Staff Female	Percentage	40.35%
General Workers Male	Percentage	0.88%
General Workers Female	Percentage	1.75%
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	50.00%
Female	Percentage	50.00%
Under 30	Percentage	0.00%
Between 30-50	Percentage	100.00%
Above 50	Percentage	0.00%

SUSTAINABILITY STATEMENT  
(CONTINUED)

## DATA TABLE (CONT'D)

From Bursa ESG Reporting Platform

Common Indicator	Measurement Unit	FYE 2024
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	20.00%
Bursa C1(b) Percentage of operations assessed for corruption-related risks		
	Percentage	0.00%
Bursa C1(c) Confirmed incidents of corruption and action taken		
	Number	0
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer		
	Unit of currency : MYR	9,286.13
Bursa C2(b) Total number of beneficiaries of the investment in communities		
	Number	13
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers		
	Percentage	100%
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data		
	Number	0

## STATEMENT OF MANAGEMENT DISCUSSION & ANALYSIS

### INTRODUCTION

Hwa Tai Industries Berhad is one of Malaysia's leading biscuit manufacturers, renowned for its high-quality products and long-standing legacy in the food and beverage industry. Established in 1962, the company has consistently delivered a wide range of delicious and nutritious biscuits under its iconic brands, **Luxury**, **Hwa Tai**, and **Pesta**, to consumers in Malaysia and international markets.

With a focus on innovation and quality, Hwa Tai combines traditional craftsmanship with modern technology to produce biscuits that meet the highest standards of taste, texture, and safety. The company offers a diverse portfolio of biscuits, including cream crackers, assorted cookies, and health-oriented options, catering to various consumer preferences and dietary needs. 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

Hwa Tai Industries Berhad prides itself on its commitment to sustainability, ethical business practices, and community engagement. The brand's dedication to excellence has earned it recognition as a trusted household name both locally and globally.

### FINANCIAL AND OPERATIONS REVIEWS

The table below highlights the Group's key financial performance for the financial year ended 31 December 2024 (FYE2024) and 2023 (FYE2023):

	FYE2024 RM'000	FYE2023 RM'000
Revenue	99,866	80,682
Cost of sales	(70,340)	(62,275)
Gross profit	29,526	18,407
Expenses	(28,817)	(25,749)
Other income	275	239
Share of loss from associated company	–	–
Profit / (Loss) before taxation	984	(7,103)
Taxation	310	–
Profit / (Loss) for the financial year	1,294	(7,103)
Gross profit margin	29%	23%

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

The breakdown of the Group's for FYE2024 and FYE2023 is as follows:

	FYE2024 RM'000	%	FYE2023 RM'000	%
<b>Export sales</b>	10,487	11	11,934	15
<b>Local sales - Hwa Tai &amp; OEM Products</b>	89,379	89	68,748	85
<b>Total</b>	99,866	100	80,682	100

In the financial year ended 31 December 2024 (FYE2024), Hwa Tai achieved a substantial revenue increase of 23.8%, reaching RM99.87 million compared to RM80.68 million in FYE2023. This growth was primarily attributed to stronger sales in local markets, including Peninsular Malaysia, East Malaysia, and e-commerce platforms.

The significant revenue growth contributed to the Group's turnaround, reporting a profit before taxation of RM0.984 million in FYE2024 compared to a loss of RM7.103 million in FYE2023. This improvement was primarily driven by robust performance in the domestic market.

**FINANCIAL POSITION**

The table below provides an overview of the Group's financial position in FYE2024 and FYE2023:

	FYE2024 RM'000	FYE2023 RM'000
<b>Total assets</b>	104,896	96,847
<b>Total liabilities</b>	76,917	70,163
<b>Shareholders' equity</b>	27,960	26,665
<b>Total borrowings (Secured lease liabilities were excluded)</b>	29,502	29,859
<b>Cash, bank balances and short-term deposits</b>	7,945	7,607
<b>Net assets per share (sen)</b>	37.36	35.63
<b>Profit / (Loss) per share (sen)</b>	1.73	(9.49)

In FYE2024, Hwa Tai demonstrated a notable improvement in its financial position. Total assets grew to RM104.90 million, driven primarily by an increase in trade and other receivables as well as inventories. A slight reduction in total borrowings, combined with higher cash reserves, reflects enhanced operational efficiency. The net assets per share rose to 37.36 cents, signalling that improved profitability has added value to the company.

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

Hwa Tai remains steadfast in its commitment to innovation, customer expansion, and operational excellence. Guided by a focus on delivering high-quality biscuits and confectionery products, we continue to prioritize market responsiveness and sustainable growth.

**Business Strategies:**

1. **Innovation and Product Development:** Our Research and Development division is dedicated to continuous product innovation, focusing on healthier options and enhancing our existing product portfolio. We aim to align with changing customer preferences while maintaining our commitment to quality and taste.
2. **Market Expansion:** Expanding our presence locally and internationally is a key growth driver. This includes penetrating new markets, launching diverse products, and strengthening our distribution networks to increase market reach and consumer accessibility.
3. **E-commerce Initiatives:** Recognizing the rapid growth of digital commerce, Hwa Tai is actively investing in online platforms to enhance our digital presence. By leveraging e-commerce, we aim to capitalize on consumer trends, improve accessibility, and deliver a seamless shopping experience.
4. **Operational Efficiency:** To sustain competitiveness, we are continuously upgrading factory facilities, investing in advanced machinery, and adopting automation to enhance production efficiency, reduce costs, and ensure consistent product quality.
5. **Brand Recognition and Marketing:** Strengthening brand recognition is integral to our strategy. Through targeted marketing campaigns, social media engagement, and promotional activities, we aim to foster customer loyalty and enhance our brand's visibility in both traditional and digital markets.

**SWOT Analysis**

Hwa Tai's strategic position is shaped by its internal strengths and weaknesses, along with external opportunities and threats.

**Strengths:** Hwa Tai has a diverse range of certified food products, strong market expansion strategies, effective e-commerce initiatives, operational efficiency, and a well-recognized brand presence.

**Weaknesses:** The company relies heavily on R&D for innovation, faces risks in entering new markets, encounters challenges with e-commerce implementation, and deals with operational complexities and intense competitive pressures.

**Opportunities:** Rising health and wellness trends, global market expansion, digital transformation, strategic partnerships, and innovative branding provide significant growth potential for Hwa Tai.

**Threats:** Market saturation, stringent regulatory compliance, economic uncertainty, technological disruptions, and supply chain vulnerabilities present risks to the company's operations and profitability.

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

1. **Market Competition:** A highly competitive landscape, driven by evolving consumer preferences and new market entrants, poses challenges to profitability and market share.
2. **Raw Material Price Volatility:** Fluctuating costs of key inputs, such as wheat and sugar, impact production costs and profit margins. Strategic procurement and cost control are vital to mitigate these risks.
3. **Supply Chain Disruptions:** Disruptions caused by natural disasters, geopolitical events, or logistical issues could impact production schedules and order fulfilment.
4. **Consumer Demand Shifts:** Changes in dietary trends or economic conditions may affect product demand. Adapting to these shifts is essential to sustain growth.
5. **Regulatory Compliance:** Adherence to food safety and quality standards is critical. Non-compliance could lead to penalties and damage consumer trust.
6. **Economic and Geopolitical Risks:** Uncertainties in global trade, exchange rates and regulations can affect our operations and market access.
7. **Labor Shortages:** Recruiting and retaining skilled labour remains a challenge that could impact productivity and operational efficiency.
8. **Technological Disruptions:** Advances in technology require continuous investment in upgrades and training to maintain competitiveness.

**DIVIDEND**

The Board of Directors has resolved not to recommend any dividend for FYE2024 to consider prioritize reinvestment in strategic growth initiatives.

**OUTLOOK AND FUTURE PROSPECTS**

Hwa Tai is optimistic about the future despite global economic uncertainties and geopolitical challenges. Key focus areas for sustained growth include:

**Consumer-Centric Growth:** Aligning product innovation with emerging consumer trends and dietary preferences.

**Sustainability Initiatives:** Integrating sustainable practices throughout the supply chain to meet regulatory and consumer expectations.

**Digital Transformation:** Leveraging e-commerce platforms, digital marketing, and data analytics to optimize customer engagement and operational efficiency.

**Marketing Expansion:** Exploring opportunities in emerging markets with rising demand for biscuits and confectionery.

**Strategic Partnerships:** Building alliances with the food industry to enhance market reach and operational capabilities.

Hwa Tai remains committed to continuous improvement, fostering innovation, and managing risks to ensure long term success and deliver value to 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 2024.

### 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
Profit for the financial year, net of tax	1,294,038	1,041,973
Attributable to:		
Owners of the Company	1,295,590	1,041,973
Non-controlling interests	(1,552)	-
	1,294,038	1,041,973

### 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 2024.

### 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 no known bad debts to be written off 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 the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

**DIRECTORS' REPORT  
(CONTINUED)****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 RM179,900 and RM125,300 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:

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' INTEREST**

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:

**Interests in the Company**

	Number of ordinary shares			At 31 December 2024
	At 1 January 2024	Bought/ Transferred	Sold	
<b>Direct interests:</b>				
Datuk Soo Chung Yee J.P.	1,650,200	30,882,067	–	32,532,267

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' REPORT  
(CONTINUED)**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 of the Company were as follows:

	<b>Group and Company RM</b>
<b>Directors of the Company</b>	
Executive director	
- Fees	30,000
- Other emoluments	1,586,753
	1,616,753
Non-executive directors	
- Fees	70,000
	1,686,753

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	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2024 %	2023 %	
Epro Industries Sdn. Bhd.	Malaysia	100	100	Property holding
Suria Merah Manufactory (Segamat) Sdn. Bhd.	Malaysia	100	100	Property holding
Hwa Tai Food Industries (Sabah) Sdn. Bhd.	Malaysia	100	100	Biscuit manufacturer
Hwa Tai Wholesale Sdn. Bhd.	Malaysia	100	100	Trading
Hwa Tai Manufacturing Sdn. Bhd.	Malaysia	100	100	Dormant
Acetai Corporation Sdn. Bhd.	Malaysia	90	90	Trading
Hwa Tai Import Sdn. Bhd.	Malaysia	100	100	Dormant
Hwa Tai (Sarawak) Sdn. Bhd.	Malaysia	100	100	Dormant
Hwa Tai Distribution Sdn. Bhd.	Malaysia	100	100	Trading
Hwa Tai Services Sdn. Bhd.	Malaysia	100	100	Dormant
Absolute Focus Sdn. Bhd.	Malaysia	100	100	Dormant
Absolute Palmers Food Sdn. Bhd.	Malaysia	100	100	Trading
<b>Held through Acetai Corporation Sdn. Bhd.</b>				
Anika Bebas Sdn. Bhd.	Malaysia	100	100	Dormant
Esprit Classic Sdn. Bhd.	Malaysia	100	100	Dormant

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

DIRECTORS' REPORT  
(CONTINUED)**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: 22 April 2025

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	41,411,140	43,728,608	27,410,132	28,938,626
Investment in subsidiaries	6	–	–	6,937,002	6,937,002
Investment in an associate	7	–	–	–	–
<b>Total non-current assets</b>		<b>41,411,140</b>	<b>43,728,608</b>	<b>34,347,134</b>	<b>35,875,628</b>
<b>Current assets</b>					
Inventories	8	12,600,059	11,428,167	9,904,793	9,248,007
Trade and other receivables	9	41,702,537	32,774,737	33,567,622	26,797,120
Prepayments		287,203	340,052	239,190	291,510
Current tax assets		949,965	968,083	570,000	570,000
Cash, bank balances and short-term deposits	10	7,944,815	7,607,339	4,927,211	6,733,826
<b>Total current assets</b>		<b>63,484,579</b>	<b>53,118,378</b>	<b>49,208,816</b>	<b>43,640,463</b>
<b>TOTAL ASSETS</b>		<b>104,895,719</b>	<b>96,846,986</b>	<b>83,555,950</b>	<b>79,516,091</b>

STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2024  
(CONTINUED)

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	11	29,933,308	29,933,308	29,933,308	29,933,308
Accumulated losses		(18,145,258)	(21,522,958)	(14,879,012)	(16,873,662)
Revaluation reserves	12	15,857,570	17,939,680	6,473,735	7,426,412
Translation reserves		314,637	314,637	–	–
Shareholders' equity		27,960,257	26,664,667	21,528,031	20,486,058
Non-controlling interests		18,103	19,655	–	–
<b>TOTAL EQUITY</b>		<b>27,978,360</b>	<b>26,684,322</b>	<b>21,528,031</b>	<b>20,486,058</b>
<b>Non-current liabilities</b>					
Loans and borrowings	13	1,484,464	1,728,170	1,330,890	1,597,215
Deferred tax liabilities	14	5,173,270	5,665,161	2,044,338	2,345,183
Other payable	15	8,000,000	8,000,000	8,000,000	8,000,000
<b>Total non-current liabilities</b>		<b>14,657,734</b>	<b>15,393,331</b>	<b>11,375,228</b>	<b>11,942,398</b>
<b>Current liabilities</b>					
Trade and other payables	15	29,068,304	22,155,297	19,917,286	16,520,520
Contract liabilities	16	4,731,417	4,224,343	4,217,051	4,163,902
Loans and borrowings	13	28,459,904	28,389,693	26,518,354	26,403,213
<b>Total current liabilities</b>		<b>62,259,625</b>	<b>54,769,333</b>	<b>50,652,691</b>	<b>47,087,635</b>
<b>TOTAL LIABILITIES</b>		<b>76,917,359</b>	<b>70,162,664</b>	<b>62,027,919</b>	<b>59,030,033</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>104,895,719</b>	<b>96,846,986</b>	<b>83,555,950</b>	<b>79,516,091</b>

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

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue	17	99,865,507	80,682,494	81,988,888	65,874,137
Cost of sales	18	(70,339,957)	(62,275,169)	(58,180,321)	(49,969,394)
<b>Gross profit</b>		29,525,550	18,407,325	23,808,567	15,904,743
Other income		275,086	238,528	282,484	247,764
Selling and distribution expenses		(17,733,700)	(14,837,066)	(14,440,430)	(13,143,189)
Administrative expenses		(9,141,883)	(8,996,520)	(7,084,119)	(7,471,746)
Net impairment losses on financial instruments		(70,687)	(108,181)	(57,505)	(89,875)
<b>Operating profit/(loss)</b>		2,854,366	(5,295,914)	2,508,997	(4,552,303)
Finance costs	19	(1,869,882)	(1,806,664)	(1,767,869)	(1,718,605)
<b>Profit/(loss) before tax</b>	20	984,484	(7,102,578)	741,128	(6,270,908)
Income tax credit/(expense)	21	309,554	(443)	300,845	-
<b>Profit/(loss) for the financial year</b>		1,294,038	(7,103,021)	1,041,973	(6,270,908)
<b>Other comprehensive income, net of tax</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Revaluation gain on properties		-	17,939,680	-	7,426,412
<b>Total comprehensive income for the financial year</b>		1,294,038	10,836,659	1,041,973	1,155,504
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		1,295,590	(7,101,888)	1,041,973	(6,270,908)
Non-controlling interests		(1,552)	(1,133)	-	-
		1,294,038	(7,103,021)	1,041,973	(6,270,908)
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		1,295,590	10,837,792	1,041,973	1,155,504
Non-controlling interests		(1,552)	(1,133)	-	-
		1,294,038	10,836,659	1,041,973	1,155,504
<b>Earnings/(loss) per ordinary share (sen)</b>	22				
- basic		1.73	(9.49)		
- diluted		1.73	(9.49)		

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	← 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
<b>Group</b>							
At 1 January 2023	29,933,308	(14,421,070)	-	314,637	15,826,875	20,788	15,847,663
<b>Total comprehensive (loss)/income for the financial year</b>							
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
<b>Total comprehensive income/(loss) for the financial year</b>							
Income/(loss) for the financial year	-	1,295,590	-	-	1,295,590	(1,552)	1,294,038
Total comprehensive income/(loss)	-	1,295,590	-	-	1,295,590	(1,552)	1,294,038
Crystallisation of revaluation reserve	-	2,082,110	(2,082,110)	-	-	-	-
At 31 December 2024	29,933,308	(18,145,258)	15,857,570	314,637	27,960,257	18,103	27,978,360

STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024  
(CONTINUED)

	Attributable to owners of the Company			Total equity
	Share capital RM	Accumulated losses RM	Revaluation reserves RM	RM
<b>Company</b>				
At 1 January 2023	29,933,308	(10,602,754)	–	19,330,554
<b>Total comprehensive (loss)/income for the financial year</b>				
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
<b>Total comprehensive income for the financial year</b>				
Profit for the financial year	–	1,041,973	–	1,041,973
Total comprehensive income	–	1,041,973	–	1,041,973
Crystallisation of revaluation reserve	–	952,677	(952,677)	–
At 31 December 2024	29,933,308	(14,879,012)	6,473,735	21,528,031

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
Note	2024 RM	2023 RM	2024 RM	2023 RM	
<b>Cash flows from operating activities</b>					
Profit/(loss) before tax	984,484	(7,102,578)	741,128	(6,270,908)	
Adjustments for:					
Bad debts recovered	-	(3,376)	-	-	
Depreciation of property, plant and equipment	5	3,441,834	3,564,667	2,489,705	
Derecognition of property, plant and equipment	-	8,950	-	8,950	
Impairment loss on trade receivables	9	74,744	114,144	57,505	
Interest expenses		1,869,882	1,806,664	1,767,869	
Interest income		(127,626)	(140,567)	(124,911)	
Inventories written down	8	5,266	50,641	5,266	
(Gain)/loss on disposal of property, plant and equipment		(57,291)	1,102	(57,291)	
Net (gain)/loss on unrealised foreign exchange		(34,709)	25,536	(34,709)	
Property, plant and equipment written off		-	1,878	-	
Reversal of impairment loss on:					
- trade receivables	9	(4,057)	(5,963)	-	
Reversal of inventories written down	8	(8,928)	(15,903)	(15,903)	
<b>Operating profit/(loss) before changes in working capital</b>	6,143,599	(1,694,805)	4,837,974	(1,899,314)	
<b>Changes in working capital:</b>					
Inventories	(1,168,230)	1,306,164	(655,464)	846,158	
Trade and other receivables	(8,963,777)	(4,206,049)	(4,729,022)	(4,216,909)	
Prepayments	52,849	38,506	52,320	20,179	
Contract liabilities	507,074	652,021	53,149	944,259	
Trade and other payables	6,913,007	403,593	2,606,840	706,747	
<b>Net cash from/(used in) operations</b>	3,484,522	(3,500,570)	2,165,797	(3,598,880)	
Interest paid	(19,701)	(30,343)	(19,701)	(30,343)	
Income tax (paid)/refunded	(164,220)	5,598	-	64,124	
<b>Net cash from/(used in) operating activities</b>	3,300,601	(3,525,315)	2,146,096	(3,565,099)	

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024  
(CONTINUED)

	Note	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
<b>Cash flows from investing activities:</b>					
Interest received		127,626	140,567	124,911	140,567
Proceeds from disposal of property, plant and equipment		58,571	9,233	58,571	9,233
Purchase of property, plant and equipment	(a)	(344,182)	(59,850)	(277,519)	(25,699)
Advances to subsidiaries		–	–	(793,769)	(40,750)
<b>Net cash (used in)/from investing activities</b>		<b>(157,985)</b>	<b>89,950</b>	<b>(887,806)</b>	<b>83,351</b>
<b>Cash flows from financing activities:</b>					
Advance from director	(b)	–	6,000,000	–	6,000,000
Net drawdown of short term borrowings	(b)	591,120	2,538,252	811,000	2,195,000
Payment of lease liabilities	(b)	(312,719)	(293,658)	(312,719)	(293,658)
Payment of hire purchase	(b)	(935,935)	(894,531)	(855,046)	(817,948)
Repayments (to)/from subsidiaries	(b)	–	–	(480,581)	41,957
Interest paid		(1,850,181)	(1,776,321)	(1,748,168)	(1,688,262)
<b>Net cash (used in)/from financing activities</b>		<b>(2,507,715)</b>	<b>5,573,742</b>	<b>(2,585,514)</b>	<b>5,437,089</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>634,901</b>	<b>2,138,377</b>	<b>(1,327,224)</b>	<b>1,955,341</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>3,584,146</b>	<b>1,445,769</b>	<b>3,126,652</b>	<b>1,171,311</b>
<b>Cash and cash equivalents at the end of the financial year</b>	10	<b>4,219,047</b>	<b>3,584,146</b>	<b>1,799,428</b>	<b>3,126,652</b>

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024  
(CONTINUED)

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

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Purchase of property, plant and equipment	5	1,125,646	391,591	962,491	215,708
Financed by way of lease arrangement		(781,464)	(331,741)	(684,972)	(190,009)
Cash payments on purchase of property, plant and equipment		344,182	59,850	277,519	25,699

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

	Note	At 1 January 2024 RM	Cash flows RM	Non-cash acquisition RM	At 31 December 2024 RM
<b>Group</b>					
Lease liabilities	13	259,067	(312,719)	495,966	442,314
Hire purchase payables	13	2,640,956	(935,935)	285,498	1,990,519
Bankers' acceptance	13	23,194,647	591,120	–	23,785,767
Advance from a director	15	8,000,000	–	–	8,000,000
		34,094,670	(657,534)	781,464	34,218,600
<b>Company</b>					
Lease liabilities	13	259,067	(312,719)	495,966	442,314
Hire purchase payables	13	2,434,187	(855,046)	189,006	1,768,147
Bankers' acceptance	13	21,700,000	811,000	–	22,511,000
Advance from a director	15	8,000,000	–	–	8,000,000
Advances from subsidiaries	15	592,446	(480,581)	–	111,865
		32,985,700	(837,346)	684,972	32,833,326

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024  
(CONTINUED)

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

	Note	At 1 January 2023 RM	Cash flows RM	Non-cash acquisition RM	At 31 December 2023 RM
<b>Group</b>					
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
<b>Company</b>					
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
		25,670,340	7,125,351	190,009	32,985,700

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

	Note	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
<b>Included in net cash from operating activities:</b>					
Payment relating to short-term leases	20	77,030	83,280	59,030	65,280
Payment relating to leases of low-value assets	20	22,540	22,028	5,280	5,300
Interest paid in relation to lease liabilities (unsecured)	19	19,701	30,343	19,701	30,343
<b>Included in net cash from financing activities:</b>					
Payment of lease liabilities		312,719	293,658	312,719	293,658
Payment of hire purchase		935,935	894,531	855,046	817,948
Interest paid in relation to hire purchase payables	19	136,288	177,367	123,458	167,218
<b>Total cash outflows for leases</b>		1,504,213	1,501,207	1,375,234	1,379,747

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 22 April 2025.

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

#### 2.2 Adoption of amendments to MFRSs

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

MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows

The adoption of the above 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 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 a 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 twelve 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)****2.2 Adoption of amendments to MFRSs (continued)**

The adoption of the above 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 (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.

**2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective**

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

		<b>Effective for financial periods beginning on or after</b>
<u>New MFRS</u>		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
<u>Amendments to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and 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 new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

***MFRS 18 Presentation and Disclosure in Financial Statements***

MFRS 18 replaces MFRS 101 Presentation of Financial Statements. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity’s financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the “operating” category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as “other” to be labelled and/or described in as faithfully representative and precise a way as possible.

***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.

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and 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 new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below (continued).

***Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures***

These narrow scope amendments to MFRS 9 clarify the requirements, including:

- clarify the classification of financial assets, particularly those with environmental, social and corporate governance and similar features. The Amendments clarify how the contractual cash flows on such financial assets should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.
- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The Amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

**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 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.

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****3.1 Basis of consolidation (continued)****(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 – subsequent measurement and gains and losses**Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Financial liabilities – subsequent measurement and gains and losses**

The Group and the Company subsequently measure these liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**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.

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

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 (other than right-of-use assets as disclosed in Note 3.5) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

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

**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.

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****3.5 Leases (continued)****(b) Lessor accounting**

Rental income from sublease properties which is recognised 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.

**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 and the Company manufacture and sell 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 and the Company'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.

**(c) Interest income**

Interest income is recognised using the effective interest rate method.

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

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

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 (continued):

**(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.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The Group's historical credit loss experience 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) 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 2024	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
<b>Cost/Valuation</b>									
At 1 January 2024	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
Additions	-	-	584,955	39,345	2,280	3,100	-	495,966	1,125,646
Derecognition	-	-	-	-	-	-	-	(469,565)	(469,565)
Disposals	(2,520)	-	(81,264)	(9,275)	-	(258,500)	-	-	(351,559)
Reclassification	5,173	-	-	-	-	-	(5,173)	-	-
At 31 December 2024	18,604,219	606,624	44,801,497	4,021,895	823,787	1,375,385	6,770,473	12,673,984	89,677,864
<b>Accumulated depreciation and impairment loss</b>									
At 1 January 2024									
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 2024	1,463,997	172,284	36,967,132	3,631,314	753,521	1,197,208	-	1,459,278	45,644,734
Depreciation for the financial year	1,189,161	5,168	1,104,689	117,505	21,498	81,229	-	922,584	3,441,834
Derecognition	-	-	-	-	-	-	-	(469,565)	(469,565)
Disposals	(2,184)	-	(80,743)	(8,852)	-	(258,500)	-	-	(350,279)
At 31 December 2024	2,650,974	97,925	37,991,078	3,739,967	775,019	1,019,937	-	1,912,297	48,187,197
Accumulated depreciation	-	79,527	-	-	-	-	-	-	79,527
Accumulated impairment loss	-	-	-	-	-	-	-	-	-
At 31 December 2024	2,650,974	177,452	37,991,078	3,739,967	775,019	1,019,937	-	1,912,297	48,266,724
<b>Carrying amount</b>									
At cost	-	429,172	6,810,419	281,928	48,768	355,448	6,770,473	436,862	15,133,070
At valuation	15,953,245	-	-	-	-	-	-	10,324,825	26,278,070
At 31 December 2024	15,953,245	429,172	6,810,419	281,928	48,768	355,448	6,770,473	10,761,687	41,411,140

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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
<b>Cost/Valuation</b>									
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	-	-	-	-	-	-	9,893,710	14,673,530
Disposals	-	-	(117,290)	(30,125)	-	-	-	-	(147,415)
Written off	-	-	-	(6,103)	-	-	-	-	(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
<b>Accumulated depreciation and impairment loss</b>									
At 1 January 2023									
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 2023	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)
At 31 December 2023	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
<b>Carrying amount</b>									
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
At 31 December 2023	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)

Company 2024	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
<b>Cost/Valuation</b>									
At 1 January 2024	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
Additions	-	-	430,970	33,275	2,280	-	-	495,966	962,491
Derecognition	-	-	-	-	-	-	-	(469,565)	(469,565)
Disposals	(2,520)	-	(81,264)	(9,275)	-	(258,500)	-	-	(351,559)
Reclassification	5,173	-	-	-	-	-	(5,173)	-	-
At 31 December 2024	12,896,533	606,624	40,699,422	3,525,527	721,815	1,007,107	6,770,473	3,834,984	70,062,485
<b>Accumulated depreciation and impairment loss</b>									
At 1 January 2024									
Accumulated depreciation	1,131,349	92,757	33,944,279	3,172,174	662,123	887,580	-	1,012,703	40,902,965
Accumulated impairment loss	-	79,527	-	-	-	-	-	-	79,527
At 31 December 2024	1,131,349	172,284	33,944,279	3,172,174	662,123	887,580	-	1,012,703	40,982,492
Depreciation for the financial year	844,371	5,168	961,841	109,561	19,664	74,422	-	474,678	2,489,705
Derecognition	-	-	-	-	-	-	-	(469,565)	(469,565)
Disposals	(2,184)	-	(80,743)	(8,852)	-	(258,500)	-	-	(350,279)
At 31 December 2024	1,973,536	97,925	34,825,377	3,272,883	681,787	703,502	-	1,017,816	42,572,826
Accumulated depreciation	-	79,527	-	-	-	-	-	-	79,527
Accumulated impairment loss	-	-	-	-	-	-	-	-	-
At 31 December 2024	1,973,536	177,452	34,825,377	3,272,883	681,787	703,502	-	1,017,816	42,652,353
<b>Carrying amount</b>									
At cost	-	429,172	5,874,045	252,644	40,028	303,605	6,770,473	2,817,168	16,487,135
At valuation	10,922,997	-	-	-	-	-	-	-	10,922,997
At 31 December 2024	10,922,997	429,172	5,874,045	252,644	40,028	303,605	6,770,473	2,817,168	27,410,132

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
<b>Cost/Valuation</b>									
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
<b>Accumulated depreciation and impairment loss</b>									
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)
Accumulated depreciation	1,131,349	92,757	33,944,279	3,172,174	662,123	887,580	-	1,012,703	40,902,965
Accumulated impairment loss	-	79,527	-	-	-	-	-	-	79,527
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
<b>Carrying amount</b>									
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)**

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

Group	Leasehold lands RM	Buildings RM	Warehouse RM	Total RM
<b>Cost/Valuation</b>				
At 1 January 2023	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
Additions	–	10,592	485,374	495,966
Derecognition	–	–	(469,565)	(469,565)
At 31 December 2024	11,592,000	596,610	485,374	12,673,984
<b>Accumulated depreciation</b>				
At 1 January 2023	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
Depreciation for the financial year	633,082	125,603	163,899	922,584
Derecognition	–	–	(469,565)	(469,565)
At 31 December 2024	1,267,175	585,571	59,551	1,912,297
<b>Carrying amount</b>				
At cost	–	126,050	104,348	230,398
At valuation	10,957,907	–	–	10,957,907
<b>At 31 December 2023</b>	<b>10,957,907</b>	<b>126,050</b>	<b>104,348</b>	<b>11,188,305</b>
<b>Carrying amount</b>				
At cost	–	11,039	425,823	436,862
At valuation	10,324,825	–	–	10,324,825
<b>At 31 December 2024</b>	<b>10,324,825</b>	<b>11,039</b>	<b>425,823</b>	<b>10,761,687</b>

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
<b>Cost/Valuation</b>				
At 1 January 2023	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
Additions	–	10,592	485,374	495,966
Derecognition	–	–	(469,565)	(469,565)
At 31 December 2024	2,753,000	596,610	485,374	3,834,984
<b>Accumulated depreciation</b>				
At 1 January 2023	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
Depreciation for the financial year	185,176	125,603	163,899	474,678
Derecognition	–	–	(469,565)	(469,565)
At 31 December 2024	372,694	585,571	59,551	1,017,816
<b>Carrying amount</b>				
At cost	–	126,050	104,348	230,398
At valuation	2,565,482	–	–	2,565,482
<b>At 31 December 2023</b>	<b>2,565,482</b>	<b>126,050</b>	<b>104,348</b>	<b>2,795,880</b>
<b>Carrying amount</b>				
At cost	–	11,039	425,823	436,862
At valuation	2,380,306	–	–	2,380,306
<b>At 31 December 2024</b>	<b>2,380,306</b>	<b>11,039</b>	<b>425,823</b>	<b>2,817,168</b>

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 73 years (2023: 1 to 74 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 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 prior 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 the 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		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Buildings	4,240,188	4,910,316	3,897,747	4,545,124
Right-of-use assets:				
- Leasehold land	673,886	720,045	379,543	409,065

**6. INVESTMENT IN SUBSIDIARIES**

	Company	
	2024 RM	2023 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 are as follows:

Name of companies	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2024 %	2023 %	
Epro Industries Sdn. Bhd.	Malaysia	100	100	Property holding
Suria Merah Manufactory (Segamat) Sdn. Bhd.	Malaysia	100	100	Property holding
Hwa Tai Food Industries (Sabah) Sdn. Bhd.	Malaysia	100	100	Biscuit manufacturer
Hwa Tai Wholesale Sdn. Bhd.	Malaysia	100	100	Trading
Hwa Tai Manufacturing Sdn. Bhd.	Malaysia	100	100	Dormant
Acetai Corporation Sdn. Bhd.	Malaysia	90	90	Trading
Hwa Tai Import Sdn. Bhd.	Malaysia	100	100	Dormant
Hwa Tai (Sarawak) Sdn. Bhd.	Malaysia	100	100	Dormant
Hwa Tai Distribution Sdn. Bhd.	Malaysia	100	100	Trading
Hwa Tai Services Sdn. Bhd.	Malaysia	100	100	Dormant
Absolute Focus Sdn. Bhd.	Malaysia	100	100	Dormant
Absolute Palmers Food Sdn. Bhd.	Malaysia	100	100	Trading
<b>Held through Acetai Corporation Sdn. Bhd.</b>				
Anika Bebas Sdn. Bhd.	Malaysia	100	100	Dormant
Esprit Classic Sdn. Bhd.	Malaysia	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	
	2024 RM	2023 RM	2024 RM	2023 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
		2024 %	2023 %	
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 RM49,113 (2023: RM198,059) 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 RM1,176,013 (2023: RM1,126,900).

**8. INVENTORIES**

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Raw materials	3,557,998	2,909,251	2,941,219	2,199,268
Packing materials	3,948,418	3,647,622	3,231,860	2,875,882
Work-in-progress	579,330	428,805	394,133	266,370
Finished goods	4,305,436	4,244,333	3,190,807	3,755,917
Consumables and spare parts	208,877	198,156	146,774	150,570
	12,600,059	11,428,167	9,904,793	9,248,007

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 RM53,578,216 (2023: RM45,922,812) and RM45,141,908 (2023: RM37,430,453) respectively. In addition, the expense and income recognised in profit or loss included the following:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Inventories written down	5,266	50,641	5,266	50,641
Reversal of inventories written down	(8,928)	(15,903)	(6,588)	(15,903)

**9. TRADE AND OTHER RECEIVABLES**

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
<b>Current Trade</b>					
Trade receivables	(a)	44,082,331	35,205,555	34,676,142	28,714,752
Amount owing by subsidiaries		–	–	15,782,761	15,832,696
		44,082,331	35,205,555	50,458,903	44,547,448
Less: Impairment losses	(b)				
- Trade receivables		(3,406,272)	(3,335,585)	(3,218,744)	(3,161,239)
- Amount owing by subsidiaries		–	–	(15,772,924)	(15,772,924)
		(3,406,272)	(3,335,585)	(18,991,668)	(18,934,163)
Trade receivables, net		40,676,059	31,869,970	31,467,235	25,613,285
<b>Non-trade</b>					
Other receivables		89,225	125,246	31,436	67,321
Amount owing by subsidiaries	(c)	–	–	1,222,642	428,873
Deposits	(d)	995,042	837,310	988,328	829,660
		1,084,267	962,556	2,242,406	1,325,854
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		1,026,478	904,767	2,100,387	1,183,835
<b>Total trade and other receivables</b>		<b>41,702,537</b>	<b>32,774,737</b>	<b>33,567,622</b>	<b>26,797,120</b>

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

- (a) Trade receivables are non-interest bearing and normal credit terms offered by the Group and the Company ranging from 7 to 90 days (2023: 7 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.
- (b) The Group's and the Company's trade and other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade and other receivables are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Trade receivables</b>				
At 1 January	3,335,585	3,227,404	18,934,163	18,844,288
Charge for the financial year	74,744	114,144	57,505	89,875
Reversal of impairment losses	(4,057)	(5,963)	–	–
At 31 December	3,406,272	3,335,585	18,991,668	18,934,163
<b>Other receivables</b>				
At 1 January/31 December	57,789	57,789	142,019	142,019

Included in trade receivables of the Group are amounts totalling of RM19,383,094 (2023: RM14,269,244) due from 2 (2023: 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 RM 818,416 (2023: 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	
	2024 RM	2023 RM
USD	882,150	1,611,134
CNY	207,756	–
	1,089,906	1,611,134

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	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	3,307,008	2,607,339	889,404	1,733,826
Short-term deposits	4,637,807	5,000,000	4,037,807	5,000,000
	7,944,815	7,607,339	4,927,211	6,733,826

(a) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	3,307,008	2,607,339	889,404	1,733,826
Short-term deposits	4,637,807	5,000,000	4,037,807	5,000,000
	7,944,815	7,607,339	4,927,211	6,733,826
Less: Bank overdrafts (Note 13)	(3,725,768)	(4,023,193)	(3,127,783)	(3,607,174)
	4,219,047	3,584,146	1,799,428	3,126,652

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

	Group and Company	
	2024 RM	2023 RM
USD	1,099	1,937
Others	9,708	8,852

The deposits with licensed banks of the Group and of the Company earn interest at rates ranging from 2.00% to 3.75% (2023: 2.10% to 3.75%) per annum. Deposits of the Group and of the Company have maturity period ranging from 29 to 32 days (2023: 3 to 35 days).

**11. SHARE CAPITAL**

	Group and Company		Amounts	
	2024 Unit	2023 Unit	2024 RM	2023 RM
<b>Issued and fully paid up (no par value):</b>				
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	
	2024 RM	2023 RM	2024 RM	2023 RM
At 1 January	17,939,680	–	7,426,412	–
Surplus arising from revaluation of leasehold lands and buildings	–	17,939,680	–	7,426,412
Crystallisation	(2,082,110)	–	(952,677)	–
At 31 December	15,857,570	17,939,680	6,473,735	7,426,412

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

**13. LOANS AND BORROWINGS**

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
<b>Non-current</b>					
Lease liabilities		277,415	2,357	277,415	2,357
Hire purchase payables		1,207,049	1,725,813	1,053,475	1,594,858
		1,484,464	1,728,170	1,330,890	1,597,215
<b>Current</b>					
Lease liabilities		164,899	256,710	164,899	256,710
Hire purchase payables		783,470	915,143	714,672	839,329
Bankers' acceptances		23,785,767	23,194,647	22,511,000	21,700,000
Bank overdrafts		3,725,768	4,023,193	3,127,783	3,607,174
		28,459,904	28,389,693	26,518,354	26,403,213
<b>Total loans and borrowings</b>					
Lease liabilities	(a)	442,314	259,067	442,314	259,067
Hire purchase payables	(b)	1,990,519	2,640,956	1,768,147	2,434,187
Bankers' acceptances	(c)	23,785,767	23,194,647	22,511,000	21,700,000
Bank overdrafts	(d)	3,725,768	4,023,193	3,127,783	3,607,174
		29,944,368	30,117,863	27,849,244	28,000,428

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:

	<b>Group and Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Minimum lease payments:		
Not later than one year	190,960	264,800
Later than one year and not later than five years	293,840	2,400
	484,800	267,200
Less: Future finance charges	(42,486)	(8,133)
Present value of minimum lease payments	442,314	259,067
Present value of minimum lease payments		
Not later than one year	164,899	256,710
Later than one year but not later than five years	277,415	2,357
	442,314	259,067
Less: Amount due within 12 months	(164,899)	(256,710)
Amount due after 12 months	277,415	2,357

**(b) Hire purchase payables**

Hire purchase payables of the Group of RM1,990,519 (2023: RM2,640,956) bears interest ranging from 3% to 3.75% (2023: 3% to 3.75%) 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).

**(c) Bankers' acceptances**

Bankers' acceptances of the Group bears interest at rates ranging from 4.91% to 8.02% (2023: 3.75% to 8.02%) per annum.

Banker acceptance of a subsidiary of RM1,274,767 (2023: RM1,494,647) is secured and supported by corporate guarantee of the Company.

**(d) Bank overdrafts**

Bank overdrafts of the Group bear interest at rates ranging from 8.06% to 9.20% (2023: 7.81% to 9.20%) per annum.

Bank overdraft of a subsidiary of RM597,985 (2023: RM416,019) is secured and supported by corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**14. DEFERRED TAX LIABILITIES**

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
At 1 January	5,665,161	–	2,345,183	–
Deferred tax relating to revaluation of leasehold lands and buildings	–	5,665,161	–	2,345,183
Recognised in profit or loss (Note 21)	(491,891)	–	(300,845)	–
At 31 December	5,173,270	5,665,161	2,044,338	2,345,183

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Deferred tax liabilities</b>				
Surplus arising from revaluation of leasehold lands and buildings	5,050,307	5,665,161	2,044,338	2,345,183
Property, plant and equipment	122,963	–	–	–

Unrecognised deferred tax assets

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Temporary differences	4,937,488	6,071,510	20,711,723	21,845,743
Unabsorbed capital allowances	9,461,625	8,016,816	9,094,083	7,520,376
Unused tax losses	25,352,980	29,698,658	2,410,483	6,530,990
	39,752,093	43,786,984	32,216,289	35,897,109
Potential deferred tax assets not recognised at 24%	9,540,502	10,508,876	7,731,909	8,615,306

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**14. DEFERRED TAX LIABILITIES (CONTINUED)**

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	
	2024 RM	2023 RM	2024 RM	2023 RM
2028	22,916,042	23,141,657	–	–
2029	3,007	2,563	–	–
2030	14,296	14,296	–	–
2031	5,993	347,024	–	341,031
2032	1,671	3,080,973	–	3,079,302
2033	2,411,971	3,112,145	2,410,483	3,110,657
	25,352,980	29,698,658	2,410,483	6,530,990

**15. TRADE AND OTHER PAYABLES**

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
<b>Non-current</b>					
<b>Non-trade</b>					
Amount owing to a director	(a)	8,000,000	8,000,000	8,000,000	8,000,000
<b>Current</b>					
<b>Trade</b>					
Third parties	(b)	20,724,576	15,723,570	11,708,130	10,202,893
Amount owing to subsidiaries		–	–	1,614,558	344,051
		20,724,576	15,723,570	13,322,688	10,546,944
<b>Non-trade</b>					
Accrued operating expenses		5,947,230	4,904,853	4,355,018	4,084,091
Other payables		1,342,685	691,081	1,233,930	590,434
GST and sales tax payable		1,037,313	819,993	877,285	690,805
Refundable deposits		16,500	15,800	16,500	15,800
Amount owing to subsidiaries	(c)	–	–	111,865	592,446
		8,343,728	6,431,727	6,594,598	5,973,576
<b>Total trade and other payables (current)</b>		29,068,304	22,155,297	19,917,286	16,520,520
<b>Total trade and other payables (non-current and current)</b>		37,068,304	30,155,297	27,917,286	24,520,520

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 (2023: 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 nil (2023: 8.42% to 8.67%) per annum and is expected to be settled in cash.
- (d) The foreign currency exposure profile of trade and other payables are as follows:

	<b>Group and Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
USD	200,222	207,993

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

**16. CONTRACT LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Rebate liabilities	4,731,417	4,224,343	4,217,051	4,163,902

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Sales of goods	99,865,507	80,682,494	81,988,888	65,874,137
<b>Timing of revenue recognition:</b>				
At a point in time	99,865,507	80,682,494	81,988,888	65,874,137

**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	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest expenses on:				
- bank overdrafts	222,903	236,611	206,733	199,583
- lease liabilities	19,701	30,343	19,701	30,343
- hire purchase payables	136,288	177,367	123,458	167,218
- bankers' acceptances	1,490,990	1,362,343	1,417,977	1,291,797
- others	-	-	-	29,664
	1,869,882	1,806,664	1,767,869	1,718,605

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

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

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
After charging:					
Auditors' remuneration					
- statutory audit:					
- Baker Tilly Monteiro Heng PLT		179,900	166,500	125,300	117,300
Other services					
- Baker Tilly Monteiro Heng PLT		5,300	5,300	5,300	5,300
- Member firms of Baker Tilly International		38,300	33,650	19,650	17,150
Depreciation of property, plant and equipment		3,441,834	3,564,667	2,489,705	2,631,477
Directors' remuneration:	(a)				
- Directors of the Company					
- fees		100,000	90,000	100,000	90,000
- other emoluments		1,586,753	1,666,695	1,586,753	1,666,695
- Director of the subsidiary					
- other emoluments		120,000	119,050	-	-
Expense relating to lease of low value assets		22,540	22,028	5,280	5,300
Expense relating to short-term lease		77,030	83,280	59,030	65,280
Impairment loss on trade receivables		74,744	114,144	57,505	89,875
Inventories written down		5,266	50,641	5,266	50,641
Loss on disposal of property, plant and equipment		-	1,102	-	1,102
Loss on foreign exchange:					
- realised		70,967	83,782	70,273	83,782
- unrealised		-	25,536	-	25,536
Property, plant and equipment written off		-	1,878	-	1,878
Staff costs:					
- salaries, wages and allowances		12,748,331	12,642,250	10,452,997	10,291,656
- bonus		783,839	730,792	653,100	553,009
- defined contribution plans		1,100,543	1,130,328	823,377	845,904
- SOCSO		167,441	158,797	129,169	120,478
- other staff related expenses		837,222	704,566	753,567	629,392

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

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
After crediting:				
Bad debts recovered	–	(3,376)	–	–
Gain on disposal of property, plant and equipment	(57,291)	–	(57,291)	–
Income from right-of-use assets	(7,200)	(7,210)	(26,400)	(26,410)
Interest income	(127,626)	(140,567)	(124,911)	(140,567)
Reversal of impairment loss on trade receivables	(4,057)	(5,963)	–	–
Reversal of inventories written down	(8,928)	(15,903)	(6,588)	(15,903)
Unrealised gain on foreign exchange	(34,709)	–	(34,709)	–

**(a) Directors' remuneration**

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Directors of the Company</b>				
Executive director				
- Fees	30,000	20,000	30,000	20,000
- Other emoluments	1,586,753	1,586,695	1,586,753	1,586,695
	1,616,753	1,606,695	1,616,753	1,606,695
Non-executive directors				
- Fees	70,000	70,000	70,000	70,000
- Other emoluments	–	80,000	–	80,000
	70,000	150,000	70,000	150,000
	1,686,753	1,756,695	1,686,753	1,756,695
<b>Director of the subsidiary</b>				
Non-executive directors:				
- Other emoluments	120,000	119,050	–	–
<b>Grand total</b>				
- Fees	100,000	90,000	100,000	90,000
- Other emoluments	1,706,753	1,785,745	1,586,753	1,666,695
	1,806,753	1,875,745	1,686,753	1,756,695

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

**20. PROFIT BEFORE TAX (CONTINUED)**

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(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 →			
	2024		2023	
	Executive Director	Non-Executive Director	Executive Director	Non-Executive Director
Ranges of remuneration:				
RM0 - RM50,000	–	3	–	3
RM50,001 - RM100,000	–	1	–	1
RM100,001 - RM150,000	–	–	–	–
RM1,600,001 - RM1,650,000	1	–	1	–
	1	4	1	4

**(b) Key management personnel**

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Directors' remunerations	1,806,753	1,875,745	1,686,753	1,756,695
Other key management personnel				
- salaries, bonus and other emoluments	2,643,687	2,793,360	2,242,558	2,376,086
- defined contribution plan	354,825	370,926	298,378	312,647
	4,805,265	5,040,031	4,227,689	4,445,428

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

The major components of income tax expense for the financial years ended 31 December 2024 and 31 December 2023 are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<b>Statements of comprehensive income</b>				
Current income tax:				
- Current income tax charge	(182,337)	-	-	-
- Adjustment in respect of prior year	-	(443)	-	-
	(182,337)	(443)	-	-
Deferred tax (Note 14):				
- Origination of temporary differences	(65,736)	-	-	-
- Adjustment in respect of prior years	(99,880)	-	-	-
- Crystallisation of revalued land and buildings	657,507	-	300,845	-
	491,891	-	300,845	-
Income tax credit/(expense) recognised in profit or loss	309,554	(443)	300,845	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2023: 24%) of the estimated assessable profit for the financial year.

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

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	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit/(loss) before tax	984,484	(7,102,578)	741,128	(6,270,908)
Tax at Malaysian statutory income tax rate of 24%	236,276	(1,704,618)	177,871	(1,505,018)
Adjustments:				
- Income not subject to tax	(984)	(324)	-	-
- Non-deductible expenses	981,155	983,320	705,526	794,221
- Deferred tax asset not recognised	105,525	722,880	105,525	710,797
- Utilisation of previously unrecognised deferred tax asset	(1,073,899)	(1,258)	(988,922)	-
- Adjustment in respect prior years income tax	-	443	-	-
- Adjustment in respect prior years deferred tax	99,880	-	-	-
- Crystallisation of deferred tax liabilities in amortisation of revalued land, and buildings	(657,507)	-	(300,845)	-
Income tax (credit)/expense for the financial year	(309,554)	443	(300,845)	-

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

Basic earnings/(loss) per ordinary share are based on the profit/(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:

	2024	Group 2023
Profit/(loss) attributable to owners of the Company (RM)	1,295,590	(7,101,888)
Number of ordinary shares in issue (units)	74,833,270	74,833,270
Basic earnings/(loss) per ordinary share (sen)	1.73	(9.49)

**(b) Diluted earnings per ordinary share**

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**23. RELATED PARTIES (CONTINUED)****(b) Significant related party transactions**

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

	2024 RM	Group	2023 RM	2024 RM	Company	2023 RM
<i>Transactions with subsidiaries</i>						
Sales to subsidiaries						
- Hwa Tai Distribution Sdn. Bhd.	-		-	21,524,122		14,083,049
- Hwa Tai Wholesale Sdn. Bhd.	-		-	37,885		110,836
Commission fees reversed/ (paid) to subsidiary						
- Hwa Tai Food Industries (Sabah) Sdn. Bhd.	-		-	257,617		(257,617)
Interest paid to subsidiary						
- Hwa Tai Food Industries (Sabah) Sdn. Bhd.	-		-	-		(29,664)
Rental received from subsidiary						
- Hwa Tai Distribution Sdn. Bhd.	-		-	22,800		22,800
Management fee received from subsidiary						
- Hwa Tai Food Industries (Sabah) Sdn. Bhd.	-		-	240,000		-
Promotional support received from subsidiary						
- Hwa Tai Food Industries (Sabah) Sdn. Bhd.	-		-	493,031		-
<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)
Advances from a director	-		6,000,000	-		6,000,000
<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	(2,000)		-	(2,000)		-

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		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Capital expenditure contracted but not provided for:				
- purchase of property, plant and equipment	1,141,440	57,777	349,040	57,777

**25. SEGMENT 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 Executive Chairman 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 Executive Chairman 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 Executive Chairman.

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

**25. SEGMENT INFORMATION (CONTINUED)**

2024		Manufacturing RM	Trading RM	Others RM	Total RM	Adjustment and elimination RM	Total RM
<b>Revenue</b>							
Revenue from external customer		76,251,774	23,613,733	-	99,865,507	-	99,865,507
Inter - segment revenue	A	21,562,007	-	-	21,562,007	(21,562,007)	-
		97,813,781	23,613,733	-	121,427,514	(21,562,007)	99,865,507
<b>Results :</b>							
Included in the measure of segment profit/(loss) are:							
Depreciation of property, plant and equipment		3,009,550	10,245	422,039	3,441,834	-	3,441,834
Expense relating to lease of low value assets		14,640	7,900	-	22,540	-	22,540
Expense relating to short-term lease		77,030	22,800	-	99,830	(22,800)	77,030
Impairment loss on trade receivables		57,505	17,239	-	74,744	-	74,744
Income from subleasing right-of-use assets		(30,000)	-	-	(30,000)	22,800	(7,200)
Interest expenses		1,869,882	-	-	1,869,882	-	1,869,882
Interest income		(127,626)	-	-	(127,626)	-	(127,626)
Inventories written down		5,266	-	-	5,266	-	5,266
Gain on disposal of property, plant and equipment		(57,291)	-	-	(57,291)	-	(57,291)
Loss on foreign exchange - realised		70,967	-	-	70,967	-	70,967
Reversal of impairment loss on trade receivables		-	(4,057)	-	(4,057)	-	(4,057)
Reversal of inventories written down		(8,928)	-	-	(8,928)	-	(8,928)
Segment profit/(loss)		1,407,577	92,637	(515,730)	984,484	-	984,484
Income tax credit/(expense)		121,466	-	188,088	309,554	-	309,554
Profit/(Loss) for the financial year		1,529,043	92,637	(327,642)	1,294,038	-	1,294,038
<b>Other information</b>							
Segment assets	B	100,482,609	8,149,266	6,249,968	114,881,843	(9,986,124)	104,895,719
Segment liabilities	C	69,309,406	10,215,716	18,907,054	98,432,176	(21,514,817)	76,917,359
Segment capital expenditure		1,122,546	3,100	-	1,125,646	-	1,125,646

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

## 25. SEGMENT INFORMATION (CONTINUED)

2023		Manufacturing RM	Trading RM	Others RM	Total RM	Adjustment and elimination RM	Total RM
<b>Revenue</b>							
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
<b>Results :</b>							
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 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		(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		(6,620,707)	19,440	(501,754)	(7,103,021)	-	(7,103,021)
<b>Other information</b>							
Segment assets	B	94,277,268	4,986,027	6,680,224	105,943,519	(9,096,533)	96,846,986
Segment liabilities	C	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. SEGMENT INFORMATION (CONTINUED)**

Reconciliation of reportable segment revenue, assets and liabilities are as follows:

**A Inter-segment revenue**

Inter-segment revenues are eliminated on consolidation.

**B Reconciliation of assets**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Investment in subsidiaries	6,937,002	6,937,002
Investment in associate	(2,175,515)	(2,175,515)
Inter-segment assets	5,224,637	4,335,046
	<hr/> 9,986,124	<hr/> 9,096,533

**C Reconciliation of liabilities**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Inter-segment liabilities	21,514,817	20,625,226
	<hr/> 21,514,817	<hr/> 20,625,226

Geographical information

Revenue from local and international sales amount to RM89,378,252 (2023: RM68,748,322) and RM10,487,255 (2023: RM11,934,172) respectively.

Information about major customer

Revenue from 1 (2023: 1) major customer amount to RM38,863,410 (2023: RM28,994,334/-) 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:

	<b>Carrying amount RM</b>	<b>Amortised cost RM</b>
<b>At 31 December 2024</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables	41,702,537	41,702,537
Cash, bank balances and short-term deposits	7,944,815	7,944,815
	<b>49,647,352</b>	<b>49,647,352</b>
<b>Company</b>		
Trade and other receivables	33,567,622	33,567,622
Cash, bank balances and short-term deposits	4,927,211	4,927,211
	<b>38,494,833</b>	<b>38,494,833</b>
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables <sup>^</sup>	(36,030,991)	(36,030,991)
Loans and borrowings <sup>*</sup>	(29,502,054)	(29,502,054)
	<b>(65,533,045)</b>	<b>(65,533,045)</b>
<b>Company</b>		
Trade and other payables <sup>^</sup>	(27,040,001)	(27,040,001)
Loans and borrowings <sup>*</sup>	(27,406,930)	(27,406,930)
	<b>(54,446,931)</b>	<b>(54,446,931)</b>

<sup>^</sup> Excluded GST payable and sales tax payable

<sup>\*</sup> Excluded lease liabilities

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**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):

	<b>Carrying amount RM</b>	<b>Amortised cost RM</b>
<b>At 31 December 2023</b>		
<b>Financial assets</b>		
<b>Group</b>		
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
<b>Company</b>		
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
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables <sup>^</sup>	(29,335,304)	(29,335,304)
Loans and borrowings <sup>*</sup>	(29,858,796)	(29,858,796)
	(59,194,100)	(59,194,100)
<b>Company</b>		
Trade and other payables <sup>^</sup>	(23,829,715)	(23,829,715)
Loans and borrowings <sup>*</sup>	(27,741,361)	(27,741,361)
	(51,571,076)	(51,571,076)

<sup>^</sup> Excluded GST payable and sales tax payable

<sup>\*</sup> Excluded lease liabilities

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 their operating activities (primarily trade and other receivables) and from its investing activities, including deposits with banks and other 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. Credit worthiness of a customer is assessed based on a set of evaluation criteria and individual credit limits are defined in accordance with this assessment.

The Group and the company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

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.

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**26. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****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. 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. The Group and the Company use ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group and the Company also take appropriate actions (including but not limited to legal actions) to recover long past due balances.

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	
	2024 RM	2023 RM	2024 RM	2023 RM
Neither past due nor impaired	29,441,580	22,432,876	24,715,634	19,084,411
Past due 1 - 30 days	4,718,838	4,214,338	2,562,875	2,472,297
Past due 31 - 120 days	4,238,560	3,688,586	2,549,715	3,223,528
Past due more than 120 days	2,277,081	1,534,170	1,639,011	833,049
Impaired	11,234,479	9,437,094	6,751,601	6,528,874
	3,406,272	3,335,585	18,991,668	18,934,163
	44,082,331	35,205,555	50,458,903	44,547,448

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.

Some intercompany balances between entities within the Group comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

As at the end of the reporting date, the Group and the Company recognises allowance for impairment for other receivables and other financial assets as disclosed in Note 9.

**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 RM1,872,752 (2023: RM1,910,666) 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.

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

**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	
<b>Group</b>				
<b>At 31 December 2024</b>				
<b>Financial liabilities</b>				
Trade and other payables ^	36,030,991	36,030,991	–	36,030,991
Loans and borrowings	29,944,368	28,581,616	1,575,575	30,157,191
	65,975,359	64,612,607	1,575,575	66,188,182
<b>At 31 December 2023</b>				
<b>Financial liabilities</b>				
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

^ 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)**

	← Contractual cash flows →			Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	
<b>Company</b>				
<b>At 31 December 2024</b>				
<b>Financial liabilities</b>				
Trade and other payables	27,040,001	27,040,001	–	27,040,001
Loans and borrowings	27,849,244	26,626,129	1,402,819	28,028,948
Financial guarantee contracts	–	1,872,752	–	1,872,752
	54,889,245	55,538,882	1,402,819	56,941,701
<hr/>				
<b>At 31 December 2023</b>				
<b>Financial liabilities</b>				
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

<sup>^</sup> 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.

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**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	CNY RM	Total RM
<b>Group</b>			
<b>At 31 December 2024</b>			
Trade and other receivables	882,150	207,756	1,089,906
Cash and bank balances	1,099	–	1,099
Other payables	(200,222)	–	(200,222)
	683,027	207,756	890,783
<b>At 31 December 2023</b>			
Trade and other receivables	1,611,134	–	1,611,134
Cash and bank balances	1,937	–	1,937
Other payables	(207,993)	–	(207,993)
	1,405,078	–	1,405,078
<b>Company</b>			
<b>At 31 December 2024</b>			
Trade and other receivables	882,150	207,756	1,089,906
Cash and bank balances	1,099	–	1,099
Other payables	(200,222)	–	(200,222)
	683,027	207,756	890,783
<b>At 31 December 2023</b>			
Trade and other receivables	1,611,134	–	1,611,134
Cash and bank balances	1,937	–	1,937
Other payables	(207,993)	–	(207,993)
	1,405,078	–	1,405,078

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 profit for the financial year RM	Effect on equity RM
<b>Group</b>			
<b>At 31 December 2024</b>	+100	215,504	215,504
	-100	(215,504)	(215,504)
<b>At 31 December 2023</b>	+100	206,856	206,856
	-100	(206,856)	(206,856)
<b>Company</b>			
<b>At 31 December 2024</b>	+100	201,271	201,271
	-100	(201,271)	(201,271)
<b>At 31 December 2023</b>	+100	192,335	192,335
	-100	(192,335)	(192,335)

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**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 (2023: 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	
<b>Group</b>					
<b>At 31 December 2024</b>					
<b>Financial liabilities</b>					
Loans and borrowings					
- Bankers' acceptances	23,785,767	-	-	23,785,767	23,785,767
- Bank overdrafts	3,725,768	-	-	3,725,768	3,725,768
- Lease liabilities	442,314	-	-	442,314	442,314
- Hire purchase payables	1,990,519	-	-	1,990,519	1,990,519
	29,944,368	-	-	29,944,368	29,944,368
<b>At 31 December 2023</b>					
<b>Financial liabilities</b>					
Loans 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

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	
<b>Company</b>					
<b>At 31 December 2024</b>					
<b>Financial liabilities</b>					
Loans and borrowings					
- Bankers' acceptances	22,511,000	-	-	22,511,000	22,511,000
- Bank overdrafts	3,127,783	-	-	3,127,783	3,127,783
- Lease liabilities	442,314	-	-	442,314	442,314
- Hire purchase payables	1,768,147	-	-	1,768,147	1,768,147
	27,849,244	-	-	27,849,244	27,849,244
<b>At 31 December 2023</b>					
<b>Financial liabilities</b>					
Loans 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

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**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 2024 and 31 December 2023.

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 2024 and 31 December 2023 are as follows:

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Trade and other payables	15	37,068,304	30,155,297	27,917,286	24,520,520
Loans and borrowings	13	29,944,368	30,117,863	27,849,244	28,000,428
Total debts		67,012,672	60,273,160	55,766,530	52,520,948
Shareholders' equity		27,960,257	26,664,667	21,528,031	20,486,058
Gearing ratio		240%	226%	259%	256%

## 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 51 to 109 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

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

**DATUK SOO CHUNG YEE J.P.**  
Director

**KAMAL BIN ABD KARIM**  
Director

Date: 22 April 2025

## STATUTORY DECLARATION

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

I, **YANG MIIN YANN**, being the officer 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 51 to 109 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.

**YANG MIIN YANN**  
(MIA Membership No: 54541)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 22 April 2025.

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 2024 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 51 to 109.

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

### Basis for Opinion

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

### *Independence and Other Ethical Responsibilities*

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

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

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#### Inventories (Notes 4(a) and 8 to the financial statements)

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The Group and the Company have significant balances of inventories amounting to RM12,600,059 and RM9,904,793 respectively as at 31 December 2024.

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;
- discussing with the management on the Group's and the Company's assessment on net realisable value on selected inventory items; and
- checking subsequent sales and understanding the Group's and the Company's assessment on estimated net realisable value on selected inventory items.

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

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The Group and the Company have significant balances of trade receivables amounting to RM40,676,059 and RM31,467,235 respectively as at 31 December 2024.

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)****Company****Investment in subsidiaries (Note 4(c) and 6 to the financial statements)**

The Company has significant balance of investment in subsidiaries amounting to RM6,937,002 as at 31 December 2024. 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.

**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 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.

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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: 22 April 2025

**Ong Teng Yan**  
No. 03076/07/2025 J  
Chartered Accountant

## ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2025

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	4.57	2,622	0.01
100 - 1,000	728	25.19	546,962	0.73
1,001 - 10,000	1,520	52.60	7,061,472	9.44
10,001 - 100,000	455	15.74	13,384,897	17.88
100,001 - less than 5% of issued shares	54	1.87	22,719,150	30.36
5% and above of issued shares	1	0.03	31,118,167	41.58
<b>Total</b>	<b>2,890</b>	<b>100.00</b>	<b>74,833,270</b>	<b>100.00</b>

### THIRTY LARGEST SHAREHOLDERS

Name of Shareholders as per Register of Members		No. of Shares	No. of Shareholdings
1.	Soo Chung Yee	31,118,167	41.58
2.	Teh Leong Kok	3,162,800	4.23
3.	Liang Chiang Heng	1,787,200	2.39
4.	Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C Soo Chung Yee)	1,650,200	2.20
5.	Lanjut Bestari Sdn Bhd	1,434,750	1.92
6.	Tan Leok Kwee	1,300,000	1.74
7.	Mohd Nasri Bin Abdul Rahim	1,230,000	1.64
8.	Yam Lai Mun	1,218,000	1.63
9.	Chai Koon Khaw	811,500	1.08
10.	Wong Pui Yin	616,800	0.82
11.	JK PSD Sdn. Bhd.	500,000	0.67
12.	Moo Soo Chin	445,400	0.60
13.	Maybank Nominees (Tempatan) Sdn Bhd (A/C Chua Eng Ho Wa'a @ Chua Eng Wah)	444,300	0.59
14.	Kenanga Nominees (Tempatan) Sdn Bhd (A/C Rakuten Trade Sdn Bhd for Norhaslina Binti Mohd Hanafi)	409,700	0.55

ANALYSIS OF SHAREHOLDINGS  
AS AT 31 MARCH 2025  
(CONTINUED)**THIRTY LARGEST SHAREHOLDERS (CONTINUED)**

Name of Shareholders as per Register of Members		No. of Shares	No. of Shareholdings
15.	Public Nominees (Tempatan) Sdn Bhd (A/C Sii Toh Ping)	400,000	0.53
16.	Syed Alwi Bin Syed Abbas Al-Habshee	400,000	0.53
17.	Suzana Binti Shamsudin	387,000	0.52
18.	Addeen Trading Sdn Bhd	384,500	0.51
19.	Ng Ah Poh	334,100	0.45
20.	Lee Sau Kwang	250,000	0.33
21.	Lim Beng Cheong	250,000	0.33
22.	Thong Foo Ching @ Thong Chuan Ching	220,800	0.30
23.	Lim Keng Chuan	220,000	0.29
24.	Maybank Nominees (Tempatan) Sdn Bhd (A/C Pui Wee Kuan)	210,000	0.28
25.	Tiong Yee Fan	203,300	0.27
26.	Chung Shan Hui	200,000	0.27
27.	HLIB Nominees (Tempatan) Sdn Bhd (A/C Lim Beng Cheong)	200,000	0.27
28.	Shaharudin Bin Mohamad Hashim	200,000	0.27
29.	Tan Pek Leng	200,000	0.27
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C Sett Ee-Rian)	199,300	0.27
<b>Total</b>		<b>50,387,817</b>	<b>67.33</b>

ANALYSIS OF SHAREHOLDINGS  
AS AT 31 MARCH 2025  
(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:

<b>Name of Substantial Shareholder</b>	<b>Direct Interest (A)</b>	<b>%</b>	<b>Indirect Interest (B)</b>	<b>%</b>	<b>Total Interest (A) + (B)</b>	<b>%</b>
Datuk Soo Chung Yee J.P.	32,768,367	43.79	–	–	32,768,367	43.79

**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:-

<b>Name of Director</b>	<b>Direct Interest (A)</b>	<b>%</b>	<b>Indirect Interest (B)</b>	<b>%</b>	<b>Total Interest (A) + (B)</b>	<b>%</b>
Datuk Soo Chung Yee J.P.	32,768,367	43.79	–	–	32,768,367	43.79

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 2024

	Location	Land Area (Sq.ft.)	Build up Area (Sq.ft.)	Tenure	Description	Date of Acquisition (A)/ Revaluation (R) (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	47	7,672
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	42	3,101
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	45	2,999
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	45	1,397
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	48	1,683
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)	-	32	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	26	296
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)	32	9,399

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**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 .....  
(Tel. No.) ..... 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 Fiftieth Annual  
General Meeting of the Company to be held on Thursday, 29 May 2025 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, Puan Aisyah Kamaliah Binti Abu Bakar		
Ordinary Resolution 3	Re-election of Director, Madam Fong May Khuan		
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

Then fold here

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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